

Minerals for a sustainable future



**NORDIC
MINING**

Q4 2023 interim presentation

06 February 2024

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 Q4-2023

4. Q & A

Engebø Rutile and Garnet – 2023 events

- ✓ 5-year offtake agreement on Garnet signed with global partner
- ✓ Share issues of NOK 1 billion completed securing full project financing
- ✓ Underground infrastructure ground works successfully completed
- ✓ Key management positions for operations recruited
- ✓ USD 50 million drawdown from royalty partner Orion Resource Partners
- ✓ Mechanical installation commenced
- ✓ 100% of process equipment procured and under fabrication

Q4 2023 Highlights



Safety & ESG

- *No Lost Time Injuries (LTI) in the 4th quarter*
- *656 days to date without LTI*



Progress

- *NOK 322 million invested in Engebø in 4th quarter*
- *Approx. NOK 1.4 billion invested in total*
- *Project execution passed halfway towards production*



Construction & schedule

- *All four EPCs at site with construction workers.*
- *Progress as planned, project on schedule to production ramp-up in Q4-24*



Project economy

- *Strong project economy but facing increased costs.*
- *On schedule, but increased freight cost and logistical risk due to the Red Sea unrest*

Nordic Mining's permits and licenses remain solid vs legal claims

- On January 10th, the Oslo District Court ruled in favor of the Norwegian state in the case where the environmental NGO's Naturvernforbundet and Natur og Ungdom summoned the state claiming that the permits for Engebø are null and void
- The NGO's have announced that they will appeal the above ruling
- The appeal case from AMR has been heard in the Supreme Court. Engebø's mining rights will remain valid, and no impact or insignificant impact is expected from the Supreme Court's ruling



Environmental monitoring

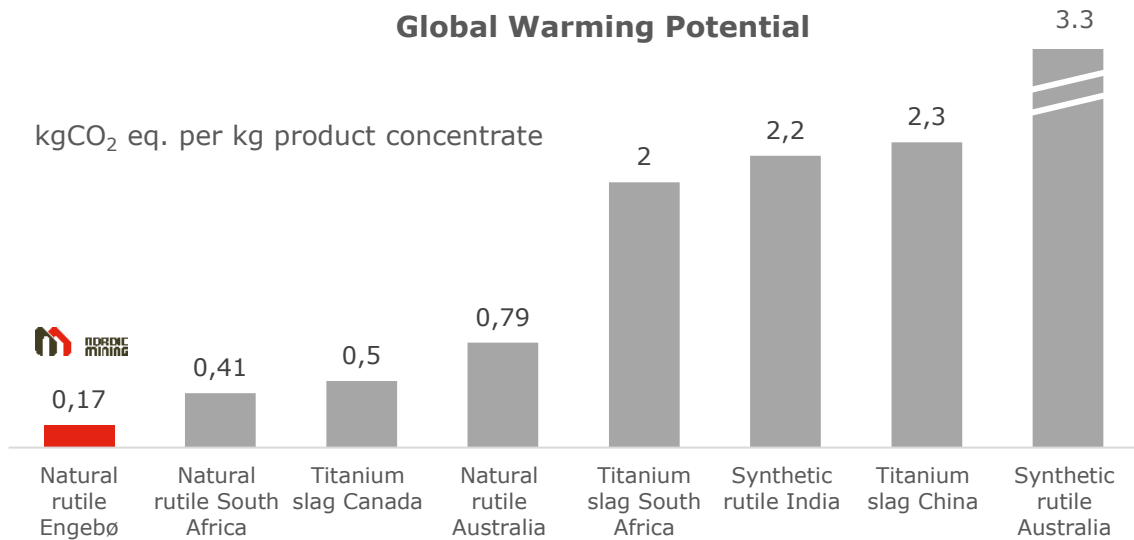
The world's most climate friendly titanium feedstock



Industry leader on GHG emissions¹

Global Warming Potential

kgCO₂ eq. per kg product concentrate



Zero-emission process plants due to use of hydro electric power



Low energy consumption due to tight infrastructure and efficient design



Emissions reduced by 85% due to use of electrical dryers



Work for zero emissions and phase out fossil fuel processes



Substantially lower GHG emissions from superior natural rutile product

NM is actively exploring alternative use of the Engebø tailings

- Nordic Mining and Saferock have established a joint cooperation to evaluate use of residual mineral waste streams from Engebø Rutile and Garnet project in the production of cement binders
- Nordic Mining has signed an MoU agreement with Greentrail Holding regarding future sales of pyrite, being a by-product from the Engebø process, reducing the volume of tailings for disposal
- Nordic Mining has initiated dialogue with the offshore wind industry to explore possible use of Engebø tailings as ballast material in offshore/floating facilities
- ERG is a main contributor to a new mineral innovation hub located in Sunnfjord (Mineral inkubator)
- Engebø Rutile and Garnet (ERG) has joined the Campus Førde initiative at Høgskulen Vestlandet, being a collaboration project with local industry and regional educational institutions



Investigating post-exploration assets and other growth opportunities

- Evaluating further development of a high purity quartz deposit in Kvinnherad, Norway. Forward looking analysis are estimating that the solar PV market will more than double towards 2030
- Nordic Mining has completed a preliminary conceptual study for potential future production of Ti-sponge (Titanium metal) based on Engebø natural rutile
- Mr. Trond Langeng is appointed as Manager Resource and Development in Nordic Mining. Mr. Langeng has a M.Sc. in geology from the Norwegian University of Science and Technology (NTNU)





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Health & Safety

Key Performance indicator	Q4	Project to date ³	Target
Lost time injuries (1/1 million working hours)	0	0	<2,5 ¹
Total recordable injuries (1/1 million working hours)	0	0	<8,8 ¹
High potential incidents ²	2	5	0
Low potential incidents ²	38	181	-



HSE status

- No Lost Time Injuries (LTI) recorded in the period or project to date, with total LTI of 656 days
- Average of 90 workers on site with peak of 120 workers during periods with larger concrete formwork by EPC2
- Next quarter is expecting reduced number of workers from EPC2, and increased from EPC3 and EPC4

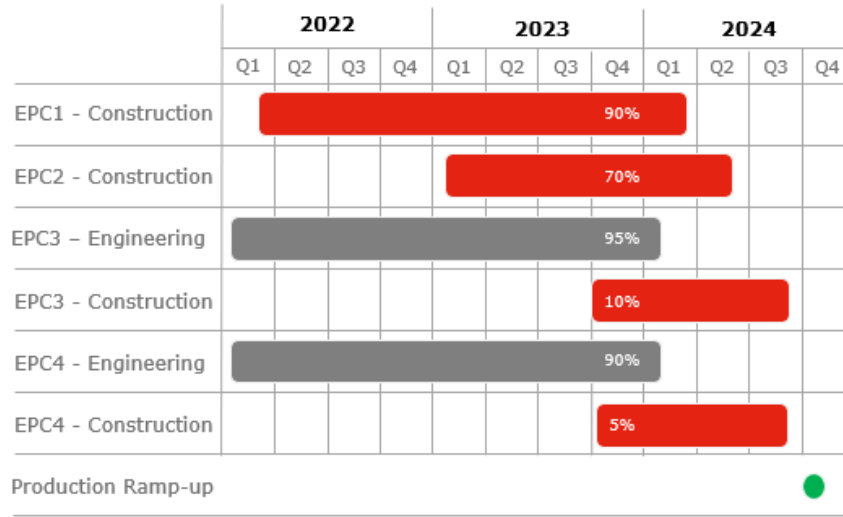
Incidents

- All new high potential incident in the quarter is related to working in heights being reclassified from low to high potential incidents from Q3-23

1) Source: The Federation of Norwegian Industries
 2) Health, Safety and Security reported Non-Conformances
 3) Project to date is: 31st December 2023

Construction on track to start production in Q4 2024

Project Development¹



- EPC1 has started on construction of water management infrastructure for operation of waste rock. Large part of buried services in the process plant area completed.
- Significant work with concrete foundations by EPC2 for the underground crushing chamber and process plant buildings in the quarter.
- Administration and workshop buildings have minor surface work remaining
- EPC3 and EPC4 has started mechanical and electrical installation.

Economy

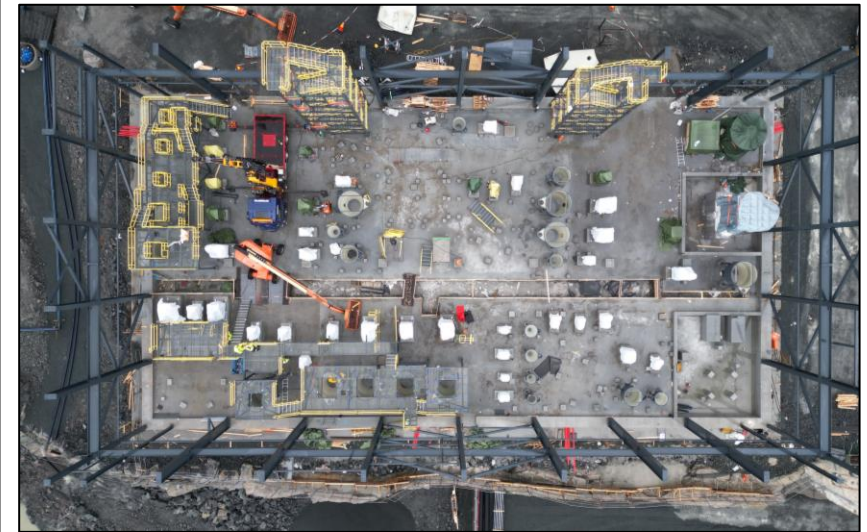
- Detail engineering and design freeze process with EPCs and finalization of contracts has resulted in increased cost
- The expected project cost has increased due to contract and scope changes, inflation, salary increases and the weak NOK.
- The weak NOK during 2023 has contributed to increased project costs compared to the initial estimates, while the USD 50 million royalty financing was drawn at a time when the NOK was weak compared to the USD and the Company was able to exchange at favorable exchange rates.
- The project contingency is fully committed, and it is expected that the project will need approximately USD 5 million of the USD 30 million project reserve.

1) Progress reported is according to status as of 31st December 2023

Primary rod mill shipment from Italy to site for installation in Q1-24



Progress on mechanical installation in Q4-23 and start of Q1-24 as planned



- 1) Left: Overview of Process Plant area
- 2) Top right corner: Bird view of Comminution & Milling Plant
- 3) Bottom right corner: Bird view of Wet Plant

Mechanical installation to start on dry plant in early February



Near completion of multipurpose administration building



Recruitment campaign in preparation for Q2-24



Improved outlook for pigment and strong Ti-metal market

TiO₂/Rutile:

- Still slow pigment market; due to state of real estate sector in Europe, China and the Americas
- Positive signals emerged towards the end of 2023 for European pigment producers
 - Improved sales volumes reported by TiO₂ pigment producers
 - EU initiated anti-dumping proceedings on import of pigment from China
 - Red Sea crisis challenge for pigment imports to Europe
- TiO₂ feedstock producers report sluggish demand, more positive outlook into 2024
- Stocks throughout the titanium value chain are reported to be at a low level, especially with pigment producers
- Titanium metal demand remain high, fueled by the recovering aircraft industry



Garnet:

- Normal seasonal dip in both North America and Europe during the Q4
- Severe weather in the USA in December caused logistical challenges and slowed demand
- Conflicts in Ukraine and the Middle East impacted the general European economy
- Logistics costs for the imports to Europe are rising for products that are traditionally shipped through the Suez Canal





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~ NOK 1.4 billion invested in Engebø Project

- Engebø construction expenditures of NOK 322 million capitalized under «Mine under construction» in Q4.
 - «Mine under construction» consolidated carrying amount at end of Q4 of NOK 1.4 billion.
- The Group completed drawdown of the USD 50 million Royalty Financing in November 2023.
 - Cost-to-complete test verified by an independent technical engineer prior to drawdown.
- The Group has a solid source of funding available for the project:
 - NOK 635 million in cash and cash equivalents at quarter-end, whereof NOK 522 million in Engebø.
 - NOK 1.1 billion on bond Escrow, available subject to certain conditions precedent (“CPs”)
 - Cost-to-complete test to be verified by an independent technical engineer prior to drawdown.
 - The current expectation is that the project reserve is allocated to Engebø Rutile and Garnet AS to ensure its robustness and to meet the minimum liquidity requirement of USD 15 million.
- Management focused on fulfilling CPs to enable drawdown of USD 30 million from the bond Escrow in second half of Q1 2024. The second drawdown of USD 30 million is expected in Q2 2024.

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

Highlights and Q&A



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Consolidated income statement

<i>NOK million</i>	Q4 2023	Q3 2023	Q4 2022	FY 2023	FY 2022
Other income	-	-	-	-	-
Payroll and related costs	(2.9)	(4.9)	(2.9)	(15.1)	(11.7)
Depreciation and amortization	(0.1)	(0.1)	(0.1)	(0.3)	(0.2)
Other operating expenses	(6.6)	(8.4)	(5.0)	(31.0)	(34.1)
Operating profit/(loss)	(9.6)	(13.4)	(8.0)	(46.5)	(45.9)
Fair value gains/losses on investments	-	-	-	-	283.8
Fair value gains/losses on convertible loan	-	-	0.4	3.4	(10.5)
Net exchange rate gain/loss (-)	24.2	0.6	(12.0)	25.9	9.6
Financial income	5.1	4.8	7.1	26.1	7.4
Financial costs	(0.4)	(0.2)	(28.3)	(55.0)	(42.0)
Profit/(loss) before tax	19.3	(8.3)	(40.8)	(46.1)	202.4
Income tax	-	-	-	-	-
Profit/(loss) for the period	19.3	(8.3)	(40.8)	(46.1)	202.4

- ① Main financial items in Q4:
- net gain on foreign exchange related to the bond, the bond escrow and the royalty liability of NOK 29.7 million
 - net loss on foreign exchange related to bank accounts and payables of NOK 5.4 million
 - interest income on cash held of NOK 5.1 million
 - transaction costs from financing of NOK -0.3 million

Borrowing costs on bond loan, net of interest on bond Escrow, following satisfaction of financing conditions in March 2023 and borrowing costs on the royalty liability has been capitalized under Mine under construction, in total NOK 36.9 million in the fourth quarter and NOK 92.6 million for the full year.

Consolidated statement of financial position

<i>NOK million</i>		Q4 2023	Q3 2023	YE 2022
Mine under construction	①	1 377.1	1 055.0	288.4
Property, plant and equipment		3.1	3.1	1.1
Right-of-use assets		1.0	0.0	0.1
Total non-current assets		1 381.2	1 058.1	289.6
Trade and other receivables		30.6	66.1	23.3
Bond Escrow		1 075.0	1 108.0	1 032.6
Restricted cash		8.4	8.4	4.2
Cash and cash equivalents	②	635.0	362.8	164.7
Total current assets		1 749.0	1 545.4	1 224.8
TOTAL ASSETS		3 130.2	2 603.4	1 514.4
Total equity		1 529.0	1 509.2	454.5
Lease liabilities		0.5	0.0	0.0
Bond loan		902.2	941.9	0.0
Royalty liability	③ ④	517.6	0.0	0.0
Pension liabilities		0.2	0.9	1.8
Total non-current liabilities		1 420.4	942.8	1.8
Trade payables		94.3	83.5	37.2
Bond loan		0.0	0.0	850.8
Convertible loan		0.0	0.0	143.0
Other current liabilities		86.5	68.0	27.1
Total current liabilities		180.8	151.5	1 058.1
Total liabilities		1 601.2	1 094.2	1 059.9
TOTAL EQUITY AND LIABILITIES		3 130.2	2 603.4	1 514.4

- ① Engebø construction works of NOK 322 million, capitalized under «Mine under construction» in Q4, up from NOK 266 million in Q3.
- «Mine under construction» carrying amount as of Q4 of NOK 1.4 billion.
- ② Cash balance of NOK 635 million, of which NOK 522 million in Engebø Rutile and Garnet.
- NOK 1.1 billion on bond Escrow to be used for costs and expenditures related to the Engebø Project.
- ③ Engebø Rutile and Garnet bonds classified as non-current liability in the statement of financial position following satisfaction of financing conditions in March 2023.
- ④ Royalty liability measured at amortized cost using the effective interest method.