Minerals for a sustainable future

NORDIC MINING

ANNUAL REPORT **2023**

A forward-looking resource company with integrated operations in exploration, extraction and production of high-end minerals and metals

SAFETY | ENVIRONMENT | INNOVATION

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CEO'S REPORT

A global call for more minerals

Dear shareholder,

2023 brought further instability and uncertainty than any of us had expected. The Middle East crisis with ongoing conflict has caused the world to be more uncertain than before. In Europe, Russia's invasion in Ukraine has developed into a long-term war causing an even further division of the global political visions and long-term values. Energy and minerals are emerging as political measures in international conflicts.

The result of the abovementioned events led to a global economic downturn impacting most industries, including the mining sector. However, despite the economic downturn, we notice that there are several new initiatives related to new technologies in the mining sector. Major mining companies are leading the way in seeking new technologies and methods for greener and more sustainable mining operations. Security for supply of needed and critical minerals and materials has been a common theme from many authorities in the western world. On the other hand, capital available for the mining sector has been scarce and there are few signs of an early recovery.

Engebø fully financed, construction halfway to completion

March 2023 will remain as a historic milestone for Engebø when full project financing was completed after a NOK 1 billion share issue in Nordic Mining ASA. Since then, the activity level has been high and gradually increasing. Several major construction milestones were passed such as completion of the 220-meter vertical ore shaft from the top of the open pit down to the underground chamber for the primary crusher. A new access road from the process area to the mining service area was finalized, comprising major groundworks. Comprehensive foundation work was accomplished for all the major buildings in the process area, and mechanical installation started up.

Since the early start of physical pre-construction activities, we have had no Lost Time Injuries in the project. Accepting our vulnerability and the inherent risks embedded in a mining project is key. Our focus on safety is woven into the fabric of our team and partners and is even more important in the remaining phases of the construction.

2023 also marked the start-up of a long-term recruitment campaign, gradually establishing the organization that will run the day-to-day operations at Engebø. We are pleased to recognize the solid interest from many potential candidates in joining the team and writing industrial history in Norway. While Engebø is being constructed and commissioned, a new team is being established in Sunnfjord, growing the culture of a new long-term producer of industrial minerals.

ESG and circularity, at the mercy of nature

As a new miner in Norway, we need to strike an important balance. In our drive towards becoming a mineral producer with a record low carbon footprint, we need to balance the impact our operations will have on nature and biodiversity. Last year, we kicked off several new initiatives to explore alternative use of waste rock and tailings. These included initial agreements (MoU) for production of Pyrite and possible use of tailings material in a new carbon friendly cement technology. The drive toward a greener society also opens new markets for waste rock, for example, we see interesting potential ahead related to use of high-density rock from Engebø as ballast material in the offshore wind industry in Europe.

Together with DNV and Asplan Viak we are pioneering a new method for dynamic tracking of biodiversity. In an interactive system we are tracking gains and losses of biodiversity in our habitats, on land and in the marine environment. This approach has commenced during construction and will be a living part of our operations going forward.

Nordic Mining has been an active promoter of the Canadian ESG scorecard system Towards Sustainable Mining (TSM) that has been developed by the Mining Association of Canada. We intend to report according to TSM from the day we start operating at Engebø and will seek to adapt the TSM to comply with and include other internationally recognized standards for ESG.

Looking ahead: a long term sustainable mineral producer

The Inflation Reduction Act (IRA) and the Critical Raw Materials Act (CRMA) are both specific and decisive actions to secure critical raw material value chains. The importance of a localized value chain and the ability to secure strategic minerals from friendly and stable nations has continued to increase. The lists over critical and strategic minerals have been expanded and underlined by the major countries in the western world.

Engebø Rutile and Garnet will become a prominent supplier and a global player within two strategic industrial minerals. Further it will be the only garnet producer in Europe and the second (after Ukraine) producer of rutile. Hence the strategic position of Engebø as a long-term producer in Europe and with excellent logistics to overseas markets has improved beyond what we expected just a few years ago.

During the 16 years of developing a greenfield mine in Norway, the first in nearly four decades, we have gained significant experience and competence that we intend to leverage in our future pathways towards building new mineral industry. We will review our strategy and position to embark on new assets, building new mineral industry for a sustainable future.

Ivar S. Fossum
CEO

Sustainable mining

Illustration: www.tsminitiative.com

Minerals for a sustainable future

Minerals and metals are essential for the global economy and provide crucial raw materials for industry and daily use. The global demand for minerals is increasing. With population growth and the transition towards low carbon energy, this trend is forecast to steadily increase.

The mining industry plays a key role in enabling sustainable development by providing raw materials to improve living standards and contribute to green technologies. With growing demand, transformation towards sustainable mining is more important than ever. To achieve this, the industry must reduce its environmental and social footprint, and take climate action. By adopting systems to avoid, reduce, restore, and compensate negative impact, the mining industry can become more sustainable.
The implementation of the Towards Sustainable Mining (TSM)[1] initiative in Norway is an important step to achieve this. TSM is a globally recognized sustainability program that supports mining companies in managing key environmental and social risks. The Norwegian Mineral Industry Association is leading the work of bringing this score card system to the Norwegian mining industry. This means that Norwegian mines must report according to eight TSM protocols related to community and people, environmental stewardship, and energy efficiency. The mine will be given a score based on several performance indicators, where A-level is considered to reflect industry best

practice. The reporting will start in 2024 and the first scores will be made publicly available in 2025. Nordic Mining is implementing TSM for its operations and with the target of A-level. We believe that TSM will drive sustainable change in the mining sector. The system originated in Canada and is now being adopted around the world.

Our sustainability goals

The United Nations Sustainable Development Goals ("SDGs") define universal targets to address global challenges. Nordic Mining's sustainability goals are based on these goals to drive economic, environmental, and social performance. We focus on eight goals where Nordic Mining's activities can have a positive or negative contribution, and where we will focus on enhancing positive effects. Our goals are integral parts of all stages of project development from exploration, development, production, and closure.

1. www.tsminitiative.com
2. www.cbd.int
3. Net-gain means that the positive contribution outweighs the negative impact on biodiversity from the operation
4. https://pubdocs.worldbank.org/en/961711588875536384/Minerals-for-Climate-Action-The-Mineral-Intensity-of-the-Clean-Energy-Transition.pdf

ENVIRONMENT AND BIODIVERSITY

Mining is in general land and water intensive with the potential to affect wildlife and vulnerable species. The loss of biodiversity is happening at an alarming rate around the world. There is a growing recognition that biodiversity is a global asset of great value to humanity's economic and social development. The UN Convention on Biological Diversity has released The Post-2020 Global Biodiversity Framework[2], to guide actions to put biodiversity on a path to recovery by 2030.

In 2022 Nordic Mining adopted a goal of net biodiversity gain[3] for our operations. We are implementing management systems to avoid, reduce, and restore loss of biodiversity from our activities. Where we are not able to fully restore loss, we are exploring and identifying ways to compensate.

Extractive waste is one of the biggest environmental challenges facing the mining sector. Nordic Mining will use best available techniques for waste management to reduce environmental risk and promote safe deposition of waste. We will maximize resource utilization, explore backfill options and contribute to innovation to find alternative use of waste materials for existing or new value chains.

ENERGY EFFICIENCY AND CLIMATE ACTION

The impact of climate change is widely recognized. The Paris Agreement sets ambitious goals to limit global warming to below 2°C and the European Union aims to be a climate neutral economy by 2050. Realizing a low-carbon future requires a large-scale transition to clean energy sources such as solar photovoltaic ("PV"), wind, hydroelectric and geothermal heat. Mining companies play a vital role in supplying minerals for transitioning to green energy. The manufacture of solar panels, wind turbines, and batteries and electrical vehicles will shape the supply and demand for critical minerals for the foreseeable future. Although clean energy initially will consume substantially more metals, the carbon emissions for these technologies are only a fraction (6%) of the emissions generated by fossil-based technologies[4].

Nordic Mining will contribute to green technologies with our mineral production. Our goal is net zero emissions from our operations. We will implement systems to reduce energy consumption and explore solutions to avoid fossil fuel dependency leveraging the availability of renewable hydropower in Norway. We are committed to being transparent regarding the carbon footprint, by publicly disclosing carbon emissions from our operations and providing benchmarking data for our products when available. By collaborating with suppliers and customers, we aim to reduce emissions throughout the value chain.

SOCIAL RESPONSIBILITY

Mining companies are often located alongside communities that are dependent on the mine to maintain its livelihood through employment and social functions. This places a large responsibility on the mining companies to provide a safe and predictable future for the communities. By supporting economic diversification and education enabled through employment and upskilling the local workforce, companies can contribute to enhancing the community's resilience.

Nordic Mining aims to be the primary employer in the communities in which we operate, by contributing with long-term local employment, education and positive impact on people's livelihood. We honor the wellfare of these communities, also post mining, by supporting initiatives to promote new development.

Nordic Mining goals include building platforms, sharing meaningful information, and creating forums where good interaction with communities and key stakeholder can take place based on transparency and trust. We will respect the cultural, political, and social diversity in areas where we operate and value local knowledge and capabilities in building joint solutions between the Company and the community.

OPERATIONS

ENGEBØ – rutile and garnet

In March 2023 Nordic Mining secured funding to bring one of the world's largest resources of natural rutile in a dual mineral project ("Engebø" or the "Engebø Project") into commercial production. Construction of the Engebø Project, by the subsidiary Engebø Rutile and Garnet AS, progressed well during the year and the Company capitalized costs of NOK 1.1 billion related to the construction of the Engebø Project. The Engebø Project is on track to start production at the end of 2024.

Final investment decision for Engebø in 2023, following completion of project financing

Engebø Rutile and Garnet AS entered in February 2023 into a USD 55 million investment agreement with the mining investment firm Orion Resource Partners («Orion»). The investment comprised a USD 50 million non-dilutive royalty instrument, which was drawn in November 2023, to Engebø Rutile and Garnet and USD 5 million in equity to Nordic Mining ASA. In March 2023, the remaining equity component of the project financing package for the Engebø Project was successfully secured in a private placement of NOK 940 million in Nordic Mining ASA. The private placement was resolved by the extraordinary general meeting and board of directors on 3 March 2023 and contributed to Engebø Rutile and Garnet AS on 8 March 2023. The private placement was an important milestone as it marked the final investment decision for the Engebø Project by securing the expected funding required to fund all remaining costs and expenditures to bring the Engebø Project into commercial production.

Engebø construction work progressing; on track to start production at the end of 2024

In November 2023, the Company informed the market that the Engebø Project had commenced mechanical installation at several areas of the process plant at Engebø and had already ramped up their site management and onboarded several installation teams.

In September 2023, The Structural, Mechanical, Piping and Platework (SMPP) contractor Nordic Bulk AS had presence at site with prefabricated steel structures starting to arrive at the Project site and Normatic AS started earthing installations along with concrete foundation work for the process plant.

In the months leading up to the summer holiday in July 2023, the Engebø Project completed several milestones, closing out several risks related to HSE, capital expenditure and schedule.

- Completed ore conveyor primary crushing chamber, and new bypass tunnel for improved operational flexibility.
- Completed new 3 km access road to the mining service area.
- Completed raise bore drilling of ore vertical pass with diameter of 4.5 meters and 220 meters length to the top of Engebø with collar positioned at 285 meters above sea level.
- Geotechnical safety measures completed on rockfaces at the process plant area and in primary crushing chamber.
- Completing soil cover at "Stommelshaugane" to reuse fertile soil from the process area.
- Finalized mining service area base plot.
- Erected admin and workshop building with roof and walls fully enclosed.

In June 2023, Sunnfjord Municipality approved the first building application for comminution and wet processing plant. The milestone enabled further construction work at Engebø. The concrete works for the comminution and wet processing started immediately after the application approval.

The four lump-sum EPC contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS were fully activated in March 2023.

In February 2023, the Company entered into agreements for long lead mechanical packages for the Engebø Project. Fabrication of the packages started after completion of the project financing for the Engebø Project. The agreements were made with leading global suppliers of sustainable solutions for the mineral industry. The contracts for long lead packages for the process plant ensured access to technical documentation needed for completion of the detailed engineering of the process plant at Engebø.

The building application for the administration building and workshop buildings was submitted, with concrete work for these buildings starting-up in late February 2023.

Taking action to ensure sustainability at Engebø

Nordic Mining is taking a proactive approach to ensure that the Engebø Project will be developed based on the high standards for sustainability. We are in the process of adopting the Towards Sustainable Mining («TSM») initiative for the Engebø Project. Nordic Mining aims to reach an A-level for the Engebø Project and will report according to the system when we are in operation. We are implementing a comprehensive Environmental and Social Management System («ESMS») for the Engebø Project. Through the ESMS we aim to ensure that the Project adheres to permits and regulation and best international practices[5] from construction, operation, and closure.

The Engebø Project has an ambitious goal of biodiversity net gain for life of mine. We will work to reduce, restore, and compensate biodiversity loss for the Project footprint. If we are not able to restore 100 percent, we will compensate by increasing biodiversity in the region. A Biodiversity Action Plan has been developed in collaboration with consultants from DNV and Asplan Viak. The biodiversity data will be made publicly available. In 2023 the Engebø Project used the scoring system for biodiversity for the first time while the construction was ongoing.

The Biodiversity Action Plan will be optimized over time and used as a tool to ensure we reach our biodiversity targets. The Plan will be used to ensure we meet annual reporting requirements from authorities, investors, standards such as TSM and internal goal set by Nordic Mining.

In order to ensure that the construction phase meet our standards on sustainability, a Construction Environmental Management Plan («CEMP») has been implemented. Potential environmental risks are identified, and action plans are prepared to reduce the risk of environmental incidents, accidents and to enhance performance.

During 2023 we have started a Water Stewardship Program. This program is being developed in collaboration with the leading mining consultancy firm SRK. The program is built around the Water Balance Model, Water Impact Assessment, and the Water Management Plan for Engebø. To understand how Engebø potentially can impact surrounding watersheds this work will continue in 2024 and be an important focus throughout Engebø operation.

5. The ESMS is made in accordance with the IFC Performance Standards.

To learn and control how we impact the environment, a comprehensive environmental monitoring program has been developed using state of the art technology. Monitoring is ongoing to supervise potential effects from construction activities related to airborne dust, vibrations and noise, and risk for emissions to fjord surface water and fresh-water bodies. In line with the provisions of the environmental permit, baseline monitoring in the fjord prior operation has been done throughout 2023, soft and hardbottom, beach zone, water quality and sedimentation rate monitoring has been done for Engebø and has secured valuable information on the fjord status prior to production start-up at Engebø.

The Company will ensure that the communities and other stakeholders that are potentially affected by our operations are well informed and are given opportunities to engage with us. We will work proactively to understand people's needs and concerns and seek solutions to mitigate these throughout the construction phase and into operation. In 2023 the resource group had two meetings and information meetings in Kvammen and Vevring was held quarterly. During the second information meeting noise was a concern from stakeholders in both Kvammen and Vevring. Engebø did a noise investigation and reported back the results from the investigation to the community. The investigation showed that noise levels during construction was well within permit limits. The few occasions with noise close to or over permit limit was confirmed to not be related to activity at the construction site.

One of the greatest challenges in the mining industry is to sustainably manage extractive waste. To address this, Engebø has an approved Waste Management Plan. The plan builds on the EU's Best Available Techniques for extractive waste management[6]. The Waste Management Plan aims to ensure that proper measures and procedures are in place to reduce effects on the environment, and any resultant risks to human health related to our waste rock and seabed tailings facility. The plan also addresses measures to reduce and utilize waste streams.

We have a long-term planning perspective for the Engebø mining operation. A conceptual closure and reclamation plan was completed early in 2022 and outline a management system to ensure that we can successfully rehabilitate the mine site at closure. In line with our biodiversity goal, we aim for a high degree of restoration to return the area to nature and enable meaningful use for the local population's post-closure.

Supplying sustainable products

Engebø Rutile will be a source of raw material for several end use products that can positively impact human life. Titanium is contributing to human health by its use as long-lasting implants in the human body. It is also used in creating more healthy living environments, when used in concrete to capture air pollution. Titanium metal plays a role in lowering carbon footprint. The metal is used in constructing light weight airplanes to lower their fuel consumption and carbon emissions. It is also a critical ingredient for equipment to withstand high temperatures and corrosion in geothermal energy plants.

In general, natural rutile is an environmentally superior raw material for the titanium raw material industry compared to other sources. Due to its high purity it can be used directly in chlorination plants to make titanium pigment or as feed for titanium metal production. Other sources of raw materials such as ilmenite, must go through additional processing steps and upgrading. This is done through carbon intensive leaching or smelting processes that increases the climate footprint and produces substantial amounts of waste.

Engebø Garnet is an industrial mineral suitable for water jet cutting applications. Water jet cutting is an efficient high precision cutting process used for cutting a wide range of materials including plastics, glass to steel. The cutting technology provides a safe and environmentally friendly alternative as it can be done without any chemicals or heat, and produces no vapor, smoke, or airborne dust. Since Garnet particles are trapped in water in the cutting process, they can be filtered out to be recycled or safely disposed after use. Garnet is a silica free, non-toxic product and can be safely handled by operators.

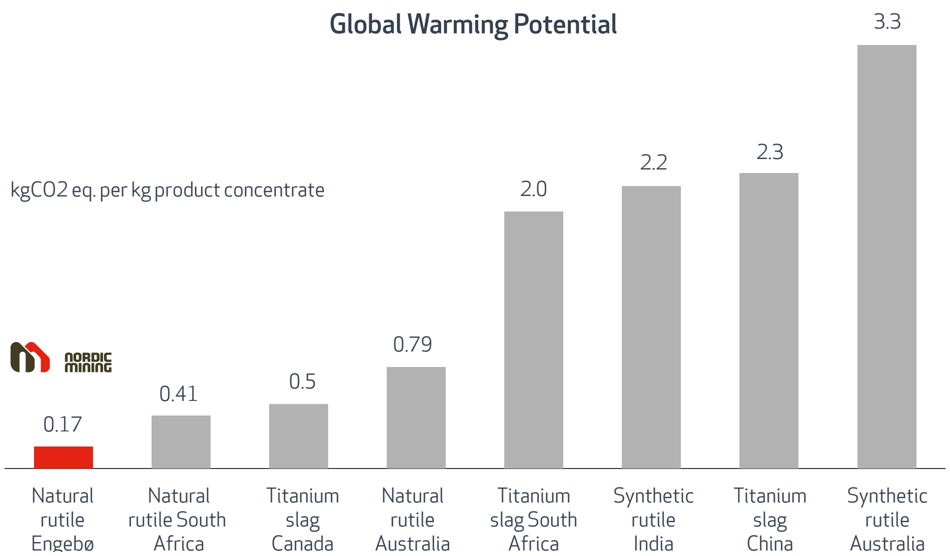
Contribution to fight climate change

The Engebø mining operations has a limited Green House Gas («GHG») emission footprint due to available hydroelectric power in the area and a tight infrastructure with minimal transportation. The annual GHG emissions are calculated to be 3085 tCO_2eq. per annum and an energy consumption of 0,08 TWh. SRK Study from 2020 showed how the Project will achieve an 85% reduction in GHG emissions by replacement of gas dryers with electrical dryers. The main source of GHG for the Project is diesel consumption from the mining fleet. Nordic Mining has investigated options for electrification of the fleet and will when feasible transition to a fully electrified mining operation. The Engebø Project has a target of net zero GHG emissions. To achieve this goal, Nordic Mining has initiated the development of a Climate Strategy Plan together with SRK.

Minviro, UK has carried out an independent Life Cycle Assessment («LCA») of the rutile product to be produced at Engebø. The LCA is a cradle-to-gate assessment and it covers all stages of the production of natural rutile concentrate from Engebø. The study calculates the Global Warming Potential («GWP») and covers scope 1, 2 and 3[7] calculations of GHG emissions. The GWP impact of the Engebø Rutile was determined to be 0,17 kg CO_2 eq. The main drivers of the GWP are the consumption of diesel in the mining operation and the explosive consumption related to the ore extraction.

Minviro conducted a benchmarking study to compare rutile from Engebø with a wide range of titanium-bearing feedstocks, including other natural rutile products, synthetic rutile, and titanium slag. The analysis showed that the GWP impact of the Engebø Rutile was superior and substantially lower than the alternative sources. Result from the GWP benchmarking is summarized in the graph on the next page.

6. Best Available Techniques (BAT) Reference Document for the Management of Waste from Extractive Industries in accordance with Directive 2006/21/EC.
7. Scope 1: Direct GHG emissions (e.g. furnace off-gas, combustion of fuels) Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat, or steam (e.g. emissions embodied in grid power) Scope 3: Other indirect emissions such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, and outsourced activities.



Approval of waste management plan completes the main regulatory permits

In June 2023 the Company received approval of the waste management plan for the Engebø deposit from the Norwegian Environment Agency and the discharge permit was amended with the management plan and adjusted accordingly.

In 2023, building permits for general and process plant buildings were approved according to finalization of detail engineering by the EPCs and in line with the construction plan.

In February 2022, Sunnfjord Municipality approved the building permit for all infrastructure groundworks for the Engebø Project. The permit is in line with the UDFS and the EPC contracts. All building permit complaints were rejected by the Municipality Body of Complaints in April 2022 following an appeals process. The approved building permit for infrastructure groundworks with already approved demolition permit for existing buildings and agreement with county road authority, completes the formal requirements for starting construction work at Engebø.

In May 2022, the Ministry of Trade, Industry and Fisheries («MTIF») resolved that Nordic Mining's operating license is maintained as granted with full rights to the Engebø deposit, confirming the resolution from the Directorate of Mining from June 2020 and later confirmed in November 2020. The decision from MTIF is final and cannot be appealed. The operating license is granted for the life of mine of the project which includes an open pit and underground phase, however, with a possibility for revision of conditions after 10 years.

The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety. The operating license completes the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit. The operational license was activated towards the Directorate of Mining in November 2022, following start of construction work of conveyor tunnel, primary crushing chamber, and preparatory work to drill the vertical ore pass.

In June 2020, the Company submitted, after extensive test work proving that the consumption of chemicals could be significantly reduced, an application to the Environment Agency for substitution of chemicals from the original environmental permit of 2015. In January 2021, the Agency granted the revised environmental permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previously planned consumption. The decision was confirmed by the Ministry of Climate and Environment in November 2021 concluding that the complaints received in relation to the revised discharge permit do not provide any basis to revoke or change the permit. The decision from the Ministry of Climate and Environment is final and cannot be appealed.

Norwegian Government won against NGOs claiming Engebø Rutile and Garnet's granted disposal permit being null and void

On January 10th, the Oslo District Court ruled in favor of the Norwegian state in the case where the environmental NGO's Naturvernforbundet and Natur og Ungdom summoned the state claiming that the disposal permit and the discharge permit for the Engebø rutile and garnet project are null and void. The NGO's have appealed part of the claim to the Borgarting Court of Appeal.

Nordic Mining won against Arctic Mineral Resources ("AMR") on all counts in the Supreme Court

AMR has lost in two court cases vs Engebø Rutile and Garnet ("ERG"), claiming that ERG does not have exclusive rights to all minerals in the Engebø deposit. The court ruled that AMR shall pay all legal expenses. The ruling of the appeal court was appealed to the Supreme Court. The Supreme Court's appeals committee decided in March 2023 that the appeal will be heard before the Supreme Court.

After full oral arguments before the Supreme Court over 5 days in late January 2024, the Norwegian Supreme Court ruled in favour of Nordic Mining on all counts. The court has also ruled that AMR shall pay all legal expenses. With this ruling the litigation from AMR is at an end.

As argued by Nordic Mining and the Norwegian Government, the ruling concluded that all minerals in the Engebø deposit ore are owned by the Norwegian state. As a consequence, Nordic Mining, through the mining rights granted by the state, has a sole and exclusive right to mine the Engebø deposit, including titanium and garnet. AMR has never had any claim or rights in the deposit.

Long-term offtake agreements secured for all production from Engebø

In January 2023, Nordic Mining, through its wholly owned subsidiary Engebø Rutile and Garnet AS, entered into a global exclusive offtake agreement for the full planned garnet production from Engebø for the first 5 years of production. The offtake agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, with a target of 825,000 metric tonnes, which is the full planned garnet production the first 5-years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Rutile and Garnet Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule.

In 2022, Nordic Mining, through its wholly owned subsidiary Engebø Rutile and Garnet AS, entered into two rutile offtake agreements.

In June 2022, it entered into a 5-year rutile offtake agreement with Iwatani, a reputable Japanese trading house. As part of the agreement, Iwatani made an equity investment of NOK 191.7 million in Nordic Mining ASA for the Engebø Project at the time of signing. The offtake agreement is for the sale of 20,000 tonnes per annum of natural rutile from the Engebø Project over 5 years based on the market price, with commercial terms, for 95% natural rutile concentrate and adjusted for actual TiO_2 content.

In October 2022, Engebø Rutile and Garnet AS signed the final rutile offtake agreement. The consideration under the rutile offtake agreement will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO_2 content, as determined from TZMI index or annual price discussions between the parties.

These three offtake agreements are expected to cover substantially all the planned production for the first five years of both rutile and garnet.

Long-term fundamentals for rutile and garnet supply continue to be strong

In 2023, the titanium industry faced diverse conditions. Titanium pigment, which makes up roughly 90% of titanium feedstock demand, experienced continued softness from H2 2022. We have observed western pigment producers acting disciplined, adjusting production rates according to subdued demand. In China, it is reported that pigment production increased and with accelerating exports, resulted in raising market share.

Pigment demand started to improve in Q4 2023, and it is reported that this continues going into H1 2024. Pigment inventories currently remain low. Natural rutile prices have declined throughout 2023 and average pricing for 2023 was reported to be just below US$ 1,400 / mt FOB.

Demand in the welding and titanium metal segments remained strong especially in the titanium metal sector. Due to continued high demand from the aviation sector, titanium metal producers are at their maximum capacity levels and announcing increasing production capacities.

Several major rutile deposits are expected to be depleted in the coming years, while an increase in titanium sponge and metal produced at western producers is expected. Nordic Mining is well positioned to supply rutile, a critical mineral, to this segment.

Global demand for garnet abrasives increased in 2023 but there were significant regional fluctuations. This was most notable in Europe due to the war in Ukraine. The sale of new waterjet machines in 2023 was strong, particularly in North America where the economy showed remarkable strength.

There is currently no production of garnet in Europe and the global supply of high-quality garnet for high-end applications has over the last years been short of the demand. The existing main producers are in Australia, China, India, and South-Africa. Regulatory measures introduced by the Indian government in 2016 continue to affect a substantial part of the Indian garnet production.

It is uncertain when and to what extent Indian production will re-enter the market. In the USA, domestic production is significantly short of the demand.

OPERATIONS

STRATEGIC ASSETS AND INITIATIVES

In addition to Nordic Mining's flagship project at Engebø, the Group continues its engagement in other strategic initiatives. This includes exclusive exploration rights to a quartz deposit in Norway and patented rights for a new technology for production of alumina which are jointly owned with the Institute for Energy Technology.

HIGH PURITY QUARTZ
– Positioning for a new era in IT and sustainable energy

Nordic Mining has exclusive exploration rights to a hydrothermal quartz deposit in the Kvinnherad municipality in western Norway. The rights are held jointly with another multinational industrial company. The quartz from the deposit has been sampled and tested to qualify for applications in the semiconductor and solar photovoltaic industry. Solar energy is expected to be one of the largest energy sources for electricity in 2030. NM expects the forecasted demand for semiconductors and solar cells will call for increased and sustainable supply of high purity quartz.

ALUMINA
– Sustainable Technology Development

Nordic Mining has since 2009 been engaged in development of a new technology for alumina production as a sustainable alternative to the current production. The technology has successfully been developed together with Institute for Energy Technology («IFE») and has been patented in several countries including Norway, USA, Canada and with the European Patent Office. In June 2019, the Company announced that the EU's Horizon 2020 program has granted EUR 5.9 million for the AlSiCal project to further develop the patented technology. AlSiCal is an ambitious research and innovation project to further research, develop and de-risk the technology. Bauxite mining and processing are known to have substantial environmental impact due to production of toxic waste, considerable carbon emissions and extensive land use. The new technology is an innovative alternative based on alumina/calcium-rich rocks such as anorthosite. The technology includes a carbon consumption process-step allowing for a low carbon footprint.

With the granting of the AlSiCal project an ambitious 4-year work plan is in place to further develop the patented technology. The AlSiCal Project consortium consists of 16 international partners from 9 countries and will finalize its work in Q2 2024. (https://www.alsical.eu/.)

TITANIUM
– Advance materials

Nordic Mining's subsidiary Engebø Rutile and Garnet AS will produce high grade natural rutile with substantially lower carbon footprint compared with peering producers of titanium feedstock. In addition, the rutile from Engebø has low levels of radioactive elements like Uranium and Thorium, making it ideal for production of high-quality titanium metal.

Following the CRMA initiative from EU, titanium metal has been listed as a critical and strategic material in EU. Nordic Mining has completed a preliminary conceptual study of future production of titanium sponge from the Engebø rutile deposit. A possible future engagement to establish new production of titanium sponge will likely be organized as a separate unit in the Group.

SEABED MINERALS
– Research and Knowledge Building

Nordic Mining has taken pioneering initiatives related to seabed mineral exploration and knowledge building in Norway. Nordic Mining participated in the MarMine project on marine mineral resources which was concluded in 2020. The project was coordinated by the Norwegian University of Science and Technology. The Norwegian Research Council granted NOK 25 million to the project which had a strong industrial basis and participation, with an exploration cruise including mineral sampling and assessments related to seabed mineral operations having been executed in selected areas along the Mid-Atlantic Ridge. After a strategic review, the Company has decided to pause its engagement in seabed mineral exploration, focusing on strategic growth initiatives onshore.

BOARD OF DIRECTORS' REPORT

Nordic Mining's (the «Company») assets comprise the following subsidiaries (jointly, the «Group»):

- Engebø Rutile and Garnet AS (100%): Engebø Project
- Nordic Quartz AS (100%): High-purity quartz
- Nordic Titanium AS (100%): Titanium

INTRODUCTION AND OVERVIEW

Nordic Mining is a resource company with focus on high-end industrial minerals and metals. The Group is undertaking a large-scale industrial development at Engebø on the west coast of Norway where it has mining rights and permits to a substantial eclogite deposit with rutile and garnet. In addition, the Group holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina and landowner agreement for exploration and development of a high purity quartz deposit in the Kvinnherad Municipality in Norway. Nordic Mining's project portfolio is of high international standard and holds significant economic potential. The assets, and in particular the wholly owned Engebø Project, hold significant economic potential and provide a solid value basis for Nordic Mining's shareholders. For more information about the Group's Projects, see page 7-13 of this annual report.

GROUP PROJECTS

Engebø Rutile and Garnet

The Engebø deposit has among the highest grades of rutile (TiO_2) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The Engebø expected life of mine is 39 years, consisting of 15 years of open pit mining followed by 24 years of underground mining. Favorable location, topography and local hydropower enables efficient and climate friendly production of high-quality natural rutile and garnet.

Offtake agreements that are expected to cover substantially all the planned production for the first five years have been secured. In 2022 Engebø Rutile and Garnet AS entered into offtake agreements for rutile, and in January 2023 Engebø Rutile and Garnet AS entered into an exclusive offtake agreement for up to the full planned garnet production from Engebø for the first 5 years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule.

In March 2023, Nordic Mining secured the final part of the project financing package for the Engebø Project, comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production. The proceeds from the senior secured bond is not fully released from the Bond Escrow Account and future releases are subject to certain pre-disbursement conditions precedent before the proceeds can be released to the Project.

Following completion of project financing of the Engebø Project the four lump-sum EPC ("Engineering, Procurement and Construction") contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS were fully activated. During 2023 construction progressed well and the Company capitalized costs of NOK 1.1 billion related to the construction of the Engebø Project. In the fourth quarter of 2023 mechanical installation at several areas of the process plant commenced, site management was ramped up and several installation teams were onboarded. The Engebø Project is on track to start production at the end of 2024.

FINANCIAL PERFORMANCE

For comparison, numbers in brackets relate to the comparable period in 2022.

The Engebø Project is under construction and the Group has, so far, no sales revenues from operations. Reported operating loss for 2023 was NOK -46.5 million (NOK –45.9 million), with around NOK –27.2 million resulting from non-capitalizable operating costs related to the development and construction of the Engebø Project.

Net financial items were NOK 0.4 million for 2023 (NOK 248.3 million), with the main financial items being net gain on foreign exchange related to the bond loan, Bond Escrow and royalty liability of NOK 31.0 million, other foreign exchange loss of NOK 5.0 million, interest on Bond Escrow and bank deposits of NOK 26.1 million, and costs from financing of NOK –55.0 million. Please see note 7 for further information. Borrowing costs on bond loan, net of interest on Bond Escrow, following satisfaction of financing conditions in March 2023 and borrowing costs on the royalty liability has been capitalized under Mine under construction, in total NOK 92.6 million for 2023.

Reported net loss was NOK –46.1 million for 2023, compared to a net profit of NOK 202.4 million for 2022 driven by realized gain on sold stake in the Finnish lithium project Keliber Oy of NOK 283.8 million.

In 2023, the Group capitalized NOK 1.1 billion on the balance sheet under Mine under construction for direct costs related to the construction work at Engebø, up from NOK

288.4 million in 2022. Nordic Mining's consolidated carrying amount for Mine under construction was NOK 1.4 billion as of 31 December 2023 (31 December 2022: NOK 288.4 million).

Net cash outflow from operating activities for 2023 was NOK –41.0 million as compared to NOK –48.8 million in 2022. Net cash flow from the Group's investment activities related to investment in Mine under construction for 2023 year was NOK –885.1 million (NOK –233.7 million). Note that the cash flow amount does not include capitalized net borrowing costs or outstanding payables , both of which are booked on the balance sheet under Mine under construction. Please see note 15 for further information related to the Bond Escrow account. In March 2023, the Group finalized the remaining part of the project financing for the Engebø Project in a private placement with gross proceeds of NOK 940 million followed up by a subsequent offering with gross proceeds of NOK 81.9 million, and in November 2023 the Group completed the drawdown of NOK 536.8 million under the Royalty Agreement resulting in net cash flow from financing activities for the 2023 of NOK 1.4 billion (NOK -62.5 million) after payment of transaction costs related to the share issues of NOK –41.5 million and interest and financing fees of NOK –112.4 million. Interest on the bond loan of NOK 88.7 million is included in interest and financing fees.

The Group's cash and cash equivalents as of 31 December 2023 was NOK 635.0 million (31 December 2022: NOK 164.7 million). In addition, the Group had NOK 1.1 billion on restricted Escrow account for bond and NOK 8.4 million on restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license. Please see note 15 and 16 for further information.

Nordic Mining's total assets as of 31 December 2023 was NOK 3.1 billion (31 December 2022: NOK 1.5 billion), and total equity was NOK 1.5 billion (31 December 2022: NOK 454.5 million).

Based on current forecasts and plans, the Board considers that the Group's financing and working capital is satisfactory to secure payment of financial obligations for at least 12 months from the time of this report. The Board confirms that the financial statements have been prepared on the basis of a going concern assumption and in accordance with section 3-3a of the Accounting Act.

RISK MANAGEMENT

The Group is exposed to a number of risks that may affect its business, including political and regulatory, market, operational and financial risks. In the opinion of the Board, the Company has implemented management systems that are satisfactory to address risk management and internal controls for the current stage of the Group.

Political and regulatory risk

Nordic Mining depends as resource company in the mining industry on permits and licenses from relevant authorities.

In May 2022, the Ministry of Trade, Industry and Fisheries («MTIF») resolved that Nordic Mining's operating license is maintained as granted with full rights to the Engebø deposit, confirming the resolution from the Directorate of Mining. The decision from MTIF is final and cannot be appealed. The operating license is granted for the life of mine of the project which includes an open pit and underground phase, however, with a possibility for revision after 10 years. The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety. In January 2021, the Agency granted the revised environmental permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption. The decision was confirmed by the Ministry of Climate and Environment in November 2021 concluding that the complaints received in relation to the revised discharge permit do not provide any basis to revoke or change the permit. The decision from the Ministry of Climate and Environment is final and cannot be appealed. This completed the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the environmental permit. The zoning plan for the mining and processing areas, including detailed regulations, and the environmental permit for the project are finally granted with no possibilities for appeal.

Whether and when permits will be granted, and the terms and conditions stipulated related to regulatory matters, are not fully within the Group's control.

Financial risk

Financial risk includes liquidity risk, currency risk and interest rate risk. The Group's liquidity management is coordinated by the Group's Chief Financial Officer with the assistance of Sumit Up AS, which has been engaged to provide accounting services. The Board has established rules governing the authorizations of the CEO, and the CEO has established rules governing the authorizations of the CFO.

Nordic Mining's cash balances are deposited in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD), Euro (EUR) and Australian Dollars (AUD). The Group's main foreign currency exposure relates to its bond loan, royalty liability and Bond Escrow, all of which are denominated in USD. The Group's future revenue is expected to a large extent be denominated in USD, with a significant percentage of income taxes, operating expenses, capital expenditures and future dividends in NOK. The Group has therefore a large part of the financial indebtedness in USD, to reduce the overall economic currency risk related to the Engebø Project. Net investment hedge accounting will be considered applied, when possible, to reduce effects of foreign exchange translation in the Group's Profit and Loss. The group had no outstanding foreign exchange hedges or instruments at year-end 2023.

The Group has significant debt through its USD 100 million bond and its USD 50 million royalty instrument, but neither is impacted by interest rate fluctuations. The bond has a fixed interest rate of 12.5% and the royalty instrument payments are not tied to interest rates. The group had no outstanding interest rate hedges at year-end 2023.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its financial obligations as they fall due. The Group has so far used a mix of equity financing and royalty financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments.

The Group had as of 31 December 2023 NOK 902.2 million in interest-bearing debt, comprising USD 100 million senior secured bond measured at amortized cost using the effective interest method.

In March 2023, Nordic Mining secured the final part of the project financing package for the Engebø Project comprising equity, senior secured bond, and non-dilutive royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production. While the funding is expected to be sufficient, the project is exposed to material cost overruns, delays and/or negative foreign exchange movements that could necessitate additional funding in order to bring the project to completion. The final release of the bond proceeds from the Bond Escrow account is subject to certain pre-disbursement conditions precedent before the proceeds can be released to the Project. Failure to fulfill the conditions precedent for release of funds could jeopardize the Groups' ability to finalize the project as it is dependent on the funding on the Escrow account.

The bond agreement has a financial covenant stipulating that Engebø Rutile and Garnet shall at all times maintain cash on its accounts (includes cash on the Bond Escrow account) of no less than USD 15 million. A breach of the covenant could result in a default under the agreement.

Market risk

Mineral prices can be affected by factors such as changes in supply and demand, global economic developments, competition etc. which are beyond the Group's control. Further, there is a risk that not all the Group's products can be sold at favorable terms and conditions. Mitigating these market risks are done by measures which include e.g. business strategies and selling in different geographies and industries, pricing structures and fixed volumes in long-term offtake agreements.

Operational risk

Mineral extraction is a high-risk activity. Generally, few investigated areas develop into producing mining operations. Long-term returns in Nordic Mining will depend on the success of the Group's exploration, development, and operational activities.

Nordic Mining is exposed to normal business risk associated with contracts with various suppliers.

Climate-related risks

Sustainability is integrated and embedded into Nordic Mining's strategy and decision-making processes. The Group's Sustainability Policy states that the aim is to reach an A-level performance standard for all our operations according to the Towards Sustainable Mining («TSM») Standard. Comprehensive Environmental and Social Management Systems («ESMS») to avoid, mitigate, restore and compensate environmental and climate impacts are implemented for all projects. Overall, the climate-related financial risk for Nordic Mining is considered to be low with limited risk for stranded assets basis current legislation. Climate-related financial risks can be described as physical risks, including extreme weather events and natural disasters, as well as transition risks, including emerging policy and legislation, technological innovation and market and reputation risk. For details on the Group's strategy for Environmental, Social and Governance («ESG») see Environmental and Social Governance on page 16.

CORPORATE GOVERNANCE

The Group's principles for corporate governance, ethical guidelines and a general management structure are based on the principles of «The Norwegian Code of Practice for Corporate Governance». Reference is made to page 21 for the Board's report on corporate governance.

Nordic Mining's corporate governance policy is founded on prevailing statutory and regulatory requirements and corporate governance is implemented through processes and control measures established to protect the interests of the Company's shareholders and other stakeholders.

The Company has assessed its relations with, and payments to and from, governmental institutions in accordance with section 3-3d of the Accounting Act. For more information, see Note 27 in the consolidated financial statements.

ENVIRONMENTAL AND SOCIAL GOVERNANCE

The Group's strategy for Environmental, Social and Governance («ESG») is related to its projects and is founded on four main pillars:

- Business ethics and anti-corruption
- Environment and climate responsibility
- Social responsibility
- Safe and healthy work environment

The Group endeavors to maintain a high standard of corporate governance with an emphasis on integrity, ethical guidelines and respect for people and the environment. Development of the Group's projects is carried out in accordance with laws and regulations and good international industry practice[9].
The Group has not identified any issues regarding human rights, labor rights and social conditions, anti-corruption or environmental footprint that deviates from its standards.

In July 2022, the Norwegian Transparency Act entered into force, requiring companies to conduct human rights due-diligence assessments across their operations, supply chains, and business partners. The Group support and respect internationally proclaimed human and labor rights and is committed to implement and enforce systems and practices to minimize any risks of infringement associated with human and labour rights. Nordic Mining's reporting on the Norwegian Transparency Act is available on the Company's website.

The Board of Directors is responsible for ensuring that adequate governance structures and management systems are in place to ensure that environmental and social issues are managed in accordance with the Group's policies, international standards, as well as prevailing permits and regulations.

9. All projects are developed in accordance with IFC performance standards.

Business ethics and anti-corruption

Fair play, honesty, and openness are important values for Nordic Mining. Our ability to create value is dependent on applying high ethical standards in relation to the market, its owners, employees, partners, stakeholders, customers, and suppliers.

OUR COMMITMENTS

- Promote honest and ethical conduct of all employees, officers, directors, and persons acting on behalf of the Group.
- Compliance with all applicable government, regulatory and stock exchange laws, rules, and regulations.
- Promote transparency through fair, accurate, understandable, and timely disclosure of information internally and in public communication.
- Ensure ethical interactions with government officials and local communities.
- Zero tolerance of any form of bribery, corruption, and facilitation payments.
- Ensure that employees endeavor to deal fairly and responsibly with the Group's customers, suppliers, and competitors.
- No person may use, or contribute to others using, insider information about Group or other companies to subscribe for or trade in securities, either privately or on Group's behalf.
- Any person receiving confidential information entrusted to them by the Group shall keep such information confidential also after the person leaves the Group.
- Promptly manage conflicts of interest between personal and professional relationships.
- No acceptance for any form of discrimination of employees or others involved in the Group's activities.
- Ensure that Policy commitments are made known to all employees, contractors, consultants, officers, and directors of the Group.
- Promote accountability for adherence to the Policy.
- Provide mechanisms to report unethical conduct.

Environment and Climate responsibility

Nordic Mining is committed to sustasinable exploration, development, and extraction of minerals. We aim to reach an A-level-performance standard for all our operations according to the Towards Sustainable Mining («TSM») Standard. Comprehensive Environmental and Social Management Systems («ESMS») are implemented for all projects to ensure that our commitments are met.

OUR COMMITMENTS

- Conduct comprehensive environmental impact assessments and utilize state of the art environmental monitoring technology to identify environmental risk.
- Implement management systems to assess, avoid, reduce, and monitor negative impact on environment and biodiversity throughout the project cycle.
- Restore and compensate loss of biodiversity with the long-term goal of net biodiversity gain.
- Support conservation of ecosystem services.
- Promote development of innovative solutions to alleviate environmental impact.
- Minimize footprint of extractive waste.
- Contribute to innovation to develop use of waste rock and tailings as raw materials for existing or new value chains.
- Use best available techniques for waste management to promote safety and reduce environmental risk.
- Be energy efficient by implementing management practices and routines for reducing energy consumption and encourage innovative solutions for energy saving.
- Work towards zero emission for our operations, and contribute to reducing value chain emissions by collaboration with suppliers and customers.
- Publicly disclose greenhouse gas emissions from Group's operation and provide benchmarking data on emissions for products when possible.

Social responsibility

Our social responsibility is closely linked to the local communities where the Group operates. Minerals are often found in sparsely populated areas where mineral production opens new opportunities for local development and value creation. Nordic Mining's goal is to build primary companies that have positive impact on people's livelihood, education, and work opportunities. The Group will actively engage with communities and project stakeholders to build sustainable relations throughout the life of mine.

OUR COMMITMENTS

- Establish relations based on transparency, trust, and respect with communities and stakeholders in the areas where we operate.
- Form platforms for meaningful information sharing, interaction, and engagement with communities and stakeholders.
- Respect the cultural, political, and social diversity of communities and value local knowledge and capabilities in building joint solutions.
- Identify, analyze, and mitigate negative impact on communities' health and well-being.
- Promote initiatives to strengthen economic diversification and positive impact on communities, which contribute to their development and resilience.
- Recognize the right of access to land and water for Indigenous peoples, and respect their cultures, customs, heritage, and livelihood.
- Promote open and timely consultation with Indigenous peoples.

Safe and healthy work environment

The employees are the Group's most important resource. A pro-active approach in health and safety matters have high priority and will form an integral part of the planning and development activities going forward.

8 DECENT WORK AND ECONOMIC GROWTH
5 GENDER EQUALITY

OUR COMMITMENTS

- Build operations with safety embedded in the culture and mindset of the way we work and conduct business.
- Map and analyze hazards and risks associated with our activities and products.
- Employ measures necessary to eliminate, reduce, or control the risks of injuries and health issues related to work environment.
- Promote well-being and mental health of employees.
- Promote mutual respect among employees regardless of an individual's ancestry, race, gender, religious beliefs, or sexual orientation.
- Create inclusive workplaces, in which employees feel valued and are enabled to reach their full potential.
- No tolerance for harassment or discrimination.

Goals and further work

Nordic Mining's work on sustainability and corporate governance is a dynamic and continuous process which will be developed in line with the Group's growth and progress going forward.

ORGANIZATIONAL MATTERS

At the end of 2023 Nordic Mining had 24 employees (10), of which 21 (6) are employed in the subsidiary Engebø Rutile and Garnet AS, and 3 (4) are employed in the Company. The employee base of the Group consisted of nine women and fifteen men. In ERG the management team consisted of five women and two men.

The Board of Nordic Mining consists of three men and two women. Kjell Roland has been Chair of the Board since 2019 and a board member since 2012. The composition of the Board will be evaluated in connection with the annual general meeting in line with customary procedures.

The Company facilitates equal opportunities for professional and personal development regardless of gender. The Company has a reasonable gender balance and strives to maintain a good working environment. The Management team at the end of 2023 comprised four (five) men and no (one) women. Sick leave in 2023 was less than 1.4%, and no safety issues were recorded.

SHAREHOLDERS AND CAPITAL SITUATION

Nordic Mining has one class of shares, each with a nominal value of NOK 0.60 as at year-end 2023 and after a reverse split with a ratio of 20:1 in March 2024 the nominal value changed to NOK 12. The Company's shares are listed on Euronext Expand Oslo and may be traded without restrictions. The Company had 14,000 registered shareholders at year-end with around 37% of the shares held by shareholders domiciled outside of Norway.

In March 2023, Nordic Mining completed a private placement of 1,566,666,667 shares with gross proceeds of NOK 940 million to secure remaining equity component of the project financing package for the Engebø Project of USD 277 million. As a result of the private placement the convertible loan with accrued interests, in total NOK 139,621,875, was converted to 232,703,125 shares at the same subscription price as in the private placement.

In April 2023, the Company completed a subsequent offering of 136,544,091 shares of in total 216,666,667 shares available in the offering, at a subscription price of NOK 0.60 per share. Following registration of the new share capital the Company's share capital was NOK 1,300,938,393 divided on 2,168,230,655 shares, each with a par value of NOK 0.60.

In March 2024, Nordic Mining completed a reverse split with a ratio of 20:1. Following registration of the new share capital and reverse split the Company's share capital is NOK 1,300,938,396 divided on 108,411,533 shares, each with a par value of NOK 12.

PARENT COMPANY FINANCIAL RESULTS

The net profit for the parent company Nordic Mining ASA for 2023 was NOK 50.8 million (NOK 399.5 million). As per 31 December 2023, the total equity for the parent company amounted to NOK 2.0 billion (NOK 873.3 million).

The Board proposes that the year's profit of NOK 50,780,096.37 in Nordic Mining ASA shall be transferred to retained earnings.

Oslo, 23 April 2024
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Tom Lileng	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

THE BOARD OF DIRECTORS

Kjell Roland
Chair

Kjell Roland holds a Master of Science degree from the department of Economics at the University of Oslo, a lower degree in Philosophy from University of Tromsø and has been a visiting scholar at the Department of Economics and Department Operations Research at Stanford University. Roland was CEO of Norfund (the Norwegian government's investment fund for developing countries) from 2006–2018. Roland co-founded ECON in 1986 and was partner and CEO in ECON Management AS and ECON Analysis for more than two decades. As consultant, he has worked on macro-economics, energy and environmental issues for private companies, governments, and international organizations such as the World Bank and the Asian Development Bank. Roland is a Norwegian citizen and resides in Oslo, Norway.

Kjell Sletsjøe
Deputy Chair

Kjell Sletsjøe holds a Master of Science in Civil Engineering from the University of Science and Technology in Trondheim, Norway and an MBA from Colombia University in New York, USA. Sletsjøe has comprehensive international management experience from mining, coatings, and construction industries as well as from consulting. He has been CEO of Rana Gruber AS (iron ore), Lundhs AS (natural stone) and held various top management positions in Jotun Group (coatings) in Norway, UK and Malaysia. Sletsjøe has also worked as a business consultant in McKinsey & Co and Hartmark Consulting and served on several boards in Europe and Asia. He now serves as board member of several companies. Sletsjøe is a Norwegian citizen and resides in Sandefjord, Norway.

Eva Kaijser
Board Member

Eva Kaijser holds a Bachelor of Science in Business Administration and Economics with advanced studies in Finance from the University of Stockholm, Sweden. Kaijser has 25 years of experience from the mining industry, whereof 11 years in the Boliden group in various positions including top management. Kaijser has been CFO in Northland Resources, CEO in Nordic Mines and CFO in Nynas. Eva Kaijser runs an investment and consulting business, alongside with being a board member in listed and private companies. Kaijser is a Swedish citizen and resides in Stockholm, Sweden.

Benedicte Nordang
Board Member

Benedicte Nordang is a Naval Architect with a Master of Science from the Norwegian Institute of Technology. She has more than 30 years' experience from the offshore industry, including various management positions from Equinor ASA and Aker Marine Contractors. Nordang has held board positions in the mining industry for more than 10 years, including Nussir ASA and Wega Mining ASA. She currently works as Chief Engineer Project Management & Control at Equinor ASA. Nordang is a Norwegian citizen and resides in Oslo, Norway.

Tom Lileng
Board Member

Tom Lileng holds an MBA and Bachelor of Science in Finance from Florida Atlantic University. Mr. Lileng was most recently Managing Director of General Oriental Advisory. He has broad financial background from the global financial services industry including from UBS, SPI Funds and Santander Asset Management. Mr. Lileng is a Norwegian citizen and resides in Switzerland.

THE MANAGEMENT TEAM

Ivar S. Fossum
CEO

Fossum holds a Master of Science in Mechanical Engineering from the University of Science and Technology ("NTNU") in Trondheim, Norway. He has previously held various managerial and commercial positions within the petroleum and fertilizer industries in the Norsk Hydro Group and in FMC Technologies, including as General Manager of Norsk Hydro East Africa Ltd. and as Chief Executive Officer of Loke AS. Fossum is a Norwegian citizen and resides in Asker, Norway.

Jens Gisle Schnelle
Interim CFO

Schnelle holds a Master of Science in Business and Economics from BI Norwegian Business School in Oslo, Norway. He has more than 12 years of financial analysis and management experience in the shipping industry. He has previously held the position of Group Finance Manager in Eitzen Chemical ASA and Chief Financial Officer and Acting Chief Executive Officer in Team Tankers International Ltd. Schnelle is a Norwegian citizen and resides in Oslo, Norway.

Maurice Kok
Commercial Director

Kok holds a Master of Science in Business Administration from Erasmus University in Rotterdam, the Netherlands. He has more than 15 years' experience in sales, marketing, and business development positions in Elkem, TiZir/Eramet and Kalbar Operations. He has been involved with mining projects in Senegal and Australia, at an early stage ahead of operations commencing. Kok is a Dutch citizen and resides in Haugesund, Norway.

Kenneth Nakken Angedal
Managing Director Engebø Rutile and Garnet

Angedal holds a Bachelor of Automation Technology, Control Engineering from the Western Norway University of Applied Science. Angedal has had the position as Project Manager for the Engebø Project from August 2018 to January 2022. He has broad management and project experience from various technical and management positions in the ABB Group including as Vice President, Digital Services in ABB's Marine Business Unit. Angedal is a Norwegian citizen and resides in Førde, Norway.

Trond Langeng
Manager Resource and Development

Langeng holds a Master in Resource and Bedrock Geology from the Norwegian University of Science and Technology (NTNU) in Trondheim, Norway. He has experience as an exploration geologist in Capella Minerals Norway AS. Besides planning and conducting geological projects, he also has experience with community relations and permitting. Langeng is a Norwegian citizen and resides in Oslo, Norway.

CORPORATE GOVERNANCE

Proactive and transparent corporate governance is essential for aligning the interests of our various stakeholders. The Board of Directors (the «Board») of Nordic Mining ASA («Nordic Mining» or the «Company») believes that good corporate governance drives sustainable business conduct and long-term value creation. Nordic Mining's framework for corporate governance has been implemented to decrease business risk, maximize shareholder value, and utilize the Company's resources in an efficient and sustainable manner for the benefit of shareholders, employees, and society at large.

Implementation and reporting on corporate governance

Nordic Mining targets to comply with the principles in the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code") where applicable and will explain possible deviations. The Company's corporate governance framework is subject to annual reviews and discussions by the Board.

The Corporate Governance Code, last revised on 14 October 2021, is available on the Norwegian Corporate Governance Committee's website (www.nues.no). The objective of the Corporate Governance Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the division of roles between shareholders, the Board, and executive management ("Management") more comprehensively than is required by legislation.

As an issuer of shares on Euronext Expand Oslo, Nordic Mining complies with and operates in accordance with rules governing the Norwegian stock exchange, including the at any time applicable rules of Continuing Obligations of Oslo Rule Book II Section 4.4, as well as the corporate governance principles and practices as required by the Norwegian Accounting Act section 3-3b. The Company has fulfilled its corporate governance reporting requirements.

Business

Nordic Mining's objectives are defined in the Company's Articles of Association which are published on page 66 of this annual report as well as at the corporate website (www.nordicmining.com): "The object of the Company is to carry out exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world."

It is the responsibility of the Board to define clear objectives, strategies, and risk profiles for the Company's business activities and to ensure that these support value creation for shareholders. The Board evaluates these objectives, strategies, and risk profiles at least annually. More details on Nordic Mining's activities and strategies are presented in the Board of Directors' Report on pages 14–18 of this annual report.

Nordic Mining owns 100% of the shares in the subsidiaries Engebø Rutile and Garnet AS, Nordic Quartz AS and Nordic Titanium AS (jointly "the Group").

Equity and dividends

As per 31 December 2023, the Group's equity amounted to NOK 1.5 billion, which is equivalent to 49% of the total assets. The Board assesses the Company's capital structure on a regular basis to ensure adequate liquidity for prioritized activities and funding for the Group's planned construction projects.

Nordic Mining plans to implement a competitive dividend policy with the objective of providing its shareholders with a return on investment at minimum comparable with investments with similar risk profiles. The return should come in the form of cash dividends and/or share buyback, if applicable, and increased share value. The amount of any dividends to be distributed will depend on the Group's investment needs and general development and financing of the Company.

For information of equity issues in 2023 and to the date of this report, as well as the status of authorizations from the general meeting to the Board to increase the share capital of the Company, reference is made to the Board of Directors' Report.

Equal treatment of shareholders and transactions with related parties

There were no significant transactions between the Company and related parties in 2023, except for ordinary commercial transactions with subsidiaries. All transactions between the Company and related parties are on arm's length basis.

Any recommendation made by the Board to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be justified. In the opinion of the Board, satisfactory arguments and information have been provided regarding such deviations from existing shareholders' priority rights related to equity issues by the Company.

Shares and negotiability

Nordic Mining has one class of shares, and all shares carry equal rights. The Articles of Association do not contain any provisions restricting the exercise of voting rights.

Further, the Articles of Association place no restrictions on the transferability of Nordic Mining shares, and the shares are freely negotiable.

General meetings

The shareholders exercise supreme authority in Nordic Mining through the general meeting. The Company's Articles of Association and the provisions of the Norwegian Public Limited Companies Act assign the following functions to the general meeting:

- Election of members of the Nomination Committee.
- Election of members of the Board.
- Election of the external auditor and approval of the auditor's remuneration.
- Adoption of the annual accounts and the Board of Directors' Report.
- Resolve any distribution of dividend recommended by the Board.
- Consideration of any other items on the agenda in the notice of the general meeting.

Nordic Mining's annual general meeting in 2023 was held on 25 May 2023. The date of the forthcoming annual general meeting is 23 May 2024.

Notices of general meetings is published as stock exchange releases and made available at the corporate website at least 21 days in advance of a general meeting. The Company's annual report is published at the corporate website at least 21 days prior to the annual general meeting. General meeting notices outlines the agenda matters and are distributed in Norwegian with an English translation to foreign shareholders.

The general meeting vote on each matter separately and all shareholders are entitled to submit items to the general meeting agenda, to meet, speak, and vote, either in person or by proxy. The deadline for notifying attendance is normally two days prior to the general meeting.

The Nomination Committee's recommendation concerning the election of Directors and members of the Nomination Committee is published together with the notice of the general meeting. In line with the Corporate Governance Code's recommendation, it is the Company's policy that the general meeting vote on each candidate separately.

Nordic Mining has around 14,000 shareholders who are widely distributed geographically. The Company provides shareholders that are unable to attend in person the opportunity to vote on every item on the agenda by proxy. To ensure that general meetings are conducted professionally and impartially, the Company's share registrar, DNB Verdipapirservice, assists on practical matters in relation to the general meeting.

Representatives of the Board and Management are represented at the general meetings. Normally, the Company's auditor and legal advisor are also present. The general meeting is normally chaired by the Chair or the Deputy Chair of the Board. In the event of disagreement about specific agenda items where the Chair of the meeting either supports one of the factions or for other reasons cannot be considered impartial, Nordic Mining has procedures to ensure that the meeting is chaired impartially. In such cases, the general meeting will have an opportunity to appoint an alternative Chair of the meeting to ensure impartiality in relation to the item(s) on the agenda.

Nomination Committee

The Articles of Association stipulates that the Company shall have a Nomination Committee consisting of three members who shall be elected by the general meeting for terms of two years. As of 31 December 2023, the Nomination Committee consisted of the following members who all are independent of the Board and Management:

- **Ole G. Klevan, Chair**
  Lawyer/Partner and Head of Industry & Energy at the law firm Schjødt
- **Torger Lien, Member**
  CEO of TSO Holding AS and board member of Nord Pool Holding AS and Energy Gmbh
- **Brita Eilertsen, Member**
  Non-executive Director for listed and unlisted companies

The Nomination Committee's duties are to:

- Prepare recommendations to the general meeting concerning the election and remuneration of Directors.
- Prepare recommendations to the general meeting regarding the election of members to the Nomination Committee.

The Nomination Committee's recommendations contain separate justifications for each candidate proposed. Contact details and guidelines for the Nomination Committee are available at the corporate website.

Board of Directors; composition and independence

As of 31 December 2023, the Board of Directors consisted of five members who all are independent of the Company's major shareholders and Management. The Chair of the Board and the other Directors are elected by the general meeting for terms not exceeding two years.

Further information on each Director is available on page 19 of this annual report and at the corporate website. Information about Directors' remuneration and number of shares held in Nordic Mining is provided in Note 24 to the consolidated financial statements.

As of 31 December 2023, and at the date of this report, the Board consists of:

- **Kjell Roland, Chair**
  Participated in 21 of 21 meetings in 2023
- **Kjell Sletsjøe, Deputy Chair**
  Participated in 20 of 21 meetings in 2023
- **Eva Kaijser, Board Member**
  Participated in 21 of 21 meetings in 2023
- **Benedicte Nordang, Board Member**
  Participated in 19 of 21 meetings in 2023
- **Tom Lileng, Board Member**
  Participated in 7 of 21 meetings in 2023

Tom Lileng was elected as new board member 25 May 2023.

The work of the Board

The Board's work follows an annual plan which is evaluated and approved at or before the start of the calendar year. The agenda items reflect the Board's main duties for the overall governance of the Group and for the general monitoring of the Group's activities. The Board evaluates its performance and expertise at least annually and makes the evaluation available to the Nomination Committee.

The Board has established written instructions for its own work and the work of the CEO, and the CEO has established instructions for other Management. These instructions cover issues concerning the Board's duties and responsibilities, the CEO's duty to inform the Board, and procedural rules for the Board's and Management's work.

The Company's ethical guidelines include rules intended to avoid conflicts of interest and requires that any person acting on behalf of Nordic Mining act honestly and in line with principles for good business ethics. The ethical guidelines require Directors and Management to notify the Board in case they, directly or indirectly, hold a material interest in a transaction or key matter of the Company or the Group. The Board's consideration of material matters in which the Chair is personally involved, or in other way is restrained from participating in, shall be chaired by the Deputy Chair or another Director.

At present, the Company is not required to establish an Audit Committee, as governed by the Norwegian Public Limited Liability Companies Act. Considering the Company's current phase of development, it is the opinion of the Board that assessments linked to financial statements and remuneration of Management are most appropriately undertaken by the Board acting as a whole. The Board will continue to assess potential benefits of establishing Board committees (e.g., Audit Committee, Compensation Committee or other) going forward.

Risk management and internal control

The Board is responsible for ensuring that the Company has good internal control and a well-functioning system for risk management and social responsibility. The Board's annual plan includes a review of the Company's risk areas and internal control system. In the Board's opinion, the current governance systems satisfactorily address risk management and internal control.

Management is responsible for establishing and maintaining an adequate level of internal control regarding the Group's financial reporting. Internal control related to financial reporting is a process that is designed to provide reasonable certainty that financial reporting is reliable and that financial statements are prepared in accordance with the International Financial Reporting Standards (”IFRS”), as adopted by the EU. The accounting principles applied by the Group conform to the IFRS as published by the International Accounting Standards Boards (”IASB”). A summary of significant accounting principles as well as discussion of risk factors are included in Note 2 and 21, respectively, in the consolidated financial statements.

The Company has engaged Sumit Up AS as the Group's accountant and have established routines for accounting work and reporting.

Nordic Mining has established policies to insure both people and property for certain risks as well as established a liability insurance for Directors.

Nordic Mining has developed guidelines concerning corporate, social, and ethical conduct which are available at the corporate website.

From the left: Kjell Roland, Eva Kaijser and Kjell Sletsjøe.

Remuneration of the Board

The remuneration of the Board is proposed by the Nomination Committee and resolved by the general meeting. The remuneration of the Board is not linked to the Company's performance and Directors are not granted share options.

The remuneration of the Board reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Information on the remuneration to the Board in 2023 is included in Note 24 in the consolidated financial statements.

Remuneration of Management

Pursuant to section 6-16a of the Public Limited Liability Companies Act, the Board prepares an annual statement on the setting of salaries and other remuneration for Management. The statement is presented to and considered by the general meeting. Any equity-based remuneration is resolved by the general meeting.

The key principles underlying the remuneration of Management for 2023 have been that total remuneration should reflect the responsibilities and duties undertaken by each individual in Management, as well as contribution to the long-term value creation in the Group. In the opinion of the Board, it is crucial for Nordic Mining to offer competitive salaries and conditions to attract the qualities and expertise necessary to promote the strategic development of the Group, nationally as well as internationally.

Share options have been granted to employees in the past. There were no outstanding options at year-end 2022 or 2023.

Information regarding remuneration of Management in 2023 is presented in Note 24 in the consolidated financial statements.

Pursuant to the new requirements under section 6–16b in the Public Limited Liability Companies Act a more detailed remuneration report will be prepared for advisory vote by the annual general meeting in May 2024.

Information and communications

Nordic Mining has adopted guidelines designed to ensure that its information policy is based on the principles of openness and equal treatment of all shareholders and participants in the securities market. The objective is to maintain accounting and reporting systems in which the investors will have confidence.

Management is responsible for communication with the capital markets and for relations with current and potential new investors. Nordic Mining's financial reports provide comprehensive information about the Group's operations, including its major value drivers and risk factors.

The financial reports and other information are published electronically. All shareholders are treated equally in relation to access to financial information. Reports, stock exchange releases and other presentation material are made available at the corporate website.

Take-overs

Nordic Mining's Articles of Association do not set any measures to limit the opportunity to acquire shares in the Company. In the event of a take-over bid for Nordic Mining, the Board will handle bid in accordance with Norwegian law and the Norwegian Code of Practice for Corporate Governance and follow the overriding principle of equal treatment of all shareholders. Further, the Board will strive to ensure that the shareholders are given sufficient information and time to assess the offer as well as ensure that the Company's business activities are not unnecessarily disrupted.

The Board will not seek to prevent any take-over unless it believes that the interests of the Company and the shareholders justify such. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless it is approved by the general meeting following the announcement of the bid.

The Board will issue a statement in accordance with statutory requirements and the recommendations in the Corporate Governance Code, including considerations regarding a possible valuation from an independent expert.

Transactions that in effect imply a sale of Nordic Mining's entire business will be subject to approval by the general meeting.

The Company has not established other principles for potential take-over situations.

Auditor

Nordic Mining's auditor is elected by the general meeting and is independent of the Company. The general meeting also approves the auditor's remuneration.

The auditor's work is based on a plan that is presented to the Board on an annual basis. The auditor attends Board meetings that discuss and approve the Group's and Company's annual reports. At such meetings, the auditor gives a statement of any material changes to Nordic Mining's accounting principles and provides an assessment of material accounting estimates, as well as a complete account of any situation where there has been disagreement between the auditor and Management.

The auditor presents to the Board a review of the Company's control routines and potential areas of improvement in relation to accounting. When required and at least once a year, the auditor meets with the Board without Management present.

Nordic Mining places importance on independence and has clear guidelines regarding the use of other services from external auditors. All services from the external auditor, including non-audit services, are subject to pre-approval as defined by the Board of Directors in line with the Public Audit Act that entered into force on 1 January 2021.

Information of the remuneration to the auditor in 2023, including breakdown between statutory auditing and non-audit services, is presented in Note 6 to the consolidated financial statements.

Oslo, 23 April 2024
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Tom Lileng	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

Consolidated accounts for Nordic Mining

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts in NOK thousands)	Note	2023	2022
Payroll and related costs	4,23	(15 082)	(11 650)
Depreciation and amortization	12	(346)	(164)
Other operating expenses	6	(31 041)	(34 106)
Operating profit/(loss)		**(46 469)**	**(45 920)**
Fair value gains/losses on investments	13	-	283 844
Fair value gains/losses on convertible loan	20	3 354	(10 476)
Net exchange rate gain/loss (-)	7	25 911	9 590
Financial income	7	26 099	7 370
Financial costs	7	(55 002)	(41 996)
Profit/(loss) before tax		**(46 107)**	**202 412**
Income tax	8	-	-
Profit/(loss) for the period		**(46 107)**	**202 412**
(Amounts in NOK)			
Earnings per share			
Basic earnings per share	9	(0.51)	17.51
Diluted earnings per share	9	(0.51)	15.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK thousands)	Note	2023	2022
Net profit/(loss) for the period		**(46 107)**	**202 412**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Changes in pension estimates, net of tax	17,25	536	(1 009)
Other comprehensive income directly against equity		**536**	**(1 009)**
Total comprehensive income/(loss) for the period		**(45 571)**	**201 403**
Attributable to the equity holders of the company		**(45 571)**	**201 403**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousands)	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Mine under construction	11	1 377 083	288 410
Property, plant and equipment	12	3 062	1 090
Right-of-use assets	12	1 025	106
Total non-current assets		**1 381 170**	**289 606**
Current assets			
Trade and other receivables	14,21	30 561	23 297
Bond Escrow	15	1 075 042	1 032 597
Restricted cash	16	8 430	4 215
Cash and cash equivalents	16	634 984	164 703
Total current assets		**1 749 017**	**1 224 812**
Total assets		**3 130 187**	**1 514 418**

Oslo, 23 April 2024
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy chair

Eva Kaijser
Board member

Benedicte Nordang
Board member

Tom Lileng
Board member

Ivar S. Fossum
CEO

(Amounts in NOK thousands)	Note	31.12.2023	31.12.2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	17	1 300 938	139 390
Share premium	17	277 928	319 430
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(62 243)	(16 135)
Other comprehensive income/(loss)	17	(3 696)	(4 232)
Total equity		**1 528 965**	**454 491**
Non-current liabilities			
Lease liabilities	26	466	-
Bond loan	15,21	902 182	-
Royalty liability	18	517 574	-
Net pension liabilities	25	219	1 812
Total non-current liabilities		**1 420 441**	**1 812**
Current liabilities			
Trade payables	21	94 312	37 168
Bond loan	15,21	-	850 825
Convertible loan	20,21	-	142 976
Other current liabilities	19	86 468	27 146
Total current liabilities		**180 780**	**1 058 115**
Total liabilities		**1 601 221**	**1 059 927**
Total shareholders' equity and liabilities		**3 130 187**	**1 514 418**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK thousands)	Note	Share capital	Share premium	Other-paid-in capital	Other comprehensive income/(loss)	Accumulated losses	Total equity
Equity 1 January 2022		**137 695**	**313 699**	**16 038**	**(3 223)**	**(218 547)**	**245 662**
Profit/(loss) for the period		-	-	-	-	202 412	202 412
Other comprehensive income		-	-	-	(1 009)	-	(1 009)
Total comprehensive income		**-**	**-**	**-**	**(1 009)**	**202 412**	**201 403**
Share issue	17	1 695	5 731	-	-	-	7 426
Equity 31 December 2022		**139 390**	**319 430**	**16 038**	**(4 232)**	**(16 135)**	**454 491**
Equity 1 January 2023		**139 390**	**319 430**	**16 038**	**(4 232)**	**(16 135)**	**454 491**
Profit/(loss) for the period		-	-	-	-	(46 107)	(46 107)
Other comprehensive income		-	-	-	536	-	536
Total comprehensive income		**-**	**-**	**-**	**536**	**(46 107)**	**(45 571)**
Share issue	17	1 161 548	(0)	-	-	-	1 161 548
Transaction costs		-	(41 501)	-	-	-	(41 501)
Equity 31 December 2023		**1 300 938**	**277 928**	**16 038**	**(3 696)**	**(62 243)**	**1 528 965**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK thousands)	Note	2023	2022
Operating activities			
Income/loss (-) before income tax		(46 107)	202 412
Depreciation	12	346	164
Gain/loss on sale of fixed assets		117	-
Gains/losses on investments	13	-	(283 844)
Gains/losses on on convertible loan	20	(3 354)	10 476
Interest and fees, loans and borrowings		94 458	41 961
Interest Bond Escrow	15	(53 517)	(5 795)
Interest income bank deposits		(14 335)	(1 575)
Interest bank deposits received		14 335	1 575
Foreign exchange, net		(25 167)	(2 442)
Change in working capital		(2 495)	(7 285)
Transfer to restricted account	16	(4 215)	(4 215)
Difference between pension expense and payment		(1 057)	(259)
Net cash used in operating activites		**(40 990)**	**(48 826)**
Investing activities			
Investment in Mine under construction	11	(885 096)	(233 733)
Acquisition of property, plant and equipment	12	(2 628)	(921)
Proceeds from sale of financial investments	13	-	474 363
Sale of property, plant and equipment		359	-
Net cash used in investing activities		(887 365)	239 709

(Amounts in NOK thousands)	Note	2023	2022
Financing activities			
Share issuance	17	1 021 926	7 426
Transaction costs, share issue	17	(41 501)	-
Gross proceeds from borrowings, Convertible loan	20	-	132 500
Transaction costs, Convertible loan	20	-	(6 089)
Transfer to Bond Escrow	15	0	(178 782)
Net proceeds from royalty financing	18	536 820	-
Interest paid		(88 694)	-
Other financing fees paid		(23 686)	(17 440)
Payment of lease liabilities	26	(439)	(151)
Net cash from financing activities		**1 404 426**	**(62 536)**
Net change in cash and cash equivalents		**476 072**	**128 347**
Cash and cash equivalents at beginning of period		164 703	32 086
Effect of exchange rate fluctuation on cash held		(5 791)	4 269
Cash and cash equivalents at end of period		**634 984**	**164 703**
Net change in restricted cash		4 215	4 215
Restricted cash at beginning of period		4 215	-
Restricted cash at end of period		8 430	4 215
Restricted and unrestricted cash at end of period		**643 414**	**168 918**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") is a resource Company with focus on high-end industrial minerals and metals. The Group is undertaking a large-scale construction project at Engebø on the west coast of Norway where the Group has rights and permits to a substantial eclogite deposit with rutile and garnet. The address to Nordic Mining's office is Munkedamsveien 45, NO-0250 Oslo, Norway.

These financial statements were approved for issue by the Board of Directors on 18 April 2024.

NOTE 2 - SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation
Material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated. The consolidated financial statements of Nordic Mining ASA have been prepared in accordance with IFRS Accounting Standards as adopted by the EU.

The consolidated financial statements have been prepared on a historical cost basis with some exceptions outlined below; the main exceptions being plan assets under defined benefit pension plans measured at fair value and convertible loan at fair value through profit or loss.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Uncertainty about these assumptions and estimates could result in significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key areas of judgment and estimation uncertainty:

- *Royalty liability (Note 18):*
  The future royalty payments under the Royalty Agreement equal 11% of gross revenue from the Engebø Project.

  The royalty liability is therefore subject to a high degree of judgment and estimation involved in establishing assumptions for the estimation of the expected future royalty payments. It requires long-term assumptions to be made concerning a number of economic factors such as future production levels, price expectations and market conditions. At each reporting period, modifications to production plans and price expectations are evaluated, and when required, a modification gain/loss is recognized. A 10% increase or decrease in the future estimated mineral prices would increase/decrease the royalty liability with NOK 41 million. A 10% increase or decrease in the future estimated volume would increase/decrease the royalty liability with NOK 52 million.

  The royalty liability lasts for the entire operational life of the mine, with an upper limit of 90 years. The current expected life of the mine is 39 years, but the life of the mine could end up being shorter or longer and changes to the expected life of the mine may impact the assessment of the royalty liability.

  The Group has the option to reduce the royalty rate from 11% to 5.5% on certain conditions in 2028 or 2029. The buyback fee for such a reduction event is based on a calculation securing the royalty holder a certain return on the reduced portion of the royalty instrument for the duration it was held. If the Group assesses that a future reduction event is the most economic and likely scenario it may impact the assessment of the royalty liability.

- *Impairment of Mine under construction (note 11):*
  The Group reviews whether its Mine under construction has suffered any impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset is written down to its recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount is the higher of fair value less expected cost to sell and value in use (present value based on the future use of the asset).

  All impairment assessments require a high degree of estimation, including assessments of expected future cash flows from the mine and the estimation of applicable discount rates. Impairment testing requires long-term assumptions to be made concerning economic factors such as future production levels, market conditions, production expense, discount rates and political risk among others, in order to establish relevant future cash flow estimates. There is a high degree of reasoned judgment involved in establishing these assumptions.

  The Group did not identify any indications of impairment at year-end. Market capitalization of the Group was well above the book equity and no material negative changes in technology, markets, economy, or laws that would be expected to affect the assets were identified.

- *Functional currency:*
  The functional currency of all entities in the Group is the Norwegian Kroner (NOK). The determination of functional currency involves judgement to identify the primary economic environment in which the entity operates, and the management needs to reconsider the functional currency of the entity if there is a change in events and conditions which can determine the primary economic environment assessment.

In the case of the subsidiary Engebø Rutile and Garnet AS, it is considered appropriate using NOK as the functional currency as NOK most faithfully represent the currency of the primary economic environment in which the entity operates. At this stage there are no revenues in the entity. Future revenues from the mine will be in USD and functional currency will be reassessed once operation has started.

- *Capitalization of deferred tax assets (Note 8):* The Group has incurred substantial tax losses carried forward. At year-end 2023, the Group cannot substantiate that there will be sufficient future taxable income to be able to realize the Group's unused tax losses, and therefore the Group has not recognized deferred tax assets at 31 December 2023. At year-end 2023, the Group has NOK 176.1 million in unrecognized net deferred tax assets.

Basis for consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The subsidiaries include Engebø Rutile and Garnet AS (former Nordic Rutile AS), Nordic Titanium AS (former Nordic Ocean Resources AS), and Nordic Quartz AS, all 100% owned and located in Norway. The accounting principles of the subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group. All intra-group transactions, balances, income and expenses are eliminated.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). NOK is the functional currency of all entities in the Group. NOK is also the presentation currency of the Group.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognized in the income statement.

Mine under construction
All expenditure of the construction, installation or completion of infrastructure facilities is capitalized as Mine under construction. There is a high degree of judgment applied in determining capitalization versus expensing of cost incurred. After production starts, all costs included in Mine under construction are transferred to the category 'Producing mine' and other relevant categories. Mine under construction is not depreciated until construction is completed and the assets are available for their intended use. Mine under construction is stated at historical cost less accumulated depreciation and any impairment.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition or construction of the mine are capitalized during the period of time that is required to complete and prepare the mine for its intended use. Interest income from the Bond Escrow is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs related to the bond loan up to the satisfaction of the condition of the Engebø Project being fully financed are recognized as expense in the income statement. Following the satisfaction of the financing conditions on 8 March 2023, net borrowing costs are capitalized as part of Mine under construction.

Bond loan
The bond loan is initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing (inclusive of a 10% discount). After initial recognition, the bond loan is subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost inclusive of a 10% discount) and the redemption value is recognized on the income statement over the period of the loan.

Bond Escrow
The restricted cash balances from the bonds are classified as "Bond Escrow" in the consolidated statement of financial position and will first be recognized as cash in the consolidated statement of financial position once the funds are released from the escrow account.

Royalty liability
The Group completed in 2023 the drawdown of a USD 50 million non-dilutive royalty instrument, with future royalty payments under the Royalty Agreement equal to 11% of gross revenue from the Engebø Project.

The royalty liability is initially recognized at the USD 50 million drawdown received net of directly attributable transaction costs at drawdown. After initial recognition the royalty liability under the Royalty Agreement is subsequently amortized at the effective interest rate, and the difference between the drawdown received net of transaction costs and the royalty payments is recognized as financial cost in the income statement, over the period for the expected royalty payments. At each reporting period, modifications to production plans and price expectations are evaluated, and when required, a modification gain/loss is recognized. Estimated royalty payments due within 12 months are classified as current liabilities.

Until construction of the Engebø project is completed, amortized cost is recognized as borrowing cost and capitalized under Mine under construction.

Convertible loan
The Group has upon initial recognition designated its convertible loan into the category financial liability at fair value through profit or loss. The convertible loan is recognized initially at fair value. After initial recognition the convertible loan is subsequently measured at fair value with changes in fair value recognized in the income statement. The convertible loan has been converted into new shares in Nordic Mining ASA in 2023.

Cost of equity transactions
Share issuance cost that is incremental and directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. When deferred tax assets are not recognized, items recorded directly to equity are accounted as gross, without any deduction of deferred taxes.

Contingent liabilities
Contingent liabilities are defined as:

- Possible obligations resulting from past events whose existence depends on future events.
- Obligations that are not recognized because it is not probable that they will lead to an outflow of resources.
- Obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized on the balance sheet unless arising from assuming assets and liabilities in a business combination. Significant contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Reference is made to Note 11 and 28 in the consolidated financial statements regarding contingent liabilities.

New standards, amendments and interpretations adopted by the Group
New standards and amendments to standards and interpretations effective from 1 January 2023 did not have any significant impact on the financial statements. This note, note 2 regarding material accounting principles, has been updated to reflect the change to IAS 1.

New standards, amendments and interpretations issued and effective as of 1 January 2024 not adopted by the Group
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2024 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Group's financial statements.

NOTE 3 - SEGMENTS

The Group presents segments based on the Group's mineral projects. The only reportable segment of the Group is the Rutile and Garnet segment. These are the minerals which can be produced from the mineral deposit at Engebø. The Chief Operating Decision Maker ("CODM") for the segment is the board of Nordic Mining ASA.

NOTE 4 - SALARIES

(Amounts in NOK thousands)	**2023**	**2022**
Wages and salaries	25 970	11 404
Social security costs	4 732	2 089
Pension costs defined benefit plan	512	734
Pension costs defined contribution plan	984	431
Board members, etc	1 840	1 300
Other personnel costs	1 139	588
Capitalized payroll costs *	(20 095)	(4 896)
Total	**15 082**	**11 650**
Average number of full time employees	18	9

* Directly attributable payroll costs related to the construction of the mine have been capitalized.

Reference is made to Note 24 for further information about remuneration of Senior Management and guidelines for remuneration.

NOTE 5 - SHARE-BASED COMPENSATION

On 1 November 2018, the General Meeting of Nordic Mining approved an equity settled share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019. The option agreements expired on 30 June 2022 and were conditional on the employee remaining in the Group's employment for the duration of the vesting period.

In April 2021, 0.4 million additional options were granted at a strike price of NOK 2.62 per share. These options vested at grant date and expired on 30 June 2022.

All options were exercised during 2022 and there are no outstanding options at year-end 2022 and 2023. The market share price was NOK 3.42 at the time of exercise.

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	-	-	2 825 000	2.63
Granted during the year	-	-	-	-
Cancelled during the year	-	-	-	-
Exercised during the year	-	-	(2 825 000)	2.63
Expired during the year	-	-	-	-
Outstanding 31 December	**-**	**-**	**-**	**-**
Exercisable 31 December	**-**	**-**	**-**	**-**

The Group has no expenses for share based payment in 2023 and 2022.

NOTE 6 - OTHER OPERATING COSTS

(Amounts in NOK thousands)	**2023**	**2022**
Lease expenses	3 716	2 932
Project costs – Engebø Rutile and Garnet	-	17 994
Consulting and legal fees	14 236	9 807
Other costs	13 089	7 191
Other operating expenses capitalized	-	(3 818)
Total	**31 041**	**34 106**

Auditor fees

(Amounts in NOK thousands)	**2023**	**2022**
Statutory audit	1 783	1 117
Other attestation services	492	191
Total	**2 275**	**1 308**

The amounts exclude VAT.

NOTE 7 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCE INCOME AND FINANCE COSTS

Exchange rate gains and losses were in 2022 classified under financial income and financial costs. In 2023 the Group has classified exchange rate gains and losses on a separate line item in the income statement; Net exchange rate gain/loss (-). The income statement for 2022 is reclassified accordingly.

The following table shows the components of net exchange rate gain/loss (-), financial income and financial expense:

(Amounts in NOK thousands)	**2023**	**2022**
Foreign exchange gain/loss (-) on Bond Escrow in USD	30 917	(41 318)
Foreign exchange gain/loss (-) on the USD bond loan	(31 510)	39 490
Foreign exchange gain/loss (-) on the the USD royalty liability	31 551	-
Other net foreign exchange gain/loss (-)	(5 047)	11 418
Net exchange rate gain/loss (-)	**25 911**	**9 590**
Interest income on bank deposits	14 335	1 575
Interest income, Bond Escrow*	53 517	5 795
Interest income, Bond Escrow, capitalized*	(41 752)	-
Finance income	**26 099**	**7 370**
Interest cost and transaction cost bond loan*	(152 264)	(20 056)
Interest cost and transaction cost bond loan, capitalized*	122 069	-
Amortized cost royalty liability (see note 18)	(12 305)	-
Amortized cost royalty liability, capitalized (see note 18)	12 305	-
Other finance costs**	(24 805)	(21 940)
Finance costs	**(55 002)**	**(41 996)**

* Interest and transaction costs on bond loan, net of interest income on Bond Escrow, have been capitalized to Mine under construction from March 2023.

** Other finance costs in 2023 relate to transaction costs related to the USD 50 milllion non-dilutive royalty financing agreement for the period up to draw down in November 2023 (see Note 18 for details on royalty liability), and other finance costs.

** Other finance costs in 2022 relate to fees in relation to the convertible loan (see Note 20 for details on convertible loan), transaction costs related to the USD 50 milllion non-dilutive royalty financing agreement (see Note 18 for details on royalty liability), and other finance costs.

NOTE 8 - INCOME TAXES

The Group has incurred substantial tax losses carried forward and the related tax asset is shown in the table below. At year-end 2023, the Group cannot substantiate that there will be sufficient future taxable income to be able to realize the Group's unused tax losses, and therefore the Group has not recognized deferred tax assets at 31 December 2023. Tax losses can be carried forward indefinitely in Norway.

Amounts in NOK thousands	**2023**	**2022**
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax effects of temporary differences and tax loss carryforwards at 31 December:

Amounts in thousands	**2023**	**2022**
Mine under construction/PP&E	(10 785)	9 563
Pensions	48	399
Bond loan	(9 667)	(16 455)
Royalty liability	113 866	-
Tax loss carryforwards	82 629	162 428
Total net deferred tax assets	**176 091**	**155 935**
Nominal tax rate (used for measurement)	22 %	22 %
Recognized in the statement of financial position:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Group recognized NOK 41.5 million in gross transaction cost of the 2023 share issues directly in equity (2022: NOK 0 million) which is included in tax loss carry forwards.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

Amounts in thousands	**2023**	**2022**
Income/loss (-) before tax	(46 107)	202 412
Nominal tax rate	22 %	22 %
Expected income tax	**(10 144)**	**44 531**
Non-deductible costs	(16)	(39)
Non-taxable income	-	-
Effect of non-taxable gains/losses on convertible loan	(989)	989
Effect of non taxable gains/losses on investments	-	(62 446)
Non-recognized tax assets on current year result	11 149	16 965
Tax expense/(income)	**-**	**-**

NOTE 9 - EARNINGS PER SHARE

(Amounts in NOK thousands and number of shares in thousands)	**2023**	**2022**
Earnings		
Attributable to ordinary shareholders	(46 107)	202 412
Number of shares		
Weighted average number of ordinary shares outstanding - basic *	90 183	11 562
Weighted average number of ordinary shares outstanding - diluted *	90 550	13 414
(Amounts in NOK)		
Earnings per share attributable to ordinary shareholders		
Basic earnings per share	(0.51)	17.51
Diluted earnings per share	(0.51)	15.09

* In March 2024 the Company completed a 20:1 reverse split, reducing the number of shares from 2,168,230,655 shares per 31 December 2023 to 108,411,533 shares. In accordance with IAS 33 the share count is adjusted retrospective for the reverse split.

The effect of potentially dilutive shares arising from the convertible loan (ref. Note 20) is not included in the calculation of diluted earnings per share for 2023 as these would be anti-dilutive.

The effect of potentially dilutive shares arising from the convertible loan (ref. Note 20) is included in the calculation of diluted earnings per share for 2022.

NOTE 10 - EVALUATION AND EXPLORATION ASSETS

(Amounts in NOK thousands)	**License cost**	**Capitalized exploration**	**Total**
Cost at 1 January 2022	13 898	18 621	32 519
Additions	-	-	-
Reclassified to Mine under construction	(13 898)	(14 902)	(28 800)
Cost at 31 December 2022	**-**	**3 719**	**3 719**
Additions	-	-	-
Reclassified to Mine under construction	-	-	-
Cost at 31 December 2023	**-**	**3 719**	**3 719**
Provision for impairment at 1 January 2022	-	(3 719)	(3 719)
Impairments	-	-	-
Provision for impairment at 31 December 2022	**-**	**(3 719)**	**(3 719)**
Impairments	-	-	-
Provision for impairment at 31 December 2023	**-**	**(3 719)**	**(3 719)**
Net book value 31 December 2023	**-**	**-**	**-**
Net book value 31 December 2022	-	-	-
Net book value 1 January 2022	13 898	14 902	28 800

NOTE 11 - MINE UNDER CONSTRUCTION

(Amounts in NOK thousands)	**Mine under construction**
Cost at 1 January 2022	-
Transfer from evaluation and exploration assets	28 800
Additions	259 610
Cost at 31 December 2022	**288 410**
Additions	1 088 673
Cost at 31 December 2023	**1 377 083**
Provision for impairment at 1 January 2022	-
Impairment	-
Provision for impairment 31 December 2022	**-**
Impairment	-
Provision for impairment 31 December 2023	**-**
Net book value 31 December 2023	**1 377 083**
Net book value 31 December 2022	288 410
Net book value 1 January 2022	-

2023:
The Engebø Project is under construction, which includes continuation of Detail Engineering of the process plant, procurement and fabrication of critical process equipment, groundwork on the mine access road and ground – and building works on the process plant area, tunnel work and raise drilling of the vertical ore pass. The direct costs related to the work described above have been capitalized in the balance sheet as Mine under construction.

2022:
In April 2022 Engebø Rutile and Garnet AS has exercised the agreements with landowners to acquire the main properties at Engebø, which includes immediate access to the process plant area. The Company has started construction works at Engebø, which include preparing the properties for construction, continuation of detailed project planning and process for procurement of critical process equipment, and commencement of groundworks on process plant area and preparatory works for underground infrastructure. The direct costs related to the work described above have been capitalized in the balance sheet as Mine under construction, together with the cost of acquiring the land properties at Engebø. In addition, Evaluation and exploration assets related to Engebø have in 2022 been reclassified in the balance sheet to Mine under construction.

Mining concessions Engebø
The carrying amount for licenses related to the Engebø area is included in the transfer from Evaluation and exploration assets in 2022. Additionally, the Group has a conditional liability to the seller of NOK 40 million that will be paid if and when commercial operation commences at Engebø. No liability has been recognized as per 31 December 2023 or 31 December 2022. No liability has been recognized as per 31 December 2023 or 31 december 2022 as the Company's accounting policy is to account for conditional liabilities upon the relevant condition being met, and the condition of commercial operation was not met.

Pledged as security
The USD 100 million bond loan has mortgages over all real properties owned by Engebø Rutile and Garnet AS and property accession rights agreements (Nw. utvinningsavtaler), first priority floating charge over all machinery and plant, vehicles, inventory and trade receivables of ERG, and first priority pledge over any government granted mining or extraction right. For further details on pledges please see ticker ERUGA01 PRO at https://live.euronext.com/nb to read the loan agreement.

NOTE 12 - PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

(Amounts in NOK thousands)	Property, machinery and equipment	Right-of-use assets	Total
Cost			
1 January 2022	656	664	1 320
Additions	921	-	921
Disposals	-	-	-
31 December 2022	**1 577**	**664**	**2 241**
Additions	2 628	1 085	3 713
Disposals	(1 051)	-	(1 051)
31 December 2023	**3 154**	**1 749**	**4 903**
Depreciation			
1 January 2022	(456)	(425)	(881)
Depreciation expense	(31)	(133)	(164)
Disposals	-	-	-
31 December 2022	**(487)**	**(558)**	**(1 045)**
Depreciation expense	(180)	(166)	(346)
Disposals	575	-	575
31 December 2023	**(92)**	**(724)**	**(816)**
Net book value			
31 December 2023	**3 062**	**1 025**	**4 087**
31 December 2022	1 090	106	1 196
1 January 2022	200	239	439

Machinery and equipment are depreciated over a period of 4-10 years. Property is not depreciated.

NOTE 13 - FINANCIAL INVESTMENTS

In June 2022, the Group accepted an offer from Sibanye-Stillwater Limited to divest its shares in the Finnish mining company Keliber Oy for a cash consideration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares was completed in Q3 2022, with a gain on investment in 2022 of NOK 283.8 million. In addition, the consideration received in EUR resulted in foreign exchange gains from the close of the sale to the funds were received and sold to NOK, included in net exchange rate gain/loss (-) in 2022 of NOK 16.1 million. The investment was measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method").

Summary of effects from Keliber investment in 2022

(Amounts in NOK thousands)	Balance sheet	Statement of profit or loss
Fair value 1 January 2022	190 519	
Gain on investment 2022	283 844	283 844
Disposal	(474 363)	
Fair value 31 December 2022/ Total effects on statement of profit or loss in 2022	**-**	**283 844**

NOTE 14 - TRADE AND OTHER RECEIVABLES

(Amounts in NOK thousands)	2023	2022
Other financial receivables	904	918
Prepayments	1 848	829
VAT receivable	27 809	21 550
Totalt	**30 561**	**23 297**

NOTE 15 - BOND LOAN AND BOND ESCROW

In November 2022, Engebø Rutile and Garnet AS completed the issue of a USD 100 million 5-year senior secured bond. The bonds are administered by Nordic Trustee. The bond has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears, and an issue price of 90%. The bond is listed on Nordic ABM with ticker: ERUGA01 PRO.

The net proceeds of the bonds of USD 90 million were on issue deposited into a Bond Escrow account, together with issue discount of USD 10 million, four months bond interest of USD 4.2 million, and transaction costs of USD 3.3 million (in total NOK 178.8 million), transferred by Engebø Rutile and Garnet AS in line with the bond terms. Following conditions of the Engebø Project being fully funded, which were satisfied on 8 March 2023, the bonds were reclassified from current liability to non current liability in the statement of financial position. The proceeds from the bond will be released in three tranches from the Bond Escrow account after satisfaction of certain pre-disbursement conditions precedent, to be used for costs and expenditures to bring the Engebø Project into commercial production.

The bond loan was initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing (inclusive the 10% discount). After initial recognition, the bond loan is subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost including the 10% discount) and the redemption value is recognized on the income statement over the period of the loan.

2023

(Amounts in thousands)	**Carrying amount Bond Loan**	**Carrying amount Bond Escrow**	**Cash transferred to Bond Escrow**
At 1 January	850 825	1 032 597	
Amortization of fees	19 847		
Interest payment from Bond Escrow		(41 989)	
Interest income on Bond Escrow		53 517	
Foreign exchange	31 510	30 917	
Total at year-end	**902 182**	**1 075 042**	**-**

2022

(Amounts in thousands)	**Carrying amount Bond Loan**	**Carrying amount Bond Escrow**	**Cash transferred to Bond Escrow**
Loan at nominal value	1 025 220	1 025 220	-
10% discount	(102 522)	(102 522)	-
Fees paid at inception	(33 361)	(33 361)	-
Other fees	(1 606)	-	-
Amortization of fees	2 583	-	-
Future interest transferred to Bond Escrow	-	42 900	(42 900)
Discount and fees transferred to Bond Escrow	-	135 883	(135 883)
Accrued interest	-	5 795	-
Foreign exchange	(39 490)	(41 318)	-
Total at year-end	**850 825**	**1 032 597**	**(178 782)**

The bond loan is secured by first priority pledge over the shares of Engebø Rutile and Garnet AS ("ERG"), mortgages over all real properties owned by ERG and property accession rights agreements (Nw. utvinningsavtaler), first priority floating charge over all machinery and plant, vehicles, inventory and trade receivables of ERG, first priority pledge over any government granted mining or extraction rights and other security usual and customary for a transaction of this type. The bond loan contains certain financial covenants including minimum liquidity of USD 15 million in ERG and a minimum equity ratio of no less than 25% at Group level. For further details please see ticker ERUGA01 PRO at https://live.euronext.com/nb to read the loan agreement.

The table below provides an overview of the maturity profile and estimated interest payments for the Company's bond loan. Please note that the annual interest payment is USD 12.5 million, so the estimated interest payments in NOK are dependent on the USDNOK exchange rate.

(Amounts in thousands)	**1 year**	**2-5 years**	**Estimated payments**
Repayment		(1 017 240)	(1 017 240)
Estimated interest	(127 155)	(381 465)	(508 620)
Total payments on bond loan	**(127 155)**	**(1 398 705)**	**(1 525 860)**

NOTE 16 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2023	2022
Bank deposits	634 984	164 703
Total cash and cash equivalents	**634 984**	**164 703**
Restriced cash in tax withholding account	1 372	720

In addition to the amounts referred to above, the Group has a deposit of NOK 8.4 million (2022: NOK 4.2 million) on a restricted account at year-end pledged toward the Directorate of Mining. According to the standard procedure in Norway, the Group is obligated to provide financial security in favor of the Directorate of Mining. The size of the security is according to the requirement in the operational license to cover safety and clean-up measures in case of mine closure.

NOTE 17 - SHARE CAPITAL

Number of shares outstanding	Ordinary Shares
2022	
Opening balance	229 491 772
Share issuance	2 825 000
31 December 2022	**232 316 772**
2023	
Opening balance	232 316 772
Share issuance	1 935 913 883
31 December 2023	**2 168 230 655**

All shares carry equal rights and had a par value of 0.60 per share as of 31 December 2023.

In March 2024, Nordic Mining completed a reverse split of 20:1 reducing the number of shares to 108,411,533 shares and increasing the par value to NOK 12 per share.

Share issues in 2023

In March 2023, Nordig Mining completed a private placement of 1,566,666,667 new shares at a subscription price per new share of NOK 0.60 with gross proceeds of NOK 940 million. The convertible loan was converted as a consequence of the private placement. The convertible loan with accrued interest, in total NOK 139,621,875, was converted at the same subscription price as in the private placement, i.e. NOK 0.60 per share. Fjordavegen Holding received 232,703,125 new shares in the company at a subscription price per share of NOK 0.60.

In April 2023, Nordic Mining completed a subsequent offering with 136,544,091 new shares at a subscription price per new share of NOK 0.60 with gross proceeds of NOK 81.9 million.

Following registration of the new shares from the private placement in March 2023, the conversion of the convertible loan in March 2023, and the new shares from the subsequent offering in April 2023, Nordic Mining's share capital has increased by NOK 1,161,548,330 to NOK 1,300,938,393.40 divided into 2,168,230,655 shares, each with a par value of NOK 0.60.

Share issues in 2022

In May 2022 a total of 2,825,000 options held by Management were exercised. Following the exercise there are no outstanding options for shares in the Company held by Management. Gross proceeds were NOK 7.4 million in accordance with the authorization to the Board to increase the share capital granted by the general meeting on 14 May 2020. Following registration of the new share capital Nordic Mining's share capital has increased by NOK 1,695,000 to NOK 139,390,063.20 divided into 232,316,772 shares, each with a par value of NOK 0.60.

Components of other comprehensive income

The following table shows a reconciliation of the components of other comprehensive income ("OCI"):

(Amounts in NOK thousands)	Actuarial gain/loss	Total OCI
Balance on 1 January 2022	(3 223)	(3 223)
Actuarial gain/(loss)	(1 009)	(1 009)
Balance on 31 December 2022	**(4 232)**	**(4 232)**
Actuarial gain/(loss)	536	536
Balance on 31 December 2023	**(3 696)**	**(3 696)**

NOTE 18 - ROYALTY LIABILITY

In November 2023 Nordic Mining ASA's wholly owned subsidiary Engebø Rutile and Garnet AS completed drawdown of the USD 50 million non-dilutive royalty instrument from OMRF (Zr) LLC which is managed by the Orion Resource Partners Group ("Orion"). The future expected royalty payments under the Royalty Agreement equal 11% of gross revenue from the Engebø Project. The royalty liability lasts for the entire operational life of the mine, with an upper limit of 90 years. The Group has the option to reduce the royalty rate from 11% to 5.5% on certain conditions in 2028 or 2029. The buyback fee for such a reduction event is based on a calculation securing the royalty holder a certain return on the reduced portion of the royalty instrument for the duration it was held.

The royalty liability is initially recognized at the USD 50 million drawdown received net of directly attributable transaction costs at drawdown. After initial recognition the royalty liability under the Royalty Agreement is subsequently amortized at the effective interest rate, and the difference between the drawdown received net of transaction costs and the royalty payments is recognized as financial cost in the income statement, over the period for the expected royalty payments. At each reporting period, modifications to production plans and price expectations are evaluated, and when required, a modification gain/loss is recognized. Estimated royalty payments due within 12 months will be classified as current liabilities.

Until construction of the Engebø project is completed, amortized cost is recognized as borrowing cost and capitalized under Mine under construction, in total NOK 12.3 million in 2023.

2023

(Amounts in NOK thousands)	**Carrying amount**	**Cash flow**
At 1 January	-	
Draw down	540 394	540 394
Fees paid at inception	-3 574	-3 574
Foreign exchange	-31 551	
Amortization	12 305	
Total	**517 574**	**536 820**

2022

(Amounts in NOK thousands)	**Carrying amount**	**Cash flow**
At 1 January	-	
Draw down	-	
Fees paid at inception	-	
Foreign exchange		
Amortization	-	
Total	**-**	**-**

NOTE 19 - OTHER CURRENT LIABILITIES

(Amounts in NOK thousands)	**2023**	**2022**
Tax withholding and social security accrual	2 537	1 230
Employee salary and holiday pay accrual	2 532	1 395
VAT payable	241	342
Lease liability	305	116
Accrued interest bond loan	18 015	17 456
Accrued expenses	62 838	6 607
Total	**86 468**	**27 146**

NOTE 20 - CONVERTIBLE LOAN

In January 2022, Nordic Mining entered into a NOK 132.5 million 5% interest bearing convertible loan in favor of Fjordavegen Holding AS, a local investor group led by two of the EPC partners for the Engebø project. This transaction was the first step in the project financing of the Engebø Project.

The lenders may, and were contractually obliged to, convert all tranches from the loan, together with accrued interests, into shares in Nordic Mining upon a share issue in Nordic Mining in relation to final investment decision (or delay of final investment decision) for the Engebø Rutile and Garnet Project, however, at latest 1 August 2023. The conversion price would as a starting point be NOK 3.355 per share, however, should be the lowest of NOK 3.355 and the subscription price in a subsequent share issue in Nordic Mining in relation to final investment decision/delay of final investment decision, or if no such share issue occurred, the lowest of NOK 3.355 and the volume-weighted average trading price of the Nordic Mining share for the last 20 trading days prior to 30 June 2023.

The convertible loan was measured at fair value with changes in fair value recognized in the income statement. The Group has assessed the fair value of the convertible loan to be NOK 143.0 million at year-end 2022 and the recognized a fair value loss of NOK 10.5 million in 2022. The valuation as per 31 December 2022 has been based on level 3 inputs in the fair value hierarchy.

The fair value of the convertible loan was calculated as the fair value of the loan plus the fair value of the conversion option determined using Black Scholes option model for three (3) different scenarios for conversion date to provide probability weighted maturity. The key unobservable input to the valuation include: 1) risk free NOK interest rate curve at the valuation date constructed from effective yields on Norwegian Treasury bills, 2) volatility of Nordic Mining share price calculated based on historical share prices, and 3) expected conversion date based on management's expectation for final investment decision.

The convertible loan with accrued interests, in total NOK 139.6 million, was converted into 232,703,125 new shares in Nordic Mining ASA on 4 March 2023, in relation to the private placement to fully fund the Engebø Project.

2023

(Amounts in NOK thousands)	**Carrying amount**	**Cash flow**
At 1 January	142 976	
Change in fair value	-3 354	
Conversion	-139 622	
Total	**-**	**-**

2022

(Amounts in NOK thousands)	**Carrying amount**	**Cash flow**
Convertible loan	132 500	132 500
Fees paid at inception	-	(6 089)
Change in fair value	10 476	-
Total	**142 976**	**126 412**

NOTE 21 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk
Nordic Mining is exposed to certain types of financial risk related to the Group's financial instruments, primarily market risk related to floating interest rate risk on cash and cash equivalents, liquidity risk and currency risk.

Management of Nordic Mining manages the Group's financial risk primarily by identifying and evaluating potential risk areas. Management's focus is primarily on managing liquidity risk to secure continuing operations and financing of the Group's capital-intensive projects. Nordic Mining's cash holdings are placed in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD), Euro (EUR) and Australian Dollars (AUD). At year-end 2023, the Group's main currency exposure is related to its bond loan, Bond Escrow and royalty liability, which are denominated in USD.

The Group has at year-end 2023 interest-bearing debt in the form of a bond loan. The Group does not have recurring revenues since the Group's projects are still in the development phase. The Group's financial instruments at year-end 2023 mainly consist of the bond loan, Bond Escrow, royalty liability, bank deposits, customary short-term receivables, trade and other payables.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to settle its financial obligations as they fall due. The Group has historically used equity financing in order to meet liquidity requirements related to financial obligations, covering operational losses, exploration activities and investments. In order to secure financing of the Engebø project, the Group issued a bond loan and a convertible loan in addition to divesting its investment in Keliber in 2022. In 2023 the Group has issued equity and completed the draw down of the non-dilutive royalty financing, and the Engebø Rutile and Garnet Project is fully financed. The project financing comprises equity, debt and royalty financing. The project financing package is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a remaining estimated project reserve of USD 25 million. While the funding is expected to be sufficient, the project is exposed to material cost overruns, delays and/or negative foreign exchange movements that could necessitate additional funding in order to bring the project to completion.

The bond loan contains certain financial covenants including minimum liquidity of USD 15 million in ERG and a minimum equity ratio of no less than 25% at Group level. The Group was in compliance with the covenants at year-end.

Payments to the royalty holder are tied to the level of gross revenue; the outstanding royalty liability will decrease if gross revenue decreases and conversely the outstanding royalty liability will increase if gross revenue increases. Hence, reduced liquidity due to reduced revenue also reduces the financial obligations due under the royalty financing.

Of the Group's financial liabilities as at 31 December 2023 NOK 159.7 million mature within 6 months from balance sheet date (2022: NOK 188.1 million).

Market risk
Market risk consists of the risk that real value or future cash flow related to financial instruments will vary as a consequence of fluctuation in market prices. Market risk includes, but is not limited to, currency risk, interest rate risk and price risk from sales. Currently, the Group has no exposure to price risk from sale of goods, and no financial instruments have been entered into related to future expected exposures.

(i) Interest rate risk
The Group's interest bearing debt at year-end is at fixed interest rates and the Royalty liability is not exposed to changes in the market interest rate. The Group's bank deposits and the Bond Escrow are exposed to changes in the market interest rate.

The Group's exposure on the result at year-end 2023 is approximately +/-NOK 17 185 thousand per percentage-point change in the variable market interest rate (2022: NOK 12 015 thousand).

(ii) Currency exchange risk
At year-end 2023, the Group's main currency exposure is related to its bond loan, Bond Escrow and royalty liability, wich are denominated in USD. A 10% increase or decrease in the USD currency rates would decrease/increase the net income and equity by approximately NOK 46.0 million at year-end.

At year-end 2022, the Group's main currency exposure is related to its bond loan and Bond Escrow, both wich are denominated in USD. A 10% increase or decrease in the USD currency rates would increase/decrease the net income and equity by approximately NOK 4.7 million at year-end.

The Group had no foreign exchange hedges or instruments as per year-end 2023.

Credit risk
Credit risk is the risk of financial losses if a customer or counterpart of a financial instrument is unable to meet contractual obligations.

The Group's current business has only limited credit risk. Cash and cash equivalents and security deposits in banks in addition to the Bond Escrow represent a large portion of the Group's financial assets at 31 December 2023. There has been no recognized loss on trade receivables in 2023 or 2022.

Procedures for evaluation of credit risk have only to a limited degree been introduced. However, discretionary evaluations are done on a case-by-case basis. Management will evaluate the necessity of implementing stricter credit evaluations on an on-going basis.

Political risk
In addition to financial risk, the Group is exposed to political risk related to its mining projects. The political risk includes the risk of not obtaining or extending the relevant governmental permits necessary to extract and produce minerals from these mining projects.

The Group operates in an industry which is subject to extensive laws and regulations relevant for mining operations, in particular in relation to environmental and operational issues, which have become more stringent over time, and this development is expected to continue. Compliance with respect to environmental regulations, closure and other matters may involve significant costs and/or other liabilities.

Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include obligations to take corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. There is a risk that the Group due to its engagement in mining and mineral processing activities will be required to compensate those suffering loss or damage by reason of such activities and may incur civil or criminal fines or penalties for violation of applicable laws or regulations.

Current environmental laws, regulations and permits governing operations and activities of mining companies may be changed. Regulatory requirements surrounding site reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on the Group and cause increases in capital expenditures or production costs or reduction in levels of operational production, or require abandonment or delays in the development of new sites. There are no current amendments that the Group is aware of that may impact the assets of the Group.

Nordic Mining's climate-related financial risk is considered to be low. The mining operations at the Group's main asset, the Engebø Project, is expected to have the lowest greenhouse gas footprint of all titanium feedstock producers due to available hydroelectric power in the area and a tight infrastructure with minimal transportation. Nordic Mining has a target of zero greenhouse gas emissions at Engebø and has initiated the development of a Climate Strategy Plan. The Group considers that there is minimal risk for stranded assets.

Fair value of financial instruments
2023:
The carrying amounts on the balance sheet of cash and cash equivalents, Bond Escrow, receivables, payables to suppliers, and other short-term financial items are close to fair value due to the short time period until maturity.

For the bond loan issued in November 2022 it is assessed that the fair value at year-end was around 95% of the nominal value of USD 100 million, based on latest quoted market price (level 2 in the fair value hierarchy according to IFRS 13).

For the royalty liability drawn in November 2023 it is assessed that the fair value at year-end was the same as the nominal value of USD 50 million (level 3 in the fair value hierarchy according to IFRS 13).

2022:
The carrying amounts on the balance sheet of cash and cash equivalents, Bond Escrow, receivables, payables to suppliers, and other short-term financial items are close to fair value due to the short time period until maturity. For the convertible loan the carrying amount equals fair value.

The bond loan was issued in November 2022 and it is assessed that the fair value at year-end was around 92% of the nominal value of USD 100 million, provided the condition of the Engebø Project being fully funded by 9 March 2023, and assuming no significant change in interest rate level and credit spread since the completion of the transaction.

Categories of financial instruments
Year ended 31 December 2023

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category			
Trade and financial receivables	904		904
Bond Escrow	1 075 042		1 075 042
Restricted cash	8 430		8 430
Cash and cash equivalents	634 984		634 984
Total financial assets	**1 719 360**	**-**	**1 719 360**
Financial liabilities by category			
Accounts payable	94 312		94 312
Bond loan	902 182		902 182
Convertible loan	-	-	-
Royalty liability	517 574		517 574
Other current financial liabilities	65 370		65 370
Total financial liabilities	**1 579 438**	**-**	**1 579 438**

Year ended 31 December 2022

(Amounts in NOK thousands)	Amortized cost	Fair value through profit or loss	Carrying amount
Financial assets by category			
Trade and financial receivables	918		918
Bond Escrow	1 032 597		1 032 597
Restricted cash	4 215		4 215
Cash and cash equivalents	164 703		164 703
Total financial assets	**1 202 433**	**-**	**1 202 433**
Financial liabilities by category			
Accounts payable	37 168		37 168
Bond loan	850 825		850 825
Convertible loan	-	142 976	142 976
Other current financial liabilities	8 002		8 002
Total financial liabilities	**895 995**	**142 976**	**1 038 971**

Capital management

The Group has historically used equity financing to finance research, operations, purchase of licenses and other investments. In order to secure financing of the Engebø project, the Group issued a bond loan and a convertible loan in addition to divesting its investment in Keliber in 2022. In 2023 the Group has issued equity and completed the draw down of the non-dilutive royalty financing. At the date of these annual financial statements the Group has fully financed the Engebø Rutile and Garnet Project. The project financing comprises equity, debt and royalty financing. For more information on liquidity risk see Board of Directors' report, and for more information on the maturity of the bond loan debt see Note 15. The ratio of net debt (debt less cash) divided by total capital (net debt and equity) as of 31 December 2023 is 31% (2022: 59%).

NOTE 22 - INVESTMENTS IN SUBSIDIARIES

The table below provides an overview of Nordic Mining ASA's subsidiaries as at 31 December 2023:

(Amounts in NOK thousands)	Location	Year incorp.	Ownership
Engebø Rutile and Garnet AS (previous Nordic Rutile AS)	Oslo, Norway	2006	100 %
Nordic Titanium AS (previous Nordic Ocean Resources AS)	Oslo, Norway	2011	100 %
Nordic Quartz AS	Oslo, Norway	2011	100 %

NOTE 23 - SHAREHOLDERS

The table below shows the Company's 20 largest shareholders as at 31 December 2023:

Shareholder	Number of shares	% ownership
Fjordavegen Holding AS	324 369 792	14.96 %
Iwatani Corporation	319 582 667	14.74 %
Morgan Stanley & Co. Int. Plc.	234 144 200	10.80 %
Citibank, N.A.	78 363 197	3.61 %
Nordnet Bank AB	52 618 787	2.43 %
Nordnet Livsforsikring AS	36 361 910	1.68 %
Clearstream Banking S.A.	26 884 258	1.24 %
Pro AS	18 744 097	0.86 %
Toluma Norden AS	18 269 667	0.84 %
Stavanger Forvaltning AS	17 000 000	0.78 %
Ormestad	14 628 788	0.67 %
Nordea Bank Abp	12 176 008	0.56 %
Melum Mølle AS	11 950 000	0.55 %
Wahl Eiendom AS	10 500 000	0.48 %
Danske Bank A/S	10 465 190	0.48 %
Zolen & Månen AS	10 000 000	0.46 %
Joma Invest AS	8 888 888	0.41 %
Siljan Industrier AS	8 350 000	0.39 %
The Bank of New York Mellon SA/NV	6 698 146	0.31 %
La Strada AS	6 592 499	0.30 %
Total 20 largest shareholders	**1 226 588 094**	**56.57 %**
Other shareholders	941 642 561	43.43 %
Total	**2 168 230 655**	**100.00 %**

NOTE 24 - RELATED PARTIES AND COMPENSATION OF MANAGEMENT

Compensation to Board members and Senior Management in 2023

(Amounts in NOK thousands)	Salary incl. bonus	Board member fees	Other compensation	Pension costs	Total
Ivar S. Fossum, CEO	4 151	-	210	530	4 891
Jens Gisle Schnelle, Interim CFO[1]	414	-	3	-	417
Christian Gjerde, former CFO[2]	2 064	-	9	83	2 156
Kenneth N. Angedal, Managing Director Engebø Rutile and Garnet	2 168	-	16	91	2 275
Mona Schanche, former VP Resource and Sustainability[3]	1 397	-	7	178	1 583
Maurice Kok, Commercial Director	1 225	-	13	99	1 337
Terje Gundersen, former Project Director[4]	690	-	7	43	740
Ole Klevan, Nomination Committee (Chair)	-	60	-	-	60
Brita Eilersen, Nomination committee	-	40	-	-	40
Torger Lien, Nomination committee	-	40	-	-	40
Kjell Roland, Chair of the Board	-	500	-	-	500
Kjell Sletsjøe, Deputy Chair of the Board	-	300	-	-	300
Eva Kaijser, Board member	-	300	-	-	300
Benedicte Nordang, Board member	-	300	-	-	300
Antony Beckmand, former Board member	-	300	-	-	300
Total	**12 109**	**1 840**	**266**	**1 025**	**15 239**

1. Jens Gisle Schnelle joined the Company 15 October 2023.
2. Christian Gjerde left the Company 30 September 2023.
3. Mona Schanche left the Company on 30 June 2023.
4. Terje Gundersen left the management group on 2 June 2023, and compensation shown in the table above is for the period up to this date.

Compensation to Board members and Senior Management in 2022

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Total
Ivar S. Fossum, CEO	2 355	-	218	389	2 962
Christian Gjerde, CFO	1 727		21	104	1 851
Kenneth N. Angedal, Operations Director	1 591	-	7	86	1 684
Mona Schanche, VP Resource and Sustainability	1 535	-	21	253	1 808
Maurice Kok, Commercial Director[1]	521	-	8	40	568
Terje Gundersen, Project Director[2]	1 356	-	9	88	1 453
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	50
Brita Eilersen, Nomination committee	-	30	-	-	30
Torger Lien, Nomination committee	-	30	-	-	30
Kjell Roland, Chair of the Board	-	350	-	-	350
Kjell Sletsjøe, Deputy Chair of the Board	-	210	-	-	210
Eva Kaijser, Board member	-	210	-	-	210
Benedicte Nordang, Board member	-	210	-	-	210
Antony Beckmand, Board member	-	210	-	-	210
Total	**9 085**	**1 300**	**283**	**959**	**11 627**

1. Maurice Kok started as Commercial Director on 1 August 2022.
2. Terje Gundersen started as Project Director for Engebø on 1 February 2022.

Senior Management is subject to termination periods of 3-6 months.

Guidelines for management remuneration
The main components of the guidelines for Senior Management salaries are as follows:

- The compensation package should reflect the responsibility and the tasks of the individual persons in Senior Management, and what the employee contributes towards the long-term creation of value in Nordic Mining.
- The Company will offer competitive conditions to attract relevant expertise for the development of the Company.
- The compensation package consists of fixed salary plus participation in an option program that has been approved by the annual meeting.
- Senior Management participates in pension and insurance plans.

These guidelines have been used to recruit Senior Management in Nordic Mining ASA and to establish salary levels.

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2023

Name	No of shares	% owned
Kjell Roland, Chairman of the Board	590 475	0.03 %
Kjell Sletsjøe, Board member	355 009	0.02 %
Ivar S. Fossum, CEO	2 459 230	0.11 %
Kenneth N. Angedal, Operations Director	445 822	0.02 %
Total	**3 850 536**	**0.18 %**

Shares owned/controlled by members of the Board and senior management and those related to them as of 31 December 2022

Name	No of shares	% owned
Kjell Roland, Chairman of the Board	290 475	0.13 %
Kjell Sletsjøe, Board member	21 676	0.01 %
Ivar S. Fossum, CEO	1 759 230	0.76 %
Christian Gjerde, CFO	400 000	0.17 %
Kenneth N. Angedal, Operations Director	445 822	0.19 %
Mona Schanche, VP Resource and Sustainability	441 063	0.19 %
Terje Gundersen, Project Director	66 333	0.03 %
Total	**3 424 599**	**1.47 %**

Transactions with related parties

Certain companies working for the Group, including certain EPCs, owned shares directly or indirectly in Nordic Mining in 2023, but as the Group has assessed that none of the companies in question have significant influence over the Group, they are not considered related parties.

NOTE 25 - PENSIONS

The Group has a defined benefit plan or a defined contribution plan (for new employees) for its employees in the parent company, Nordic Mining ASA and a defined contribution plan for its employees in Engebø Rutile and Garnet AS. The plans meet the Norwegian statutory requirements for pension plans for employees.

Defined Benefit Plan

The Group has one benefit plan for Norwegian employees with a total of 2 active members. The Group's defined benefit pension plan is a final salary plan and contributions are made to a separately administered fund. The level of benefits provided depends on the member's length of service and salary at retirement age.

Pension cost

(Amounts in NOK thousands)	2023	2022
Pension cost - employee benefit	665	617
Pension cost - interest expense	43	24
Total pension related costs	**709**	**642**
Remeasurement gains/(losses) recorded to OCI	536	(1 009)

Movement in pension obligation during the year

(Amounts in NOK thousands)	2023	2022
Pension obligations January 1	17 404	15 704
Current value of pension benefits for the year	709	642
Interest costs	455	263
Payments	(371)	(365)
Remeasurement loss/ (gain)	(3 553)	1 080
Other	(635)	81
Pension obligations as of 31 December	**14 009**	**17 404**

Movement in pension funds during the year

(Amounts in NOK thousands)	2023	2022
Pension funds 1 January	15 593	14 641
Expected return on plan assets	388	212
Contributions	1 568	994
Payments	(371)	(365)
Other	(371)	40
Remeasurement (loss)/ gain	(3 017)	71
Pension funds as of 31 December	**13 790**	**15 593**

Pension liability is classified in the balance sheet as follows

(Amounts in NOK thousands)	2023	2022
Pension funds	13 790	15 593
Pension obligations	(14 009)	(17 404)
Net pension asset / (liabilities)	**(219)**	**(1 812)**
Pension asset/(liability) is shown in the balance sheet as		
Other long-term asset	-	-
Pension liabilities	(219)	(1 812)

Assumptions

	2023	2022
Discount interest rate	3.10 %	3.00 %
Annual projected increase in salary	3.50 %	3.50 %
Annual projected G- regulation	3.25 %	3.25 %
Annual projected regulation of pension	1.80 %	1.50 %

The major categories of plan assets as a percentage of the fair value of total plan assets

	2023	2022
Equities	13.00 %	10.20 %
Bonds	4.60 %	14.60 %
Money market	11.50 %	4.20 %
Hold to maturity bonds	49.80 %	38.10 %
Loans and receivables	10.40 %	20.90 %
Real estate	10.70 %	11.00 %
Other	0.00 %	1.00 %

NOTE 26 - LEASES

The Group's right-of-use assets recognized is related to the leasing of vehicles; see note 12. Short-term leases have been expensed as incurred; see note 6. The Group's office lease is cancellable with 4 months' notice with no more than an insignificant penalty and is as such considered a short-term lease.

Lease liability

(Amounts in NOK thousands)	2023	2022
Lease liability 1 January	116	245
Additions lease contracts	1 085	-
Accretion lease liability, included in finance cost	9	22
Payments of lease liability	(439)	(151)
Total lease liability 31 December	**771**	**116**

Specification of lease liability in the balance sheet

(Amounts in NOK thousands)	2023	2022
Current *	305	116
Non-current	466	-
Total lease liability 31 December	**771**	**116**

* Current lease liability is included in other current liabilities; see note 19.

Future minimum lease payments under non-cancellable lease agreements (undiscounted)

(Amounts in NOK thousands)	**2023**	**2022**
Within a year	898	725
From year 2-5	560	-
Total	**1 458**	**725**

NOTE 27 - PAYMENTS TO AND FROM GOVERNMENTAL INSTITUTIONS

In accordance with the Accounting Act, section 3-3d, the Group has assessed its relations with and payments to and from governmental institutions. The Group's governmental relations are only with institutions in Norway. All relations and payments are in the ordinary course of business and related to i.a. license payments, payment of prospectus/financial authority fees, R&D projects grants, etc.

Estimated total payment from the Group to various Norwegian governmental institutions was NOK 0.6 million in 2023 (2022: NOK 0.6 million). Estimated total payment to the Group from various Norwegian governmental institutions was NOK 0 million in 2023 (2022: NOK 0 million).

NOTE 28 - COMMITMENTS AND CONTINGENCIES

Conditional liability Engebø
The Group has a conditional liability to the seller of the mining rights in the Engebø area of NOK 40 million that will be paid if and when commercial operation commences at Engebø. No liability has been recognized as per 31 December 2023.

NOTE 29 - EVENTS AFTER BALANCE SHEET DATE

In January 2024 the Oslo District Court has ruled in favor of the Norwegian state in the case where the environmental NGO's Naturvernforbundet and Natur og Ungdom summoned the state claiming that the disposal permit and the discharge permit for the Engebø rutile and garnet project are null and void. The court confirms that the disposal permit and the discharge permit are valid. In February 2024 the NGO's appealed part of the claim to the Borgating Court of Appeal.

In March 2024 Nordic Mining ASA completed a reverse share split in the ratio 20:1, so that 20 shares were consolidated into 1 share. Upon completion of the reverse split the share capital of the Company amounts to NOK 1,300,938,396 divided on 108,411,533 shares of a nominal value of NOK 12.

In March 2024, the Norwegian Supreme Court ruled in favor of ERG in the case brought by Arctic Mineral Resources (""AMR""). The court also ruled that AMR shall pay all legal expenses.

Corporate accounts for Nordic Mining ASA

INCOME STATEMENT

(Amounts in NOK thousands)	Note	2023	2022
Revenues from Group companies		44 370	9 723
Other income		-	-
Payroll and related costs	3	(15 082)	(9 632)
Other operating expenses	4	(13 309)	(8 918)
Operating loss		**15 979**	**(8 827)**
Impairment of investment and loans to subsidiary	12	(620)	(689)
Financial income	5	36 598	424 725
Financial costs	5	(1 177)	(15 752)
Profit/(loss) before tax		**50 780**	**399 457**
Income Tax	6	-	-
Net profit/(loss)		**50 780**	**399 457**
Allocation of profit/(loss):			
Allocated to/(from) other equity		50 780	399 457

BALANCE SHEET

(Amounts in NOK thousands)	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	9	2 150	-
Investment in subsidiaries	10	1 445 305	468 085
Investment in associate	13	-	-
Financial investments	10	-	-
Long term receivables from group companies	7	487 220	415 753
Total non-current assets		**1 934 675**	**883 838**
Current assets			
Other receivables and prepayments	7	1 997	1 721
Cash and cash equivalents	8	112 817	132 320
Total current assets		**114 814**	**134 041**
Total assets		**2 049 489**	**1 017 879**

(Amounts in NOK thousands)	Note	2023	2022
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	10	1 300 938	139 390
Share premium	10	277 928	319 430
Other paid-in capital	10	16 038	16 038
Other equity		449 765	398 449
Total equity		**2 044 670**	**873 307**
Non-current liabilities			
Net pension liabilities	3	219	1 812
Total non-current liabilities		**219**	**1 812**
Current liabilities			
Trade payables		1 092	1 486
Convertible loan	13	-	132 500
Other current liabilities	11	3 508	8 774
Total current liabilities		**4 600**	**142 760**
Total liabilities		**4 819**	**144 572**
Total shareholders' equity and liabilities		**2 049 489**	**1 017 879**

Oslo, 23 April 2024
The Board of Directors of Nordic Mining ASA

Kjell Roland	Kjell Sletsjøe	Eva Kaijser	Benedicte Nordang	Tom Lileng	Ivar S. Fossum
Chair	*Deputy chair*	*Board member*	*Board member*	*Board member*	*CEO*

CASH FLOW STATEMENT

(Amounts in NOK thousands)	Note	2023	2022
Operating activities			
Profit/(loss) before income tax		50 780	399 457
Gain on sale of financial investment	12	-	(399 173)
Impairment of investment and loans to subsidiary	12	620	689
Transaction costs, share issue subsidiary		(34 796)	-
Fees expensed, convertible loan	13	-	6 089
Non-cash financial items		(33 232)	-
Changes in assets and liabilities			
Receivables, operating receivables from/(to) subsidiaries, prepayments	7	1 591	(54)
Trade payables		(394)	585
Accrued expenses and other current liabilities	11	1 856	5 843
Difference between pension expense and payment		(1 056)	(259)
Net cash used in operating activites		**(14 631)**	**13 177**

(Amounts in NOK thousands)	Note	2023	2022
Investing activities			
Investment in property, plant and equipment	9	(2 150)	-
Proceeds from sale of financial investments	12	-	474 363
Loans to subsidiaries	7	(1 018 643)	(518 695)
Transaction costs, share issue subsidiary		34 796	-
Net cash from/(used) in investing activities		**(985 997)**	**(44 332)**
Financing activities			
Share issuance	10	1 021 926	7 426
Transaction costs, share issue	10	(41 501)	-
Gross proceeds from borrowings, convertible loan	13	-	132 500
Transaction costs, convertible loan	13	-	(6 089)
Net cash from financing activities		**980 425**	**133 838**
Net change in cash and cash equivalents		(20 203)	102 682
Cash and cash equivalents at beginning of period	8	132 320	29 637
Effect of exchange rate fluctuation on cash held		700	-
Cash and cash equivalents at end of period	**8**	**112 817**	**132 320**
Non-cash transactions			
Conversion of debt to equity in subsidiaries		943 113	166 759

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") is engaged in the exploration for and development of projects for high-end industrial minerals and metals. The address of Nordic Mining's office is Munkedamsveien 45, N-0250 Oslo, Norway.

These financial statements were approved for issue by the Board of Directors on 18 April 2024.

NOTE 2 – SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles that have been used in developing the Company accounts are described below. These principles have been consistently applied unless otherwise stated.

Basic principles
The Company accounts have been presented in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The related notes are an integral part of the financial statements of the Company.

The annual accounts are based on the going concern assumption.

Investment in subsidiaries
Subsidiaries are companies controlled by the Company. Subsidiaries are measured at cost in the statutory accounts. The investments are measured at acquisition cost, unless impairment has been necessary. Such assets are deemed to be impaired at fair value when a decrease in value cannot be considered to be of temporary nature. Impairments are reversed when the basis for the impairment no longer applies.

Transactions in foreign currency
Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Receivables
The Company's receivables are mainly receivables from group companies. Receivables are recognized initially at cost, and subsequently measured at amortized cost using the effective interest method if the amortization effect is material, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits and other short term, easily convertible investments with maximum three months original maturity.

Loans
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities.

Trade payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if the amortization effect is material.

Deferred tax
Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred income tax is not recognized on temporary differences arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Revenue recognition
The primary revenue comes from sale of services to Group companies. Revenues are recognized in the accounting period in which the services are provided.

Pensions
The Company has a defined benefit pension plan and a defined contribution plan for its employees that meet the Norwegian statutory requirement. For the defined benefit plan, the cost of providing the benefits is determined using the unit credit method, with actual valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in equity in the period in which they occur. Past service costs are recognized in profit or loss in the period of a plan amendment. Net interest is

calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. For the defined contribution plan the cost is expensed as incurred.

Cash flow statement
The Company reports the cash flow statement using the indirect method. The method involves adjusting the result for the period for the effects of transactions without effect on cash and changes in assets and liabilities to show net cash flow from operations. Cash flow relating to investment activities and financing activities are shown separately.

Related parties
All transactions, agreements and business activities with related parties are processed on standard arm's length business terms. Parties are related if they have the possibility to directly or indirectly control the business or provide significant influence over the financial and operational decision of the business. The parties are also related if they are subject to "common control". The Company provides information in notes about transactions and balances with related parties in Note 4.

NOTE 3 - NOTE 3 - SALARIES, RELATED PARTY AND MANAGEMENT COMPENSATION, AND PENSIONS

(Amounts in NOK thousands)	**2023**	**2022**
Wages and salaries	10 160	6 028
Social security costs	2 173	1 261
Pension costs defined benefit plan	512	734
Pension costs defined contritbution plan	182	144
Board members, etc	1 840	1 300
Other personnel costs	215	165
Total	**15 082**	**9 632**
Average number of full time employees	3.5	3.5

Reference is made to Note 4, 24 and 25 in the consolidated financial statements for information regarding salaries, related party and Senior Management, pensions etc.

The disclosure in Note 25 – Pensions regarding the defined benefit plan – relates in its entirety to Nordic Mining ASA as the subsidiaries only has defined contribution plans.

NOTE 4 – OTHER OPERATIONAL COSTS

(Amounts in NOK thousands)	**2023**	**2022**
Leasing costs	2 283	1 955
Consulting and legal fees	3 416	2 539
Other costs	7 610	4 424
Total	**13 309**	**8 918**

Auditor fees

(Amounts in NOK thousands)	**2023**	**2022**
Statutory audit	1 344	1 049
Other attestation services	444	140
Total	**1 788**	**1 189**

The amounts exclude VAT.

NOTE 5 – FINANCIAL INCOME AND FINANCIAL COSTS

(Amounts in NOK thousands)	**2023**	**2022**
Interest income on bank deposits	3 363	1 527
Interest from Group companies	32 531	7 419
Gain on sale of financial investment	-	399 173
Foreign exchange gains	704	16 606
Finance income	**36 598**	**424 725**
Interest expense convertible loan	1 141	12 069
Foreign exchange losses	20	3 665
Other finance costs	16	18
Finance costs	**1 177**	**15 752**

NOTE 6 - TAXES

The Company has incurred tax loss carry forwards of NOK 248.9 million as per 31 December 2023. At this stage, the Company cannot substantiate that there will be sufficient future income to be able to realise the Company's unused tax losses, and thus the Company has not recognized any deferred tax asset as per 31 December 2023. There is no time limitation for utilization of tax losses carried forward in Norway.

Income taxes for the year

(Amounts in thousands)	**2023**	**2022**
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax impact of temporary differences as of 31 December

(Amounts in thousands)	**2023**	**2022**
Property, plant & equipment	2 296	2 291
Current liabilities	-	-
Pensions	48	399
Tax loss carryforwards	54 772	56 735
Net deferred tax assets	**57 116**	**59 425**
Nominal tax rate (used to measure deferred tax items)	22 %	22 %
Recognized in the balance sheet:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Company recognized NOK 41.5 million in gross transaction cost of the 2023 share issues directly in equity (in 2022: nil) which is included in tax loss carry forwards.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

(Amounts in thousands)	**2023**	**2022**
Net profit/(loss) before tax	50 780	399 457
Nominal tax rate	22 %	22 %
Expected tax expense/(income)	11 172	87 881
Non-deductible costs	13	12
Gain on sale of financial investment	-	(87 818)
Impairment of investment and loans to subsidary	136	152
Non-recognized tax assets on current year result	(11 321)	(227)
Tax expense/(income)	**0**	**-**

NOTE 7 - OTHER RECEIVABLES, PREPAYMENTS AND LOANS TO RELATED PARTIES

Other receivables and prepayments

(Amounts in NOK thousands)	2023	2022
Accounts receivable	332	0
Other financial receivables	904	918
Prepayments	761	803
Totalt	**1 997**	**1 721**

Specification of intercompany loans/receivables

(Amounts in NOK thousands)	2023	2022
Engebø Rutile and Garnet AS, loan	487 220	415 753
Engebø Rutile and Garnet AS, accounts receivable	332	-
Nordic Quartz AS	-	-
Nordic Ocean Resources AS	-	-
Total	**487 552**	**415 753**
Classified as current liabilities	-	-
Classified long-term receivables	487 552	415 753

During 2023, the Company converted NOK 942.4 million of debt in Engebø Rutile and Garnet AS to equity, NOK 0.3 million of debt in Nordic Quartz AS to equity, and NOK 0.3 million of debt in Nordic Titanium AS to equity.

In 2023, a total of NOK 0.6 million in loans to and investments in Nordic Quartz AS and Nordic Titanium AS were impaired.

The average interest rate on the intercompany loans is 6.2% pa.

NOTE 8 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2023	2022
Bank deposits	112 817	132 320
Total cash and cash equivalents	**112 817**	**132 320**
Included in cash and cash equivalents - Employee witholding tax	407	396

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK thousands)	2023	2022
Cost		
1 January	-	-
Additions *	2 150	-
Disposals	-	-
31 December	**2 150**	**0**

* Additions in 2023 is land. Land is not depreciated.

NOTE 10 - SHARE CAPITAL AND CHANGES IN EQUITY

Number of shares outstanding	Ordinary Shares
2022	
Opening balance	229 491 772
Share issuance	2 825 000
31 December 2022	**232 316 772**
2023	
Opening balance	232 316 772
Share issuance	1 935 913 883
31 December 2023	**2 168 230 655**

Reference is made to Note 17 in the consolidated financial statements for information regarding share issues. Reference is made to Note 23 for information regarding the 20 largest shareholders in Nordic Mining ASA as per 31 December 2023.

All shares have equal rights. Nominal value was NOK 0.60 per share at 31 December 2023. In March 2024 Nordic Mining ASA completed a reverse share split in the ratio 20:1, so that 20 shares were consolidated into 1 share. Upon completion of the reverse split the nominal value is NOK 12. See note 15.

Changes in equity

(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity at 1 January 2022	**137 695**	**313 699**	**16 038**	**-**	**467 432**
Share issue	1 695	5 731	-	-	7 426
Actuarial gains/losses (-) on pensions	-	-	-	(1 009)	(1 009)
Profit for the period	-	-	-	399 457	399 457
Equity at 31 December 2022	**139 390**	**319 430**	**16 038**	**398 449**	**873 307**
Share issue	1 161 548		-	-	1 161 548
Transaction costs on share issue	-	(41 501)	-	-	(41 501)
Actuarial gains/losses (-) on pensions	-	-	-	536	536
Profit for the period	-	-	-	50 780	50 780
Equity at 31 December 2023	**1 300 938**	**277 928**	**16 038**	**449 765**	**2 044 670**

NOTE 11 - OTHER CURENT LIABILITIES

The following table specifies amounts included in other current liabilities at 31 December:

(Amounts in NOK thousands)	2023	2022
Tax withholding and social security accrual	756	661
Employee salary and holiday pay accrual	889	701
VAT payable	241	342
Accrued interest convertible loan	-	5 981
Accrued expenses and other current liabilities	1 621	1 088
Total	**3 508**	**8 774**

NOTE 12 - INVESTMENTS IN SUBSIDIARIES AND EQUITY INSTRUMENTS

Nordic Mining ASA's investment in subsidiaries as at 31 December 2023 is shown in the following table:

(Amounts in NOK thousands)	Location	Year incorp.	Share capital	Owner-ship	Equity 31.12.23	Net loss 2023	Carrying amount 31.12.23
Engebø Rutile and Garnet AS	Oslo, Norway	2006	26 078	100 %	1 014 737	(34 345)	1 445 305
Nordic Titanium AS	Oslo, Norway	2011	124	100 %	(274)	(274)	-
Nordic Quartz AS	Oslo, Norway	2011	129	100 %	(344)	(347)	-
Total							**1 445 305**

During 2023, the Company converted NOK 942.4 million of debt in Engebø Rutile and Garnet AS to equity, NOK 0.3 million of debt in Nordic Quartz AS to equity, and NOK 0.3 million of debt in Nordic Ocean Resources AS to equity.

Despite relatively low equity, the carrying value of shares in Engebø Rutile and Garnet AS is deemed recoverable based on currently available information regarding the discovered resources and the progress in the early works for constructing the mine at Engebø. The combined carrying amount of the investment in Engebø Rutile and Garnet AS and the outstanding loan to Engebø Rutile and Garnet AS of NOK 1.9 billion was below the market capitalization of the Company at year-end 2023 of NOK 1.8 billion, which is an impairment indicator. No other impairment indicators were identified at year-end 2023. Based on the indicator the Company performed an impairment test at year-end 2023. The recoverable amount was determined to be the value in use, which was determined to be higher than the carrying amount. The Company has therefore not recognized an impairment charge. The value in use calculation is highly sensitive to the revenue assumptions, a significant reduction in estimated revenue could result in an impairment.

Due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in 2019, the carrying amount of the Company's investment in Nordic Quartz was written off at year-end 2023.

Due to the general uncertainties related to timing and progress of seabed mineral exploration and the Group's prioritization of the Engebø rutile and garnet project, the carrying amount of the Company's investment in Nordic Ocean Resources was written off at year-end 2023.

Financial investments

As per 31 December 2021, the Company held approximately 12,7% of the shares in Keliber Oy in Finland. In June 2022, the Company accepted an offer from Sibanye-Stillwater Limited to divest its shares in Keliber for a cash consieration of EUR 157.28 per share, in total EUR 46.9 million. The sale of the shares was completed in Q3 2022.

NOTE 13 - CONVERTIBLE LOAN

In January 2022, Nordic Mining entered into a NOK 132.5 million 5% interest bearing convertible loan in favor of Fjordavegen Holding AS, a local investor group led by two of the EPC partners for the Engebø project. This transaction is the first step in the project financing of the Engebø project.

The lenders may, and is contractually obliged to, convert all tranches from the loan, together with accrued interests, into shares in Nordic Mining upon a share issue in Nordic Mining in relation to final investment decision (or delay of final investment decision) for the Engebø Rutile and Garnet Project, however, at latest 1 August 2023. The conversion price will as a starting point be NOK 3.355 per share, however, shall be the lowest of NOK 3.355 and the subscription price in a subsequent share issue in Nordic Mining in relation to final investment decision/delay of final investment decision, or if no such share issue occurs, the lowest of NOK 3.355 and the volume-weighted average trading price the Nordic Mining's share for the last 20 trading days prior to 30 June 2023.

The loan is measured at amortized cost. The convertible loan with accrued interests, in total NOK 139.6 million, was converted into 232,703,125 new shares in Nordic Mining ASA on 4 March 2023, in relation to the private placement to fully fund the Engebø Project. See note 28 in the consolidated financial statements for more information.

The convertible loan with accrued interests, in total NOK 139.6 million, was converted into 232,703,125 new shares in Nordic Mining ASA on 4 March 2023, in relation to the private placement to fully fund the Engebø Project.

NOTE 14 - FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk
Nordic Mining is exposed to various types of financial risk related to its financial instruments, market risk primarily related to currency risk related to bank deposits in foreign currency and floating interest rate on cash and cash equivalents, and liquidity risk.

Liquidity risk
Liquidity risk is the risk that the Company is not able to pay its financial obligations upon maturity. The Company has historically to a large degree used equity financing to meet liquidity demands related to financial obligations, cover operational losses and for investments.

During 2023 the Company together with its subsidiary Engebø Rutile and Garnet AS has fully financed the Engebø Rutile and Garnet Project and the mine is under construction. For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 20 in the consolidated financial statements and the Board of Directors' report.

Market risk
Variable interest risk
The Company is exposed to cash flow risk related to receivables from subsidiaries that has a fixed interest rate. Furthermore, the Company has exposure to the floating interest risk related cash or cash equivalent deposits.

Currency exchange risk
As per 31 December 2023, the Company has limited exposure to currency exchange risk. Cash holdings are placed in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD) and Euro (EUR).

Credit risk
The Company does not have receivables from sales (receivables are primarily from companies within the Group). The Company has limited credit risk from external parties, but is exposed to credit risk through its loans to its subsidiary Engebø Rutile and Garnet AS.

Sensitivity analysis
The Company's result and equity are only to a limited extent exposed to changes in interest rate (bank deposit) and currency exchange rates.

NOTE 15 - EVENTS AFTER BALANCE SHEET DATE

In March 2024 Nordic Mining ASA completed a reverse share split in the ratio 20:1, so that 20 shares were consolidated into 1 share. Upon completion of the reverse split the share capital of the Company amounts to NOK 1,300,938,396 divided on 108,411,533 shares of a nominal value of NOK 12.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for 2023 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2023 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Nordic Mining ASA and the Nordic Mining Group for the period.

We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Nordic Mining ASA and the Nordic Mining Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 23 April 2024

The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy Chair

Benedicte Nordang
Board member

Eva Kaijser
Board member

Tom Lileng
Board member

Ivar S. Fossum
CEO

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nordic Mining ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nordic Mining ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group).

The financial statements of the Company comprise the balance sheet as at 31 December 2023, the income statement, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 17 years from the election by the general meeting of the shareholders on 23 February 2006 for the accounting year 2006.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting for costs related to mine under construction

Basis for the key audit matter
Nordic Mining ASA ("The Group") has during the year continued the construction work for the Engebø Project. The Group capitalized costs amounting to NOK 1 088.7 million as mine under construction during the year. Only directly attributable costs, including borrowing costs, are to be capitalized. Due to the materiality of the amount and the judgement applied in determining capitalization versus expensing of cost incurred, we considered the capitalization as a key audit matter.

Our audit response
Our audit response included an assessment whether the costs meet the criteria for capitalization, evaluating the assumptions and methodologies used by management. Further we had discussions with management, and we performed detailed testing of capitalized external and internal costs against supporting documentation including external invoices, interest calculations and allocation of payroll expenses for a sample of costs to assess that the criteria for capitalization was met.

We refer to note 11 in the consolidated financial statements.

Accounting for royalty financing agreement

Basis for the key audit matter
During 2023 the Group entered into a USD 50 million royalty financing agreement with Orion Resource Partners which included receiving USD 50 million as a fixed one-time consideration in exchange for a payment of an 11 % royalty of the gross revenue from the sale of products from the Engebø Rutile and Garnet Project with an upper limit of 90 years. The Group has the option to reduce the royalty rate from 11% to 5.5% on certain conditions in 2028 or 2029.

As described in Note 18, the royalty financing agreement is accounted for as a financial liability at amortized cost. When calculating effective interest management has applied estimates primarily related to future production plans and

Our audit response
Our audit response included, among others, evaluation of the applied accounting policy, consideration of methods and models used in the calculation of the expected future royalty payments, testing the model for clerical accuracy and corroborating obtained audit evidence from different sources. In addition, we compared expected production of minerals to approved budgets and forecasts.

To test price assumptions, we evaluated management's methodology to determine future commodity prices and compared such assumptions to external reports produced by a management appointed specialist for which we mineral prices over the lifetime of the royalty agreement. The Group's operational performance and external factors have a significant impact on the estimated future cash flows and therefore, the accounting for the royalty financing agreement. Auditing management's estimate of the royalty is complex and involves a high degree of judgement.

We consider the royalty financing agreement to be a key audit matter given the significance, complexity and uncertainty of the estimates and assumptions used by management in the cash flow model.

evaluated the competence, capabilities, and objectivity.

We refer to note 2 and 18 in the consolidated financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Nordic Mining ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name nordicmining-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 23 April 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)

FINANCIAL CALENDAR 2024

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Fourth quarter results 2024

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ARTICLES OF ASSOCIATION

for Nordic Mining ASA per 11 March 2024

1. The name of the company is Nordic Mining ASA. The company is a public limited liability company.

2. The registered office of the company is in Oslo.

3. The object of the company is to carry out exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world.

4. The share capital of the company amounts to NOK 1,300,938,396 divided on 108,411,533 shares of a nominal value of NOK 12. The shares of the company shall be registered in the Norwegian Registry of Securities.

5. The board of directors of the company shall have from 3 to 8 members according to the decision of the shareholders' meeting. Two board members can jointly sign on behalf of the company.

6. The company shall have an election committee consisting of three members who shall be elected by the general meeting. The members of the election committee shall, when they are elected, be share-holders or representatives of shareholders of the company. The election committee shall make recommendations to the general meeting concerning the election of members and deputy members to the board of directors. The election committee shall also make recommendations concerning remuneration to such members. Members of the election committee are elected for a period of two years. The members of the board of directors which have been elected by the general meeting make recommen-dations for and adopt instructions for the election committee.

7. The shareholders' meeting shall deal with:
   (i) Adoption of the annual accounts and annual report, including payment of dividends.
   (ii) Other matters that pursuant to law are the business of the shareholders' meeting.

8. If a document that relates to an issue that the general meeting shall decide on is made available to the company's shareholders on the company's website, then such a document does not have to be physically sent to the shareholders of the company. However, such a document shall be sent to the shareholder free of charge if shareholders request it.

9. Shareholders that plan to attend a general meeting have to give notice to the company within 2 days of the general meeting. Share-holders who have not given such notice within 2 days of the general meeting may be denied entrance to the general meeting.

10. The board of directors may determine that the shareholders may cast advance votes in writing in matters to be considered by the general meetings of the company. Such votes may also be cast through electronic means. Voting in writing requires an adequately secure method to authenticate the sender. The board of directors may determine further guidelines for written advance voting. The summons to the general meeting shall state whether advance voting is allowed prior to the general meeting, and, if so, the guidelines for such voting.

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