



**NORDIC
MINING**

INTERIM REPORT

Per 31 December 2020



Minerals for a sustainable future

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

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

In addition, Nordic Mining holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina and exploration of seabed minerals.

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

Group interim report for the quarter ended 31 December 2020

Important events in the fourth quarter of 2020 and year to date 2021:

CORPORATE

Titanium and lithium added to EU's list of Critical Raw Materials

In September, the EU added titanium and lithium to its list of Critical Raw Materials to reflect the changed economic importance of the minerals in the transition towards a green and digital economy, and the need to develop resilient value chains for Europe's industrial ecosystems by reducing dependency on third countries, diversifying supply sources and improving resource efficiency and circularity.

The minerals which will be produced at Engebø and in Keliber are well aligned with EU's requirements and priorities going forward.

ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)

Expected reduction in initial CAPEX in the range of USD 100 million

In January 2020, the Company published the results of the DFS for the Engebø project. The study reinforced Engebø as a world class rutile and garnet project with solid financial fundamentals. Following the finalization of the DFS and because of the uncertainties caused by the Covid-pandemic, Nordic Mining initiated a third-party Value Engineering review with the purpose to increase the project's robustness to future market conditions.

The process to update DFS is progressing in line with expectations, however with the prolonged Covid-pandemic resulting in minor delays. Preliminary results from ongoing optimizations and responses from the contractor market indicates a reduction in the initial capital expenditure in the range of USD 100 million from the USD 311 million in the DFS from January 2020. In contrast, an expected reduction in demand for garnet in the short term implies a revision of projected sales volumes in the first years of production. The full economic results of the updated DFS optimizations will be presented as soon as the study is finalized.

In light of the abovementioned practical implications of the Covid-pandemic, Nordic Mining will present the main results of the study at latest in the first half of April 2021.

The Group is fully financed for the finalization of the DFS update and into H2 2021 based on current plans and forecasts.

Electrical dryers reduce CO₂ footprint by more than 80%

In the process to update the DFS, Nordic Mining has been able to commercialize a concept for use of electrical dryers for drying of minerals in the production process. The concept uses proven technology that has been qualified for increased production volumes. The use of electrical dryers will reduce the CO₂ emissions from the project with more than 80% and in effect make the process plant completely free of CO₂ emissions.

Implementation of environmental and social management systems ongoing

The Company is in the process of implementing an integrated and comprehensive Environmental and Social Management System (ESMS) for the Engebø project to ensure environmental and social issues are managed in accordance with IFC Performance Standards and the Equator Principles, as well as Norwegian permits and regulations.

The Company has developed a Stakeholder Engagement Plan to strengthen and build sustainable stakeholder relations prior to construction. The plan defines a management system for systematic communication and engagement with stakeholders at a local level, and includes a system for continual stakeholder identification, defines tools and platforms for communication and engagement, and a concerns and grievance management system. The plan has been reviewed by the international mining consultancy firm SRK Consulting (SRK) to ensure its compliance with International Finance Corporation's (IFC) standards. As part of strengthening the stakeholder involvement a local resource group has been established where key stakeholder groups are invited to participate in the Company's environmental monitoring program. The first group meeting was held in October 2020.

Plans for effective management of extractive waste and efficient energy use are being developed with support from SRK. The plans will be finalized before start of construction.

Revised discharge permit granted

Nordic Mining is continuously investigating measures to minimize the environmental impact of the Engebø project. In June 2020, the Company submitted, after extensive test work proving that the consumption of chemicals could be reduced by 99%, an application to the Environment Agency for substitution of chemicals from the original discharge permit of 2015. In January 2021, the Agency granted the revised discharge permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption.

Operating license completes the main regulatory permits for the project

In June 2020, the Directorate of Mining granted the operating license for the Engebø project. The license is granted for the life of mine of the project which includes an open pit and underground phase. The operating license completes the main regulatory permits for the project.

The Directorate's decision was appealed by various stakeholders. In November 2020, the Directorate confirmed that the appeals received do not provide any basis to revoke or change the decision. The matter has therefore been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

Long-term market fundamentals supportive for Engebø

The market outlook for rutile and garnet remains uncertain in the short to medium term with reduced economic activity as result of the Covid-pandemic. In the longer-term, the economic fundamentals for rutile remain solid with global supply expected to decrease as rutile deposits are depleted, and at the same time demand is expected to increase driven by value and importance for industrial processes and applications. The average rutile price in 2020 is reported to be around USD 1,220 per tonne (FOB), which is around USD 80 per tonne higher than the long-term price used in the DFS from January 2020.

The garnet demand in 2020 was impacted by reduced economic activity and lower oil price. Prices to end-customers in the main markets in Europe and USA are to a large extent reported to remain relatively unaffected, despite demand having contracted. The existing main producers of garnet are in Australia, China, India and South-Africa, with no production in Europe. In the USA, domestic production is significantly short of the demand. Various garnet buyers have indicated that long-term supply of high-quality garnet from Europe is important for supply security and efficient logistics. Nordic Mining has provided garnet samples for testing and is continuing constructive discussions with potential customers for long-term offtake agreements.

KELIBER LITHIUM PROJECT (16.3% ownership)

Positive investor interest

Keliber is in the process to raise around EUR 30 million to finance planned development activities up to project financing for construction. Keliber has stated that detailed discussions and negotiations are ongoing with closing of a transaction expected in Q1 2021. Keliber's investment case is based on the company's latest projection of project economics with post-tax-IRR of 22%, expected cost leader position for lithium hydroxide in 2025, and growing lithium demand as forecasted by Roskill in June 2020.

Project update and review

Keliber continues to advance the lithium project including technical planning, permitting, ore potential, market assessments and financing. The company have decided to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. Further, the concentrator plant will be moved closer to the main spodumene deposits to increase efficiency and reduce environmental footprint. Basic engineering work is ongoing related to the concentrator, tailings disposal solutions and the chemical plant.

Resource drilling has continued in 2020 and the first part of 2021. In total, around 3,800 meters were drilled in H2 2020, mainly in the Rapasaari area. Preliminary indications are positive. Updated mineral resource estimates will be presented later and incorporated as the resource basis for the project. An update of the DFS is scheduled in the second part of 2021.

Processes related to environmental permitting are progressing, with the Environmental Impact Assessment (EIA) report for the mineral concentrator and main mining areas being submitted to the authorities in November 2020. Keliber targets to submit the permit application for the concentrator and main mining areas in the first half of 2021. The environmental permit application for the Kokkola chemical plant was submitted in December 2020. Keliber expects the permit decision in 2021.

Electrical Vehicle market and shift to e-mobility driving lithium market outlook

In the first part of 2020, lithium prices were under pressure driven by the uncertainties caused by the Covid-pandemic. In the second half of the year, economic activity including electrical vehicle manufacturing has picked up and the market balance for lithium has tightened. The ongoing and expected recovery of economies and the pace of transition towards greener and more sustainable solutions are expected to fuel the lithium market in the coming years.

In the 2020 list of Critical Raw Materials, the European Union indicated that Europe would need about 60 times more lithium, which is critical for a shift to e-mobility, for EV batteries and energy storage by 2050. The first European battery giga-factories are coming to production in 2021, and with more giga-factories in project phase, including significant battery initiatives in the Nordic countries.

Keliber's targeted position as a low-cost producer and the first producer in Europe of battery grade lithium hydroxide is expected to be an advantage when it comes to future sales to battery manufacturers.

NORDIC OCEAN RESOURCES (NORA) (100% ownership)

Nordic Mining has taken pioneering initiatives related to seabed mineral in Norway through the subsidiary Nordic Ocean Resources (NORA) giving the Company valuable knowledge for business development. NORA participated in the MarMine project on marine mineral resources coordinated by the Norwegian University of Science and Technology (NTNU). Research assessments indicate an attractive potential for discovery of metallic ore deposits with possible significant economic values within Norway's exclusive economic zone.

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 issued a hearing for a proposal for an impact assessment program.

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, Nordic Mining will review its strategy on how to commercialise the Groups knowledge and position on seabed minerals.

FINANCIAL PERFORMANCE IN Q4 AND THE YEAR 2020

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

The Group is in the Definitive Feasibility Study phase of the Engebø project and has, so far, no sales revenues from operations. Reported operating loss for the fourth quarter was NOK -11.7 million (NOK -15.7 million). The operating result reflect the Group's continued focus to steadily progress development activities for the Engebø project towards update of the DFS.

Per 31 December 2020, the Group has reassessed the mark-to-market valuation of the investment in Keliber at EUR 59 million on 100% basis, compared to the previous valuation of EUR 48 million, which has been retained from the first quarter of 2020. The assessment takes into account available information related to the positive developments in Keliber, the lithium project, and in particular the lithium market, which started to recover after significant increase in demand from global battery producers, and Keliber's ongoing discussions with investors for EUR 30 million financing. This results in a gain on the investment in the fourth quarter of NOK 12.5 million (NOK -21.5 million), and a gain of NOK 9.3 million (NOK 75.5 million) for the year. For further information, see Note 3. Nordic Mining's carrying amount for the investment in Keliber was NOK 100.1 million as of 31 December 2020 (31.12.19: NOK 90.8 million).

Reported net result in the fourth quarter was NOK 0.8 million (NOK -40.9 million) and for the year NOK -32.9 million (NOK 1.4 million).

Net cash outflow from the Group's operating activities in the fourth quarter was NOK -7.1 million (NOK -18.3 million) which is NOK 4.4 million lower than the average for the three foregoing quarters of 2020. The net cash outflow from operating activities in the year totalled NOK -41.8 million (NOK -75.6 million). Net cash outflow to investment activities in the fourth quarter was NOK -0.1 million (NOK -0.4 million) and accumulated for the year NOK -0.4 million (NOK -0.8 million). The investments relate mainly to licence cost for the Engebø project. Net

cash inflow from financing activities for year 2020 was NOK 53.8 million (NOK 57.1 million) resulting from the share issue in January. For more information, see Note 4.

The Group's cash and cash equivalents were reduced by NOK 7.3 million in the fourth quarter to NOK 42.2 million at year-end. This was in line with the Company's plans as presented in Q3 2020. Nordic Mining remains fully financed for the finalization of the DFS update and into H2 2021 based on current plans and forecasts.

Nordic Mining's total assets as of 31 December 2020 was NOK 173.7 million (31.12.2019: NOK 152.4 million), and total equity was NOK 164.3 million (31.12.2019: NOK 143.8 million). The Group had no interest-bearing debt.

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

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

MAIN PROJECTS AND ACTIVITIES

Titanium and lithium added to EU's list of Critical Raw Materials

In September, the EU added titanium and lithium to its list of Critical Raw Materials to reflect the changed economic importance of the minerals in the transition towards a green and digital economy, and the need to develop resilient value chains for Europe's industrial ecosystems by reducing dependency on third countries, diversifying supply sources and improving resource efficiency and circularity.

The minerals which will be produced at Engebø and in Keliber are well aligned with EU's requirements and priorities going forward.

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

The Engebø deposit will be developed as a dual mineral operation with production and sale of high-quality rutile and garnet. The business concept provides efficient resource utilization, risk reduction, attractive and robust economics, and valuable future expansion opportunities.

Mineral resource and ore reserve estimates secure long-term operation

The following tables provide an overview of the mineral resource and ore reserves estimates, both at 2% TiO₂ cut-off grade, as presented in the DFS from January 2020 by Competent Person Adam Wheeler.

Mineral resource estimate

TiO₂ Cut-off	Classification	Tonnes (Mt)	Total TiO₂ (%)	Garnet (%)
2%	Measured	29.2	3.60	44.5
	Indicated	104.0	3.48	43.9

	Total – Measured and Indicated	133.2	3.51	44.0
	Inferred	254.1	3.15	41.3

Ore reserve estimate

Open Pit	Tonnes (Mt)	TiO₂ Grade (%)	Garnet Grade (%)
Proven	21.07	3.54	43.8
Probable	13.18	3.29	43.3
Total Open Pit	34.26	3.45	43.6
Underground			
Proven	2.35	3.34	39.2
Probable	26.49	3.21	38.7
Total Underground	28.85	3.22	38.7
Grand Total	63.10	3.34	41.4

The substantial inferred mineral resource highlights the potential for expansion and/or extension of project mine life. The ore reserve estimates will be revised as part of the ongoing DFS update. No changes are expected to the mineral resource estimates.

DFS update progressing well

In January 2020, the Company published the results of the DFS for the Engebø project. The study indicated strong financials and reinforced Engebø as a world class rutile and garnet project. The complete summary report is available at the corporate website, and key results are summarized in the following:

- Dual-mineral production of rutile and garnet in a combined, optimized process provides profitable and robust project financials
- Strong cashflow and short payback
- Low production cost provides competitive strength
- Mining plan supports an initial 42 years project life with 1.5 mtpa run of mine operation
- High environmental and social standards in accordance with IFC Guidelines and Equator Principles

Following the finalization of the DFS and because of the uncertainties caused by the Covid-pandemic, a third-party Value Engineering review was initiated with the purpose to increase the project's robustness to future market conditions. The review identified specific opportunities to reduce the initial capital expenditure and improve the economic utilization of the Engebø deposit. In October 2020, Nordic Mining appointed engineering companies Hatch and Axe Valley Mining to confirm and develop the opportunities identified to DFS-level for an update of the DFS.

The following optimization opportunities are elaborated in the ongoing work:

- Reduce process plant footprint by changing construction strategy, and fit-for-purpose infrastructure, lay-out and buildings
- Early involvement of selected suppliers to optimize engineering and costing of main construction packages
- Reduce carbon footprint by use of alternative technologies, including use of electrical dryers
- Implement targeted mining strategy to maximize extraction of high-grade ore and postpone and minimize waste rock mining
- Revisions to underground mining strategy that focus on high-grade ore and increased overall extraction through the application of backfilling
- Optimize initial garnet capacity to reflect market uncertainty caused by the Covid-pandemic

Preliminary results from the optimization work and responses from the contractor market in the process to update the DFS indicates a reduction in the initial capital expenditure in the range of USD 100 million compared

to DFS from January 2020 (USD 311 million). In contrast, an expected reduction in demand for garnet in the short to medium term is expected to imply a revision of projected sales volumes in the first years of production. The full economic results of the updated DFS optimizations will be presented as soon as the study is finalized.

In the process to update the DFS, Nordic Mining has been able to commercialize a concept for use of electrical dryers for drying of minerals in the production process. The concept uses proven technology that has been qualified for increased production volumes. The use of electrical dryers will reduce CO₂ emissions from the project with more than 80% and in effect make the process plant completely free of CO₂ emissions.

Implementation of environmental and social management systems ongoing

The Company is in the process of implementing an integrated and comprehensive Environmental and Social Management System (ESMS) to ensure environmental and social issues are managed in accordance with IFC Performance Standards and the Equator Principles, as well as Norwegian permits and regulations. The Company has developed a detailed stakeholder engagement plan for the Engebø project, which will be implemented by latest Q2 2021 to secure a good dialogue with stakeholders related to the project.

Plans for extractive waste management and efficient energy use are being developed with the assistance of the leading international mining consultant, SRK Consulting. The plans will be finalized before start of construction planned later in 2021.

Environmental monitoring programs, using state of the art technologies, will be put in place to ensure adherence to permits and to mitigate environmental effects. In line with the provisions of the environmental permit, the Company will start a monitoring program to register juvenile salmon (smolt) migration in the Førde Fjord and connecting rivers in spring 2021.

Main regulatory framework is completed, technical building permits in process

In June 2020, the Directorate of Mining granted the operating license for the Engebø project. 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 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 Directorate of Mining confirmed in November 2020 that the appeals received in relation to the operating license do not provide any basis to revoke or changes the decision. The matter has therefore been forwarded to the Ministry of Trade, Industry and Fisheries for final confirmation.

Artic Mineral Resources (AMR) is one of the appellants. AMR claims that Nordic Rutile has no rights pertaining to the garnet on the Vevring side of Engebø. Normally an appellant awaits the Ministry's decision before initiating court proceedings which attacks decisions passed by authorities. AMR has newly served a notice to Nordic Rutile stating its intention to initiate legal proceedings claiming that AMR has exclusive rights to the garnet on the Vevring side and that Nordic Rutile has no rights to the said garnets. AMR's claim is contrary to the Directorate of Mining's decision and contrary to the Minerals Act.

The Company is awaiting the final confirmation from the Ministry of Trade, Industry and Fisheries, and is confident that the operating license for the Engebø project will be retained as granted in June 2020.

In June 2020, the Company submitted, after extensive test work proving that the consumption of chemicals could be reduced by 99%, an application to the Environment Agency for substitution of chemicals from the original discharge permit of 2015. In January 2021, the Agency granted the revised discharge permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption.

In December 2020, Sunnfjord and Askvoll municipalities approved the zoning plan for a water supply pipeline from Skorven, on the southern side of the Førde Fjord, to the project site at Engebø.

Preparation of application for building permits and technical dialogues with authorities and vendors are ongoing as a part of the plans for project execution.

Positive commercial outlook for rutile and garnet

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supply from Engebø represent a substantial opportunity for logistical optimization. Although the short-term market outlook for rutile and garnet remains uncertain because of the Covid-pandemic, the long-term fundamentals remain strong and support a new source of supply in Europe.

In the coming years, the global supply of rutile is expected to be significantly reduced as mineral deposits are depleted. At the same time, the demand for rutile and other high-grade titanium feedstock is expected to increase driven by value and importance for industrial processes and applications. The average rutile price in 2020 is reported to be around USD 1,220 per tonne (FOB). This is around USD 80 per tonne higher than the long-term rutile price used in the DFS from January 2020.

In 2019, Nordic Mining signed a Heads of Agreement with a Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. Process to finalize terms and conditions for a long-term offtake agreement has been delayed as result of the Covid-pandemic. Discussions are progressing constructively, and the Company expects the agreement to be finalized in due course for project financing later in 2021.

The main applications for garnet are in waterjet cutting and sand blasting. Prices vary depending on quality and application. The garnet demand in 2020 was impacted by reduced economic activity and lower oil price. Selling prices in the main markets in Europe and USA are to a large extent reported to remain relatively unaffected.

There is currently no production of garnet in Europe and the global supply of high-quality garnet for high-end applications has over the last years been short of the increasing demand. The existing main producers are in Australia, China, India and South-Africa. Regulatory measures introduced by the Indian government in 2016 continue to affect a substantial part of the garnet production in India. It is uncertain when and to what extent Indian production will re-enter the market. In the USA, domestic production is significantly short of the demand.

Various garnet buyers have indicated that long-term supply of high-quality garnet from Europe is important for supply security and efficient logistics. This supports Engebø as a new and long-term source of supply of high-quality garnet. Nordic Mining has constructive discussions with potential garnet customers and has provided samples for testing. Commercial discussions will continue with the purpose to establish long-term offtake agreements.

Keliber Oy (16.3% ownership) – lithium hydroxide project

Target to become the first European producer of battery-grade lithium hydroxide

Keliber has mining license for several lithium deposits as well as exploration permits and claims on other deposits in the Central Ostrobothnia region in Finland. A DFS completed in 2019 for the lithium project will be updated in 2021. Keliber's project development is in accordance with high international standards for environment, health and safety.

Keliber targets to be the first producer in Europe of battery-grade lithium hydroxide. Lithium hydroxide is important in modern batteries and a vital material for the ongoing electrification of the transport sector to reduce CO₂ emissions.

On a quarterly basis, Keliber presents progress reports to stakeholders. The reports and news releases are available at www.keliber.fi.

Steadily increasing the resource base

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

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

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

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

Resource drilling has continued in 2020 and the first part of 2021 to increase the resource base and improve the financial attractiveness of the project. In total, around 3,800 meters were drilled in H2 2020, mainly in the Rapasaari area. Preliminary indications are positive. Updated mineral resource estimates will be presented later and incorporated as the resource basis for the project.

Optimizing the business case

Keliber continues to advance the lithium project including technical planning, permitting, ore potential, market assessments and financing. The company has decided to increase the production capacity for lithium hydroxide from 12,000 to 15,000 tonnes per year. At the Kokkola chemical plant, Keliber plans to utilize spodumene concentrate from third parties in addition to concentrate from its own deposits. Further, Keliber has decided to move the concentrator plant to the Päiväneva area which is closer to the main spodumene deposits to increase efficiency and reduce environmental footprint. Basic engineering work is ongoing related to the concentrator, tailings solutions and the chemical plant.

Activities related to environmental permitting are proceeding. The EIA report for the concentrator and main mining areas was submitted to the authorities in November 2020. Keliber targets to submit the permit application for the concentrator and main mining areas in the first half of 2021. The environmental permit application for the Kokkola chemical plant was submitted in December 2020. Keliber expects the permit decision by end of 2021.

Activities related to an update of the DFS are proceeding and the updated study is scheduled for completion in the second part of 2021.

Transition towards greener solutions drives lithium market outlook

In the first part of 2020, lithium prices were under pressure driven by the uncertainties caused by the Covid-pandemic. In the second half of the year, economic activity including electrical vehicle manufacturing has picked up and the market balance for lithium has tightened. The ongoing and expected recovery of economies and the pace of transition towards greener and more sustainable solutions are expected to fuel the lithium market in the coming years. Various forecasts indicate that supply may become short of the fast-growing demand from 2024/25.

In the 2020 list of Critical Raw Materials, the European Union indicated that Europe would need about 60 times more lithium, which is critical for a shift to e-mobility, for EV batteries and energy storage by 2050. The first European battery giga-factories are coming to production in 2021, and with more giga-factories in project phase, including significant battery initiatives in the Nordic countries. In September 2020, both Lithium and Titanium were added to EU's list over critical minerals.

Keliber's targeted position as a low-cost producer and the first producer in Europe of battery grade lithium hydroxide, combined with high standards and strict regulatory requirements related to environmental, health and safety matters, is expected to be an advantage when it comes to future sales and positioning in the battery value chain.

Strategic assets and initiatives

Alumina technology development

Nordic Mining has since 2009 been engaged in development of a new technology for alumina production as a sustainable alternative to the current production. The technology has successfully been developed together with Institute for Energy Technology (IFE) and has been patented in several countries including Norway, Russia, USA, Canada and with the European Patent Office. In June 2019, the Company announced that the EU's Horizon 2020 program has granted EUR 5.9 million for the AlSiCal project to further develop the patented technology. AlSiCal is an ambitious research and innovation project to further research, develop and de-risk the technology. The technology, named the Aranda-Mastin technology (AM technology), is a low waste and low carbon footprint alternative, to the current alumina production which is mainly based on bauxite resources refined through the Bayer process. Bauxite mining and processing is known to have substantial environmental impact due to production of toxic waste, substantial carbon emissions and extensive land use. The new technology is an innovative alternative based on alumina/calcium-rich rocks such as anorthosite. Anorthosite is an alumina-rich feldspar rock with approximately 30% alumina. With the new technology, anorthosite can be close to fully utilized to produce alumina together with silica and calcium carbonate by-products. The technology includes a carbon consumption process-step allowing for a low carbon footprint.

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

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

Seabed minerals

Nordic Mining has taken pioneering initiatives related to seabed mineral exploration and knowledge building in Norway through the fully owned subsidiary Nordic Ocean Resources (NORA). 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 (NTNU). 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.

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, Nordic Mining will increase the efforts to commercializing the understanding and positioning on seabed minerals developed through the pioneering initiatives.

Oslo, 15 February 2021
The Board of Directors of Nordic Mining ASA

CONSOLIDATED INCOME STATEMENT

	2020	2019	2020	2019
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Audited
Payroll and related costs	(4 218)	(4 023)	(14 413)	(15 455)
Depreciation and amortization	(64)	(87)	(241)	(202)
Other operating expenses	(7 458)	(11 544)	(27 874)	(57 154)
Operating profit/(loss)	(11 740)	(15 654)	(42 528)	(72 811)
Share of loss in associate	-	-	-	(759)
Gains/losses on investments	12 546	(25 127)	9 336	75 507
Financial income	35	326	500	552
Financial costs	(80)	(437)	(240)	(1 098)
Profit/(loss) before tax	761	(40 892)	(32 932)	1 391
Income tax	-	-	-	-
Profit/(loss) for the period	761	(40 892)	(32 932)	1 391
Profit/(loss) attributable to				
Equity holders of parent	761	(40 892)	(32 932)	1 391
Non-controlling interest	-	-	-	-
Earnings per share attributable to ordinary shareholders <i>(Amounts in NOK)</i>				
Basic and diluted earnings per share	0.00	(0.25)	(0.17)	0.01

STATEMENTS OF COMPREHENSIVE INCOME

	2020	2019	2020	2019
	01.10-31.12	01.10-31.12	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Unaudited	Unaudited	Audited
Net profit/(loss) for the period	761	(40 892)	(32 932)	1 391
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences	-	-	-	(385)
Currency translation reclassified to profit and loss	-	-	-	(4 880)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Changes in pension estimates	(808)	(146)	(808)	(146)
Other comprehensive income directly against equity	(808)	(146)	(808)	(5 411)
Total comprehensive income/(loss) for the period	(47)	(41 038)	(33 740)	(4 020)
Allocation of comprehensive income				
Equity holders of parent	(47)	(41 038)	(33 740)	(4 020)
Non-controlling interest	-	-	-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(Amounts in NOK thousands)</i>	31.12.2020	<i>31.12.2019</i>
	Unaudited	<i>Audited</i>
ASSETS		
Non-current assets		
Evaluation and exploration assets	28 349	26 140
Property, plant and equipment	374	469
Right-of-use assets	377	123
Financial assets	100 114	90 778
Total non-current assets	129 214	117 510
Current assets		
Trade and other receivables	2 215	4 286
Cash and cash equivalents	42 223	30 619
Total current assets	44 438	34 905
Total assets	173 652	152 415
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	118 495	101 275
Share premium	472 824	436 074
Other paid-in capital	15 804	15 578
Retained losses	(439 711)	(406 779)
Other comprehensive income	(3 124)	(2 316)
Total equity	164 288	143 832
Non-current liabilities		
Lease liabilities	218	-
Pension liabilities	1 368	586
Total non-current liabilities	1 586	586
Current liabilities		
Trade payables	1 668	3 142
Other current liabilities	6 110	4 855
Total current liabilities	7 778	7 997
Total liabilities	9 364	8 583
Total shareholders' equity and liabilities	173 652	152 415

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited

Attributed to equity holders of the parent						
(Amounts in NOK thousands)	Share capital	Share premium	Other-paid-in capital	Other comprehensive income	Accumulated losses	Total equity
Equity 1 January 2019	78 505	401 597	14 502	3 095	(408 170)	89 529
Profit for the period	-	-	-	-	1 391	1 391
Other comprehensive income	-	-	-	(5 411)	-	(5 411)
Total comprehensive income	-	-	-	(5 411)	1 391	(4 020)
Share issue	22 770	39 749	-	-	-	62 519
Transaction costs	-	(5 272)	-	-	-	(5 272)
Share-based compensation	-	-	1 076	-	-	1 076
Equity 31 December 2019	101 275	436 074	15 578	(2 316)	(406 779)	143 832
Equity 1 January 2020	101 275	436 074	15 578	(2 316)	(406 779)	143 832
Loss for the period	-	-	-	-	(32 932)	(32 932)
Other comprehensive income	-	-	-	(808)	-	(808)
Total comprehensive income	-	-	-	(808)	(32 932)	(33 740)
Share issue	17 220	40 180	-	-	-	57 400
Transaction costs	-	(3 430)	-	-	-	(3 430)
Share-based compensation	-	-	226	-	-	226
Equity 31 December 2020	118 495	472 824	15 804	(3 124)	(439 711)	164 288

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	2020	2019
	01.01-31.12	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Unaudited	Audited
Operating activities:		
Net cash used in operating activities	(41 764)	(75 564)
Investing activities:		
Acquisition of licenses and properties	(449)	(533)
Investment in other exploration and evaluation assets	-	-
Investment in property, plant and equipment	-	(285)
Net cash used in investing activities	(449)	(818)
Financing activities:		
Share issuance	57 400	62 519
Transaction costs, share issue	(3 430)	(5 272)
Payment of lease liabilities	(153)	(148)
Net cash from financing activities	53 817	57 099
Net change in cash and cash equivalents	11 604	(19 283)
Cash and cash equivalents at beginning of period	30 619	49 902
Cash and cash equivalents at end of period	42 223	30 619

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 December 2020

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting". They do not include all the information required for full annual financial reporting and should be read in conjunction with the consolidated financial statements of Nordic Mining ASA and the Group for the year ended 31 December 2019. The accounting policies adopted are consistent with those followed in the preparation of the Company's and the Group's annual financial statements for the year ended 31 December 2019.

This report was authorized for issue by the Board of Directors on 15 February 2021.

Note 2 – SEGMENTS

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

The Group has evaluated the implications of the ongoing Covid-pandemic, and considers that there are no indications of impairment of the Evaluation and explorations assets, or other assets in the Groups balance sheet.

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

Note 3 – FINANCIAL ASSETS

Keliber Oy

2020:

In March 2020, Keliber completed a share issue directed towards existing shareholders with gross proceeds of EUR 5.8 million which implied a post-money value of Keliber of EUR 48.4 million. Following the share issue, Nordic Mining was diluted from 18.5% to 16.3% ownership. As per 31 March 2020, the Group reassessed the value of Keliber based on the value implied by the share issue, and the value of the Group's investment was adjusted accordingly.

As per 31 December 2020, the Group has revised the mark-to-market valuation of the investment in Keliber on 100% basis at around EUR 59 million, compared to the previous valuation of EUR 48.4 million that has been retained from the first quarter of 2020. This results in a gain on the investment in the fourth quarter of NOK 12.5 million (NOK -21.5 million), and a gain of NOK 9.3 million (NOK 75.5 million) for the year. The assessment takes into account available information related to the positive developments in Keliber, the lithium project, and in particular the lithium market, which has started to recover after significant increase in demand from global battery producers, and Keliber's ongoing discussions with investors for EUR 30 million financing.

2019:

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

On 15 February 2019, the Group derecognized the investment in associate and recognized the financial asset at estimated fair value. A gain was recognized on the difference between the carrying amount of the investment in associate on derecognition and the fair value of the financial asset on the same date. Currency translation adjustments on 15 February 2019 relating to Keliber was reclassified from other comprehensive income to the

income statement and included in the recognized gain. Fair value was estimated based on the subscription price in the share issue in February which resulted in a recognized gain of NOK 97.9 million in Q1 2019.

Note 4 – SHARE CAPITAL

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