



EN Expand Oslo: NOM

**NORDIC
MINING**

Remuneration Report 2021

About the Remuneration Report

- This report outlines the remuneration Nordic Mining ASA Group Management in 2021. The report is prepared in accordance with the Public Limited Companies Act section 6-16b and the European Commission guidelines on the standardized presentation of the remuneration report under Directive 2007/36/EC, as amended by Directive (EU) 2017/828, as regards the encouragement of long-term shareholder engagement.
- Pursuant to the Norwegian Public Limited Companies Act section 6-16b (2) the statement will be presented to the Annual General Meeting (“AGM”) for 2022, which shall hold an advisory vote on the report.
- The report is available on Nordic Mining ASAs website for ten years from the time of publishing.

Remuneration Guidelines for Group Management

- Nordic Mining's guidelines for remuneration of Group Management aims to incentivize management in line with maximizing long-term sustainable value creation to the Group's shareholders and other stakeholders, and to offer competitive terms to secure the company's competitiveness in the labor market, nationally as well as internationally, in order to ensure the strategic development of the Group
- The key principles underlying the remuneration policy is that the remuneration should reflect the responsibilities and duties undertaken by the individual member in Group Management, as well as their contribution to the long-term value creation in the Group
- The main components of the guidelines for Group Management remuneration are as follows:
 - The compensation package should reflect the responsibility and tasks of the individual members of Group Management, and the members' contribution towards ensuring the long-term creation of value for Nordic Mining's shareholders and other stakeholders
 - Nordic Mining will offer competitive remuneration packages to attract relevant expertise and experience for the development of the Group
 - The remuneration package consists as principle of fixed salary, plus participation in a share option program that has been approved by the AGM
 - Members of Group Management participates in the company's pension and insurance plans
- The remuneration of Group Management in 2021 has been in line with the guidelines for Remuneration of Management as outlined on page 205 in the Annual Report for 2020, available on our website: www.nordicmining.com.

Group Management Remuneration Overview 2021

Fixed remuneration:

- The annual fixed remuneration for the members of Group Management are shown in the table 1. The base salary is reviewed annually and determined based on salary development in the society in general and in particular the industrial sector. The annual salary increases for 2021 was decided, in accordance with the guidelines, as a general salary increase for Group Management of 2.7%. The CEO is granted benefits in kind according to the applicable market standard, the main element being a company car. The other members of Group Management are granted benefits in kind typically cell phone, internet connection, etc.

Short Term Incentive Program:

- Nordic Mining is in the Definitive Feasibility Study phase of the Engebø Project and has, so far, no revenues. For 2021, employees in the Group was, as result of the critical period for the company to ensure the success of the Engebø Project, offered a one-year incentive program. The bonus was limited up to 3 monthly salaries per employee per annum. The Board of Directors was responsible to evaluate and decide on the actual allocation for the realized performance indicators. The CEO may also apply an individual allocation of the bonus if deemed necessary. Table 4 represents Nordic Mining's performance indicators that were set to drive performance for 2021, in line with the Group's strategic goals. Bonus under the short-term incentive program are not subject to claw-back.

Share Option Program:

- Members of the Group Management and qualified resource persons are entitled to participate in Nordic Mining ASAs equity settled share-based compensation program which was approved by the General Meeting in November 2018. The share options granted to the members of Group Management as per 2021 are shown in the table 2. The strike price for the share options corresponds to the share price at the time of grant plus 5%. The option program expires at the AGM 2022 on 19 May 2022 and are conditional on the employee remaining in the Group's employment for the duration of the vesting period. Lars K. Grøndahl left the company on 30 June 2021 and was part of his severance packaged offered to retain options for the remaining vesting period.

Group Management Remuneration Overview 2021

Pension and personal insurance plans:

- The Group has a defined benefit plan or a defined contribution plan (for new employees) for its employees in the parent company, Nordic Mining ASA and a defined contribution plan for its employees in Nordic Rutile AS. The plans meet the Norwegian statutory requirements for pension plans for employees. The members of the Group Management are covered by the personal insurance plans applicable to the Group's employees.

Remuneration of the CEO and Group Management in 2021

Table 1 - Remuneration of the Group Management for the reported financial year 2020 and 2021

Members of Group Management		1 Fixed remuneration			2 Variable remuneration	3 Extraordinary items	4 Pension expenses	5 Total remuneration	6 Proportion of fixed and variable remuneration	
		Base salary	Other	Fringe benefits	One-year variable					
Ivar S. Fossum CEO	2021	2 261	45	225	165	-	414	3 110	95 %	5 %
	2020	2 220	154	186	-	-	354	2 914	100 %	0 %
Christian Gjerde CFO ¹	2021	1 702	131	28	120	-	94	2 075	94 %	6 %
	2020	667	-	14	-	-	38	718	100 %	0 %
Birte Norheim CFO ²	2021	-	-	-	-	-	-	-	0 %	0 %
	2020	587	-	5	-	-	15	607	100 %	0 %
Mona Schanche VP Resource and Sustainability	2021	1 465	17	28	108	-	268	1 886	94 %	6 %
	2020	1 344	59	116	-	-	214	1 732	100 %	0 %
Kenneth Nakken Angedal Project Manager, Engebø	2021	1 524	17	7	111	-	81	1 740	94 %	6 %
	2020	1 482	59	11	-	-	80	1 632	100 %	0 %
Lars K. Grøndahl Senior Advisor ³	2021	1 176	17	26	125	100	222	1 665	93 %	7 %
	2020	1 672	59	146	-	-	266	2 144	100 %	0 %

1) Christian Gjerde started as CFO on 1 August 2020

2) Birte Norheim left the company on 11 February 2020

3) Lars K. Grøndahl left the company on 30 June 2021

Share Based Remuneration

Tabell 2 - Group Management granted share options for the reported financial year 2021

Members of Group Management	Main terms for share option programme						Information for the reported financial year 2021		
	1	2	3	4	5	6	Opening balance	During the year	Closing balance
							6	7	8
Plan	Grant year	Exercise period	Vesting date	Expiration date	Strike price	Opening balance share options	Granted share options	Closing balance share options	
Ivar S. Fossum CEO	Share Option Program	2018	2018-2022	June-19 to June-22	June-22	NOK 2.63/share	1 050 000	-	1 050 000
Christian Gjerde CFO ¹		2021	2021-2022	April-21	June-22	NOK 2.62/share	-	400 000	400 000
Mona Schanche VP Resource and Sustainability		2018	2018-2022	June-19 to June-22	June-22	NOK 2.63/share	400 000	-	400 000
Kenneth Nakken Angedal Project Manager, Engebø		2018	2018-2022	June-19 to June-22	June-22	NOK 2.63/share	400 000	-	400 000
Lars K. Grøndahl Senior Advisor ²		2018	2018-2022	June-19 to June-22	June-22	NOK 2.63/share	400 000	-	400 000
							2 250 000	400 000	2 650 000

1) Christian Gjerde started as CFO on 1 August 2020

2) Lars K. Grøndahl left the company on 30 June 2021

Development Group Management remuneration and average FTE remuneration

Table 3 - Comparative table over the remuneration over the last five reported financial years

Annual change in total remuneration	2017 (2016/2017)	2018 (2017/2018)	2019 (2018/2019)	2020 (2019/2020)	2021 (2020/2021)
Group Management					
Ivar S. Fossum CEO	2 612 4 %	2 756 6 %	3 120 13 %	2 914 -7 %	3 110 7 %
Christian Gjerde CFO ¹	- 0 %	- 0 %	- 0 %	718 0 %	2 075 189 %
Birte Nordheim CFO ²	- 0 %	888 0 %	2 193 147 %	607 -72 %	- -100 %
Lars K. Grøndahl Senior Advisor ³	1 995 6 %	2 053 3 %	2 194 7 %	2 144 -2 %	1 665 -22 %
Mona Schanche VP Resource and Sustainability	1 562 7 %	1 312 -16 %	1 774 35 %	1 732 -2 %	1 886 9 %
Kenneth Nakken Angedal Project Manager, Engebø ⁴	- 0 %	635 0 %	1 585 150 %	1 632 3 %	1 740 7 %
Financial Performance					
Other Operating Costs ⁵ (excluding Project Costs Engebø)	6 511 46 %	11 855 82 %	15 294 29 %	9 666 -37 %	9 352 -3 %
Other employees					
Change in average remuneration other employees	9 %	13 %	5 %	7 %	9 %

1) Christian Gjerde started as CFO on 1 August 2020

2) Birte Norheim started as CFO on 1 August 2018 and left the company on 11 February 2020

3) Lars K. Grøndahl left the company on 30 June 2021

4) Kenneth Nakken Angedal started as Project Manager 1 August 2018

5) Other Operating Costs excluding Project Costs Engebø, Research Tax Credit and Rewarded Legal Costs.

Discretionary evaluation of Group performance

Tabell 4 - Performance of Group Management in the reported financial year

KPI	Weighting	Performance	Comment
1. Finalization of UDFS for Engebø	30 %	100 %	In May 2021, the group finalized the UDFS for Engebø. The study unlocked considerable environmental, technical, and financial optimizations of the project. Reduction of environmental and social footprint has been integrated in the development of Engebø, and several optimizations have been made to further improve the sustainability of the project. Reengineering of the drying circuit has proved that the use of electrical dryers for drying of minerals in the production process is technically feasible. The electrical dryers, which are based on proven technology, will be powered by clean locally sourced hydroelectric power, providing a reduction in the CO2 emissions from the project by around 80%, and in effect make the Engebø process plant CO2 neutral. Moving from modular-based construction, in which prefabricated modules are transported by sea to Engebø, to on-site stick-build-construction has provided a reduction in the physical footprint of the process plant of more than 40%, meaning that more land will be preserved, and reduction of capital expenditure. Improvements in the process flow sheet has provided that the consumption of chemicals can be reduced by 99% compared with the chemicals in the discharge permit approved in 2015, reducing the environmental risk.
2. Final approval of the Engebø operational license	10 %	0 %	The Directorate of Mining confirmed in November 2020 that the appeals received in relation to the operating license did not provide any basis to revoke or changes the decision. The matter has been forwarded to the MTIF for final decision. Nordic Mining is awaiting the final decision from the NFD and is confident that the operating license will be retained as granted in June 2020.
3. Finalization of offtake agreements	20 %	0 %	In July 2021 Nordic Mining signed term sheets for offtake of rutile with a reputable Japanese trading house and Kronos (US), INC., a globally leading pigment producer and, which subject to the entering into of the final offtake agreement, will secure sales for all the annual production of rutile for the first five years of production.
4. Finalization of project financing for Engebø	40 %	0 %	In January 2022, Nordic Mining completed the first part of the equity project financing for the Engebø Rutile and Garnet Project of NOK 132.5 million from a group of local Sunnfjord investors led by two of the Engineering, Procurement and Construction ("EPC") partners for the Engebø Project. The equity contribution is structured as a loan with conversion rights to shares in Nordic Mining ASA, with certain obligations on specific terms and milestones as the project development progresses. The convertible loan will upon conversion contribute as part of the equity for the project financing package for the Engebø Project, expected to be around USD 250 million comprising debt, equity and potential hybrid capital or royalty.

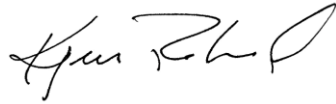
Board of Directors' Statement

The Board of Directors has today considered and adopted the Remuneration Report of Nordic Mining ASA for the financial year 2021.

The Remuneration Report is prepared in accordance with section 6-16b of the Public Limited Companies Act.

The Remuneration Report will be presented to the Annual General Meeting 2022 for an advisory vote.

The Board of Directors Nordic Mining ASA, Oslo 6 May 2022



Kjell Roland
Chair



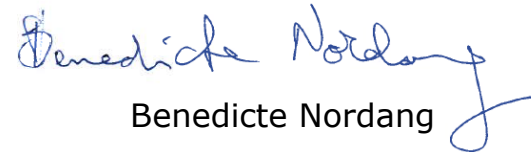
Kjell Sletsjøe



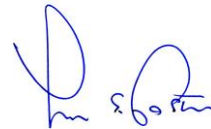
Eva Kaijser



Antony Beckmand



Benedicte Nordang



Ivar S. Fossum
CEO

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON REMUNERATION REPORT

To the General Meeting of Nordic Mining ASA

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Nordic Mining ASA's report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying



regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 6 May 2022
ERNST & YOUNG AS

The auditor's assurance report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant (Norway)