

INTERIM REPORT

Per 30 September 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 30 September 2024

Nordic Mining ASA ("Nordic Mining" or the "Company") is a Norwegian mining and minerals company incorporated in Oslo, Norway. With ongoing construction and commissioning 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 delivering 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 (TiO₂) 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 green 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 & Øvreid 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 278.3 million in capitalized costs related to the construction of the Engebø Project in the third quarter, compared to NOK 385.1 million in the second quarter of 2024. The Company's consolidated carrying amount for Mine under construction and Property, plant and equipment was NOK 2.6 billion as of 30 September 2024.
- In August the Company completed the third and final release of USD 48 million from the bond Escrow account that holds the proceeds from the issuance of the USD 100 million senior secured bond. An independent engineer appointed on behalf of the bondholders confirmed for the third time that the project is on track with the cost estimates and timeline and a cost-to-complete test has been satisfied in relation to the release.
- Application for admission to trading on Euronext Oslo Børs as a transfer from Euronext Expand has been filed in October.

Main events

- The Company and the Engebø project have continued with the commissioning phase of the plant in the third quarter and achieved planned milestones. The commissioning phase continues into the fourth quarter with the expectation of first ore to mill and first concentrate, which will mark the production ramp-up, to take place before year-end.
- Key milestones successfully achieved:
 - Mechanical installation in the wet plant
 - Mechanical installation of product silos
 - Process plant connected to regional power grid
 - Cold and Hot commissioning in various plant areas
 - First ore to primary crushing, including ore pass design verification
- No lost time injuries ("LTI") have been registered at the Engebø Project site during the third quarter of 2024.
- Project to date (1st November 2024) has reported 924 working days registered by the four EPCs, including subcontractors, with zero LTIs.

Engebø project development and economy

- All Customer Provided Items ("CPIs") have been installed by Structural, Mechanical Piping and Plating ("SMPP") contractor according to plan and are ready for commissioning.
- The Civil and Buildings contractor, Åsen & Øvrelid has completed majority of contractual work. The minor outstanding items are not related to or in conflict with commissioning and ramp-up.
- The SMPP contractor, Nordic Bulk, has completed mechanical installation in October and are working to close out minor outstanding work. Nordic Bulk will retain a small team to support during commissioning.
- The Electrical and Instrumentation ("E&I") contractor, Normatic has energized all transformers and handed over the internal 22kV distribution to the operations team. The contractor is finalizing the scope of work across the plant according to commissioning plan.
- Various processing circuits have been partly taken over from the EPCs during the commissioning process. While preparing for hot commissioning, the company has started regular shift work for the process and production operators.
- The mining alliance agreement was activated in September and new drilling units arrived on site with start-up of preparatory work in the open pit area. The construction phase has facilitated the ore required for the first 3 months of production ramp-up and initial focus for mining activities is to provide access to high grade ore for continued production.
- The Company remain confident about the robustness of the guided project reserve of USD 25 million, to cover minimum liquidity requirement of USD 15 million and unexpected costs.

Market development

After an encouraging first half of 2024, Western pigment producers reported a lower demand level for pigment in Q3. Going into Q4, pigment demand is expected to go down further due to lower seasonal demand and weak housing market.

Mid- to long-term demand for pigment is expected to be positively supported by lower interest rates, stimulus packages, improved real estate markets and implementation of protective import measures on Chinese pigments in several areas of the world.

For titanium feedstock, the demand has been stable in Q3, and the demand for especially high-grade chloride feedstock is expected to remain steady, driven by improved demand outlook for pigment.

The demand for garnet abrasives has softened in the third quarter, largely due to slow economic activity in the industrial sector.

Nordic Mining has offtake agreements in place for the first five years of production of both rutile and garnet, covering up to the full production.

Financial performance in third quarter 2024⁽¹⁾

The Engebø Project is under construction and the Group has, so far, no sales revenues from operations. Reported operating loss for the third quarter was NOK -14.9 million (NOK -13.4 million) and a year-to-date loss of NOK -27.7 million (NOK -36.8 million).

Net financial items were NOK 24.8 million in the third quarter (NOK 5.1 million) and Year to date NOK 7.2 (NOK -31.9 million), with the main financial items in the third quarter being net gain on foreign exchange related to the bond loan, bond Escrow and royalty liability of NOK 29.0 million, other foreign exchange loss of NOK -9.2 million, gain on foreign exchange derivatives of NOK 0.3 million, interest on cash held of NOK 5.1 million and transaction costs from financing of NOK -0.4 million. Please see note 9 and 10 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 Year to date NOK 171.2 million.

Reported net profit in the third quarter was NOK 10.0 million (NOK -8.3 million) and reported net loss Year to date 2024 was NOK -20.5 million (NOK -65.4 million).

In the third quarter, the Group has capitalized costs related to the construction work at Engebø of NOK 278.3 million on the balance sheet under Mine under construction, down from NOK 385.1 million in the second quarter of 2024 due to less capital-intensive work in the quarter. NOK 26.5 million related to the process area workshop were moved from Mine under construction to Property, plant and equipment in the third quarter due to the completion and subsequent use of the workshop as the main maintenance and storage facility at Engebø. Year to date 2024 the Group capitalized costs related to the construction work at Engebø of NOK 1,206.5 million compared to NOK 766.5 million in the same period 2023. Nordic Mining's consolidated combined carrying amount for Mine under construction and Property, plant and equipment was NOK 2.5 billion as of 30 September 2024 (Second quarter 2024: NOK 2.3 billion).

Net cash flow from operating activities Year to date 2024 was NOK -69.8 million (NOK -76.1 million). Net cash flow from the Group's investment activities related to investment in Mine under construction Year to date 2024 was NOK -947.7 million (NOK -626.5 million), and NOK -70.7 million (NOK -2,2 million) related to acquisition of Property, plant and equipment. 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 and Property, plant and equipment. Interest on the bond loan year to date of 2024 of USD 9.7 million (corresponding to NOK 101.5 million) is included in interest and financing fees paid. Please see note 6 for further information related to the bond Escrow account. Year to date 2024, the Group released USD 108 million (corresponding to NOK 1,152.4 million) from the bond Escrow account, resulting in net cash flow from financing activities of in total NOK 1,049.2 million (NOK 902.8 million).

The Group's cash and cash equivalents as of 30 September 2024 were NOK 586.3 million (Second quarter 2024: NOK 408.6 million). In addition, the Group had NOK 12.6 million on restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license.



Nordic Mining's total assets as of 30 September 2024 were NOK 3.3 billion (30 June 2024: NOK 3.3 billion), and total equity was NOK 1.5 billion (30 June 2024: 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.

Oslo, 4 November 2024
The Board of Directors of Nordic Mining ASA

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

CONSOLIDATED INCOME STATEMENT

	Note	2024		2023		
		01.07-30.09 Unaudited	01.07-30.09 Unaudited	01.01-30.09 Unaudited	01.01-30.09 Unaudited	01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>						
Payroll and related costs		(2 593)	(4 943)	(7 211)	(12 161)	(15 082)
Depreciation and amortization	3	(733)	(79)	(1 227)	(238)	(346)
Other operating expenses	8	(11 521)	(8 378)	(19 222)	(24 432)	(31 041)
Operating profit/(loss)		(14 847)	(13 400)	(27 660)	(36 831)	(46 469)
Fair value gains/losses on convertible loan		-	-	-	3 354	3 354
Net exchange rate gain/loss (-)	9, 10	20 153	571	(7 282)	1 721	25 911
Financial income	10	5 115	4 769	16 506	21 027	26 099
Financial costs	10	(423)	(227)	(2 057)	(54 630)	(55 002)
Profit/(loss) before tax		9 998	(8 287)	(20 493)	(65 359)	(46 107)
Income tax		-	-	-	-	-
Profit/(loss) for the period		9 998	(8 287)	(20 493)	(65 359)	(46 107)
Earnings per share						
<i>(Amounts in NOK)</i>						
Basic earnings per share		0.09 	(0.08)	(0.19)	(0.78)	(0.51)
Diluted earnings per share		0.09 	(0.08)	(0.19)	(0.78)	(0.51)

STATEMENTS OF COMPREHENSIVE INCOME

	2024	2023	2024	2023	2023
	01.07-30.09	01.07-30.09	01.01-30.09	01.01-30.09	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	9 998	(8 287)	(20 493)	(65 359)	(46 107)
Other comprehensive income:					
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates, net of tax	-	-	-	-	536
Other comprehensive income directly against equity	-	-	-	-	536
Total comprehensive income/(loss) for the period	9 998	(8 287)	(20 493)	(65 359)	(45 571)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30.09.2024	31.12.2023
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Mine under construction	3	2 515 820	1 377 083
Property, plant and equipment	4	79 958	3 062
Right-of-use assets		753	1 025
Total non-current assets		2 596 531	1 381 170
Current assets			
Trade and other receivables		71 442	30 561
Spare parts inventory		4 245	-
Bond Escrow	6	-	1 075 042
Restricted cash		12 645	8 430
Cash and cash equivalents		586 296	634 984
Total current assets		674 628	1 749 017
Total assets		3 271 159	3 130 187
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	1 300 938	1 300 938
Share premium		276 410	277 928
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(82 737)	(62 243)
Other comprehensive income/(loss)		(3 696)	(3 696)
Total equity		1 506 953	1 528 965
Non-current liabilities			
Lease liabilities		262	466
Bond loan	6	952 859	902 182
Royalty liability	7	614 114	517 574
Pension liabilities		170	219
Total non-current liabilities		1 567 405	1 420 441
Current liabilities			
Trade payables		46 308	94 312
Other current liabilities		150 492	86 468
Total current liabilities		196 800	180 780
Total liabilities		1 764 205	1 601 221
Total shareholders' equity and liabilities		3 271 159	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
Equity 1 January 2023		139 390	319 430	16 038	(4 232)	(16 135)	454 491
Profit/(loss) for the period		-	-	-	-	(65 359)	(65 359)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(65 359)	(65 359)
Share issue		1 161 548	-	-	-	-	1 161 548
Transaction costs		-	(41 501)	-	-	-	(41 501)
Equity 30 September 2023		1 300 938	277 928	16 038	(4 232)	(81 494)	1 509 178
Equity 1 January 2024		1 300 938	277 928	16 038	(3 696)	(62 243)	1 528 965
Profit/(loss) for the period		-	-	-	-	(20 493)	(20 493)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(20 493)	(20 493)
Share issue	5	0	-	-	-	-	0
Transaction costs	5	-	(1 518)	-	-	-	(1 518)
Equity 30 September 2024		1 300 938	276 410	16 038	(3 696)	(82 737)	1 506 953

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		2024	2023
		01.01-30.09	01.01-30.09
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Unaudited
Operating activities:			
Net cash from/used (-) in operating activities		(69 829)	(76 068)
Investing activities:			
Investment in mine under construction		(947 732)	(626 465)
Acquisition of property, plant and equipment		(70 659)	(2 150)
Net cash used in investing activities		(1 018 391)	(628 615)
Financing activities:			
Share issuance		0	1 021 926
Transaction costs, share issue		(1 518)	(41 501)
Transfer from Bond Escrow	6	1 152 427	-
Interest paid		(101 520)	(53 829)
Other financing fees paid		-	(23 681)
Payment of lease liabilities		(229)	(113)
Net cash from financing activities		1 049 160	902 801
Net change in cash and cash equivalents		(39 059)	198 118
Cash and cash equivalents at beginning of period		634 984	164 703
Effect of exchange rate fluctuation on cash held		(9 630)	23
Cash and cash equivalents at end of period		586 296	362 844
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		12 645	8 430
Restricted and unrestricted cash at end of period		598 941	371 274

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 September 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 4 November 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 9. 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 of 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 in the balance sheet as Mine under construction.

Note 4 - PROPERTY, PLANT AND EQUIPMENT

Additions to Property, plant and equipment in Q3 2024 relate mainly to the process area workshop that was completed in Q3 2024. Related costs have been reclassified from Mine under construction to Property, plant and equipment in Q3 2024. The administration building and process area workshop are depreciated on a straight-line basis over an estimated useful life of 39 years.

Note 5 - 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 increased by NOK 3 to NOK 1,300,938,396 divided into 108,411,533 shares, each with a par value of NOK 12.

Note 6 - 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 have been 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, in Q2 2024 the second release of USD 30 million was completed, and in Q3 2024 the Company completed the third and final release of USD 48 million.

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

Note 7 - 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 royalty payments under the royalty agreement equal to 11% of gross revenue from the Engebø Project.

The royalty liability was 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 80.6 million YTD 2024.

Note 8 - OTHER OPERATING EXPENSES

The Norwegian Supreme Court ruled in March 2024 in favor 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 9 - 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 was to hedge the USD/NOK foreign exchange rate for the release of USD amounts from bond escrow. The value dates aligned 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 contract	USD	25 million	NOK	262.5 million	10,5000	23 May 2024
Forward FX contract	USD	20 million	NOK	211.6 million	10,5818	20 Aug 2024

The contracts listed above expired in Q2 and in Q3 2024, with a net YTD loss of NOK 5.9 million. See note 10.

Note 10 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCIAL INCOME AND FINANCIAL COSTS

2024:

Net exchange rate gain/loss (-) in the third quarter and YTD 2024 consists mainly of:

- foreign exchange gain of NOK 7.0 million on bond Escrow in USD (YTD 2024: gain NOK 51.9 million),
- foreign exchange gain of NOK 13.8 million on the USD bond loan (YTD 2024: loss NOK 33.5 million),
- foreign exchange gain of NOK 8.2 million on the USD royalty liability (YTD 2024: loss NOK 15.9 million),
- foreign exchange gain of NOK 0.3 million on foreign exchange derivatives (YTD 2024: loss NOK 5.9 million), and
- other foreign exchange loss of NOK 9.2 million (YTD 2024: loss NOK 3.8 million).

Financial income in the third quarter and YTD 2024 consists mainly of:

- interest on cash held of NOK 5.1 million (YTD 2024: NOK 16.5 million).

Financial costs in the third quarter and YTD 2024 consist mainly of:

- transaction costs and fees from financing of NOK 0.4 million (YTD 2024: NOK 2.0 million).

2023:

Net exchange rate gain/loss (-) in the third quarter and YTD 2023 consists mainly of:

- foreign exchange loss of NOK 15.3 million on bond Escrow in USD (YTD 2023: gain NOK 77.9 million),
- foreign exchange gain of NOK 14.9 million on the USD bond loan (YTD 2023: loss NOK 76.5 million), and
- other foreign exchange gain of NOK 1.0 million (YTD 2023: gain NOK 0.4 million).

Financial income in the third quarter and YTD 2023 consists mainly of:

- interest on cash held and bond Escrow of NOK 4.8 million (YTD 2023: NOK 21.0 million).

Financial costs in the third quarter and YTD 2023 consist mainly of:

- interest costs on bond loan of NOK 0.0 million as borrowing costs have been capitalized to Mine under construction (YTD 2023: NOK 30.1 million), and
- transaction costs from financing of NOK 0.2 million (YTD 2023: NOK 24.5 million).

Note 11 - EVENTS AFTER BALANCE SHEET DATE

- In October, ERG entered into an agreement with ESTR Holding AS for the construction and lease of a mining workshop to be built in the mining area. The lease has a duration of 5 years with an obligation to purchase the building no later than the end of the lease.