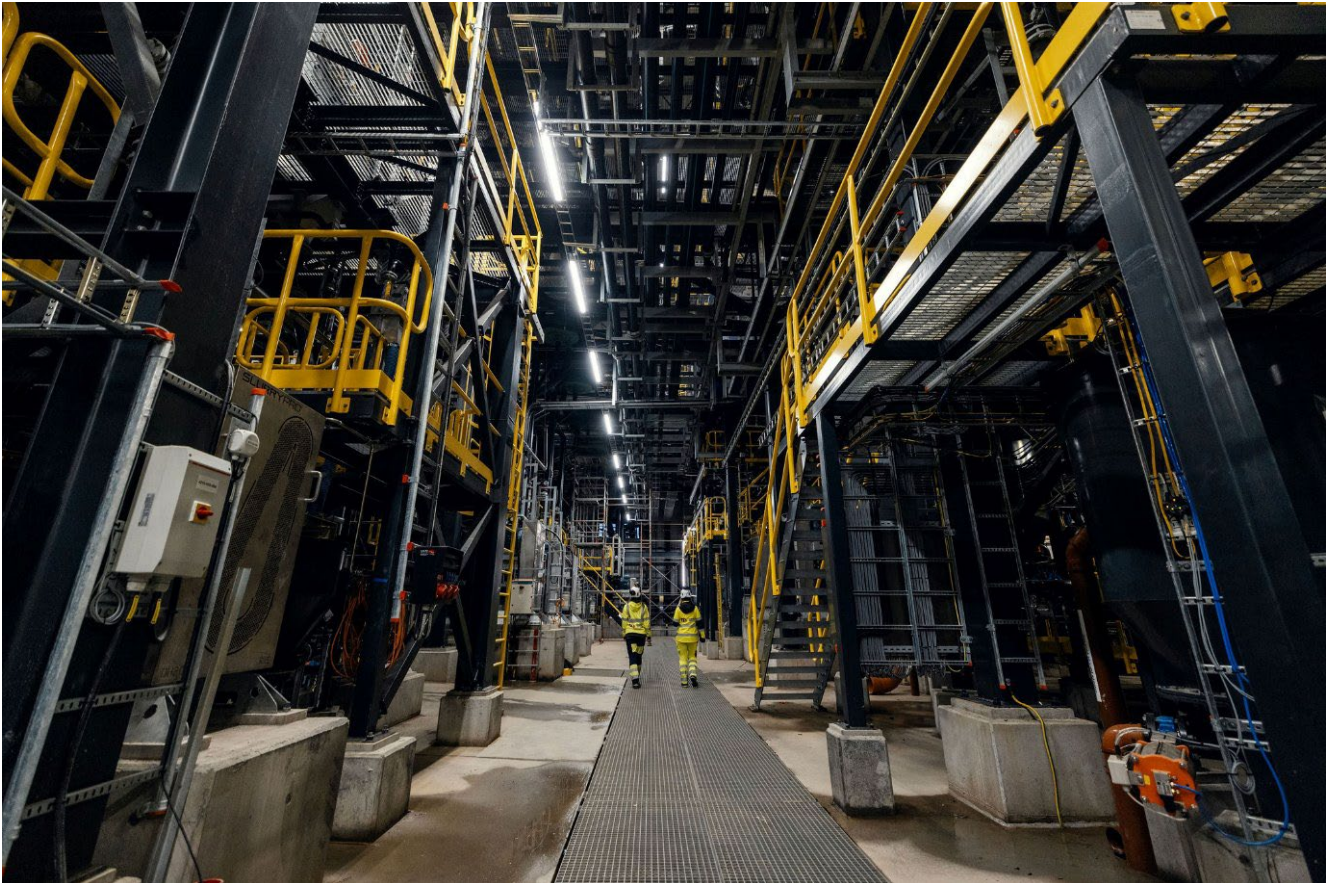


INTERIM REPORT

Per 31 December 2024



MINERALS FOR A SUSTAINABLE FUTURE

SAFETY | ENVIRONMENT | INNOVATION

Engebø Rutile and Garnet AS ("Engebø Rutile and Garnet" or the "Company") is a wholly owned subsidiary of Nordic Mining ASA. The Company is undertaking a large-scale industrial development at Engebø on the west coast of Norway where the Company has mining rights and permits to a substantial eclogite deposit with rutile and garnet.

Nordic Mining ASA is listed on Oslo Stock Exchange.

Engebø Rutile and Garnet interim report for the quarter ended 31 December 2024

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 almandine garnet. Based on the current resource and reserve estimates, the mine-life 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. The construction is completed through four lump-sum EPC ("Engineering, Procurement and Construction") contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS, and all significant parts of the mine and processing plant have been installed and commissioned at site. Offtake agreements have been secured for up to the full production of rutile and garnet for the first 5 years of production.

Highlights

- The construction project at Engebø has to date (31st December 2024) reported 995 working days by the four EPCs, including subcontractors, with zero LTIs. Total hours worked at site by the EPCs exceeded 400 000 hours in the quarter.
- First mineral concentrate was produced at Engebø on 23 December 2024.
- The Company reported NOK 147.2 million in capitalized costs related to the construction of the Engebø Project in the fourth quarter. The Company's consolidated carrying amount for *Mine under construction and Property, plant and equipment* was NOK 2.9 billion as of 31 December 2024.
- The company transferred from trading on Euronext Expand to Euronext Oslo Børs in November 2024.

Engebø project development and economy

- The main construction activities at Engebø were completed during the fourth quarter. Only minor balance of plant items remains to complete the scope of work for the EPC and subcontractors. These activities have no impact to the production ramp-up as final testing of machinery is ongoing with EPCs and process equipment suppliers.
- The final documentation requirements according to the Planning and Building Act are being prepared by the various responsible companies in accordance with the different building applications.
- First ore to the milling and mineral separation circuits achieved in November 2024.
- First mineral concentrate achieved on 23 December 2024.
- The Company did not achieve all ramp-up goals set for January 2025 due to unforeseen challenges realised as capacity was increased during production ramp up. These issues have been identified and most have been rectified. Where rectification has not been possible, temporary short-term solutions have been implemented as we await remedied equipment for the final solution. Temporary solutions reduce part of plant throughput but is not expected to have a significant impact on requirements in this current stage of ramp-up.
- The ramp-up is currently in a phase with uncertainty, where process equipment has increasing load and extended operating hours. Additional unforeseen challenges or

debottlenecking requirements might occur as the ongoing tasks are of high complexity, and activities are running in parallel to achieve the production ramp-up plans.

- Revenue forecast shifted approximately one quarter by comparison to previous expectations based on the production ramp-up challenges.
- The Company target for first shipment of garnet in the end of first quarter and first shipment of rutile in second quarter.
- The Company is fully funded until positive cash flow, but due to deferred revenues the cash low-point will be lower than the previously reported project reserves of USD 25 million.

Market development

The pigment market declined in Q4 due to several reasons, with the main drivers being the conflicts in Ukraine and the Middle East, as well as usual seasonal effects in the Northern Hemisphere. Implementation of definitive tariffs for Chinese TiO₂ pigment into EU is expected to reduce the price competitiveness of Chinese imports and support operating rates for Western pigment producers. This may result in higher demand prospects for titanium feedstocks in the West going into 2025.

The demand for aircraft worldwide is strong and is growing resulting in steady demand for titanium sponge. Titanium sponge producers are reporting production levels at full capacity.

As from Q3 2023, rutile prices have been weakening due to the weakness in the pigment segment. Rutile prices seem to have stabilized and are expected to strengthen in 2025, driven by the improved market conditions in the pigment and metal sectors.

The Company has two rutile offtake agreements covering up to full production volume of rutile for the first five years. Price is based on market price mechanisms using global, independent consulting and publishing company TZ Minerals International Pty Ltd.

Industrial markets in both North America and Europe struggled in Q4. This was reflected in economic indicators and directly reflected slower demand for industrial abrasives including garnet. This trend continued into January, but there are early indications that demand will improve over the course of 2025.

Nordic Mining has offtake agreement for garnet with marketing partner BARTON group. Volume and prices are fixed for the first five years.

Financial performance in fourth quarter 2024¹

The Engebø Project is currently in production ramp-up and the Company has, so far, no sales revenues from operations. Reported operating loss for the fourth quarter was NOK -13.9 million (NOK -6.1 million) and NOK -27.7 million for the full year (NOK -27.3 million).

Net financial items were NOK -67.5 million in the fourth quarter (NOK 27.9 million), and NOK -63.5 million for the full year (NOK -7.0 million). The main financial items in the fourth quarter consisted of net loss on foreign exchange related to the bond loan and royalty liability of NOK -134.9 million, other foreign exchange loss of NOK 15.1 million, interest on cash held of NOK 4.5 million, change in estimate of royalty liability of NOK 47.9 million and transaction costs from financing of NOK -0.1 million. Please see note 7 and 8 for further information. Borrowing costs on loans from parent company, the bond loan and the royalty liability, net of interest on bond Escrow,

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

has been capitalized under *Mine under construction*, in total NOK 79.2 million in the fourth quarter and NOK 273.5 million for the full year.

Reported net loss in the fourth quarter was NOK -81.4 million (NOK 21.8 million) and reported net loss of NOK -91.2 for the full year (NOK -34.3 million).

In the fourth quarter, the Company has capitalized costs of NOK 147.2 million on the balance sheet under *Mine under construction*, down from NOK 286.0 million in the third quarter of 2024 due to less capital-intensive work in the quarter. The Company's combined carrying amount for *Mine under construction* and *Property, plant and equipment* was NOK 2.9 billion as of 31 December 2024 (Third quarter 2024: NOK 2.7 billion).

Net cash flow from operating activities for the full year was NOK -30.1 million (NOK -26.2 million). Net cash flow from investment activities related to *Investment in mine under construction* for the full year was NOK -1,072.8 million (NOK -885.1 million), and NOK -87.8 million (NOK -0.5 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 for the full year of 2024 of USD 12.0 million (corresponding to NOK 136.3 million) is included in interest and financing fees paid. Please see note 4 for further information related to the bond Escrow account. For the full year, the Company 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 1,016.1 million (NOK 1,407.7 million).

The Company's cash and cash equivalents as of 31 December 2024 were NOK 361.7 million (Third quarter 2024: NOK 489.8 million). In addition, the Company had NOK 12.6 million in restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license.

Engebø Rutile and Garnet's total assets as of 31 December 2024 were NOK 3.3 billion (31 December 2023: NOK 3.1 billion), and total equity was NOK 923.6 million (31 December 2023: NOK 1.0 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, 10 February 2025

The Board of Directors of Engebø Rutile and Garnet AS

INCOME STATEMENT

| | Note | 2024 | 2023 | 2024 | 2023 | 2023 |
|-------------------------------------|------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| | | 01.10-31.12 Unaudited | 01.10-31.12 Unaudited | 01.01-31.12 Unaudited | 01.01-30.09 Unaudited | 01.01-31.12 Audited |
| <i>(Amounts in NOK thousands)</i> | | | | | | |
| Depreciation and amortization | 3 | (1 409) | (42) | (2 365) | (138) | (180) |
| Other operating expenses | 6 | (12 495) | (6 051) | (25 340) | (21 101) | (27 152) |
| Operating profit/(loss) | | (13 904) | (6 093) | (27 705) | (21 239) | (27 333) |
| Net exchange rate gain/loss (-) | 7, 8 | (119 797) | 24 206 | (127 056) | 1 021 | 25 227 |
| Financial income | 8 | 52 365 | 4 014 | 65 737 | 18 722 | 22 736 |
| Financial costs | 8 | (112) | (367) | (2 134) | (54 609) | (54 976) |
| Profit/(loss) before tax | | (81 448) | 21 760 | (91 158) | (56 105) | (34 345) |
| Income tax | | - | - | - | - | - |
| Profit/(loss) for the period | | (81 448) | 21 760 | (91 158) | (56 105) | (34 345) |

STATEMENT OF FINANCIAL POSITION

| | | 31.12.2024 | 31.12.2023 |
|---|------|------------------|------------|
| <i>(Amounts in NOK thousands)</i> | Note | Unaudited | Audited |
| ASSETS | | | |
| Non-current assets | | | |
| Mine under construction | 2 | 2 770 630 | 1 462 466 |
| Property, plant and equipment | 3 | 95 021 | 912 |
| Total non-current assets | | 2 865 651 | 1 463 378 |
| Current assets | | | |
| Trade and other receivables | | 25 065 | 28 904 |
| Spare parts inventory | | 10 011 | - |
| Bond Escrow | 4 | - | 1 075 042 |
| Restricted cash | | 12 645 | 8 430 |
| Cash and cash equivalents | | 361 737 | 522 164 |
| Total current assets | | 409 458 | 1 634 541 |
| Total assets | | 3 275 108 | 3 097 919 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| Shareholders' equity | | | |
| Share capital | | 26 078 | 26 078 |
| Share premium | | 897 502 | 988 660 |
| Retained earnings/(losses) | | - | - |
| Total equity | | 923 579 | 1 014 737 |
| Non-current liabilities | | | |
| Bond loan | 4 | 1 043 609 | 902 182 |
| Royalty liability | 5 | 599 798 | 517 574 |
| Liability to parent company | | 518 048 | 487 220 |
| Total non-current liabilities | | 2 161 455 | 1 906 975 |
| Current liabilities | | | |
| Trade payables | | 40 098 | 93 552 |
| Other current liabilities | | 149 976 | 82 655 |
| Total current liabilities | | 190 074 | 176 207 |
| Total liabilities | | 2 351 529 | 2 083 182 |
| Total shareholders' equity and liabilities | | 3 275 108 | 3 097 919 |

STATEMENT OF CHANGES IN EQUITY

Unaudited

| <i>(Amounts in NOK thousands)</i> | Note | Share capital | Share premium | Accumulated losses | Total equity |
|--|------|---------------|----------------|--------------------|------------------|
| Equity 1 January 2024 | | 26 078 | 988 660 | - | 1 014 737 |
| Profit/(loss) for the period | | - | - | (91 158) | (91 158) |
| Reduction of share premium to cover losses | | | (91 158) | 91 158 | - |
| Equity 31 December 2024 | | 26 078 | 897 502 | - | 923 579 |

CONDENSED CASH FLOW STATEMENT

| | 2024 | 2023 |
|--|--------------------|------------------|
| | 01.01-31.12 | 01.01-31.12 |
| <i>(Amounts in NOK thousands)</i> | Unaudited | Audited |
| <i>Operating activities:</i> | | |
| Net cash from/used (-) in operating activities | (30 120) | (26 204) |
| <i>Investing activities:</i> | | |
| Investment in mine under construction | (1 072 832) | (885 096) |
| Acquisition of property, plant and equipment | (87 803) | (478) |
| Sale of property, plant and equipment | - | 359 |
| Net cash used in investing activities | (1 160 635) | (885 215) |
| <i>Financing activities:</i> | | |
| Transaction costs, share issue | - | (34 796) |
| Transfer from Bond Escrow | 1 152 427 | - |
| Net proceeds from royalty financing | - | 536 820 |
| Interest paid | (136 317) | (88 694) |
| Other financing fees paid | - | (23 686) |
| Net proceeds from borrowings from parent company | (0) | 1 018 052 |
| Net cash from financing activities | 1 016 110 | 1 407 696 |
| Net change in cash and cash equivalents | (174 644) | 496 278 |
| Cash and cash equivalents at beginning of period | 522 164 | 32 377 |
| Effect of exchange rate fluctuation on cash held | 14 217 | (6 491) |
| Cash and cash equivalents at end of period | 361 737 | 522 164 |
| Net change in restricted cash | 4 215 | 4 215 |
| Restricted cash at beginning of period | 8 430 | 4 215 |
| Restricted cash at end of period | 12 645 | 8 430 |
| Restricted and unrestricted cash at end of period | 374 382 | 530 594 |

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. They do not include all the information required for full annual financial reporting and should be read in conjunction with the annual financial statements of Engebø Rutile and Garnet AS for the year ended 31 December 2023.

This report was authorized for issue by the Board of Directors on 10 February 2025.

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023. In 2024 the Company has entered into derivative foreign exchange contracts. See note 7. Under Norwegian GAAP the contracts are considered to be fair value hedging of the bond escrow. The Company reflects the hedging by recording the bond escrow at the exchange rate on the balance sheet date and the derivative instruments at fair value as financial assets or liabilities. Changes in fair value arising on re-measurement of the derivative instruments are recognized in the income statement as incurred.

Note 2 – MINE UNDER CONSTRUCTION

The Engebø project is in a test phase and ramp-up phase, which means that the construction phase has been completed and all significant parts of the mine and processing plant have been installed and commissioned at site. At the end of the period, the company does not consider the plant to be operating in the manner intended by the management and the direct costs related to the work described above have been capitalized in the balance sheet as Mine under construction.

Note 3 – PROPERTY, PLANT AND EQUIPMENT

Additions to Property, plant and equipment in 2024 relate mainly to the administration building and the process area workshop. The administration building and the process area workshop are depreciated on a straight-line basis over an estimated useful life of 39 years.

Note 4 - BOND LOAN AND BOND ESCROW

The Company 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 were 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 5 – ROYALTY LIABILITY

In November 2023 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 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 111.1 million YTD 2024.

In fourth quarter 2024 the Company has, based on updated Rutile price forecasts from TZMI, revised its estimates of future cash flows related to the royalty agreement. The net effect of the change in estimate, NOK 47.9 million, has been recognized as financial income.

Next year's estimated royalty payments have been reclassified to other current liabilities.

Note 6 - OTHER OPERATING EXPENSES

The Norwegian Supreme Court ruled in March 2024 in favour of Engebø Rutile and Garnet AS 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 expense in Q1 2024. The amount was received in April 2024.

Note 7 – FOREIGN EXCHANGE (FX) DERIVATIVE CONTRACTS

The Company 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 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 8.

Note 8 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCIAL INCOME AND FINANCIAL COSTS

2024:

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

- foreign exchange gain of NOK 0.0 million on bond Escrow in USD (YTD 2024: gain NOK 51.9 million),
- foreign exchange loss of NOK 84.6 million on the USD bond loan (YTD 2024: loss NOK 118.1 million),
- foreign exchange loss of NOK 50.3 million on the USD royalty liability (YTD 2024: loss NOK 66.3 million),
- foreign exchange gain of NOK 0.0 million on foreign exchange derivatives (YTD 2024: loss NOK 5.9 million), and
- other foreign exchange gain of NOK 15.1 million (YTD 2024: gain NOK 11.3 million).

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

- interest on cash held of NOK 4.5 million (YTD 2024: NOK 17.9 million).
- change in estimate royalty liability of NOK 47.9 million (YTD 2024: NOK 47.9 million).

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

- transaction costs and fees from financing of NOK 0.1 million (YTD 2024: NOK 2.1 million).

2023:

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

- foreign exchange loss of NOK 46.9 million on bond Escrow in USD (YTD 2023: gain NOK 30.9 million),
- foreign exchange gain of NOK 45.0 million on the USD bond loan (YTD 2023: loss NOK 31.5 million),
- foreign exchange gain of NOK 31.6 million on the USD royalty liability (YTD 2023: gain NOK 31.6 million), and
- other foreign exchange loss of NOK 5.4 million (YTD 2023: loss NOK 5.7 million).

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

- interest on cash held and bond Escrow of NOK 4.0 million (YTD 2023: NOK 22.7 million).

Financial costs in the fourth 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 0.3 million (YTD 2023: NOK 24.8 million).

Note 9 - FIXED PRICE ELECTRICITY CONTRACT

The Company has entered into a fixed price contract for the purchase of electricity to the mining facilities in Engebø. The fixed price contract covers a portion of the estimated use by the production facilities over the next three years (2025-2027). The contract qualifies for the own use exemption under IFRS 9 and is not defined as a financial instrument.

Note 10 - EVENTS AFTER BALANCE SHEET DATE

In January there was a minor fire discovered in one of the drying machines at the Engebø facility. No one was injured due to the incident, and the incident was handled according to procedures. The fire has not caused any significant delays in the production ramp-up phase.