



**NORDIC
MINING**

INTERIM REPORT Per 30 June 2023



Minerals for a sustainable future

SAFETY – ENVIRONMENT - INNOVATION

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

In addition, Nordic Mining holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina and exploration of seabed minerals. Nordic Mining's project portfolio is of high international standard and holds significant economic potential.

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

Group interim report for the quarter ended 30 June 2023

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

CORPORATE

Nordic Mining's first Transparency Act Report released in June 2023

In June 2023, Nordic Mining released its Transparency Act Report for 2023. The report is available on the company's webpage: www.nordicmining.com/sustainability/corporate-responsibility/

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 Engebø Rutile and Garnet on 8 March 2023, satisfying all relevant financing conditions. The gross proceeds from the private placement, together with the equity from the sale of the shares in Keliber corresponding to around NOK 474 million, the USD 100 million in senior secured bond issued by Engebø Rutile and Garnet in November 2022 and USD 50 million non-dilutive royalty financing agreement entered into between Engebø Rutile and Garnet and mining investment firm Orion Resource Partners ("Orion") in February 2023 is expected to fund all costs and expenditures to bring the Engebø Project into commercial production, including a project reserve of USD 30 million. The royalty agreement entails that Orion will pay USD 50 million to Engebø Rutile and Garnet 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. Engebø Rutile and Garnet 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 Engebø Rutile and Garnet to draw down any amounts under the financing, including i.e. that all equity contributed to Engebø Rutile and Garnet 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.

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 AS (100% ownership)

Nordic Rutile AS changes company name to Engebø Rutile and Garnet AS

In June 2023, Nordic Rutile AS changed its company name to Engebø Rutile and Garnet AS ("Engebø Rutile and Garnet"). The amended Articles of Association, including the change of company name and company address, has been registered in the Norwegian Register of Business Enterprises.

Kenneth Nakken Angedal, who has had the position as Operations Director for Engebø Rutile and Garnet, was at the same appointed Managing Director, and will report to the CEO of Nordic Mining. Angedal will have the overall responsibility of the Engebø Project.

Engebø Rutile and Garnet progressing on plan with construction at Engebø

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 & Øvrelied AS, Nordic Bulk AS and Normatic AS 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. Local EPC building contractor, Åsen & Øvrelied AS, has reached the milestone of fully enclosed walls and roofs on the administration and workshop buildings. Detail Engineering on the process plant is ongoing by Nordic Bulk AS and Normatic AS. The main parts of the Detail Engineering were completed in Q2 2023, and fabrication of steel and other equipment has started.

In the second quarter of 2023 Engebø Rutile and Garnet completed several milestones, closing out several risks related to HSE, capital expenditure and schedule.

- Completed ore conveyor primary crushing chamber, and new bypass tunnel for improved operational flexibility.
- Completed new 3 km access road to the mining service area.
- Completed raise bore drilling of ore vertical pass with diameter of 4.5 meters and 220 meters length to the top of Engebø with collar positioned at 285 meters above sea level.
- Geotechnical safety measures completed on rockfaces at the process plant area and in primary crushing chamber.
- Completing soil cover at "Stommelshaugane" to reuse fertile soil from the process area.
- Finalized mining service area base plot, ready for construction of mining workshop.
- Erected admin and workshop building with roof and walls fully enclosed.

The civil work for the process plant buildings is well advanced and preparatory work for mechanical and electrical work will start in Q3. Mechanical installations are expected to start for both the underground crushing chamber and process plant in October 2023.

The full financing and final investment decision of the Engebø Project in March 2023 allowed Engebø Rutile and Garnet 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.

The operational team at Engebø is growing and several new key resources are onboarding in Q3 2023 with preparations being made to open further new positions for hire in the coming quarter.

Engebø Rutile and Garnet USD 100 million senior secured bond listed on Nordic ABM

In April 2023, Nordic Rutile USD 100 million 5-year senior secured bond with ISIN NO0012734112 was listed on Nordic ABM with listing date 12 April 2023. Following the change of company name to Engebø Rutile and Garnet in June the ticker on Nordic ABM is ERUGA01 PRO.

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

In 2022, Engebø Rutile and Garnet 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, Engebø Rutile and Garnet entered into a global exclusive offtake agreement for 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 supported by welding and Ti-sponge market segments

Titanium metal demand, being an important driver for rutile, remained robust in the second quarter of 2023 driven by the steady demand for aircraft and general industrial applications, combined with demand for non-Russian products. The outlook remains strong for the rest of 2023.

For titanium feedstock producers the second quarter 2023 showed a mixed picture. Rutile sales volumes were reported to be on par with production levels, with reported average prices showing a minor increase from the first quarter of this year. The TiO₂ industry showed recovery in Q2-2023 compared to Q1; however, the expected recovery of pigment demand was below expected levels due to softer real estate markets in China, North America and Europe, and higher interest rates in North America and Europe. Reported inventories are still low due to the actions taken in the 9 months.

Reported bulk natural rutile prices in Q2 2023 was around USD 1,480/mt FOB and above, with the main producers expecting pricing to remain in this range going forward.

Industrial garnet demand in North America was variable in the second quarter of 2023. High inventories and concern for the US debt ceiling slowed demand in April and early May. This trend reversed in June, with fairly strong demand. Demand in Europe remained depressed in the second quarter due to softness in larger economies. The economic pressures were directly reflected in demand for waterjet cutting garnet. Demand for blasting garnet remained more stable on basis of ongoing projects and strong demand in the shipbuilding and offshore sectors. The sale of new waterjet machines remained steady in the quarter. This is expected to continue backdrop of slowdown in capital investments for the rest of 2023. Garnet selling prices in the main markets of North America and Europe are coming under pressure as freight rates from Asia have reduced to pre-pandemic levels.

The Norwegian state to support Nordic Mining in Supreme Court

In April 2023 the Supreme Court's appeals committee informed that the appeal by Artic Mineral Resources ("AMR") on the ruling from Borgarting Court of Appeal will be heard before the Supreme Court. In May 2023 the Attorney General of Norway has confirmed to the Supreme Court that the Norwegian state will support Nordic Mining and participate in the Supreme Court proceedings handling the appeal by AMR. The hearing is tentatively scheduled to take place late October 2023. The Oslo District Court and the Borgarting Court of Appeal both ruled in favor of Engebø Rutile and Garnet and concluded that AMR shall pay Engebø Rutile and Garnet'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.

NORDIC OCEAN RESOURCES AS (100% ownership)

Nordic Mining has during the last year considered various strategic opportunities within seabed minerals. The lead time to develop and establish viable and commercial exploitation of seabed minerals resources is considered excessive compared to opportunities on land. Following a strategic review, Nordic Mining has therefor decided to pause the engagement in seabed minerals exploration and prioritize onshore opportunities within Nordic Mining's current strategy of exploration and production of high-end minerals and metals.

FINANCIAL PERFORMANCE IN Q2

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 second quarter of 2023 was NOK -10.0 million (NOK -11.3 million) and NOK -23.4 million the first half of 2023 (NOK -29.0 million), with around NOK-5.8 million and NOK -13.0 million resulting from non-capitalizable pre-production operating costs related to the development and construction of the Engebø Project, respectively.

The Group recognized in the first half of 2023 a fair value gain of NOK 3.4 million (loss NOK -12.8 million) on the convertible loan up to the conversion of the loan in early-March 2023. Net financial items were NOK 2.7 million in

the second quarter of 2023 and NOK –37.0 million in the first half of 2023 (NOK –6.1 million), with the main financial items in the second quarter being net gain on foreign exchange related to the bond of NOK 0.6 million, interest on cash held of NOK 3.8 million and transaction costs from financing of NOK –1.2 million. Please see note 7 for further information. Borrowing costs on bond loan has been capitalized under Mine under construction following satisfaction of financing conditions in March 2023, in total NOK 25.5 million in the second quarter and NOK 32.2 million in the two first quarters of 2023, net of interest on bond Escrow.

Reported net loss in the second quarter was NOK –7.4 million and NOK –57.1 million for the first half of 2023, compared to a net profit of NOK 246.6 million in the first half of 2022 driven by the fair value gain in the period on the now sold stake in the Finnish lithium project Keliber Oy of NOK 294.5 million.

In the second quarter of 2023 the Group has capitalized NOK 368.2 million in the balance sheet under Mine under construction direct costs related to the construction work at Engebø, up from NOK 132.3 million in the first quarter, resulting from increased construction activities after securing full financing and final investment decision in March 2023. Nordic Mining's consolidated carrying amount for Mine under construction was NOK 788.9 million as of 30 June 2023 (Q1 2023: NOK 420.7 million).

Net cash outflow from operating activities in the first half year of 2023 was NOK –49.7 million as compared to NOK –27.4 million in the same period in 2022. Net cash flow from the Group's investment activities in the first half of 2023 was NOK –363.1 million (NOK –98.9 million) related to investment in Mine under construction. Interest on the bond loan for the second quarterly interest rate period of USD 3.2 million (corresponding to NOK 33.2 million) was partially paid from last month of the pre-funded interest paid into the bond Escrow account, which accordingly is not included in interest and financing fees paid, with the remaining USD 2.1 million from cash and cash equivalents. 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 in the first half of 2023 of in total NOK 934.6 million (NOK 133.8 million) after payment transaction costs related to the share issues of NOK –41.5 million and interest and other financing fees of NOK –45.7 million.

The Group's cash and cash equivalents as of 30 June 2023 was NOK 687.3 million (Q1 2023: NOK 956.8 million). In addition, the Group had NOK 1.11 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 30 June 2023 was NOK 2.64 billion (31.12.2022: NOK 1.51 billion), and total equity was NOK 1.52 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 (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 is being 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 is being 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.

Updated Definitive Feasibility Study reconfirms Engebø as a world class mineral project

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 on the company's webpage: www.nordicmining.com/operations/engebo/

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. Engebø Rutile and Garnet 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, Engebø Rutile and Garnet will compensate by increasing biodiversity in other areas. 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.

To ensure that the construction phase of Engebø Project meet the Groups standards on sustainability, Engebø Rutile and Garnet 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.

The Environmental Agency approved Nordic Mining's Waste Management Plan and granted a revised discharge permit on 23 June 2023. The plan and permits regulates waste handling and discharge at the mine site. The waste management 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

Rutile from Engebø will be a source of environmentally friendly raw material for several end use products that can positively impact human life. In general, natural rutile is an environmentally superior raw material for the titanium industry compared to other sources. Due to its high purity, it is used directly in chlorination plants to make titanium pigment and for titanium metal production which gives reduced waste and a substantially lower carbon footprint. Other sources of raw materials such as ilmenite, must go through carbon intensive leaching or smelting processes. 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. 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 and this way contributing to green energy production.

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

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

The 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 superior Green House Gas ("GHG") emission footprint due to available hydroelectric power 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. Nordic Mining has reduced GHG emissions by 85% by replacing gas dryers with electrical dryers. The main source of GHG is diesel consumption from the mining fleet. Options for electrification of the fleet is under investigation and the Company will when feasible, transfer to a fully electrified mining operation. A target of net zero GHG emissions has been set 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 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 June 2023 the Environmental Agency approved the Waste Management Plan for the Engebø Project and granted a revised discharge permit. Two NGO's have summoned the Norwegian Government claiming that Engebø Rutile and Garnet's disposal permit granted by the Norwegian Government in 2015 is null and void. The hearing in the case between the NGOs and Norwegian Government will take place in Oslo District Court in September 2023. 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.

Oslo, 14 August 2023

The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

		2023		2022	
		01.04-30.06	01.04-30.06	01.01-30.06	01.01-31.12
	Note	Unaudited	Unaudited	Unaudited	Audited
<i>(Amounts in NOK thousands)</i>					
Other income		-	-	-	-
Payroll and related costs		(2 828)	(1 545)	(7 218)	(11 650)
Depreciation and amortization		(80)	(34)	(159)	(164)
Other operating expenses		(7 128)	(9 705)	(16 054)	(34 106)
Operating profit/(loss)		(10 036)	(11 284)	(23 431)	(45 920)
Fair value gains/losses on investments		-	88 573	-	283 844
Fair value gains/losses on convertible loan	4	-	(7 287)	3 354	(10 476)
Financial income	7	34 421	65	110 926	63 487
Financial costs	7	(31 739)	(31)	(147 921)	(88 523)
Profit/(loss) before tax		(7 354)	70 036	(57 072)	202 412
Income tax		-	-	-	-
Profit/(loss) for the period		(7 354)	70 036	(57 072)	202 412
Earnings per share					
<i>(Amounts in NOK)</i>					
Basic earnings per share		(0.00)	0.30	(0.04)	0.88
Diluted earnings per share		(0.00)	0.26	(0.04)	0.75

STATEMENTS OF COMPREHENSIVE INCOME

	2023	2022	2023	2022	2022
	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	(7 354)	70 036	(57 072)	246 632	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	(7 354)	70 036	(57 072)	246 632	201 403

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	Note	30.06.2023 Unaudited	31.12.2022 Audited
ASSETS			
Non-current assets			
Mine under construction	3	788 897	288 410
Property, plant and equipment		998	1 090
Right-of-use assets		39	106
Total non-current assets		789 934	289 606
Current assets			
Trade and other receivables		50 058	23 297
Bond Escrow	6	1 108 994	1 032 597
Restricted cash		8 430	4 215
Cash and cash equivalents		687 333	164 703
Total current assets		1 854 815	1 224 812
Total assets		2 644 749	1 514 418
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	5	1 300 938	139 390
Share premium		277 928	319 430
Other paid-in capital		16 038	16 038
Retained earnings/(losses)		(73 207)	(16 135)
Other comprehensive income/(loss)		(4 232)	(4 232)
Total equity		1 517 465	454 491
Non-current liabilities			
Bond loan	6	951 737	-
Pension liabilities		1 740	1 812
Total non-current liabilities		953 477	1 812
Current liabilities			
Trade payables		91 675	37 168
Bond loan	6	-	850 825
Convertible loan	4	-	142 976
Other current liabilities		82 133	27 146
Total current liabilities		173 808	1 058 115
Total liabilities		1 127 285	1 059 927
Total shareholders' equity and liabilities		2 644 749	1 514 418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent							
(Amounts in NOK thousands)	Note	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		-	-	-	-	246 632	246 632
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	246 632	246 632
Share issue		1 695	5 731	-	-	-	7 426
Equity 30 June 2022		139 390	319 430	16 038	(3 223)	28 085	499 720
Equity 1 January 2023		139 390	319 430	16 038	(4 232)	(16 135)	454 491
Profit/(loss) for the period		-	-	-	-	(57 072)	(57 072)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	(57 072)	(57 072)
Share issue	4,5	1 161 548	(0)	-	-	-	1 161 548
Transaction costs		-	(41 501)	-	-	-	(41 501)
Equity 30 June 2023		1 300 938	277 928	16 038	(4 232)	(73 207)	1 517 465

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		2023	2022
	Note	01.01-30.06 Unaudited	01.01-30.06 Unaudited
<i>(Amounts in NOK thousands)</i>			
Operating activities:			
Net cash used in operating activities		(49 746)	(27 423)
Investing activities:			
Acquisition of licenses and properties		-	-
Investment in mine under construction		(363 056)	(76 409)
Net investment in (-)/release of restricted cash		-	(22 500)
Net cash used in investing activities		(363 056)	(98 909)
Financing activities:			
Share issuance	4,5	1 021 926	7 426
Transaction costs, share issue		(41 501)	-
Gross proceeds from borrowings, Convertible loan	4	-	132 500
Transaction costs, Convertible loan		-	(6 089)
Interest and financing fees paid		(45 708)	-
Payment of lease liabilities		(76)	(38)
Net cash from financing activities		934 641	133 800
Net change in cash and cash equivalents		521 840	7 467
Cash and cash equivalents at beginning of period		164 703	32 086
Effect of exchange rate fluctuation on cash held		791	-
Cash and cash equivalents at end of period		687 333	39 553
Net change in restricted cash		4 215	22 500
Restricted cash at beginning of period		4 215	-
Restricted cash at end of period		8 430	22 500
Restricted and unrestricted cash at end of period		695 763	62 053

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 14 August 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 Engebø Rutile and Garnet AS (former 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 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.

Note 5 - SHARE CAPITAL

Following registration of the new shares from the private placement in Q1 2023, the conversion of the convertible loan in Q1-2023 as described in note 4, and the new shares from the subsequent offering in Q2 2023, Nordic Mining's share capital has increased by NOK 1,161,548,330 to NOK 1,300,938,393.40 divided into 2,168,230,655 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 Engebø Rutile and Garnet 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 bond is listed on Nordic ABM with ticker: ERUGA01 PRO.

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 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 are reclassified to non-current liability in the statement of financial position. The proceeds from the bond will be released in three tranches from the Bond Escrow account after satisfaction of certain pre-disbursement conditions precedent, to be used for costs and expenditures to bring the Engebø Project into commercial production.

Note 7 - FINANCIAL INCOME AND FINANCIAL COSTS

Financial income in the second quarter and the first half of 2023 consists mainly of:

- foreign exchange gain of NOK 30.0 million on bond Escrow in USD (H1 2023: NOK 93.2 million), and;
- interest on cash held and bond Escrow of NOK 3.8 million (H1 2023: NOK 16.3 million).

Financial costs in the second quarter and the first half of 2023 consist mainly of:

- foreign exchange loss of NOK 29.4 million on the USD bond loan (H1 2023: NOK 91.4 million);
- interest and transaction costs on bond loan of NOK 0.0 million as borrowing costs has been capitalized to Mine under construction (H1 2023: NOK 30.1 million), and;
- transaction costs from financing of NOK 1.2 million (H1 2023: NOK 24.3 million).

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 2023 and for the first half year of 2023, including interim condensed consolidated figures for comparison per 30 June 2023 and for the first half year 2022.

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 2023 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 2023 and 30 June 2022, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2023 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, 14 August 2023
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe

Eva Kaijser

Benedicte Nordang

Tom Lileng

Ivar S. Fossum
CEO

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