

Minerals for a sustainable future



**NORDIC
MINING**

Q1 2023 interim presentation

10 May 2023

EUROPEAN
RAW MATERIALS
ALLIANCE

ERMA



SUSTAINABLE
DEVELOPMENT GOALS

Towards Sustainable Mining

Bærekraft i Norsk Bergindustri



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1. Introduction

2. Engebø Rutile and Garnet

3. Financial update Q1-2023

4. Q & A

Q1 2023 Highlights



Financing

- *Full project financing package of USD 277 million secured*
- *Final Investment Decision (FID) resolved*
- *Repair issue completed towards existing shareholders*



Construction

- *Groundworks progressing in line with schedule*
- *Underground infrastructure works ongoing*
- *Civil works and building construction progressing*



Market

- *Weaker pigment market put rutile prices under pressure in Q1*
- *Titanium metal demand remain firm*
- *China expected to regain growth of pigment demand*



Team & safety

- *1 year of site works without Lost Time Injuries (LTI)*
- *Recruitment of key managers ongoing*
- *Positive response from advertisements*

Building a Norwegian sustainable industrial company to deliver critical minerals

High-quality asset under construction with low cost and industry-leading ESG profile



Engebø Rutile and Garnet project in Norway to produce for 40 years

Strong political drive in the EU and Western world to increase mineral production in Europe



EU has released a new Critical Raw Materials Act (March-23) with ambitious goals for regulation, permitting and production

Broad push from Norwegian industry, politicians and local communities for the sector – Engebø project will create more than 250 jobs¹



The Confederation of Norwegian Enterprise (NHO), Confederation of Trade Unions (LO), and the Norwegian Mineral Industry and Confederation

Nordic Mining is becoming a leading mineral producer by developing a sustainable value chain to deliver critical minerals to Europe and international markets

EU pushes new reforms to ensure European supply of minerals

- On 16 March, EU launched a new act with ambitious goals for extracting, processing and recycling of strategic raw materials in EU
- The Norwegian government has stated that they intend to follow up on the EU initiative
- The Minister of Trade, Industry and Fisheries, Mr. Vestre has announced that Norway's new mineral strategy will be published "very soon"
- The conservative party (Høyre) announced the launching of their mineral strategy at Engebø on April 28



- Den geopolitiske situasjonen gjør at mineralnæringa står framfor viktige år. Mineral er i ferd med å bli mangelvare, seier stortingsrepresentant frå Sogn og Fjordane, Olve Grotle (H). Her saman med Høgre-kollega Bård Ludvig Thorheim.





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Health & Safety

Key Performance indicator	Q1	Project to date	Target
Lost time injuries (1/1 million working hours)	0	0	<2,5*
Total recordable injuries (1/1 million working hours)	0	0	<8,8*
High potential incidents* ²	2	3	0
Low potential incidents* ²	19	63	-



HSE status

- 1 year without LTI (Lost Time Injuries) incidents
- Multiple EPCs and personnel on site, increased need for coordination
- Regular safety rounds being carried out, with different focus area each time
- Approximately 70 workers on site in Q1

Incidents

- Two high potential incidents "Working in heights, without safety harness". Both is being investigated by 3rd party





Access road on North side of the mountain is under completion







Construction on track to start production in Q4 2024 at budget

PROGRESS

EPC'S	2023			
	Q1	Q2	Q3	Q4
Construction EPC1	72%			
Construction EPC 2	9%			
Engineering EPC 3	71%			
Engineering EPC 4	54%			

Comments

Construction by EPC1 Sunnfjord Industripartner AS:

- Ongoing groundworks on process plant area and preparatory works for underground infrastructure since April 2022.
- The process plant the area has been prepared for concrete work on the first two buildings, administration/control room and workshop. Remaining preparations on schedule to be completed during May 2023.
- Blasting of the underground crushing chamber and raise drilling of the vertical ore pass in progress. Work on schedule to be completed during May.
- Mine access road to the open pit tunnel portal around 95% complete.

Construction EPC2 Åsen & Øvrelid AS :

- Construction works on admin and workshop buildings ongoing. Work on remaining buildings planned to start in Q2 2023.

Engineering EPC3 Nordic Bulk AS and EPC4 Normatic AS :

- Ongoing Detail Engineering on the process plant. The main parts of the detailed engineering are expected to be completed in H1 2023
- Subsequent bulk procurement and fabrication of steel to start in Q2 2023. Detailed construction and installation planning ongoing in cooperation with EPC partners.

Long lead technology packages secured with leading sustainable suppliers

~78% of technology packages of USD 30 million on signed contracts, with price and delivery agreed. Detail Engineering or Fabrication ongoing on all long lead technology packages

Mineral Technologies will be the leading supplier of physical separation equipment for mineral beneficiation at Engebø

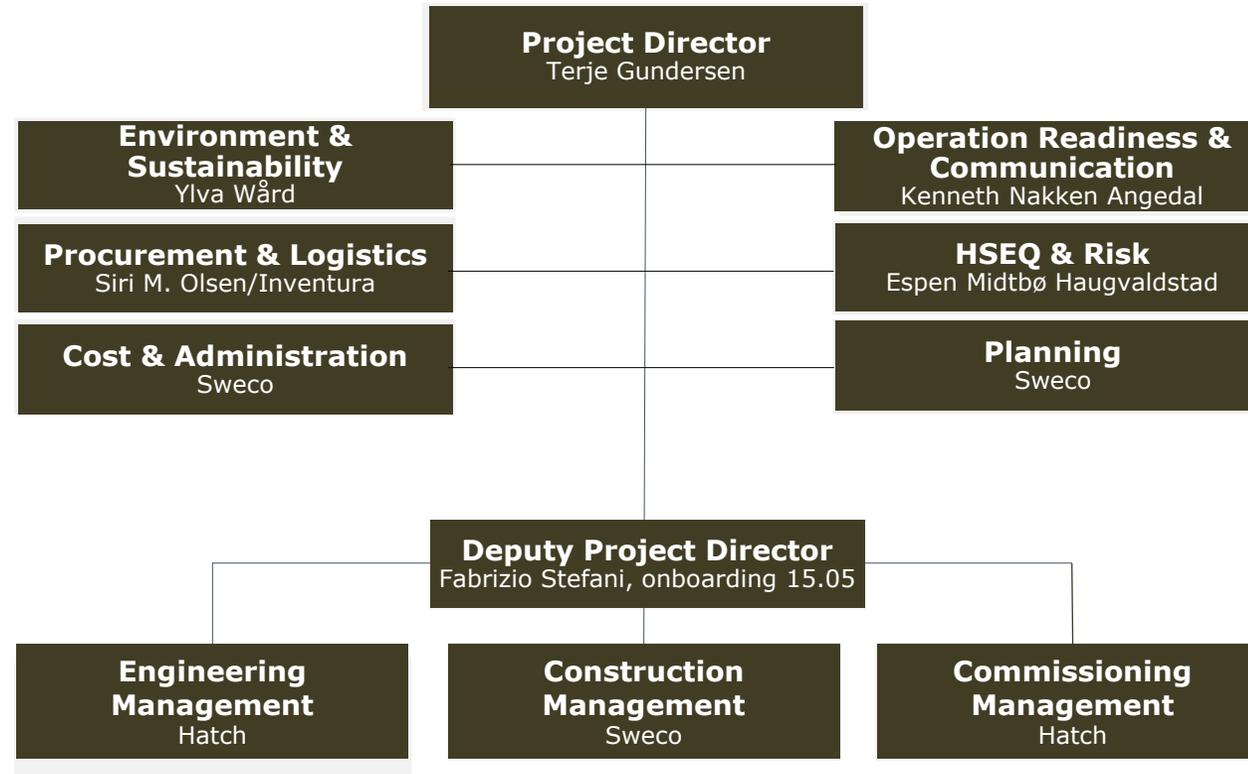


Mineral Technologies

Mineral Technologies is a leading supplier of gravity separation, dry and wet magnetic separation, and electrostatic separation equipment. With over 80 years' experience in mineral processing, Mineral Technologies delivers innovative and cost-effective mineral extraction solutions across a wide range of minerals including iron ore, mineral sands, chromite, coal, gold, tin, tantalum and tungsten. NM has signed contracts with Mineral Technologies to supply PM018, PM019, PM021, and PM022.

Package ID	Package name	Procurement status
PM012B	Wet Vibrating Screens	Contract Signed
PM014	Stack Sizer Screens	Contract Signed
PM015A	Rod Mill	Contract Signed
PM015B	Vertical Stirred Mill	Contract Signed
PM017	Supply Slimes Thickener	Technical clarifications ongoing
PM018	Supply Spiral Concentrators	Contract Signed
PM019	Supply WHIMS	Contract Signed
PM020	Supply HTRS	Letter of Intent (Detail Engineering ongoing)
PM021	Supply Rare Earth Magnetic Separators	Contract Signed
PM022	Supply RER Magnetic Separators	Contract Signed
PM023	Supply Up-Current Classifier	Letter of Intent (Detail Engineering ongoing)
PM029	Supply Hydro cyclones	Letter of Intent (Detail Engineering ongoing)
PM033	Supply Floatation Banks	Contract Signed
PM035	Supply Horizontal Vacuum Belt Filters	Contract Signed
PM036	Supply Electric Dryers	Contract Signed
PM039	Samplers	Technical clarifications ongoing
PM040	Dry Stream Analyzer	Technical clarifications ongoing
PM041	Mineral Quantifier	Technical clarifications ongoing
PM056	Supply Low Intensity Magnetic Separators	Letter of Intent (Detail Engineering ongoing)
PM057	Supply Cone Settler	Technical clarifications ongoing
PM060	Supply Desalination Plant	Technical clarifications ongoing

Integrated owners' team fully ramped up



HATCH

Hatch is a global multidisciplinary management, engineering and development consultancy with more than 9,000 staff in 150 countries.

PMC agreement



Sweco is Europe's leading engineering and architecture consultancy, with 17,500 employees.

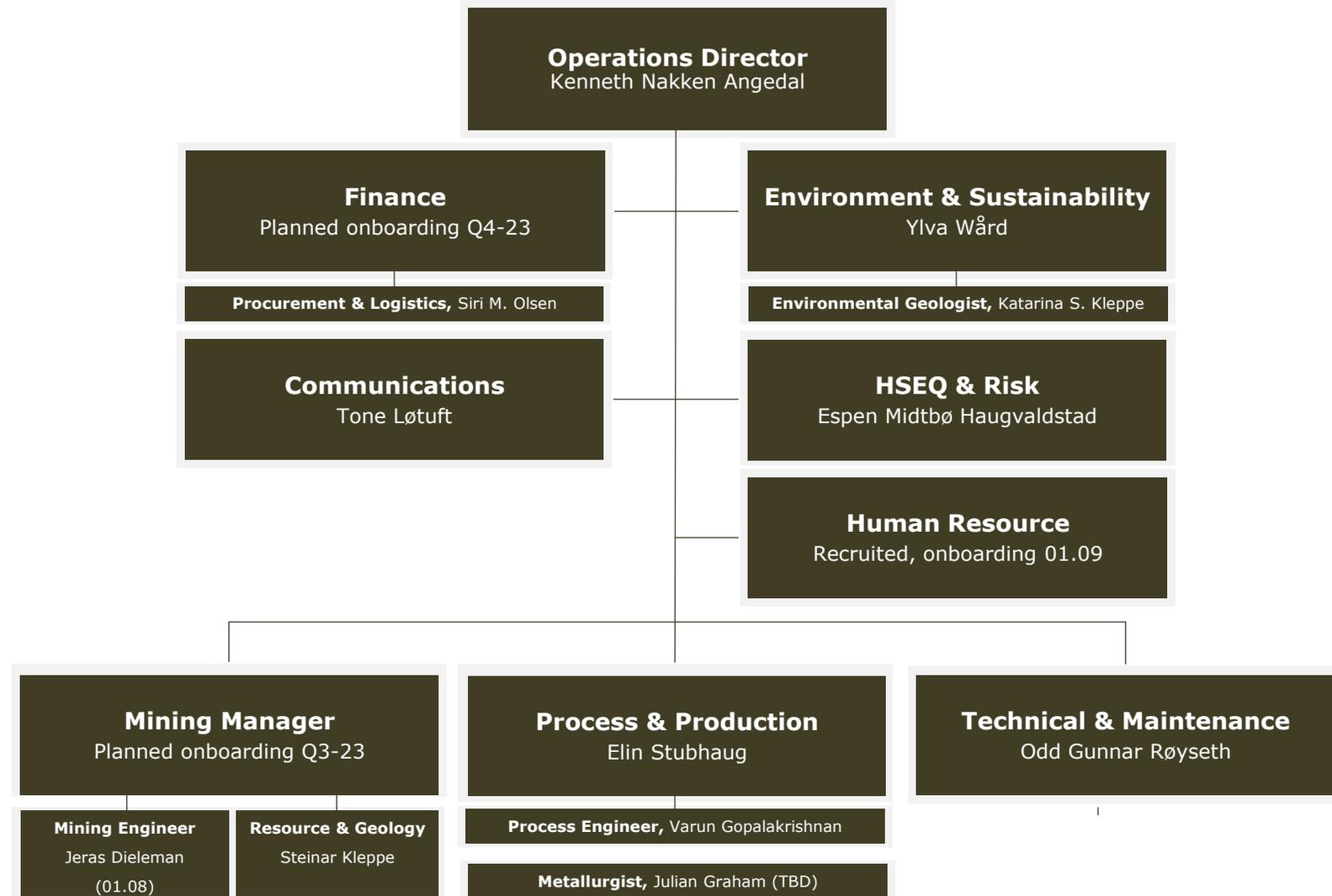
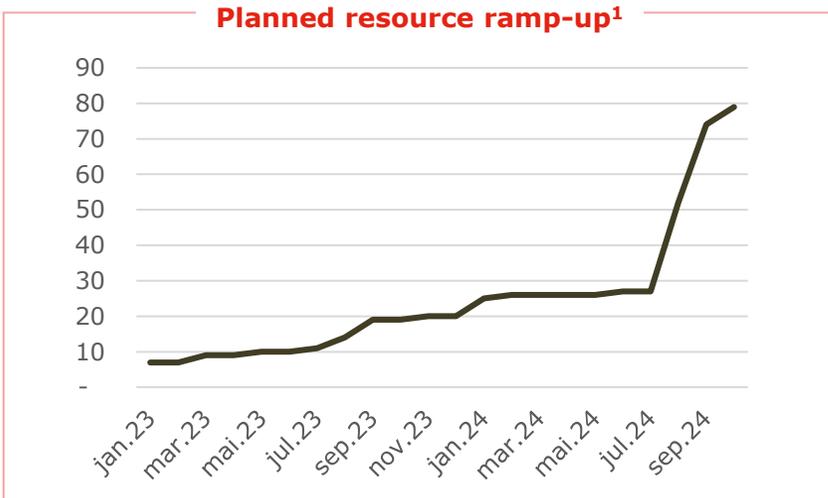
Operations team growing with new resources and ongoing recruitments

Operations Team ramping-up towards handover from EPCs from after commissioning supported by Owner's Team

Key management recruitment with onboarding in Q2 and Q3, 2023. Finance Manager expected Q4, 2023

Operations Engineers positions (5) in interview phase with planned onboarding end of Q3, 2023

- 1) Team Leader, Process Engineer and Control Room - Engineer
- 2) Electro Engineer and Mechanical Engineer



1) Planned Resource Ramp-up does not include mining contractor resources

Subdued pigment demand in Q1 softens demand for rutile

- **Titanium metal demand, being an important driver for rutile, remained robust:**
 - ongoing revival of air traffic,
 - increasing demand for non-Russian products
 -
- The outlook remains strong throughout 2023
- Slower start for titanium feedstock producers with Rutile sales volumes below or at production levels
- **Mixed start for the TiO₂ industry:**
 - Signs of recovery of pigment demand in China
 - Pigment demand in North America remained steady
 - European demand reported to be weak
- **Rebound of pigment demand is anticipated:**
 - European pigment plants have re-started
 - Spring paint season ramping up in the Northern hemisphere
- Current inventories are low due to proactive actions in H2 2022
- Reported bulk natural rutile prices in Q1 2023 have been around US\$ 1,450/mt FOB and well above, with the main producers expecting pricing to be steady onwards



787 Dreamliner Family



Garnet market starts slow in Q1 2023

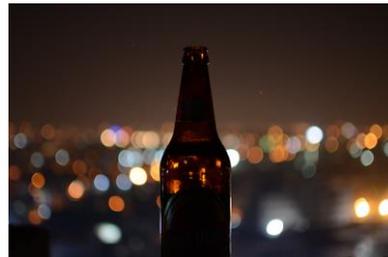
- Industrial demand in both North America and Europe slowed in the first quarter. This was reflected in lower demand for waterjet cutting abrasives
- Demand for blasting garnet remained more stable because of ongoing projects and generally strong demand in the shipbuilding sector
- The sale of new Waterjet machines remained strong in the quarter. Leading indicators however forecast a slowdown in capital investments for the rest of 2023.
- Selling prices of garnet in the main markets of North America and Europe are coming under pressure as freight rates from Asia have reduced to pre-pandemic levels
- **Nordic Mining has signed globally exclusive agreement for the full planned garnet production from Engebø for the first 5 years in place with pre-agreed price schedule.**



By-products and market opportunities

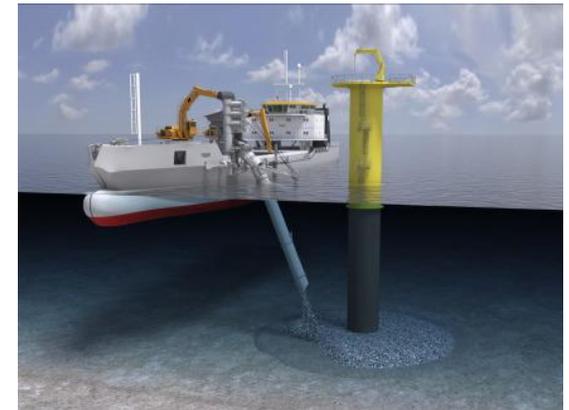
Pyrite (Iron sulphate)

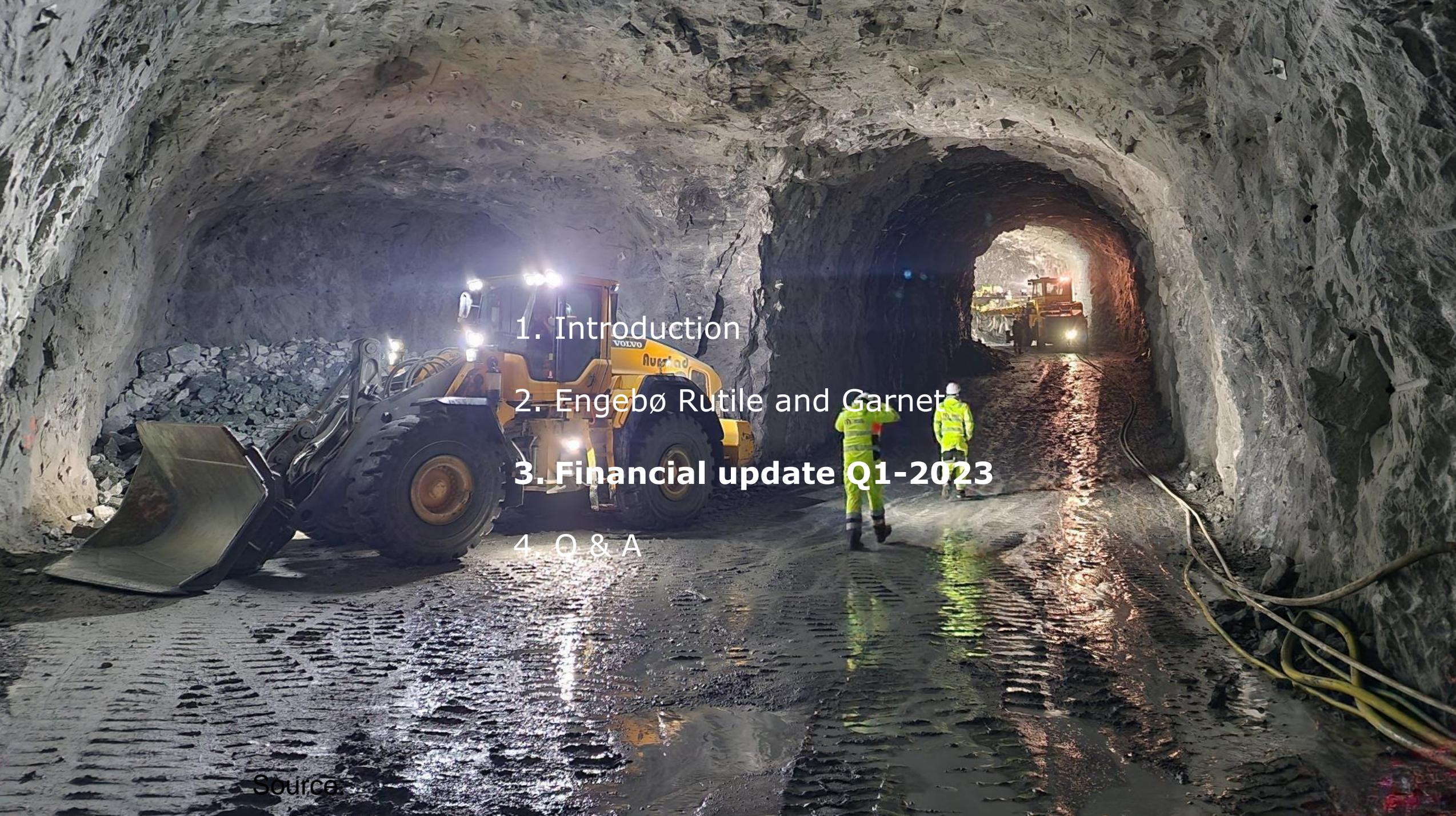
- Memorandum of Understanding with Green Trail Holding Ltd, a trading company with over 30 years of experience, for offtake of pyrite
- Pyrite is a mineral that is present in the Engerbø Eclogite-ore and that will be separated in the process of purifying the rutile concentrate
- Pyrite is used as raw material in a wide range of industrial applications such as the glass and paper industry, batteries, water treatment, chemical processes, etc.
- Production and sale of pyrite from Engerbø can result in significant reduction of chemical in tailings
- Process plant design already allows for pyrite as a separate mineral concentrate stream, with minimum additional infrastructure requirements
- Possible revenue stream of approx. USD\$ 1 million annually



High-density rock

- High-density rock has several applications and is currently being used in:
 - Scour protection offshore wind turbines
 - Cover material offshore cables and pipes
 - Coastal protection
 - Concrete
 - Road construction
- In depth laboratory test program in 2023
- Volume targets, ~1 million tonnes annually, possibly from 2025





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Fully funded to bring Engebø into commercial production

- The Group's balance sheet remains solid:
 - The Group had NOK 957 million in cash and cash equivalents at quarter-end, plus NOK 1.07 billion on bond Escrow to be used for costs and expenditures related to the Engebø Project
 - Equity financing from private placement contributed to Nordic Rutile, plus USD 50 million from Royalty Agreement and funds on bond Escrow will fund all costs and expenditures to bring the Engebø Project into commercial production, including a project reserve of USD 30 million.
 - Proceeds from subsequent offering of around NOK 78 million, after transaction costs, received in April 2023 further increased the robustness of the Group's balance sheet
 - Engebø construction expenditures of NOK 132 million capitalized under «Mine under construction» in the quarter, with carrying amount of NOK 421 million at end of Q1
 - Net financial costs in the first quarter of NOK 40 million, comprising net gain of NOK 1 million on foreign exchange related to the bond, net interest cost of NOK 13 million, and transaction costs from other financing of NOK 28 million.

For details, see full interim report on <https://www.nordicmining.com/>

Highlights and Q&A



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Consolidated income statement

Q1-2023 Unaudited	Q1-2022 Unaudited	Amounts in NOK million	2022 Audited
-	-	Other income	-
(4.4)	(4.4)	Payroll and related costs	(11.7)
(0.1)	(0.0)	Depreciation and amortization	(0.2)
(8.9)	(13.3)	Other operating expenses	(34.1)
(13.4)	(17.7)	Operating profit/(loss)	(45.9)
-	206.0	Fair value gains/losses on investments	283.8
3.4	(5.5)	Fair value gains/losses on convertible loan	(10.5)
1 (39.7)	(6.2)	Financial items	(25.0)
(49.7)	176.6	Profit/(loss) before tax	202.4
-	-	Income tax	-
(49.7)	176.6	Profit/(loss) for the period	202.4

- 1** Main financial items:
- net gain on foreign exchange related to the bond of NOK 1.1 million;
 - net interest cost of NOK -13.1 million, and;
 - transaction costs from other financing of NOK -27.7 million.

Borrowing costs under bond of NOK 6.7 million capitalized under "Mine under construction" following satisfaction of financing conditions on 8 March 2023.

Consolidated statement of financial position

Amounts in NOK million	31.03.2023 Unaudited	31.12.2022 Audited
ASSETS		
Evaluation and exploration assets	-	-
Mine under construction	① 420.7	288.4
Property, plant and equipment	1.0	1.1
Right-of-use assets	0.1	0.1
Financial investments	-	-
<i>Total non-current assets</i>	421.9	289.6
Cash and cash equivalents	956.8	164.7
Bond Escrow	② 1 076.6	1 032.6
Restricted cash	8.4	4.2
Trade and other receivables	17.2	23.3
<i>Total current assets</i>	2 058.9	1 224.8
Total assets	2 480.8	1 514.4
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Total equity</i>	1 447.3	454.5
Bond loan	③ 917.5	-
<i>Total non-current liabilities</i>	919.3	1.8
Trade payables	89.4	37.2
Bond loan	-	850.8
Convertible loan	-	143.0
Other current liabilities	24.8	27.1
<i>Total current liabilities</i>	114.2	1 058.1
Total liabilities	1 033.4	1 059.9
Total shareholders' equity and liabilities	2 480.8	1 514.4

- ① Early construction works in Q1 of around NOK 132 million, capitalized under «Mine under construction», with carrying amount at quarter end Q1 of NOK 421 million
- ② Net proceeds from bond corresponding to NOK 1.07 billion on Escrow account, after payment of first quarterly interest from four months pre-funded interest paid into the bond Escrow account
- ③ Following conditions of the Engebø Project being fully funded, which were satisfied on 8 March 2023, the bonds are reclassified to no-current liability in the statement of financial position