

INTERIM REPORT

Per 31 March 2025



MINERALS FOR A SUSTAINABLE FUTURE

SAFETY | ENVIRONMENT | INNOVATION

Engebø Rutile and Garnet AS ("Engebø Rutile and Garnet" or the "Company") is a wholly owned subsidiary of Nordic Mining ASA. The Company is undertaking a large-scale industrial development at Engebø on the west coast of Norway where the Company has mining rights and permits to a substantial eclogite deposit with rutile and garnet.

Nordic Mining ASA is listed on Oslo Stock Exchange.

Engebø Rutile and Garnet interim report for the quarter ended 31 March 2025

The Engebø deposit has among the highest grades of rutile (TiO₂) compared to both existing producers and other projects under development. Furthermore, the deposit contains significant quantities of high-quality garnet. The Engebø life of mine is 39 years, comprising 15 years of open pit mining followed by 24 years of underground mining. A favorable location, topography and local hydropower contribute to efficient and climate friendly production of high-quality natural rutile and garnet.

Main events

- The Company recorded one Lost Time Injury (LTI) related to production at the Engebø plant.
- The first steady state production of garnet to final mineral product storage silo at Engebø.
- A total of 571.754 tonnes of rock, including both ore and waste, were drilled, blasted, and hauled from the open pit at Engebø during the first quarter.
- The Company reported NOK 80.1 million in capitalized cost related to the Engebø project in the first quarter. The Company's carrying amount for the Producing mine, Property Plant and Equipment and Intangible Assets was NOK 2.9 billion as of 31 March 2025. As of 1 February, the carrying amount in the balance sheet of Mine under construction has been reclassified to Producing Mine, Property, Plant and Equipment and Intangible Assets.
- In March, Engebø Rutile and Garnet AS completed a tap issue of the existing high yield bond by USD 33 million to strengthen liquidity and to be able to continue the progress of the production ramp-up efficiently until cash flow positive.

Engebø project development and economy

During the quarter, the Company produced garnet according to our customer's quality requirements but at low volumes. The Company did not achieve the internal ramp-up goal as set out in first quarter due to design issues in the pump circuits. A remedial solution was installed by the responsible contractor in March, but without the expected effect. An external party was contracted to review the slurry pump circuits based on the "as built" solution. Several modifications were identified for the plant to operate at design capacity. Rutile production was put on hold pending the rectification of the slurry pump issue. In total, 90 tons of garnet was produced during the quarter.

The prioritized pumps have been modified in May, and their early performance is in accordance with expectations and the plant design requirements. The remaining pumps will be modified on an ongoing basis with completion during planned downtime for maintenance and modifications in July. Ramp-up of rutile production is scheduled to begin by the end of May.

The first commercial shipment of 569 tons of garnet was dispatched from Engebø on 12 May destined for the Barton Group's Rotterdam facility. For the commercial partnership with The Barton Group, the cargo was an important test of the entire logistics chain from the mine to the end-customer.

The production ramp-up is a highly complex and demanding process. Although we take a proactive approach to the ramp up, unforeseen challenges may occur. The Company has mandated the external party contracted to review the slurry pump circuit to also review all the other parts of the plant with a view to uncover any other risks. Preliminary feedback indicates no significant findings that would cause any additional delays to the ramp-up. The Company remains committed to

reaching steady production at design capacity for both rutile and garnet by the end of 2025.

Market development

After experiencing price volatility in previous years, the titanium dioxide (TiO₂) price began to stabilize at the end of 2024. In Q1 2025, the TiO₂ market was characterized by price reductions in January, followed by price increases in February and March across most regions. The titanium market is driven by an increased demand from industries such as aircraft and defense.

The garnet abrasives market is experiencing growth driven by an increasing number of applications in sectors such as aerospace, automotive, and construction as well as the rising demand for precision cutting and high-quality surface finishing. Growth is also being fueled by advancements in technology.

The global market for minerals is influenced by a range of economic, geopolitical, and regulatory factors, and the market faces significant uncertainty, particularly regarding future trade policies and tariffs. The Company is paying close attention to the development and is keeping a close dialogue with our suppliers and customers.

Financial performance in the first quarter 2025¹⁾

The Engebø Project is currently in production ramp-up and the Company has, so far, no sales revenues from operations. Reported operating loss for the first quarter was NOK -70.3 million (NOK 4.6 million).

Net financial items were NOK 91.3 million in the first quarter (NOK -41.8 million). The main financial items in the first quarter were net gain on foreign exchange related to the bond loan and royalty liability of NOK 130.7 million, other foreign exchange loss of NOK -15.5 million, interest on cash held of NOK 3.8 million, change in estimate of royalty liability of NOK 29.5 million, interest cost on bond loan of NOK -29.4 million, amortized cost of royalty liability of NOK -19.7 and interest cost on liability to parent company of NOK -8.0 million. Please see note 7 for further information. Borrowing costs on loans from parent company, the bond loan and the royalty liability have been capitalized under Mine under construction until commencement of production in Q1 2025, in total NOK 32.0 million in the first quarter.

Reported net profit in the first quarter was NOK 21.0 million (NOK -37.2 million).

As of February, the facility was considered completed from an accounting perspective and depreciation commenced. The carrying amount on the balance sheet of Mine under construction was reclassified to *Producing mine, Property, plant and equipment* and *Intangible assets*. Previously, direct costs related to the construction work at Engebø have been capitalized as *Mine under construction*. The Company's carrying amount for *Producing mine, Property, plant and equipment*, and *Intangible assets* was NOK 2.9 billion as of 31 March 2025.

Net cash flow from operating activities for the first quarter was NOK -13.9 million (NOK 5.9 million). Net cash flow from investment activities related to *Investment in producing mine, property, plant and equipment* and *intangible assets* for the first quarter was NOK -110.0 million (CF from *Investment in mine under construction* per Q1 2024: NOK -365 million). Interest on the bond loan for the first quarterly interest rate period of USD 3.4 million (corresponding to NOK 35.6 million) is included in interest and financing fees paid. Please see note 5 for further information related to the bond loan. In March 2025, the bond loan was increased by USD 33 million, priced at 101.00% of par, resulting in a net cash flow from financing activities of in total NOK 313.6 million (NOK 277.9 million).

The Company's cash and cash equivalents as of 31 March 2025 were NOK 535.5 million (Fourth quarter 2024: NOK 361.7 million). In addition, the Company had NOK 16.9 million in a restricted account pledged toward the Directorate of Mining ("DirMin") for clean-up measures in accordance with the operating license and NOK 2 million in a restricted account pledged toward the Norwegian Environment Agency.

Engerbø Rutile and Garnet's total assets as of 31 March 2025 were NOK 3.5 billion (31 December 2024: NOK 3.3 billion), and total equity was NOK 944.6 million (31 December 2024: NOK 923.6 million).

For further information relating to the Company's risk assessments, reference is made to the annual report for 2024 which is available on the Company's webpage www.nordicmining.com.

Oslo, 20 May 2025

The Board of Directors of Engerbø Rutile and Garnet AS

¹⁾ Unless other information is given, numbers in brackets for comparison relate to the corresponding period in 2024.

INCOME STATEMENT

		2025	2024	2024
		01.01-31.03	01.01-31.03	01.01-31.12
<i>(Amounts in NOK thousands)</i>	Note	Unaudited	Unaudited	Audited
Payroll and related costs		(3 767)	-	-
Depreciation and amortization		(19 692)	(40)	(2 365)
Production expenses		(35 496)	-	-
Other operating expenses		(11 306)	4 610	(25 340)
Operating profit/(loss)		(70 261)	4 570	(27 705)
Net exchange rate gain/loss (-)	7	115 212	(46 312)	(127 056)
Financial income	7	33 268	5 675	65 737
Financial costs	7	(57 226)	(1 138)	(2 134)
Profit/(loss) before tax		20 993	(37 206)	(91 158)
Income tax		-	-	-
Profit/(loss) for the period		20 993	(37 206)	(91 158)

STATEMENT OF FINANCIAL POSITION

		31.03.2025	31.12.2024
(Amounts in NOK thousands)	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Mine under construction	2	-	2 770 630
Producing Mine	3	491 384	-
Property, plant and equipment	3	2 414 388	95 021
Intangible assets	3	20 331	-
Total non-current assets		2 926 103	2 865 651
Current assets			
Trade and other receivables		34 700	25 065
Spare parts and inventory	4	14 211	10 011
Restricted cash		18 860	12 645
Cash and cash equivalents		535 497	361 737
Total current assets		603 268	409 458
Total assets		3 529 371	3 275 108
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		26 078	26 078
Share premium		897 502	897 502
Retained earnings/(losses)		20 993	-
Total equity		944 572	923 579
Non-current liabilities			
Bond loan	5	1 315 422	1 043 609
Royalty liability	6	570 150	599 798
Liability to parent company		526 319	518 048
Total non-current liabilities		2 411 892	2 161 455
Current liabilities			
Trade payables		39 965	40 098
Other current liabilities		132 941	149 976
Total current liabilities		172 907	190 074
Total liabilities		2 584 799	2 351 529
Total shareholders' equity and liabilities		3 529 371	3 275 108

STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Note	Share capital	Share premium	Unregistered equity	Accumulated losses	Total equity
Equity 1 January 2025		26 078	897 502	-	-	923 579
Profit/(loss) for the period		-	-	-	20 993	20 993
Equity 31 March 2025		26 078	897 502	-	20 993	944 572

CONDENSED CASH FLOW STATEMENT

	2025 01.01-31.03 Unaudited	2024 01.01-31.03 Unaudited
<i>(Amounts in NOK thousands)</i>		
Operating activities:		
Net cash from/used (-) in operating activities	(13 925)	5 855
Investing activities:		
Investment in mine under construction	-	(365 007)
Investment in producing mine, property, plant and equipment and intangible assets	(109 982)	-
Net cash used in investing activities	(109 982)	(365 007)
Financing activities:		
Net proceeds from borrowings, tap issue bonds	349 000	-
Transfer from Bond Escrow	-	311 183
Interest paid	(35 629)	(33 330)
Net proceeds from borrowings from parent company	279	-
Net cash from financing activities	313 649	277 853
Net change in cash and cash equivalents	189 742	(81 299)
Cash and cash equivalents at beginning of period	361 737	522 164
Effect of exchange rate fluctuation on cash held	(15 983)	2 802
Cash and cash equivalents at end of period	535 497	443 667
Net change in restricted cash	6 215	4 215
Restricted cash at beginning of period	12 645	8 430
Restricted cash at end of period	18 860	12 645
Restricted and unrestricted cash at end of period	554 357	456 312

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2025 – ENGEBØ RUTILE AND GARNET AS

Note 1 – ACCOUNTING PRINCIPLES

These interim financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. They do not include all the information required for full annual financial reporting and should be read in conjunction with the annual financial statements of Engebø Rutile and Garnet AS for the year ended 31 December 2024.

This report was authorized for issue by the Board of Directors on 20 May 2025.

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2024.

Note 2 – MINE UNDER CONSTRUCTION

The construction phase of the Engebø project has been completed and all significant parts of the mine and processing plant have been installed and commissioned at site. The mine was in production in Q1 2025, and the carrying amount in the balance sheet of Mine under construction has been reclassified to Producing mine, Property, plant and equipment and Intangible assets.

Note 3 – PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK thousands)	Mine under construction	Producing Mine	Property, plant and equipment	Intangible assets	Total
Cost					
1 January 2025	2 770 630	-	97 478	-	2 868 108
Additions	57 801	5 731	16 177	436	80 144
Disposals	-	-	-	-	-
Reclassifications	(2 828 431)	485 818	2 322 316	20 297	(0)
31 March 2025	-	491 548	2 435 970	20 733	2 948 252
Depreciation					
1 January 2025	-	-	(2 457)	-	(2 457)
Depreciation expense	-	(164)	(19 125)	(403)	(19 692)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
31 March 2025	-	(164)	(21 582)	(403)	(22 149)
Net book value:					
31 March 2025	-	491 384	2 414 388	20 331	2 926 103
1 January 2025	2 770 630	-	95 021	-	2 865 651

The mine was in production in Q1 2025, and the carrying amount in the balance sheet of Mine under construction has been reclassified to Producing mine, Property, plant and equipment and Intangible assets. Depreciation of these assets commenced in Q1 2025. For accounting purposes, depreciation commences when the facility is in use and production has started as intended. The facility has been in a testing phase since production of the first mineral concentrate in December 2024. In February 2025, the facility was deemed to have been brought to the location and condition necessary for it to operate as intended and was therefore considered completed from an accounting perspective.

The main categories of depreciation plans are:

- Buildings and facilities: straight-line basis over an estimated useful life starting February 2025, equal to 38.5 years
- Machinery, equipment and systems: straight-line basis over an estimated useful life of 5 - 20 years
- Producing mine: Unit of Production
- Intangible assets: consisting of IT systems and depreciated on a straight-line basis over an estimated useful life of 5 - 10 years

Note 4 – SPARE PARTS AND INVENTORY

The value of spare parts per Q1 2025 was equal to NOK 14.1 million and the inventory value of finished goods per Q1 2025 was equal to NOK 0,1 million.

Note 5 - BOND LOAN

In March 2025 the Company completed the USD 33 million tap issue to its senior secured bonds 2022/2027 priced at 101% of par. The total outstanding amount under the bonds following the tap issue is USD 133 million.

The bonds are listed on Nordic ABM with ticker: ERUGA01 PRO. The bonds are administered by Nordic Trustee, has fixed coupon of 12.5% per annum, with interest payable quarterly in arrears. The USD 100 million bond issue in 2022 had an issue price of 90% of par.

The bond agreement has a financial covenant stipulating that Engebø Rutile and Garnet AS shall at all times maintain cash on its account of no less than USD 15 million. A breach of the covenant could result in a default under the agreement.

Note 6 – ROYALTY LIABILITY

In November 2023 Engebø Rutile and Garnet AS completed drawdown of the USD 50 million non-dilutive royalty instrument from OMRF (Zr) LLC which is managed by the Orion Resource Partners Group ("Orion"). The future royalty payments under the royalty agreement equal 11% of gross revenue from the Engebø Project.

The royalty liability was initially recognized at the USD 50 million drawdown received net of directly attributable transaction costs at drawdown. After initial recognition the liability under the royalty agreement is subsequently measured at amortized cost using the effective interest method.

Total amortized cost YTD 2025 is NOK 29.8 million, of which NOK 10.2 million has been capitalized to Mine under construction (capitalized until commencement of production in Q1 2025).

In the first quarter of 2025 the Company revised its estimates of future cash flows related to the royalty agreement. The net effect of the change in estimate, NOK 29.5 million, has been recognized as financial income.

The estimated royalty payments for the next 12 months have been reclassified to other current liabilities.

Note 7 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCIAL INCOME AND FINANCIAL COSTS

2025:

Net exchange rate gain/loss (-) in Q1 2025 consists mainly of:

- foreign exchange gain of NOK 83.7 million on the USD bond loan,
- foreign exchange gain of NOK 47.0 million on the USD royalty liability, and
- other foreign exchange loss of NOK 15.5 million.

Financial income in Q1 2025 consists mainly of:

- interest on cash held of NOK 3.8 million, and
- change in estimate royalty liability of NOK 29.5 million.

Financial costs in Q1 2025 consist mainly of:

- interest costs on bond loan of NOK 29.4 million, and
- amortized cost royalty liability of NOK 19.7 million.
- interest costs on liability to parent company of NOK 8.0 million.

Borrowing costs of NOK 32.0 million have been capitalized to Mine under construction until the commencement of production in Q1 2025.

2024:

Net exchange rate gain/loss (-) in Q1 2024 consists mainly of:

- foreign exchange gain of NOK 53.6 million on bond Escrow in USD,
- foreign exchange loss of NOK 62.9 million on the USD bond loan,
- foreign exchange loss of NOK 32.7 million on the USD royalty liability,
- foreign exchange loss of NOK 11.4 million on foreign exchange derivatives, and
- other foreign exchange gain of NOK 7.1 million.

Financial income in Q1 2024 consists mainly of:

- interest on cash held of NOK 5.7 million.

Financial costs in Q1 2024 consists mainly of:

- transaction costs and fees from financing of NOK 1.1 million.