



**NORDIC
MINING**

INTERIM REPORT

Per 31 March 2023



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. 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 Euronext Expand Oslo with ticker symbol "NOM".

Group interim report for the quarter ended 31 March 2023

Summary of important events in the first quarter of 2023 and year to date:

CORPORATE

Final investment decision for Engebø Project, following completion of project financing

In March 2023, Nordic Mining secured the remaining equity component of the total USD 277 million project financing package for the Engebø Project in a private placement of NOK 940 million. The private placement was resolved by the Extraordinary General Meeting and Board of Directors on 3 March 2023 and contributed to Nordic Rutile on 8 March 2023, satisfying all relevant financing conditions for the long stop date. The gross proceeds from the private placement, together with the equity from the sale of the shares in Keliber, the USD 100 million in senior secured bond issued by Nordic Rutile in November 2022 and USD 50 million non-dilutive royalty financing agreement entered into between Nordic Rutile and mining investment firm Orion Resource Partners ("Orion") in February 2023. The royalty agreement entails that Orion will pay USD 50 million to Nordic Rutile as a fixed, one-time consideration for the right to receive a 11 % royalty of the gross revenue from the sale of products from the Engebø Project for up to 90 years. Nordic Rutile has the right to buy back 50% of the royalty against a reduction in the royalty payments to 5.5%. The royalty financing will hold second priority lien on senior security package, subject to the terms of an Intercreditor Agreement. The financing agreements, including the royalty agreement, are subject certain pre-disbursement conditions precedent order for Nordic Rutile to draw down any amounts under the financing, including i.e. that all equity contributed to Nordic Rutile has been spend towards the development and construction of the Engebø Project. The royalty agreement will not have any accounting effects until drawdown of the one-time consideration of USD 50 million, except transaction costs related to completion of the royalty financing agreement. Please see note 7 for more information on financial costs. The project financing package of in total USD 277 million is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a project reserve of USD 30 million.

In April 2023, the subscription period for a subsequent offering in Nordic Mining of up to 216,666,667 new shares at a subscription price of NOK 0.60 per share expired. The final number of valid subscriptions received in the subsequent offering was 136,544,091, of which all was allocated in accordance with the allocation criteria set out in the prospectus. The new capital was registered in Norwegian Register of Business Enterprises and the shares issued on 28 April 2023. The gross proceeds from the subsequent offering were approximately NOK 81.9 million.

ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)

Nordic Rutile USD 100 million senior secured bond listed on Nordic ABM

In April 2023, Nordic Rutile AS USD 100 million 5-year senior secured bond with ISIN NO0012734112 was listed on Nordic ABM with ticker NORUT01 PRO with listing date 12 April 2023.

Engebø construction on track to start production in 2024

Following completion of project financing of the Engebø Project in March 2023 the four lump-sum EPC ("Engineering, Procurement and Construction") contracts with Sunnfjord Industripartner AS, Åsen & Øvrelid AS, Nordic Bulk AS and Normatic were fully activated. The local groundworks contractor, Sunnfjord Industripartner AS, has undertaken the groundworks on the process plant area and preparatory works for underground infrastructure at Engebø under the lump-sum EPC contract since April 2022. The process plant area has been prepared for concrete work on the first two buildings, administration and control room building, and workshop, and we expect to prepare the remaining parts on bench level 22 on schedule during May 2023. Blasting of the underground crushing chamber and raise drilling of the vertical ore pass is well under way and we expect to complete the work on schedule during May. The mine access road to the open pit tunnel portal and is around 95% complete. Local EPC building contractor, Åsen & Øvrelid AS, has started the concrete work on the administration and control room building, and workshop and we expect that work on the remaining buildings will start in Q2 2023. Currently, the Project has around 70 workers at Engebø.

Detail Engineering on the process plant is ongoing by Nordic Bulk AS and Normatic AS. The main parts of the Details Engineering are expected to be completed in H1 2023, with subsequent bulk procurement and fabrication of steel to start in Q2 2023. This will allow start of mechanical and electric installation work and project team is now focusing on detail planning this phase together with the EPC partners. Further ramp-up of personnel on site is expected in this period.

The four lump-sum EPC contracts cover around 57% of the remaining plant and mine capital expenditure of USD 167 million as of 31 March 2023, excluding commitments of around USD 10 million.

The full financing and final investment decision of the Engebø Project in March 2023 allowed Nordic Mining to move forward with the fabrication of long lead mechanical packages for the process plant. The client provided items ("CPIs") are procured directly by the Group and are made with leading global suppliers of sustainable solutions for the mineral industry, including agreements with Metso Outotec and Mineral Technology, suppliers of sustainable end-to-end technologies, solutions, and services for the minerals industry globally, for delivery of a comprehensive mining processing technology packages. The current estimates for delivery time and costs for the CPI packages are in line with expectations, with start of the main mechanical installations expected during Q3 2023. In total, around 78% of the mechanical packages of around USD 30 million are under contract at the date of this report, with price and delivery agreed. The Project team is working with a plan for logistics and quality surveillance of the production.

Binding offtake agreements for full production of minerals for the first 5-years of production

In 2022, Nordic Rutile entered into two rutile offtake agreements, the first with Iwatani Corporation for close to 60% of the planned rutile production for the first 5-year and the second agreement in October 2022 for up to the remaining annual planned rutile production for the first 5-year. The consideration under the rutile offtake agreements will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO₂ content, as determined from TZMI index or annual price discussions between the parties.

In January 2023, Nordic Rutile entered into a global exclusive offtake agreement the full planned garnet production from Engebø for the first 5 years of production. The offtake agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, up to a total of 785,000 metric tonnes, which is the full planned garnet production the first 5-years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Rutile and Garnet Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule.

Nordic Mining has with the rutile and garnet offtake agreements secured committed sales for up to the full production of all minerals from the Engebø Rutile and Garnet Project for the first 5 years of production, all with highly reputable buyers. The offtake agreements are *inter alia* subject to certain conditions precedent.

Memorandum of Understanding for offtake of pyrite

In February 2023, the Group entered into a Memorandum of Understanding ("MoU") for a long-term joint cooperation for the offtake of pyrite from the Engebø Project. Pyrite (Iron sulfate) is a mineral that is present in the Engebø Eclogite-ore and that will be separated in the process of purifying the rutile concentrate. Nordic Mining will in partnership with Green Trail Holding Ltd, a trading company with over 30 years of experience, together pursue market opportunities for pyrite as a new mineral production stream. Pyrite has previously been considered as a residual waste stream from the Engebø Project.

The successful production, marketability and sale of pyrite can potentially create value from residual mineral waste streams and reduce the need to deposit pyrite as part of the tailings. Further, it has the potential for a significant reduction of chemical additives in the tailings. Even though the project is fully permitted and considered environmentally safe by the Norwegian authorities, any reduction in additives in the tailings is regarded positive and further reduces the risk of environmental impacts. The process plant design already allows for finalization of the pyrite as a separate mineral concentrate stream, with minimum additional infrastructure requirements.

Rutile demand weakened in Q1 due to subdued pigment demand

Titanium metal demand, being an important driver for rutile, remained robust in the first quarter of 2023, due to the ongoing revival of air traffic, as well as demand for non-Russian products. The outlook remains strong throughout 2023.

The first quarter 2023 showed a slower start for titanium feedstock producers. Rutile sales volumes were below or at production levels and reported average prices for rutile showed a diverse picture. The first quarter of 2023 has been mixed for the TiO₂ industry; however, in Asia, led by China, signs of recovery of pigment demand are reported. Pigment demand in North America remained steady whereas in Europe, reported demand was still weak. Rebound of pigment demand is projected as European pigment plants have re-started last quarter combined with the northern hemisphere spring paint season ramp up. Current inventories are low due to the actions taken in H2 2022

Reported bulk natural rutile prices in Q1 2023 have been from around USD 1,450/mt FOB and above, with the main producers expecting pricing to be steady onwards.

Supreme Court to hear appeal by Artic Mineral Resources

In April 2023 the Supreme Court's appeals committee informed that the appeal in the case between Artic Mineral Resources ("AMR") and Nordic Rutile AS ("NRU") will be heard before the Supreme Court. The Oslo District Court and the Borgarting Court of Appeal both ruled in favour of NRU and concluded that AMR shall pay NRU's legal expenses. The court rulings were in line with the operating license granted by the Ministry of Trade, Industry and Fisheries in May 2022. NRU maintain that AMR's claims have no merit and will continue to defend the case rigorously and is confident that the ruling from the Supreme Court will be in NRU's favour, i.e. in line with the previous rulings. Furthermore, two NGO's have summoned the Norwegian Government claiming that Nordic Rutile's disposal permit granted by the Norwegian Government in 2015 is null and void.

FINANCIAL PERFORMANCE IN Q1

Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2022.

The Group is under construction of the Engebø Project and has, so far, no sales revenues from operations. Reported operating loss for the first quarter of 2023 was NOK -13.4 million (NOK -17.7 million).

The Group recognized a fair value gain of NOK 3.4 million on the convertible loan up to the conversion of the loan as a consequence of the private placement in early-March 2023 (loss NOK 5.5 million). Net financial items in the first quarter was NOK -39.7 million (NOK -6.2 million), with the main financial items being net gain on foreign exchange related to the bond of NOK 1.1 million, net interest cost of NOK -13.1 million, and transaction costs from financing of NOK -27.7 million. Please see note 7 for further information. Borrowing costs of NOK 6.7 million under bond loan has been capitalized under Mine under construction in the quarter following satisfaction of financing conditions.

Reported net loss in the quarter was NOK -49.7 million, compared to a net profit of NOK 176.6 million in the first quarter of 2022 driven at that time by the fair value gain in the period on the now sold stake in the Finnish lithium project Keliber Oy of NOK 206.0 million.

In the first quarter of 2023 the Group has capitalized in the balance sheet under Mine under construction direct costs related to the construction work at Engebø of NOK 132.3 million (Q1 2022: NOK 0 and Q4 2022: NOK 120.5 million). Nordic Mining's carrying amount for Mine under construction was NOK 420.7 million as of 31 March 2023 (Q4 2022: NOK 288.4 million).

Net cash outflow from operating activities in the quarter was NOK -6.0 million as compared to NOK -13.7 million in the same quarter in 2022, resulting from the start of capitalization of direct costs related to the construction work at Engebø from Q2 2022, including direct payroll and related costs in Nordic Rutile AS. The capitalized direct costs are included in cash flow from investment activities. Net cash flow from the Group's investment activities in the first quarter was NOK -82.1 million (NOK -0.1 million) related to investment in Mine under construction (Q4 2022: NOK 129.9 million). Interest on the bond loan for the first quarterly interest rate period of USD 3.2 million (corresponding to NOK 32.2 million) was paid from the four months of pre-funded interest paid into the bond Escrow account and is not included in the cash flow from financing or investment activities for the quarter. Please see note 6 for further information related to the bond Escrow account. In March 2023, the Group finalized the remaining part of the project financing for the Engebø Project in a private placement with gross proceeds of NOK 940 million, resulting in net cash flow from financing activities of NOK 879.9 million after payment transaction costs related to the share issue of NOK -37.1 million and other financing fees of NOK -23.0 million.

The Group's cash and cash equivalents as of 31 March 2023 was NOK 956.8 million (Q4 2022: NOK 164.7 million). In addition, the Group had NOK 1.08 billion on restricted Escrow account for bond and NOK 8.4 million on restricted account pledged toward Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license. Please see note 6 for information related to pre-disbursement conditions precedent before the proceeds from the bond Escrow account will be released to the Engebø Project.

Nordic Mining's total assets as of 31 March 2023 was NOK 2.48 billion (31.12.2022: NOK 1.51 billion), and total equity was NOK 1.45 billion (31.12.2022: NOK 454.5 million).

For further information relating to the Company's risk assessments, reference is made to the annual report for 2022 which is available on the Company's webpage www.nordicmining.com.

MAIN PROJECTS AND ACTIVITIES

Engebø Rutile and Garnet Project (100% ownership)

World-class mineral resource developed according to world-class standards

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 scale of the mineral resource secures long-term operations.

The project will be developed in accordance with high international standards for environment, health, and safety. Regional hydroelectric power will supply the process plant with renewable energy. The deposit has a favorable 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 environmental effects. According to independent studies, Engebø will have the lowest climate gas emission among all producers of titanium feedstock globally.

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.

Project economics continues to improve as project progresses towards production

In May 2021 Nordic Mining ASA completed the Updated Definitive Feasibility study ("UDFS") for the Engebø Rutile and Garnet Project. The UDFS is an update of the DFS which was completed in January 2020. The updated study confirmed Engebø as a sustainable and economically robust mineral project with reduced financing risk, improved financial resilience, and attractive financial returns. The complete summary report is available at the corporate website, and main improvements and risk-reducing measures in the UDFS are:

- Reduced environmental footprint; 99% reduction in consumption of approved chemicals in the production process (compared with the 2016 environmental permit), around 80% reduction of CO₂ emissions and approximately 40% reduction of the process plant facilities footprint compared with the DFS
- Contract and execution strategy based on EPC partnerships and early vendor engagement
- Stick-build construction methodology and improved ore flow logistics
- Reduced initial investment needed to realize the project from USD 311 million to USD 218 million, maintaining a Run-of-Mine ("ROM") of 1.5 Mtpa
- Reduced process operating cost by more than 25% following from flowsheet optimizations, including reduction in energy costs from use of electrical dryers for drying of minerals
- Improved mining design for open pit and underground focusing on practical and cost-effective operations. Mining schedule in open pit has been optimized for the initial years and the underground mining schedule targets higher grades and a simplified infrastructure
- Reduced market risk based on post-pandemic market forecasts for rutile and garnet, retaining flexibility to increase garnet production in line with increasing demand
- Robust project economics with considerable reductions in market, financing, and execution risks
- Optimized schedule and dual mineral production provide competitive strength:
 - Outcropping and geotechnically stable orebody
 - Low stripping ratio (waste to ore ratio) of 0.6 in open pit
 - High-grade rutile and garnet
 - Short distance and gravity supported ore transportation minimize transportation
 - 1st quartile revenue-to-cash cost position for rutile
- Optimized mining plan and scheduling support an initial 39-year Life of Mine:
 - 15 years of open pit mining and high-grade processing, and stockpiling of medium/low-grade ore
 - 19 years underground production
 - 6 years production based on stockpiled ore
 - Extension of Life of Mine expected based on substantial inferred resources

- All main permits granted:
 - Extraction permits for the whole deposit
 - Operational license for open pit and underground mining
 - Landowner agreements for open pit, infrastructure, and process plant areas
 - Detailed zoning plan
 - Environmental permit
- High environmental and social standards in accordance with IFC Performance Standards and relevant Equator Principles

In February 2023, Nordic Mining revised the project economics for the Engebø Rutile and Garnet Project based on the latest available data and assumptions. The analysis confirmed further improvements in the key financials of the Engebø Project as the project continues to progress towards production.

High-margin cash flow and short pay-back support bankability (unlevered):

- NPV@8% of USD 491 million (up from USD 453 million)
- Post-tax IRR of 25.9% (up from 24.4%)
- Remaining initial capital investment of around USD 187 million (down from USD 207 million)
- Life of Mine EBITDA of USD 3.2 billion (up from USD 3.1 billion), corresponding to an EBITDA-margin of 76% (up from 75%)
- Life of Mine Operating Cash Flow of USD 2.55 billion (up from USD 2.5 billion)
- Free Cash Flow the first 10 years of full operations of over USD 60 million per annum
- Pay-back period of less than 4 years from start of production (down from 4 years)

Taking action to ensure sustainability at Engebø

The Group is taking a proactive approach to ensure that the Engebø Project will be developed with high standards for sustainability. Nordic Mining is in the process of adopting the Towards Sustainable Mining (“TSM”) initiative for the Engebø Project and will report according to the system when Engebø is in operation with the goal of an A-level. Nordic Rutile is implementing a comprehensive Environmental and Social Management System (“ESMS”) for the Engebø Project. Through the ESMS we aim to ensure that the Project adheres to permits, regulation and best industry practices¹ from construction, operation, and closure.

The Group has an ambitious goal of biodiversity net gain for life of mine of the Engebø Project. Nordic Mining will work to reduce, restore, and compensate biodiversity loss at the mine site. If not able to restore biodiversity 100 percent, Nordic Rutile will compensate by increasing biodiversity in the region. The Group is developing a Biodiversity Action Plan in collaboration with consultants DNV and Asplan Viak. As part of this work a comprehensive biodiversity mapping has been carried out. Based on a scoring system the biodiversity impact will be tracked on an annual basis and made publicly available. The Group have already started the biodiversity work at the construction site at Engebø. The Biodiversity Action Plan will be optimized over time to ensure the Group reaches its targets.

To ensure that the construction phase of Engebø Project meet the Groups standards on sustainability, Nordic Rutile have made a Construction Environmental Management Plan (“CEMP”) to adhere to environmental obligations for owners’ team, contractors, and suppliers throughout the construction phase. Potential environmental risks are identified, and actions plans are prepared to reduce the risk of environmental incidents, accidents and to enhance performance.

To control how we impact the environment, a comprehensive environmental monitoring program has been developed using state of the art technology. Monitoring is ongoing to supervise potential effects from construction activities related to airborne dust, vibrations and noise, and risk for emissions to fjord surface water and fresh-water bodies.

The Company will ensure that the communities and other stakeholders that are potentially affected by our operations are well informed and are given opportunities to engage with us. We will work proactively to understand people’s needs and concerns and seek solutions to mitigate these throughout the construction phase and into operation.

¹ The ESMS is made in accordance with the IFC Performance Standards.

A waste management plan for waste handling throughout the operation at Engebø was submitted to the environment agency Q1 2023. The plan builds on the EU's Best Available Techniques for extractive waste management². The aim is to ensure that proper measures and procedures are in place to reduce effects on the environment, and any resultant risks to human health related to the waste rock and seabed tailings facility at Engebø. The plan also addresses measures to reduce and utilize waste streams.

Supplying sustainable products

Engebø Rutile will be a source of raw material for several end use products that can positively impact human life. Titanium is contributing to human health by its use as long-lasting implants in the human body. It is also used in creating more healthy living environments, when used in concrete to capture air pollution. Titanium metal plays a role in lowering carbon footprint. The metal is used in constructing light weight airplanes to lower their fuel consumption and carbon emissions. It is also a critical ingredient for equipment to withstand high temperatures and corrosion in geothermal energy plants. In general, natural rutile is an environmentally superior raw material for the titanium raw material industry compared to other sources. Due to its high purity can be used directly in chlorination plants to make titanium pigment or as feed for titanium metal production. Other sources of raw materials such as ilmenite, must go through additional processing steps and upgrading. This is done through carbon intensive leaching or smelting processes that increases the climate footprint and produces substantial amounts of waste.

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

Contribution to fight climate change

The Engebø mining operations has a limited Green House Gas ("GHG") emission footprint due to available hydroelectric power in the area and a tight infrastructure with minimal transportation. The annual GHG emissions are calculated to be 3085 tCO₂eq. per annum and an energy consumption of 0,08 TWh. SRK Study from 2020 showed that the Engebø Project will achieve an 85% reduction in GHG emissions by replacement of gas dryers with electrical dryers. The main source of GHG is diesel consumption from the mining fleet. The Group has investigated options for electrification of the fleet and will when feasible transfer to a fully electrified mining operation. The Group has a target of net zero GHG emissions for the Engebø Project. To achieve this goal, Nordic Mining has initiated the development of a Climate Strategy Plan together with SRK.

Minviro, UK has carried out an independent Life Cycle Assessment ("LCA") of the rutile product to be produced at Engebø. The LCA is a cradle-to-gate assessment it covers all stages of the production of natural rutile concentrate from Engebø. The study calculates the Global Warming Potential ("GWP") and covers scope 1, 2 and 38 calculations of GHG emissions. The GWP impact of the Engebø Rutile was determined to be 0,17 kg CO₂ eq. The main drivers of the GWP are the consumption of diesel in the mining operation and the explosive consumption related to the ore extraction. Minviro conducted a benchmarking study to compare rutile from Engebø with a wide range of titanium-bearing feedstocks, including other natural rutile products, synthetic rutile, and titanium slag. The analysis showed that the GWP impact of the Engebø Rutile was superior and substantially lower than the alternative sources.

Engebø operating license completes the main regulatory permits

In May 2022, the Ministry of Trade, Industry and Fisheries ("MTIF") resolved that Nordic Mining's operating license is maintained as granted with full rights to the Engebø deposit, confirming the resolution from the Directorate of Mining from June 2020 and later confirmed in November 2020. The decision from MTIF is final and cannot be appealed. The operating license is granted for the life of mine of the project which includes an open pit and underground phase, however, with a possibility for revision after 10 years. The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety. The operating license completes the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas and the

² Best Available Techniques (BAT) Reference Document for the Management of Waste from Extractive Industries in accordance with Directive 2006/21/EC.

environmental permit. The operational license was activated towards the Directorate of Mining in November 2022, following start of construction work of conveyor tunnel, primary crushing chamber, and preparatory work to drill the vertical ore pass. In June 2020, the Company submitted, after extensive test work proving that the consumption of chemicals could be significantly reduced, an application to the Environment Agency for substitution of chemicals from the original environmental permit of 2015. In January 2021, the Agency granted the revised environmental permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption. The decision was confirmed by the Ministry of Climate and Environment in November 2021 concluding that the complaints received in relation to the revised discharge permit do not provide any basis to revoke or change the permit. The decision from the Ministry of Climate and Environment is final and cannot be appealed. In February 2022, Sunnfjord Municipality approved the building permit for all infrastructure groundworks for the Engebø Project. The permit is in line with the UDFS and the EPC contracts. All building permit complaints were rejected by the Municipality Body of Complaints in April 2022 following an appeals process. The approved building permit for infrastructure groundworks with already approved demolition permit for existing buildings and agreement with county road authority, completes the formal requirements for starting construction work at Engebø. Permits for general and process plant buildings will be applied for in due course according to finalization of detail engineering by the EPC in line with the construction plan.

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. 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.

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 technology. AISiCal is an ambitious research and innovation project to further research, develop and de-risk the technology. 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 visit: <https://www.alsical.eu/>. 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. The project will be completed early 2024.

Nordic Mining will assess how the patented technology and the Group's knowledge and position related to sustainable alumina production can be commercialized.

Seabed minerals

Nordic Mining has taken pioneering initiatives related to seabed mineral exploration and knowledge building in Norway through the fully owned subsidiary Nordic Ocean Resources. 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 participated in the MarMine project on marine mineral resources which was concluded in 2020. The project was coordinated by the Norwegian University of Science and Technology. The Norwegian Research Council granted NOK 25 million to the project which had a strong industrial basis and participation, with an exploration cruise including mineral sampling and assessments related to seabed mineral operations having been executed in selected areas along the Mid-Atlantic Ridge.

In 2019, the new Seabed Minerals Act came into force as result of systematic mapping of seabed minerals by the Norwegian Petroleum Directorate. Prior to opening for seabed mineral extraction, an environmental impact assessment must be carried out and in January 2021 the Ministry of Petroleum and Energy on sent out a proposal for an impact assessment program.

Nordic Mining have, in light of the positive developments on the regulation of seabed minerals, and increased focus on how the Norwegian mining industry can play an important role on seabed minerals to support the green transition.

Oslo, 9 May 2023

The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

	Note	2023	2022	2022
		01.01-31.03 Unaudited	01.01-31.03 Unaudited	01.01-31.12 Audited
<i>(Amounts in NOK thousands)</i>				
Other income		-	-	-
Payroll and related costs		(4 390)	(4 380)	(11 650)
Depreciation and amortization		(79)	(33)	(164)
Other operating expenses		(8 926)	(13 312)	(34 106)
Operating profit/(loss)		(13 395)	(17 725)	(45 920)
Fair value gains/losses on investments		-	205 968	283 844
Fair value gains/losses on convertible loan	4	3 354	(5 477)	(10 476)
Financial income	7	76 505	13	63 487
Financial costs	7	(116 182)	(6 183)	(88 523)
Profit/(loss) before tax		(49 718)	176 596	202 412
Income tax		-	-	-
Profit/(loss) for the period		(49 718)	176 596	202 412
Earnings per share				
<i>(Amounts in NOK)</i>				
Basic earnings per share		(0.07)	0.77	0.88
Diluted earnings per share		(0.07)	0.76	0.75

STATEMENTS OF COMPREHENSIVE INCOME

	2023	2022	2022
<i>(Amounts in NOK thousands)</i>	01.01-31.03	01.01-31.03	01.01-31.12
	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	(49 718)	176 596	202 412
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in pension estimates	-	-	(1 009)
Other comprehensive income directly against equity	-	-	(1 009)
Total comprehensive income/(loss) for the period	(49 718)	176 596	201 403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	<i>Note</i>	31.03.2023 Unaudited	31.12.2022 Audited
ASSETS			
Non-current assets			
Mine under construction	3	420 740	288 410
Property, plant and equipment		1 044	1 090
Right-of-use assets		72	106
Total non-current assets		421 856	289 606
Current assets			
Trade and other receivables		17 153	23 297
Bond Escrow	6	1 076 558	1 032 597
Restricted cash		8 430	4 215
Cash and cash equivalents		956 754	164 703
Total current assets		2 058 895	1 224 812
Total assets		2 480 751	1 514 418
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	1 219 012	139 390
Share premium		282 350	319 430
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(65 853)	(16 135)
Other comprehensive income/(loss)		(4 232)	(4 232)
Total equity		1 447 315	454 491
Non-current liabilities			
Bond loan	6	917 480	-
Pension liabilities		1 776	1 812
Total non-current liabilities		919 256	1 812
Current liabilities			
Trade payables		89 354	37 168
Bond loan	6	-	850 825
Convertible loan	4	-	142 976
Other current liabilities		24 827	27 146
Total current liabilities		114 181	1 058 115
Total liabilities		1 033 437	1 059 927
Total shareholders' equity and liabilities		2 480 751	1 514 418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent							
<i>(Amounts in NOK thousands)</i>	<i>Note</i>	Share capital	Share premium	Other-paid-in capital	Other comprehensive income/(loss)	Accumulated losses	Total equity
Equity 1 January 2022		137 695	313 699	16 038	(3 223)	(218 547)	245 662
Profit/(loss) for the period		-	-	-	-	176 596	176 596
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	176 596	176 596
Equity 31 March 2022		137 695	313 699	16 038	(3 223)	(41 951)	422 258
Equity 1 January 2023		139 390	319 430	16 038	(4 232)	(16 135)	454 491
Profit/(loss) for the period		-	-	-	-	(49 718)	(49 718)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(49 718)	(49 718)
Share issue	4,5	1 079 622	0	-	-	-	1 079 622
Transaction costs		-	(37 079)	-	-	-	(37 079)
Equity 31 March 2023		1 219 012	282 350	16 038	(4 232)	(65 853)	1 447 315

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	2023	2022
		01.01-31.03 Unaudited	01.01-31.03 Unaudited
<i>(Amounts in NOK thousands)</i>			
Operating activities:			
Net cash used in operating activities		(6 020)	(13 691)
Investing activities:			
Acquisition of licenses and properties		-	(116)
Investment in mine under construction		(82 123)	-
Net investment in (-)/release of restricted cash		-	(112 500)
Net cash used in investing activities		(82 123)	(112 616)
Financing activities:			
Share issuance	4,5	940 000	-
Transaction costs, share issue		(37 079)	-
Gross proceeds from borrowings, Convertible loan	4	-	132 500
Transaction costs, Convertible loan		-	(6 089)
Interest and financing fees paid		(22 970)	-
Payment of lease liabilities		(38)	(38)
Net cash from financing activities		879 913	126 374
Net change in cash and cash equivalents		791 771	66
Cash and cash equivalents at beginning of period		164 703	32 086
Effect of exchange rate fluctuation on cash held		281	-
Cash and cash equivalents at end of period		956 754	32 152
Net change in restricted cash		4 215	112 500
Restricted cash at beginning of period		4 215	-
Restricted cash at end of period		8 430	112 500
Restricted and unrestricted cash at end of period		965 184	144 652

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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 2022.

This report was authorized for issue by the Board of Directors on 9 May 2023.

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 2022. New standards, amendments and interpretations to existing standards effective from 1 January 2023 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 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 and an Updated Feasibility Study was presented in May 2021.

For further information relating to the Company's risk assessments, reference is made to the annual report for 2022 which is available on the Company's webpage www.nordicmining.com.

Note 3 - MINE UNDER CONSTRUCTION

In April 2022 Nordic Mining, through its wholly owned subsidiary Nordic Rutile AS, exercised the agreements with landowners to acquire the main properties at Engebø, which includes immediate access to the process plant area. The Group is in construction of the Engebø Project, which work includes continuation of Detail Engineering of the process plant, procurement and fabrication of critical process equipment, groundwork on the mine access road and ground – and building works on the process plant area, tunnel work and raise drilling of the vertical ore pass.

The direct costs related to the work described above has in Q1 2023 been capitalized in the balance sheet as Mine under construction.

Note 4 - CONVERTIBLE LOAN AND RESTRICTED CASH

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

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

The Group recognized a fair value gain on the convertible loan up to the conversion in Q1 2023 of NOK 3.4 million (loss of NOK 5.5 million in Q1 2022).

Note 5 - SHARE

Following registration of the new shares from the private placement and the conversion of the convertible loan as described in note 4, Nordic Mining's share capital has increased by NOK 1,079,621,875 to NOK 1,219,011,938.40 divided into 2,031,686,564 shares, each with a par value of NOK 0.60.

Note 6 - BOND LOAN AND BOND ESCROW

In November 2022 Nordic Mining ASA's wholly owned subsidiary Nordic Rutile AS completed the issue of a USD 100 million 5-year senior secured bond. The bonds are administered by Nordic Trustee. The bond has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears, and an issue price of 90%.

The net proceeds of the bonds of USD 90 million was 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 Nordic Rutile 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 are reclassified to no-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.

Note 7 - FINANCIAL INCOME AND FINANCIAL COSTS

Financial income in Q1 2023 consist mainly of:

- foreign exchange gain of NOK 63.1 million on bond Escrow in USD, and;
- interest on cash held and bond Escrow of NOK 12.4 million.

Financial costs in Q1 2023 consist mainly of:

- foreign exchange loss of NOK 62 million on the USD bond loan;
- interest on bond loan of NOK 25.5 million, and;
- transaction costs from financing of NOK 27.7 million.

Note 8 - EVENTS AFTER BALANCE SHEET DATE

In April 2023 the USD 100 million 5-year senior secured bond was listed on Nordic ABM with ticker: NORUT01 PRO.

In April 2023, the subscription period for a subsequent offering of up to 216,666,667 new shares at a subscription price of NOK 0.60 per share expired. The final number of valid subscriptions received in the subsequent offering was 136,544,091. As a result, a total of 136,544,091 offer shares was allocated in accordance with the allocation criteria set out in the prospectus. The gross proceeds from the subsequent offering was approximately NOK 81.9 million.

Following the registration of the offer shares pertaining to the subsequent offering on 28 April 2023, the Company has a share capital of NOK 1,300,938,393 divided into 2,168,230,655 shares, each with a par value of NOK 0.60.

Definitions

Alternative Performance Measures

Nordic Mining's financial information is prepared in accordance with International Financial Reporting standards ("IFRS"). In addition, the Group use selected Alternative Performance Measures ("APMs") intended to enhance the understanding and comparability of the project economics of the Engebø Rutile and Garnet Project. Nordic Mining's experience is that these APMs are used by analysts, investors, and other parties. The Alternative Performance Measures presented may be determined or calculated differently by other companies.

The main APMs used are the following:

- EBITDA: Projected revenues minus projected operating costs and royalties
- EBITDA-margin: Projected EBITDA divided by total projected revenues
- Free Cash Flow (Unlevered): Projected operating cash flow minus net cash flow from investing activities
- IRR: Projected Internal Rate of Return ("IRR") derived from the Free Cash Flow
- NPV: Net Present Value ("NPV") of the Free Cash Flow discounted using a real discount rate of 8%
- Operating Cash Flow (Unlevered): Projected EBITDA minus projected corporate income tax and changes in net operating working capital