



**NORDIC
MINING**

INTERIM REPORT Per 30 June 2020



Minerals for a sustainable future

Nordic Mining ASA ("Nordic Mining" or the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company's project portfolio is of high international standard and holds significant economic potential. The Company's assets are in the Nordic region.

Nordic Mining is undertaking a large-scale project development at Engebø on the west coast of Norway where the Company has rights and permits to a substantial eclogite deposit with rutile and garnet. Nordic Mining also holds 16.3% of the shares in Keliber Oy, which is developing a lithium project in Finland to become the first European producer of battery grade lithium hydroxide.

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 exploration of seabed minerals.

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

Group interim report for the quarter ended 30 June 2020

Important events in the second quarter of 2020 and year to date:

CORPORATE

Adequately financed well into 2021

In January 2020, Nordic Mining completed an equity issue with gross proceeds of NOK 57.4 million. As a result of the substantial uncertainties in the global and national economies imposed by the Coronavirus pandemic, the Company is progressing development activities for the Engebø project cautiously and strategically, with a focus to improve project resilience, retain financial flexibility and reduce risk. Nordic Mining has no interest-bearing debt and is adequately financed well into 2021 based on current forecasts and work plans.

Strengthening of Management

The Group's new CFO Christian Gjerde took up his position effective from 1 August 2020.

ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)

Definitive Feasibility Study completed

In January 2020, the Company published the results of the Definitive Feasibility Study (DFS) for the Engebø project. The study reinforces Engebø as a world class rutile and garnet project and outlines the execution plan for the project.

Elevated global uncertainty necessitates project re-assessment

Due to substantial uncertainties in the global and national economies imposed by the unprecedented Coronavirus pandemic, the Company has adjusted progress plans and is undertaking a comprehensive project review with the purpose to increase the project's robustness to future market conditions. Whilst forecasting is difficult in a time with possibly the biggest economic uncertainty in decades, the Company assumes that the economic recovery from the pandemic can be slow and that the economic fallout may be more substantial than previously experienced. The ongoing project review includes revisions of market scenarios and strategies, as well as updates of sales projections for rutile and garnet.

The global consulting and engineering company Ausenco has been engaged to do a value engineering assessment of the Engebø project based on a fit-for-purpose strategy. Preliminary indications have revealed attractive potential and opportunities for improvement of plant lay-out and configuration as well as mine methodology and scheduling. Nordic Mining will evaluate the opportunities from Ausenco and establish plans for further project progress. The DFS and the time schedule for the project going forward is under revision based on results from the ongoing review process.

Operating license granted

On 17 June, the Directorate of Mining granted the operating license for the Engebø project. The license is granted for the life of mine of the project which includes an open pit and underground phase. 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 permits for the project.

Sustainability at the core of the strategy

Nordic Mining is continuously investigating measures to further improve the environmental aspects of the Engebø project. In June 2020, an application was submitted to the Environment Agency for substitution of chemicals that will be used in ore processing. The planned consumption is a 99% reduction compared with the granted chemicals in the environmental permit of 2015. Further, Nordic Mining will evaluate (renewable) electric drying instead of natural gas to reduce climate footprint from the mineral processing. Additionally, the ongoing assessments of plant lay-out and configuration may further reduce the physical footprint of the project.

Comprehensive planning is ongoing to develop an environmental and social management system to ensure environmental and social issues are managed in accordance with the Group's standards, permits and Norwegian regulations. This includes i.e. advanced environmental monitoring programs to ensure adherence to permits and to mitigate environmental effects.

Market outlook and dialogues

Generally, the market outlook for rutile and garnet is uncertain due to the impact of the Coronavirus pandemic.

For rutile, expected reduced supply and retained attractiveness in various industrial applications indicate a positive fundamental long-term outlook. The average rutile price in the first half of 2020 is reported around USD 1,240 per tonne (FOB Australia). This is around USD 100 per tonne higher than the price assumption used in the Engebø DFS. The dialogue with the Japanese trading house, with which a Heads of Agreement related to rutile offtake and participation in project financing was signed in 2019, is proceeding constructively, with target to finalize the terms and conditions for a long-term offtake agreement.

The demand for garnet is affected from reduced economic activity caused by the Coronavirus pandemic and the reduced oil price. The main production countries for garnet are Australia, China, India and South-Africa. Currently, there is no production of garnet in Europe and a long-term source of supply of high-quality garnet from Engebø is regarded to be attractive.

KELIBER LITHIUM PROJECT (16.3% ownership)

Significant market drivers

Keliber's updated DFS for the lithium project was presented in February 2019 based on production of lithium hydroxide. Since then, the global lithium market has softened due to temporary lower demand and weak spot prices in Asia. The long-term outlook is positive related to accelerated electrification of transportation and transition of energy production towards renewable sources. A substantial recovery is expected in the lithium market in the coming years.

Comprehensive activities are ongoing related to increasing production capacities for lithium batteries in Europe. Also, in the Nordic countries significant battery initiatives are being developed. Keliber's targeted position as a low-cost producer and the first producer in Europe of battery grade lithium hydroxide is expected to be an advantage when it comes to future sales to European battery manufacturers.

Ongoing project update and review

Keliber continues to advance the lithium project in various fields including technical planning, permitting, ore potential, market assessments and financing. This also includes activities to optimize the business case compared with the updated DFS published in February 2019. Decisions have been taken to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. Further, the concentrator plant will be moved closer to the main spodumene deposits to increase efficiency and reduce environmental footprint.

FINANCIAL PERFORMANCE IN Q2 AND FIRST HALF YEAR

Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2019.

The Group is in the Definitive Feasibility Study phase of the Engebø project and has, so far, no sales revenues from its operation. Activities related to the Engebø project were the main drivers for the operating loss in the second quarter of NOK -7.7 million (NOK -20.7 million) and accumulated NOK -24.8 million (NOK -35.9 million) for the first half of 2020. The operating result in the second quarter reflects the Group's cautious and strategic approach to progressing development activities post-Coronavirus.

In March 2020, Keliber completed a share issue directed towards existing shareholders with total gross proceeds of EUR 5.8 million at a subscription price of EUR 33 per share, which implies a post-money value of Keliber of EUR 48.4 million (ref. note 3). Following the share issue, Nordic Mining was diluted from 18.5% to 16.3% ownership. In the first quarter, the Group adjusted the value of the investment in Keliber based on the value implied by the share issue. As per 30 June 2020, the Group has retained the value assessment, with adjustment for change in foreign currency. The impact in the second quarter and accumulated is a translation loss on the investment (no cash effect) of NOK -4.7 million (NOK 0.4 million) and NOK -4.7 million (NOK 97.5 million), respectively. Please see note 3 for further information. As per 30 June 2020, the carrying amount for Nordic Mining's investment in Keliber is NOK 86.1 million (31.12.19: NOK 90.8 million).

The total net result for the Group in the second quarter was NOK -12.4 million (NOK -20.5 million). Accumulated net loss for the first half of 2020 was NOK -29.1 million (NOK 61.4 million).

Cash flow from the Group's operating activities in the first half year was negative with NOK -27.4 million (NOK -32.3 million). In the second quarter, the cash flow from operating activities was NOK -11.3 million, reflecting the Group's adjusted development activity. Accumulated net cash used in investment activities was

NOK -0.2 million (NOK -0.2 million). The Group's investments relate to licence cost for the Engebø project. Net cash flow from financing activities was NOK 54.0 million (NOK 25.1 million) arising from the share issue in January, ref. note 4. The Group's cash balance at 30 June 2020 amounted to NOK 57.1 million (31.12.19: NOK 30.6 million). Based on current forecasts and work plans, the Group is adequately financed well into 2021.

Nordic Mining's total assets as of 30 June 2020 were NOK 174.5 million (31.12.2019: NOK 152.4 million), and the Group's total equity amounted to NOK 168.9 million (31.12.2019: NOK 143.8 million). The Group has no interest-bearing debt and an equity ratio of approximately 97% (31.12.19: 94%).

Going forward, the Group will require long-term financing to develop its projects towards production. There is no assurance that the Group will be successful in obtaining the required financing, however the Company expects that the significant economic potential of the Engebø flagship project and the ownership in the Keliber lithium project, combined with a solid, debt-free balance sheet, will provide a solid basis for financing going forward.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2019 which is available on the Company's webpage www.nordicmining.com.

MAIN PROJECTS AND ACTIVITIES

Engebø rutile and garnet project (100% ownership)

General project information

The Engebø deposit is one of the largest unexploited rutile deposits in the world and 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 Company published the results of the Definitive Feasibility Study (DFS) for the project in January 2020. The study reinforces Engebø as a world class rutile and garnet project and outlines the plans for execution of the project.

The Engebø project will be developed in accordance with high international standards for environment, health and safety. Regional hydro-electric power will supply the process plant with renewable energy. The deposit has a favourable location next to a deep-water quay and with efficient shipping/logistics to European and overseas markets. This limits the project's physical footprint and reduces adverse environmental effects.

As part of the DFS, a comprehensive plan has been made to develop an environmental and social management system (ESMS) to ensure environmental and social issues are managed in accordance with the Group's standards, permits and Norwegian regulations. ESMS and supporting programs, will be developed and adapted as part of the operational readiness work. Advanced environmental monitoring programs, using state of the art technologies, will be put in place to ensure adherence to permits and to mitigate environmental effects.

The Engebø deposit will be developed as a dual mineral operation with production and sale of high-quality rutile and garnet. The business concept provides efficient resource utilization, risk reduction, attractive and robust economics, and valuable future expansion opportunities. The substantial inferred mineral resource highlights the potential for expansion and/or extension of project mine life.

Mineral resource and ore reserve estimates

The following tables provide an overview of the mineral resource and ore reserves estimates, both at 2% TiO₂ cut-off grade, as presented in the DFS by Competent Person Adam Wheeler.

Mineral resource estimate

TiO ₂ Cut-off	Classification	Tonnes (Mt)	Total TiO ₂ (%)	Garnet (%)
2%	Measured	29.2	3.60	44.5
	Indicated	104.0	3.48	43.9
	Total – Measured and Indicated	133.2	3.51	44.0
	Inferred	254.1	3.15	41.3

Ore reserve estimate

Open Pit	Tonnes (Mt)	TiO ₂ Grade (%)	Garnet Grade (%)
Proven	21.07	3.54	43.8
Probable	13.18	3.29	43.3
Total Open Pit	34.26	3.45	43.6
Underground			
Proven	2.35	3.34	39.2
Probable	26.49	3.21	38.7
Total Underground	28.85	3.22	38.7
Grand Total	63.10	3.34	41.4

Main results from the DFS

The results of the DFS were published in January 2020. The complete summary report is available at the corporate website, and the key results are summarized in the following:

- Dual-mineral production of rutile and garnet in a combined, optimized process provides profitable and robust project financials (in real 2019 terms):
 - Pre-tax NPV@8% USD 450 million
 - Pre-tax IRR 21.9%
 - Post-tax NPV@8% USD 344 million
 - Post-tax IRR 19.8%
- Strong cashflow and short payback support bankability:
 - Average annual free cashflow first 15 years of USD 70 million
 - Net operating cashflow (undiscounted) of USD 2,160 million
 - Initial capex of USD 311 million and deferred capex of USD 25 million (underground)
 - Pay-back period < 5 years
- Low production cost provides competitive strength:
 - Outcropping and geotechnically stable orebody with low stripping ratio
 - Short distance and gravity driven ore transportation minimize transportation
 - Short distance and favourable logistics to main markets
 - 1st quartile revenue-to-cost position for rutile
- Optimized mining plan supports an initial 42 years project life with 1.5 mtpa run of mine operation:
 - 15 years of open pit mining and high-grade processing, and stockpiling of medium/low-grade ore
 - 19 years underground production
 - 8 years production with no mining costs based on stockpiled ore
 - Further project life extension possible based on substantial inferred resources
- High environmental and social standards in accordance with IFC Guidelines and Equator Principles:
 - Environmental:
 - Low carbon footprint and limited land use due to tight project infrastructure, minimal internal transportation and accessible sea freight for transport to market
 - Renewable hydroelectric power as the main source of energy
 - Clean mining operation with no acid drainage and inert minerals
 - Social:
 - Cornerstone operation with 105 full-time employees
 - Substantial regional indirect benefits for supplier and services industries
 - Positive impacts on people's livelihood, education and work opportunities and cultural flourishing
 - Stakeholder engagement to ensure good dialogue with neighbours, communities and other interest groups

Elevated global uncertainty necessitates project re-assessment

Due to substantial uncertainties in the global and national economies imposed by the unprecedented Coronavirus pandemic, the Company has adjusted progress plans and is undertaking a comprehensive project review with the purpose to increase the project's robustness to future market conditions. Whilst forecasting is extremely difficult in a time with possibly the biggest economic uncertainty in decades, the Company assumes that the economic recovery from the pandemic can be slow and that the economic fallout may be more substantial than previously experienced. The ongoing project review includes revisions of market scenarios and strategies, as well as updates of sales projections for rutile and garnet.

The global consulting and engineering company Ausenco has been engaged to do a value engineering assessment of the Engebø project based on a fit-for-purpose strategy. Preliminary indications have revealed possible optimization opportunities in the plant lay-out and configuration, as well as mine operating strategies. Nordic Mining will evaluate the findings from Ausenco and establish plans for further project progress. The DFS and the time schedule for the project going forward is under revision based on results from the ongoing review process.

Permits and local planning

On 17 June, the Directorate of Mining granted the operating license for the Engebø project. The 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.

The deadline for appeals related to the operating license were 8 July 2020. Appeals will be considered by the Ministry of Trade and Industry.

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 process for regulation of the water supply pipeline is ongoing, and a resolution from the municipalities is expected in the third quarter of 2020.

Commercial outlook

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supply from Engebø represent a substantial opportunity for logistical optimization. The changes and turbulences in the global and national economies imposed by the Coronavirus pandemic represent, however, significant uncertainties going forward.

As a high-grade titanium feedstock, Nordic Mining expects rutile to be in relatively strong demand going forward. Further, the supply from existing rutile producers is expected to be continuously reduced in the coming years. This includes the only existing rutile production in Europe from Ukraine. The long-term rutile price assumption in the DFS of USD 1,142 per tonne was based on a forecast from the Australian consultancy company TZMI's. The average rutile price in the first half of 2020 is reported around USD 1,240 per tonne (FOB Australia).

The main applications for garnet are in waterjet cutting and sand blasting. Prices vary depending on quality and application. 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 increasing demand. To a large extent, this is due to regulatory measures introduced by the Indian government, affecting a substantial part of the garnet production in India. It is uncertain when and to what extent Indian production will re-enter the market. Because of the Coronavirus pandemic, the demand for garnet could possibly be reduced both in the waterjet and blasting segments due to expected lower global GDP growth. The blasting segment may additionally be affected from the recent substantial fall in the oil price. How long these effects will prevail is currently difficult to overlook.

Offtake and participation in project financing

In January 2019, Nordic Mining signed a Heads of Agreement with a Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The dialogue between the parties proceeds constructively targeting to finalize the terms and conditions

for an offtake agreement to secure future cashflows and strengthen the ability to provide financing for the project.

For many years, Nordic Mining has had a constructive cooperation with the US garnet producer and distributor, Barton Group. In February 2020, Barton informed that they are not in a position to enter into a long-term offtake agreement for garnet from the Engebø project under the terms set out in the Heads of Agreement entered into between the parties in 2017. Following the termination with Barton, Nordic Mining has strengthened its marketing efforts to secure garnet offtake.

Keliber Oy (16.3% ownership) – lithium hydroxide project

General project information

Keliber Oy is a Finnish company targeting to be the first producer in Europe of lithium hydroxide for the battery industry. The company has mining license for several lithium deposits as well as exploration permits and claims on other deposits in the Central Ostrobothnia region in Finland. Keliber completed an updated DFS for its lithium project in February 2019 and targets to be the first producer in Europe of battery-grade lithium hydroxide.

Keliber's project development is in accordance with high international standards for environment, health and safety. Lithium hydroxide is important in modern batteries and a vital material for the ongoing electrification of the transport sector to reduce CO₂ emissions.

Optimizing the business case

Keliber is currently reviewing various aspects of the lithium project. Due to the changes in end-product and production process to lithium hydroxide, additional technical and environmental assessment and planning are required. Further, updated market information for lithium indicated that further optimization of the time schedule was desired.

In November 2019, Keliber announced the results from a continuous pilot program on the Syväjärvi ore minerals processing which significantly improved the recovery and conversion rates from previous pilot-scale test work. The results exceeded the results applied in the updated DFS published in February 2019.

Keliber continues to advance the lithium project in various fields including technical planning, permitting, ore potential and financing. This also includes activities to optimize the business case compared with the updated DFS published in February 2019. Decisions have been taken to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. Further, the concentrator plant will be moved closer to the main spodumene deposits to increase efficiency and reduce environmental footprint.

Updated ore reserve

Over the last years, Keliber has consistently increased the resource base for the lithium project. In December 2019, the ore reserve estimate for the Rapasaari lithium deposit was updated. Following the update, the estimated proven and probable ore reserve totals 5.3 million tonnes with a grade of 1.07% Li₂O. This represents an increase of 50% compared to the previous estimate for Rapasaari.

Keliber's total proven and probable lithium ore reserves in accordance with the JORC code is currently 9.4 million tonnes with a grade of 0.98% Li₂O as shown in the following table:

Ore Reserves Keliber Oy (JORC 2012)												
	Syväjärvi		Rapasaari		Länttä		Outovesi		Emmes		Total	
Open pit	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%
Proven	1.433	1.18	1.440	1.07	0.168	1.09					3.041	1.12
Probable	0.491	0.97	2.730	0.90	0.096	0.93	0.222	1.06			3.539	0.92
Open pit total	1.924	1.13	4.170	0.96	0.263	1.03	0.222	1.06			6.579	1.01
Underground	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%
Proven			0.340	0.89	0.243	0.83					0.583	0.86
Probable			0.770	0.86	0.583	0.85			0.856	1.01	2.209	0.92
Underground total			1.110	0.87	0.826	0.85			0.856	1.01	2.792	0.90
Ore Reserves total	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%	Mt	Li ₂ O%
Proven	1.433	1.18	1.780	1.04	0.411	0.94					3.624	1.08
Probable	0.491	0.97	3.500	0.89	0.679	0.86	0.222	1.06	0.856	1.01	5.748	0.92
Grand total	1.924	1.13	5.280	0.94	1.090	0.89	0.222	1.06	0.856	1.01	9.372	0.98

The ore reserve estimates have been prepared by AFRY/Pöyry Finland Oy by competent persons under the supervision of Ville-Matti Seppä, MSc (Geology), who has an EurGeol qualification.

Solid underlying market fundamentals

The global lithium market is still in a ramp-up phase and a temporary market softening was experienced throughout 2019 and the first part of 2020. The ongoing Coronavirus pandemic provides additional market uncertainty. The long-term outlook for lithium is, however, positive related to accelerated electrification of transportation and transition of energy production towards renewable sources. Depending of the rate of recovery of economies and the pace of transition towards greener and more sustainable solutions, a substantial recovery the lithium market is expected in the coming years.

Electrification of transportation is regarded a “global mega-trend” positively aligned with environmental priorities, globally as well as on national levels. Currently, the main developments are related to land-based transportation. In the future, also parts of the sea-based transportation and possibly also air-based transportation could be electrified. Further, storage and grid-integration of new production of renewable energy from i.a. solar and wind will require battery capacity and demand for lithium.

Keliber targets to be the first producer in Europe of battery-grade lithium hydroxide and maintains dialogues with potential customers to secure offtake agreements suitable for project financing. Comprehensive activities are ongoing related to increasing production capacities for lithium batteries in Europe. Also, in the Nordic countries significant battery initiatives are being developed. Keliber’s targeted position as a low-cost producer and the first producer in Europe of battery grade lithium hydroxide is expected to be an advantage when it comes to future sales to European battery manufacturers.

Strategic assets and initiatives

Alumina 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, Russia, 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 AISiCal project to further develop the patented technology. AISiCal is an ambitious research and innovation project to further research, develop and de-risk the technology. The technology, named the Aranda-Mastin technology (AM technology), is a low waste and low carbon footprint alternative, to the current alumina production which is mainly based on bauxite resources refined through the Bayer process. Bauxite mining and processing is known to have substantial environmental impact due to production of toxic waste, substantial carbon emissions and extensive land use. The new technology is an innovative alternative based on alumina/calcium-rich rocks such as anorthosite. Anorthosite is an alumina-rich feldspar rock with approximately 30% alumina. With the new technology, anorthosite can be close to fully utilized to produce alumina together with silica and calcium carbonate by-products. The technology includes a carbon consumption process-step allowing for a low carbon footprint.

The production process is based on leaching with hydrochloric acid at moderate temperature and pressure. Aluminum is extracted through a sparging process and subsequently calcined to form alumina. Precipitated calcium carbonate (PCC) is produced as a by-product by integrating CO₂ utilization in the process. Silica forms a residue in the leaching process and is also extracted as a by-product. PCC is a commodity used as filler in paper, plastics and paint, and silica is used as filler in tires and plastics, and in the production of cement. The process can potentially consume close to 500,000 tonnes of CO₂ per million tonne of alumina which corresponds to the emission from a medium sized oil and gas platform. The CO₂ can either be stored safely or utilized as part of the production of PCC. The process aims at being waste free since nearly all the components of the anorthosite are expected to be saleable products.

With the granting of the AISiCal project an ambitious 4-year work plan is in place to further develop the patented technology. The AISiCal Project consortium comprise of 16 international partners from 9 countries. The aim of the project is to further research and de-risk the technology and assess the technical and economic feasibility. The project has a goal of developing the technology towards a zero-carbon emission production process by including integrated CO₂ capture. Nordic Mining is actively participating in the project, leading one of the work packages focused on raw material sources and leaching optimization.

Seabed minerals

Nordic Mining has taken pioneering initiatives related to seabed mineral exploration and knowledge building in Norway. Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone.

Nordic Mining participates in the ongoing MarMine project on marine mineral resources. The project is coordinated by the Norwegian University of Science and Technology (NTNU). The Norwegian Research Council has granted NOK 25 million to the project which has a strong industrial basis and participation. An exploration cruise including mineral sampling and assessments related to seabed mineral operations has been executed in selected areas along the Mid-Atlantic Ridge.

Oslo, 18 August 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe

Eva Kaijser

Benedicte Nordang

Antony Beckmand

Ivar S. Fossum
CEO

CONSOLIDATED INCOME STATEMENT

	2020	2019	2020	2019	2019
	01.04-30.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Payroll and related costs	(2 630)	(2 984)	(6 307)	(7 245)	(15 455)
Depreciation and amortization	(59)	(42)	(118)	(115)	(202)
Other operating expenses	(5 029)	(17 648)	(18 331)	(28 506)	(57 154)
Operating profit/(loss)	(7 718)	(20 674)	(24 756)	(35 866)	(72 811)
Share of loss in associate	-	-	-	(759)	(759)
Gains/losses on investments	(4 718)	408	(4 700)	98 273	75 507
Financial income	91	27	462	38	552
Financial costs	(34)	(222)	(147)	(277)	(1 098)
Profit/(loss) before tax	(12 379)	(20 461)	(29 141)	61 409	1 391
Income tax	-	-	-	-	-
Profit/(loss) for the period	(12 379)	(20 461)	(29 141)	61 409	1 391
Profit/(loss) attributable to					
Equity holders of parent	(12 379)	(20 461)	(29 141)	61 409	1 391
Non-controlling interest	-	-	-	-	-
Earnings per share attributable to ordinary shareholders <i>(Amounts in NOK)</i>					
Basic and diluted earnings per share	(0,06)	(0,15)	(0,15)	0,46	0,01

STATEMENTS OF COMPREHENSIVE INCOME

	2020	2019	2020	2019	2019
	01.04-30.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(12 379)	(20 461)	(29 141)	61 409	1 391
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences	-	-	-	(385)	(385)
Currency translation reclassified to profit and loss	-	-	-	(4 880)	(4 880)
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Changes in pension estimates	-	-	-	-	(146)
Other comprehensive income directly against equity	-	-	-	(5 265)	(5 411)
Total comprehensive income/(loss) for the period	(12 379)	(20 461)	(29 141)	56 144	(4 020)
Allocation of comprehensive income					
Equity holders of parent	(12 379)	(20 461)	(29 141)	56 144	(4 020)
Non-controlling interest	-	-	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2020	31.12.2019
<i>(Amounts in NOK thousands)</i>	<i>Unaudited</i>	<i>Audited</i>
ASSETS		
Non-current assets		
Evaluation and exploration assets	26 357	26 140
Property, plant and equipment	422	469
Right-of-use assets	52	123
Financial assets	86 079	90 778
Total non-current assets	112 910	117 510
Current assets		
Trade and other receivables	4 542	4 286
Cash and cash equivalents	57 058	30 619
Total current assets	61 600	34 905
Total assets	174 510	152 415
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	118 495	101 275
Share premium	472 957	436 074
Other paid-in capital	15 702	15 578
Retained losses	(435 920)	(406 779)
Other comprehensive income	(2 316)	(2 316)
Total equity	168 918	143 832
Non-current liabilities		
Other liabilities	584	586
Lease liabilities	-	-
Total non-current liabilities	584	586
Current liabilities		
Trade payables	1 405	3 142
Other current liabilities	3 603	4 855
Total current liabilities	5 008	7 997
Total liabilities	5 592	8 583
Total shareholders' equity and liabilities	174 510	152 415

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent						
(Amounts in NOK thousands)	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses	Total equity
Equity 1 January 2019	78 505	401 597	14 502	3 095	(408 170)	89 529
Profit for the period	-	-	-	-	61 409	61 409
Other comprehensive income	-	-	-	(5 265)	-	(5 265)
Total comprehensive income	-	-	-	(5 265)	61 409	56 144
Share issue	7 770	19 749	-	-	-	27 519
Transaction costs	-	(2 355)	-	-	-	(2 355)
Share-based compensation	-	-	762	-	-	762
Equity 30 June 2019	86 275	418 991	15 264	(2 170)	(346 761)	171 599
Equity 1 January 2020	101 275	436 074	15 578	(2 316)	(406 779)	143 832
Loss for the period	-	-	-	-	(29 141)	(29 141)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	(29 141)	(29 141)
Share issue	17 220	40 180	-	-	-	57 400
Transaction costs	-	(3 297)	-	-	-	(3 297)
Share-based compensation	-	-	124	-	-	124
Equity 30 June 2020	118 495	472 957	15 702	(2 316)	(435 920)	168 918

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2020 01.01-30.06 Unaudited	2019 01.01-30.06 Unaudited
<i>(Amounts in NOK thousands)</i>		
Operating activities:		
Net cash used in operating activities	(27 373)	(32 298)
Investing activities:		
Acquisition of licenses and properties	(217)	(179)
Investment in other exploration and evaluation assets	-	-
Investment in property, plant and equipment	-	-
Net cash used in investing activities	(217)	(179)
Financing activities:		
Share issuance	57 400	27 519
Transaction costs, share issue	(3 297)	(2 355)
Payment of lease liabilities	(74)	(74)
Net cash from financing activities	54 029	25 090
Net change in cash and cash equivalents	26 439	(7 387)
Cash and cash equivalents at beginning of period	30 619	49 902
Cash and cash equivalents at end of period	57 058	42 515

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020

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 2019. 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 2019.

This report was authorized for issue by the Board of Directors on 18 August 2020.

Note 2 – SEGMENTS

The Group presents segments on the basis of the mineral projects. From 1 January 2020 the only reportable segment of the Group is the Titanium and Garnet segment. These are the minerals which can be produced from the mineral deposit at Engebø. The zoning plan and the discharge permit for the project are approved and final, without possibility for appeals, and the operating license for the project was granted in June 2020. The definitive feasibility study was presented in January 2020. The change in reportable segments from 2019 is due to the increasing focus on the development of Engebø, and on the expected limited activity in the subsidiaries Nordic Quartz and Nordic Ocean Resources going forward.

Note 3 – FINANCIAL ASSETS

Keliber Oy

2020:

In March 2020, Keliber completed a share issue directed towards existing shareholders with gross proceeds of EUR 5.8 million at a subscription price of EUR 33 per share which implies a post-money value of Keliber of EUR 48.4 million. Following the share issue, Nordic Mining was diluted from 18.5% to 16.3% ownership. As per 31 March 2020, the Group reassessed the value of Keliber based on the value implied by the share issue, and the value of the Group's investment was adjusted accordingly. In the second quarter, the value assessment has been retained with adjustment for change in foreign currency. The impact in the second quarter is a translation loss on the investment (no cash effect) of NOK -4.7 million.

2019:

In February 2019, Keliber completed a share issue directed towards existing shareholders with gross proceeds of EUR 10 million at a subscription price of EUR 49 per share which implies a post-money value of Keliber of EUR 63 million. Following the share issue, Nordic Mining was diluted from 22% to 18.5% ownership. Consequently, the Group assessed that it no longer imposed significant influence and reclassified the investment in Keliber from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method").

On 15 February 2019, the Group derecognized the investment in associate and recognized the financial asset at estimated fair value. A gain was recognized on the difference between the carrying amount of the investment in associate on derecognition and the fair value of the financial asset on the same date. Currency translation adjustments on 15 February 2019 relating to Keliber was reclassified from other comprehensive income to the income statement and included in the recognized gain. Fair value was estimated based on the subscription price in the share issue in February which resulted in a recognized gain of NOK 97.9 million in Q1 2019.

Note 4 – SHARE CAPITAL

On 28 January 2020, Nordic Mining completed a private placement with gross proceeds of NOK 57.4 million. Following registration of the share capital increase, and at the date of this report, the Company has a share capital of NOK 118,495,063.20 divided into 197,491,772 shares, each with a nominal value of NOK 0.60.

Note 5 – EVENTS AFTER BALANCE SHEET DATE

The Group's new CFO Christian Gjerde took up his position effective from 1 August 2020.

Responsibility statement from the Board of Directors and the CEO

Today, the Board of Directors and the CEO have resolved the report and the interim condensed consolidated financial statements for Nordic Mining ASA per 30 June 2020 and for the first half year of 2020, including interim condensed consolidated figures for comparison per 30 June 2019 and for the first half year 2019.

The half year report is submitted in accordance with IAS 34 "Interim Financial Reporting" as adopted by EU, and in accordance with further requirements in the Norwegian Securities Trading Act.

The Board of Directors and the CEO confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2020 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's consolidated assets, liabilities, financial position and results as per 30 June 2020 and 30 June 2019, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2020 gives a true and fair overview of the main activities in the period. Further, the most important risks and uncertainties, as well as related parties' significant transactions, are described in a best possible manner.

Oslo, 18 August 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe

Eva Kaijser

Benedicte Nordang

Antony Beckmand

Ivar S. Fossum
CEO