

# **INTERIM REPORT**

## **Per 31 March 2024**



## **MINERALS FOR A SUSTAINABLE FUTURE**

**SAFETY | ENVIRONMENT | INNOVATION**

Nordic Mining ASA ("Nordic Mining" or the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company is undertaking a large-scale industrial development at Engebø on the west coast of Norway through its wholly owned subsidiary, Engebø Rutile and Garnet AS, which has mining rights and permits to a substantial eclogite deposit with rutile and garnet.

In addition, Nordic Mining 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 standards and holds significant economic potential.

Nordic Mining is listed on Euronext Expand Oslo with ticker symbol "NOM".

## Group interim report for the quarter ended 31 March 2024

Nordic Mining ASA ("Nordic Mining" or the "Company") is a Norwegian mining and minerals company incorporated in Oslo, Norway. With ongoing construction of one of the worlds' largest resources of natural rutile in a dual mineral project ("Engebø" or the "Engebø Project"), the Company is committed to deliver critical minerals to Europe and international markets producing the worlds' most climate friendly titanium feedstock.

The Engebø deposit has among the highest grades of rutile (TiO<sub>2</sub>) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The Engebø life of mine is 39 years, comprising 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. Engebø was fully financed by USD 277 million in March 2023. 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. Offtake agreements have been secured for up to the full production of rutile and garnet for the first 5 years of production.

### Highlights

- The Company reported NOK 543.2 million in capitalized costs related to the construction of the Engebø Project in the first quarter, compared to NOK 322.1 million in the fourth quarter of 2023. The Company's consolidated carrying amount for Mine under construction was NOK 1.9 billion as of 31 March 2024.
- In March the Company completed the first release of USD 30 million from the bond Escrow account that holds the proceeds from the issuance of the USD 100 million senior secured bond. The release was an important milestone for the Engebø Project as an independent engineer confirmed that a cost-to-complete test had been satisfied. The third-party assessment of the Company's projections asserts that the Engebø Project has sufficient funding and will be completed on time.

### Main events

- The Company continued construction of the Engebø Project in the first quarter with SMPP ("Structural, Mechanical, Piping and Platework") and E&I ("Electrical and Instrumentation") contractors working in all main processing areas. The Project achieved the planned milestones for the quarter including preparations for several heavy lifting operations executed in April.
- No lost time injuries (LTI) have been registered at the Engebø Project site in the 1st quarter 2024, and project to date has zero lost time injuries.
- In March the Company won against Arctic Mineral Resources ("AMR") on all counts in the Supreme Court. The court also ruled that AMR had to pay all legal expenses. The Company received the funds from AMR in early April. With the 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. Consequently, 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.

## Engebø project development and economy

- The administration and workshop buildings are completed, and final documentation for completion certification has been submitted to the municipality. The overhead crane and storage facility for general, commissioning and maintenance spares has been installed in the workshop and is ready for use.
- Fabrication of long lead mechanical packages was close to completion at the end of the quarter, with only 3 Client Provided Items (“CPIs”) outstanding completion certification at the fabrication facility. The majority of the mechanical packages are in transit or have reached the intermediate warehouse with continuous deliveries to the project site at Engebø as required for installation. The CPIs are procured directly by the Company and released to the SMPP EPC for mechanical installation when arriving at Engebø. The project has seen increased risk too global logistics with some delays of shipments from overseas fabrication locations being realised. The project has to date managed to mitigate the materialized risks without impacting the expected timing for the production ramp-up schedule.
- The Civil and Buildings contractor, Aasen & Øvreliid finalized concrete foundations for all main processing areas (primary crushing station, comminution and milling plant, wet plant, dry plant and product storage and loadout) and started installation of the wall panels on all main processing buildings.
- The SMPP EPC contractor, Nordic Bulk, has finalized installation of main equipment for the Comminution and Milling Plant, with sub-assemblies of the rod mill installation scheduled for completion in May. All sumps and pumps are installed on the ground floor of the wet plant with installation of CPI equipment in progress on the floor levels above the sumps and pumps. Mechanical installation of bulk materials handling equipment and process equipment in all main processing areas was started in March.
- The E&I contractor, Normatic has progressed on installation of cable racks in all main processing areas and started cable installation in the Comminution and Milling Plant.
- The Company acted in Q1 2024 to secure the Engebø Project against potential negative USD/NOK exchange rate movements to ensure that a potential strengthening of the NOK would not negatively impact the estimated remaining project reserve. As of quarter end the Company had forward Foreign Exchange (FX) positions for sale of USD 45 million with dates aligning with the expected bond Escrow account release dates for the second and third releases.
- The robustness of the guided project economy improved in the first quarter of 2024 with the first release from the bond Escrow account, the win in the Supreme Court, stronger realized and secured exchange rates and solid progression on the construction of the project during the quarter.

## Market development

- The major titanium dioxide pigment producers reported a continued improvement of the market in Q1 2024 from Q4 2023, albeit from a low activity base.
  - An increase in demand as well as replenishment of stocks enabled producers to run at higher utilization rates.
- TiO<sub>2</sub> feedstock producers reported improved market conditions as well and reported sales volumes were mostly above reported production volumes for the quarter.
- Demand from titanium metal segment remains strong, driven by the extensive backlog of orders from the aviation industry and the increase in military spending.
- Demand for garnet abrasives in North America slowed slightly in the first quarter. This was likely driven by sustained higher interest rates and a minor slowing of the industrial economy. While demand remained soft in Europe, supply chain disruption impacted the market in January and continued throughout the quarter.
- Nordic Mining has offtake agreements in place for the first five years of production on both rutile and garnet, covering up to the full production.

## Financial performance in first quarter 2024<sup>1)</sup>

The Engebø Project is under construction and the Group has, so far, no sales revenues from operations. Reported operating loss for the first quarter was NOK -0.1 million (NOK -13.4 million).

Net financial items were NOK -40.7 million in the first quarter (NOK -36.3 million), with the main financial items in the first quarter being net loss on foreign exchange related to the bond loan, bond Escrow and royalty liability of NOK -42.0 million, other foreign exchange gain of NOK 7.1 million, loss on foreign exchange derivatives of NOK -11.4 million, interest on cash held of NOK 6.7 million and transaction costs from financing of NOK -1.1 million. Please see note 9 for further information. Borrowing costs on bond loan and royalty liability, net of interest on bond Escrow, has been capitalized under Mine under construction, in total NOK -50.2 million in the first quarter.

Reported net loss in the first quarter was NOK 40.8 million (NOK -49.7 million).

In the first quarter, the Group has capitalized NOK 543.2 million in the balance sheet under Mine under construction direct costs related to the construction work at Engebø, up from NOK 322.1 million in the fourth quarter of 2023, resulting from increased activity compared to the previous quarter. Nordic Mining's consolidated carrying amount for Mine under construction was NOK 1.9 billion as of 31 March 2024 (Fourth quarter 2023: NOK 1.4 billion).

Net cash outflow from operating activities for the first quarter was NOK 0.7 million (NOK -6.0 million). Net cash flow from the Group's investment activities related to investment in Mine under construction for the first quarter was NOK -365.0 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. Interest on the bond loan for the first quarterly interest rate period of USD 3.1 million (corresponding to NOK 33.3 million) is included in interest and financing fees paid. Please see note 5 for further information related to the bond Escrow account. In March 2024, the Group released USD 30 million (corresponding to NOK 311.2 million) from the bond Escrow account, resulting in net cash flow from financing activities of in total NOK 277.8 million (NOK 879.9 million).

The Group's cash and cash equivalents as of 31 March 2024 were NOK 552.0 million (Fourth quarter 2023: NOK 635.0 million). In addition, the Group had NOK 831.2 million on restricted Escrow account for bond and NOK 12.6 million on restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license. Please see note 5 for further information.

Nordic Mining's total assets as of 31 March 2024 were NOK 3.4 billion (31 December 2023: NOK 3.1 billion), and total equity was NOK 1.5 billion (31 December 2023: NOK 1.5 billion).

For further information relating to the Company's risk assessments, reference is made to the annual report for 2023 which is available on the Company's webpage [www.nordicmining.com](http://www.nordicmining.com).

Oslo, 6 May 2024  
The Board of Directors of Nordic Mining ASA

<sup>1)</sup> Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2023.

## CONSOLIDATED INCOME STATEMENT

		<b>2024</b>	2023	2023
	Note	<b>01.01-31.03</b>	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>		<b>Unaudited</b>	Unaudited	Audited
Payroll and related costs		<b>(2 782)</b>	(4 390)	(15 082)
Depreciation and amortization		<b>(131)</b>	(79)	(346)
Other operating expenses	7	<b>2 836</b>	(8 926)	(31 041)
<b>Operating profit/(loss)</b>		<b>(77)</b>	(13 395)	(46 469)
Fair value gains/losses on investments		-	-	-
Fair value gains/losses on convertible loan		-	3 354	3 354
Net exchange rate gain/loss (-)	8,9	<b>(46 311)</b>	1 103	25 911
Financial income	9	<b>6 774</b>	12 418	26 099
Financial costs	9	<b>(1 150)</b>	(53 198)	(55 002)
<b>Profit/(loss) before tax</b>		<b>(40 764)</b>	(49 718)	(46 107)
Income tax		-	-	-
<b>Profit/(loss) for the period</b>		<b>(40 764)</b>	(49 718)	(46 107)
<b>Earnings per share</b>				
<i>(Amounts in NOK)</i>				
Basic earnings per share		<b>(0.38)</b>	(1.36)	(0.51)
Diluted earnings per share		<b>(0.38)</b>	(1.36)	(0.51)

## STATEMENTS OF COMPREHENSIVE INCOME

	<b>2024</b> <b>01.01-31.03</b> <b>Unaudited</b>	2023 01.01-31.03 Unaudited	2023 01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>			
<b>Net profit/(loss) for the period</b>	<b>(40 764)</b>	(49 718)	(46 107)
<b>Other comprehensive income:</b> <i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates, net of tax	-	-	536
<b>Other comprehensive income directly against equity</b>	-	-	536
<b>Total comprehensive income/(loss) for the period</b>	<b>(40 764)</b>	(49 718)	(45 571)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31.03.2024	31.12.2023
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Mine under construction	3	1 920 268	1 377 083
Property, plant and equipment		3 022	3 062
Right-of-use assets		934	1 025
<b>Total non-current assets</b>		<b>1 924 224</b>	1 381 170
<b>Current assets</b>			
Trade and other receivables		58 169	30 561
Bond Escrow	5	831 237	1 075 042
Restricted cash		12 645	8 430
Cash and cash equivalents		551 959	634 984
<b>Total current assets</b>		<b>1 454 010</b>	1 749 017
<b>Total assets</b>		<b>3 378 234</b>	3 130 187
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	4	1 300 938	1 300 938
Share premium		276 371	277 928
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(103 007)	(62 243)
Other comprehensive income/(loss)		(3 696)	(3 696)
<b>Total equity</b>		<b>1 486 644</b>	1 528 965
<b>Non-current liabilities</b>			
Lease liabilities		398	466
Bond loan	5	970 535	902 182
Royalty liability	6	575 545	517 574
Pension liabilities		338	219
<b>Total non-current liabilities</b>		<b>1 546 816</b>	1 420 441
<b>Current liabilities</b>			
Trade payables		195 268	94 312
Other current liabilities		149 505	86 468
<b>Total current liabilities</b>		<b>344 773</b>	180 780
<b>Total liabilities</b>		<b>1 891 589</b>	1 601 221
<b>Total shareholders' equity and liabilities</b>		<b>3 378 234</b>	3 130 187



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Note	Share capital	Share premium	Other-paid-in capital	Other comprehensive income/(loss)	Accumulated losses	Total equity
<b>Equity 1 January 2023</b>		<b>139 390</b>	<b>319 430</b>	<b>16 038</b>	<b>(4 232)</b>	<b>(16 135)</b>	<b>454 491</b>
Profit/(loss) for the period		-	-	-	-	(49 718)	(49 718)
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	<b>(49 718)</b>	<b>(49 718)</b>
Share issue		1 079 622	-	-	-	-	1 079 622
Transaction costs		-	(37 079)	-	-	-	(37 079)
<b>Equity 31 March 2023</b>		<b>1 219 012</b>	<b>282 350</b>	<b>16 038</b>	<b>(4 232)</b>	<b>(65 853)</b>	<b>1 447 315</b>
<b>Equity 1 January 2024</b>		<b>1 300 938</b>	<b>277 928</b>	<b>16 038</b>	<b>(3 696)</b>	<b>(62 243)</b>	<b>1 528 965</b>
Profit/(loss) for the period		-	-	-	-	(40 764)	(40 764)
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	<b>(40 764)</b>	<b>(40 764)</b>
Share issue	4	0	-	-	-	-	0
Transaction costs	4	-	(1 557)	-	-	-	(1 557)
<b>Equity 31 March 2024</b>		<b>1 300 938</b>	<b>276 371</b>	<b>16 038</b>	<b>(3 696)</b>	<b>(103 007)</b>	<b>1 486 644</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		2024 01.01-31.03	2023 01.01-31.03
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Unaudited
<b>Operating activities:</b>			
<b>Net cash from/used (-) in operating activities</b>		<b>698</b>	(6 020)
<b>Investing activities:</b>			
Investment in mine under construction		<b>(365 007)</b>	(82 123)
<b>Net cash used in investing activities</b>		<b>(365 007)</b>	(82 123)
<b>Financing activities:</b>			
Share issuance		<b>0</b>	940 000
Transaction costs, share issue		-	(37 079)
Transfer from Bond Escrow	5	<b>311 182</b>	-
Interest paid		<b>(33 330)</b>	-
Other financing fees paid		-	(22 970)
Payment of lease liabilities		<b>(76)</b>	(38)
<b>Net cash from financing activities</b>		<b>277 776</b>	879 913
<b>Net change in cash and cash equivalents</b>		<b>(86 533)</b>	791 771
<b>Cash and cash equivalents at beginning of period</b>		<b>634 984</b>	164 703
Effect of exchange rate fluctuation on cash held		<b>3 509</b>	281
<b>Cash and cash equivalents at end of period</b>		<b>551 959</b>	956 754
Net change in restricted cash		4 215	4 215
Restricted cash at beginning of period		8 430	4 215
Effect of exchange rate fluctuation on restricted cash held		-	-
Restricted cash at end of period		<b>12 645</b>	8 430
<b>Restricted and unrestricted cash at end of period</b>		<b>564 604</b>	965 184

## **NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 March 2024**

### **Note 1 – ACCOUNTING PRINCIPLES**

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2023.

This report was authorized for issue by the Board of Directors on 6 May 2024.

The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2023. In 2024 the Group has entered into derivative foreign exchange contracts. See note 8. Derivative instruments are classified as financial assets or liabilities at Fair Value Through Profit or Loss (FVTPL). The carrying value of derivative instruments at FVTPL represents the instrument's fair market value. Any gains or losses arising on re-measurement are recognized in the income statement as incurred.

New standards, amendments and interpretations to existing standards effective from 1 January 2024 did not have any significant impact on the financial statements.

### **Note 2 – 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 3 - MINE UNDER CONSTRUCTION**

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 in 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 on the balance sheet as Mine under construction.

### **Note 4 – SHARE CAPITAL**

Following the issuance of 5 shares in Q1 2024 to facilitate the 20:1 reverse split completed in the first quarter, Nordic Mining's share capital has increased by NOK 3 to NOK 1,300,938,396 divided into 180,411,533 shares, each with a par value of NOK 12.

The cost associated with the 20:1 reverse split is booked against equity.

### **Note 5 - BOND LOAN AND BOND ESCROW**

Nordic Mining ASA's wholly owned subsidiary Engebø Rutile and Garnet AS has a USD 100 million 5-year senior secured bond listed on Nordic ABM with ticker: ERUGA01 PRO. The bond is administered by Nordic Trustee, has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears, and an issue price of 90%.

The net proceeds of the bond 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, 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 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.

In Q1 2024 the first release of USD 30 million from the bond Escrow was completed.

## Note 6 – ROYALTY LIABILITY

In November 2023 Nordic Mining ASA's wholly owned subsidiary Engebø Rutile and Garnet AS has 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 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 liability under the royalty agreement is subsequently measured at amortized cost using the effective interest method.

Amortized cost is recognized as borrowing cost and capitalized under *Mine under construction* until construction is completed, in total NOK 25.3 million in the first quarter.

## Note 7 – OTHER OPERATING EXPENSES

The Norwegian Supreme Court ruled in March 2024 in favour of Nordic Mining on all counts in the case against Arctic Mineral Resources ("AMR"). The court also ruled that AMR shall pay all legal expenses. Total refund of legal expenses amounted to NOK 12.4 million and has been recorded as a reduction of other operating expenses in Q1 2024. The amount was received in April 2024.

## NOTE 8 – FOREIGN EXCHANGE (FX) DERIVATIVE CONTRACTS

The Group has entered into foreign exchange (FX) derivative contracts for forward sale of USD and purchase of NOK in Q2 2024 and Q3 2024. The purpose of the trades is to hedge the USDNOK foreign exchange rate for the release of USD amounts from bond Escrow. The value dates align with the expected bond Escrow account release dates for the second and third releases.

Description	Sell currency	Sell amount	Buy currency	Buy amount	Exchange	Value Date
Forward FX	USD	25 million	NOK	262.5 million	10.5000	23 May 2024
Forward FX	USD	20 million	NOK	211.9 million	10.5930	13 Aug 2024

The fair value of the derivative contracts is negative NOK 11.4 million at 31 March 2024 and has been charged to P&L as a foreign exchange loss. The fair value of the derivative contracts is based on quoted market prices at the balance sheet date (level 2 in the fair value hierarchy).

## Note 9 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCIAL INCOME AND FINANCIAL COSTS

Exchange rate gains and losses have in previous periods before Q3 2023 been classified under financial income and financial costs. From Q3 2023 onwards, 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 from previous periods are reclassified accordingly.

### 2024:

Net exchange rate gain/loss (-) in Q1 2024 consists mainly of:

- foreign exchange gain of NOK 53.6 million on bond Escrow in USD;
- foreign exchange loss of NOK 62.9 million on the USD bond loan, and;
- foreign exchange loss of NOK 32.7 million on the USD royalty liability, and;
- foreign exchange loss of NOK 11.4 million on foreign exchange derivatives;
- other foreign exchange gain of NOK 7.1 million.

Financial income in Q1 2024 consists mainly of:

- interest on cash held of NOK 6.7 million.

Financial costs in Q1 2024 consists mainly of:

- transaction costs and fees from financing of NOK 1.1 million.

2023:

Net exchange rate gain/loss (-) in Q1 2023 consists mainly of:

- foreign exchange gain of NOK 63.1 million on bond Escrow in USD, and;
- foreign exchange loss of NOK -62.0 million on the USD bond loan.

Financial income in Q1 2023 consists mainly of:

- interest on cash held and bond Escrow of NOK 12.4 million.

Financial costs in Q1 2023 consists mainly of:

- interest costs on bond loan of NOK 25.5 million, and;
- transaction costs from financing of NOK 27.7 million.