

INTERIM REPORT

Per 30 June 2025



MINERALS FOR A SUSTAINABLE FUTURE

SAFETY | ENVIRONMENT | INNOVATION

Engerbø Rutile and Garnet AS ("Engerbø 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 Engerbø 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 30 June 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 in the second quarter.
- The initial commercial shipment of garnet was dispatched in May, and a total 3,900 tonnes of garnet were produced in the second quarter.
- The production ramp-up continued in the second quarter until the planned maintenance and modification downtime in July. The shutdown was executed according to plan and allowed for essential repairs and upgrades, ensuring reliability and throughput in the process plant.
- Ramp-up of rutile production has commenced with the target of producing rutile ready for shipment to customers by the end of the third quarter.
- The company reported first revenues from Engebø in the quarter of NOK 2.7 million from the sale of two first shipments of garnet. Reported operating loss for the second quarter was NOK -91.2 million.
- In August, the court of appeals ruled in favor of the NGOs in their case against the Norwegian state in which the NGOs challenged the key permits for the Engebø rutile and garnet project. Nordic Mining is not a party in the court case. The permits for the Engebø rutile and garnet project remain valid for the company and the production ramp up proceeds according to plan.
- The Company ended the quarter with NOK 367.6 million in cash, providing a financial foundation and sufficient liquidity to support operations until positive cash flow is achieved.

Engebø project development and economy

- The production of garnet was stabilized at low volumes awaiting further production volume ramp up after planned downtime for maintenance and modifications in July. The initial commercial shipment of garnet was dispatched in May, and a total 3,900 tonnes of garnet was produced in the second quarter.
- In August the processing plant started production again and we are working on ramping up the plant throughput and mineral recoveries. The modifications made in July are so far showing capacity performance according to expectations.
- The crushing and milling circuit are currently at around 75% of throughput design capacity with downstream mineral separation equipment being re-adjusted for the increased throughput.
- Main focus for the production ramp-up at Engebø going forward is threefold:
 - Increase towards designed throughput in each liberation and separation step
 - Increase operational time of the plant

- Increase recovery of final mineral concentrate

As the ramp-up continues we are in a phase with uncertainty, where process equipment increases load and extend operating hours. Additional unforeseen challenges or debottlenecking requirements might occur as the ongoing tasks are of high complexity, and activities are running in parallel to achieve the production ramp-up plans. The Company remains committed to reaching steady production at design capacity for both rutile and garnet by the end of 2025.

Market development

- The titanium dioxide prices were flat in Q2 across most regions compared to Q1. The demand for titanium sponge remains strong while the pigment segment continues to be weak. We expect the market to be flat or slightly down in the next quarter. The market is impacted by subdued demand in China, resulting in export of surplus titanium dioxide.
- The garnet abrasive market is quite tight with growing demand, while the supply side has seen curtailments from South Africa and delayed commissioning of new supply from Australia. We see very strong demand for the garnet from Engebø in the current market.
- The Company has two rutile offtake agreements covering up to full production volume of rutile for the first five years. The price is based on market price mechanisms using the global, independent consulting and publishing company TZ Minerals International Pty Ltd.
- Nordic Mining has an offtake agreement for garnet with marketing partner the BARTON group. The agreement includes a minimum annual volume and fixed prices for the first five years.

Financial performance in the second quarter 2025 and first half of 2025¹⁾

The Engebø Project is currently in production ramp-up and in the second quarter the Company had NOK 2.7 million in operating revenue (NOK 0.0 million). Reported operating loss for the second quarter was NOK -91.2 million (NOK -8.5 million) and NOK -161.4 million for the first half of 2025 (NOK -3.9 million).

Net financial items were NOK 13.1 million in the second quarter (NOK 22.0 million) and NOK 104.3 million in the first half of 2025 (NOK -19.8 million). The main financial items in the second quarter were net gain on foreign exchange related to the bond loan and royalty liability of NOK 87.0 million, other foreign exchange loss of NOK -16.6 million, interest on cash held of NOK 4.4 million, change in estimate of royalty liability of NOK 13.0 million, interest cost on bond loan of NOK -38.6 million and amortized cost of royalty liability of NOK -27.7 million. Please see note 7 for further information. Borrowing costs on the bond loan and the royalty liability have been capitalized under *Mine under construction* until commencement of production in Q1 2025, in total NOK 24.1 million in the first half of 2025.

Reported net loss in the second quarter was NOK -78.1 million (NOK 13.5 million) and reported net loss for the first half of 2025 was NOK -57.1 million (NOK -23.7 million).

Net cash flow from operating activities for the first half of 2025 was NOK -96.4 million (NOK -15.3 million). Net cash flow from the Company's investment activities related to *Investment in producing mine, property, plant and equipment and intangible assets* for the first half of 2025 was NOK -154.2 million (CF from *Investment in mine under construction* for the first half of 2024: NOK -726.4 million and CF from *Acquisition of property, plant and equipment* for the first half of 2024: NOK -39.2). Interest on the bond loan for the first half of 2025 of USD 7.8 million (corresponding to NOK 78.8 million) is included in interest and financing fees paid. Please see note 5 for further information related to the bond loan.

The Company's cash and cash equivalents as of 30 June 2025 were NOK 348.7 million (First quarter 2025: NOK 535.5 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 30 June 2025 were NOK 3.4 billion (31 March 2025: NOK 3.5 billion), and total equity was NOK 867.1 million (31 March 2025: NOK 944.6 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, 18 August 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	2025	2024	2024
		01.04-30.06	01.04-30.06	01.01-30.06	01.01-30.06	01.01-31.12
(Amounts in NOK thousands)	Note	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue		2 671	-	2 671	-	-
Payroll and related costs		(4 572)	(0)	(8 339)	(0)	-
Depreciation and amortization		(28 720)	(273)	(48 412)	(314)	(2 365)
Production expenses		(47 596)	-	(83 092)	-	-
Other operating expenses		(12 965)	(8 212)	(24 271)	(3 602)	(25 340)
Operating profit/(loss)		(91 183)	(8 485)	(161 444)	(3 916)	(27 705)
Net exchange rate gain/loss (-)	7	70 341	18 882	185 552	(27 431)	(127 056)
Financial income	7	17 405	3 577	50 673	9 252	65 737
Financial costs	7	(74 686)	(475)	(131 912)	(1 613)	(2 134)
Profit/(loss) before tax		(78 123)	13 498	(57 130)	(23 708)	(91 158)
Income tax		-	-	-	-	-
Profit/(loss) for the period		(78 123)	13 498	(57 130)	(23 708)	(91 158)

STATEMENT OF FINANCIAL POSITION

		30.06.2025	31.12.2024
(Amounts in NOK thousands)	Note	Unaudited	Audited
ASSETS			
Non-current assets			
Mine under construction	2	-	2 770 630
Producing Mine	3	542 523	-
Property, plant and equipment	3	2 404 412	95 021
Intangible assets	3	21 322	-
Total non-current assets		2 968 257	2 865 651
Current assets			
Trade and other receivables		37 310	25 065
Spare parts and inventory	4	29 457	10 011
Restricted cash		18 860	12 645
Cash and cash equivalents		348 734	361 737
Total current assets		434 361	409 458
Total assets		3 402 618	3 275 108
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		26 078	26 078
Share premium		897 502	897 502
Other paid-in capital		668	-
Retained earnings/(losses)		(57 130)	-
Total equity		867 117	923 579
Non-current liabilities			
Bond loan	5	1 261 592	1 043 609
Royalty liability	6	551 314	599 798
Liability to parent company		534 492	518 048
Other non-current liabilities		4 007	-
Total non-current liabilities		2 351 404	2 161 455
Current liabilities			
Trade payables		39 976	40 098
Other current liabilities		144 121	149 976
Total current liabilities		184 097	190 074
Total liabilities		2 535 501	2 351 529
Total shareholders' equity and liabilities		3 402 618	3 275 108

STATEMENT OF CHANGES IN EQUITY

Unaudited

<i>(Amounts in NOK thousands)</i>	Note	Share capital	Share premium	Other paid-in capital	Accumulated losses	Total equity
Equity 1 January 2025		26 078	897 502	-	-	923 579
Profit/(loss) for the period		-	-	-	(57 130)	(57 130)
Share-based compensation		-	-	668	-	668
Equity 30 June 2025		26 078	897 502	668	(57 130)	867 117

CONDENSED CASH FLOW STATEMENT

		2025 01.01-30.06 Unaudited	2024 01.01-30.06 Unaudited
<i>(Amounts in NOK thousands)</i>	Note		
Operating activities:			
Net cash from/used (-) in operating activities		(96 393)	(15 326)
Investing activities:			
Investment in mine under construction		-	(726 405)
Investment in producing mine, property, plant and equipment and intangible assets		(154 159)	(39 212)
Net cash used in investing activities		(154 159)	(765 617)
Financing activities:			
Net proceeds from borrowings, tap issue bonds		349 000	-
Transfer from Bond Escrow		-	633 810
Interest paid		(78 824)	(67 162)
Net proceeds from borrowings from parent company		279	-
Net cash from financing activities		270 454	566 648
Net change in cash and cash equivalents		19 902	(214 294)
Cash and cash equivalents at beginning of period		361 737	522 164
Effect of exchange rate fluctuation on cash held		(32 906)	(1 430)
Cash and cash equivalents at end of period		348 734	306 440
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		367 594	319 085

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2025 – ENGEBO 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 18 August 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 on the balance sheet of Mine under construction was reclassified to Producing mine, Property, plant and equipment and Intangible assets in Q1 2025.

Note 3 – PRODUCING MINE, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(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	57 312	34 378	1 528	151 019
Disposals	-	-	-	-	-
Reclassifications	(2 828 431)	485 818	2 322 316	20 297	(0)
30 June 2025	-	543 129	2 454 171	21 825	3 019 126
Depreciation					
1 January 2025	-	-	(2 457)	-	(2 457)
Depreciation expense	-	(606)	(47 303)	(503)	(48 412)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
30 June 2025	-	(606)	(49 760)	(503)	(50 869)
Net book value:					
30 June 2025	-	542 523	2 404 412	21 322	2 968 257
1 January 2025	2 770 630	-	95 021	-	2 865 651

The mine was in production in Q1 2025, and the carrying amount on the balance sheet of Mine under construction was reclassified to Producing mine, Property, plant and equipment and Intangible assets in Q1 2025. 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 of 38.5 - 39 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 Q2 2025 was equal to NOK 25.2 million and the inventory value of finished goods per Q2 2025 was equal to NOK 4,3 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, have a 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 57.6 million, of which NOK 10.2 million have been capitalized to Mine under construction (capitalized until commencement of production in Q1 2025).

In the first and second quarters of 2025 the Company revised its estimates of future cash flows related to the royalty agreement. The net effect of the change in estimate YTD 2025, NOK 42.5 million, has been recognized as financial income.

Next year's estimated royalty payments 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 the second quarter and the first half of 2025 consists mainly of:

- foreign exchange gain of NOK 60.5 million on the USD bond loan (H1 2025: gain NOK 144.2 million),
- foreign exchange gain of NOK 26.5 million on the USD royalty liability (H1 2025: gain NOK 73.5 million), and
- other foreign exchange loss of NOK 16.6 million (H1 2025: loss NOK 32.2 million).

Financial income in the second quarter and the first half of 2025 consists mainly of:

- interest on cash held of NOK 4.4 million (H1 2025: NOK 8.1 million), and
- change in estimate royalty liability of NOK 13.0 million (H1 2025: NOK 42.5 million).

Financial costs in the second quarter and the first half of 2025 consist mainly of:

- interest costs on bond loan of NOK 38.6 million (H1 2025: NOK 68.1 million),
- amortized cost royalty liability of NOK 27.7 million (H1 2025: NOK 47.4 million), and
- interest costs on liability to parent company of NOK 8.2 million (H1 2025: NOK 16.2 million).

Borrowing costs of NOK 24,1 million have been capitalized to Mine under construction until commencement of production in Q1 2025.

2024:

Net exchange rate gain/loss (-) in the second quarter and the first half of 2024 consists mainly of:

- foreign exchange loss of NOK 8.7 million on bond Escrow in USD (H1 2024: gain NOK 44.9 million),
- foreign exchange gain of NOK 15.5 million on the USD bond loan (H1 2024: loss NOK 47.4 million),
- foreign exchange gain of NOK 8.5 million on the USD royalty liability (H1 2024: loss NOK 24.2 million),
- foreign exchange gain of NOK 5.3 million on foreign exchange derivatives (H1 2024: loss NOK 6.2 million), and
- other foreign exchange loss of NOK 1.7 million (H1 2024: gain NOK 5.4 million).

Financial income in the second quarter and the first half of 2024 consists mainly of:

- interest on cash held of NOK 3.6 million (H1 2024: NOK 9.3 million).

Financial costs in the second quarter and the first half of 2024 consist mainly of:

- transaction costs and fees from financing of NOK 0.5 million (H1 2024: NOK 1.6 million).

Note 8 – EVENTS AFTER BALANCE SHEET DATE

On 12 August 2025, the Borgarting Court of Appeal ruled in favor of the NGO's Naturvernforbundet and Natur og Ungdom case against the Norwegian state, where the NGO's claims that the key permits for the Engebø rutile and garnet project are null and void. The ruling can be appealed to the Supreme Court. Nordic Mining is not a party in the case, and the permits for the Engebø rutile and garnet project remain valid for the company which continues its operation as planned.

Responsibility statement from the Board of Directors

Today, the Board of Directors and Managing Director have resolved the report and the interim condensed financial statements for Engebø Rutil and Garnet AS per 30 June 2025 and for the first half year of 2025, including interim condensed figures for comparison per 30 June 2024 and for the first half year 2024.

The half year report is submitted in accordance with the Norwegian Accounting Act and generally accepted accounting practices in Norway.

The Board of Directors and Managing Director confirm, to the best of our knowledge, that the interim financial statements for the first half year of 2025 have been prepared in accordance with prevailing accounting standards, and that the information given in the financial statements gives a true and fair view of the Company's assets, liabilities, financial position and results as per 30 June 2025 and 30 June 2024, respectively. To the best of our knowledge, the Board of Directors' report for the first half year of 2025 gives a true and fair overview of the main activities in the period. Further, the most important risks and uncertainties, as well as related parties' significant transactions, are described in a best possible manner.

Oslo, 18 August 2025

The Board of Directors of Engebø Rutil and Garnet AS

Finn Ivar Marum
Chair

Tord Meling
Board member

Kenneth Nakken Angedal
Managing Director