

# 2025

Annual report



## ENGEBØ RUTILE AND GARNET AS



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.



# BOARD OF DIRECTOR'S REPORT 2025

## Engebø rutile and garnet project

The Engebø deposit has among the highest grades of rutile (TiO<sub>2</sub>) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet. The expected life of mine is approximately 39 years, consisting of an open-pit phase followed by underground mining. Favorable location, topography, and access to renewable hydropower enable efficient and climate-friendly production.

Construction activities at Engebø were completed towards the end of 2024, and the mine and processing plant were commissioned. The first mineral concentrate was produced in December 2024, and 2025 marked the first year of production and ramp-up. Throughout the year, the Company focused on stabilizing operations, improving plant availability, debottlenecking, and implementing technical and organizational measures aimed at progressing towards design capacity. However, we faced several challenges that delayed the ramp-up process. These included unforeseen technical issues, operational challenges, and the necessity for further staff training. Despite these setbacks, our team remained committed to resolving these obstacles and ensuring a transition to design production capacity.

The Company has entered into offtake agreements covering substantially all planned production for the initial years of operation. During 2025, although initial commercial shipments of garnet were completed, rutile production was still in the commissioning and ramp-up phase, meaning we were not yet able to produce rutile in sufficient quantities to support a commercial shipment.

During 2025, we produced a total of 150 tons of rutile and 12,729 tons of garnet at Engebø.

In March 2025, the Company strengthened its liquidity through an increase of USD 33 million in the existing bond financing. In addition, in October 2025 the Company completed a further USD 22.5 million tap issue to its senior secured bonds, providing additional liquidity to support the continued production ramp-up. Subsequent to year-end, in January 2026, Nordic Mining ASA completed a private placement raising NOK 200 million to further strengthen the Group's financial position and support continued ramp-up activities at Engebø. Reference is made to note 19 and note 30 in the consolidated financial statements for Nordic Mining for information regarding the bond increases and the private placement, respectively.

The mining activities ramped up in the first quarter of 2025 and the process plant focused on crushing circuit throughput and identified bottlenecks in the material handling system. The mining fleet has been fully operational in 2025 and moved waste rock during reduced availability of the process plant. This has given a significant movement of waste rock upfront of the planned extraction of ore, positioning the mining activities with reduced operational risks going forward.

The Company dispatched the first commercial shipment of garnet to Barton Group's Rotterdam facility 12 May 2025. 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.

At the end of May, the Company had the official opening ceremony of the facilities at Engebø Rutile and Garnet with representatives from local authorities and the government and a separate open day for the public to see the mining area and the process plant.

Due to defect issues identified with the slurry pumping circuits in second quarter, a 3-week maintenance and modification stop was executed during summer 2025 to change and modify the most critical slurry pump circuits. The performance of the pump circuit met the design requirements, but replacement program on pipes and high wear pumps continued throughout the year.

In third quarter, the primary mill achieved stability at full design capacity, but the process plant's operational and technical issues hampered progress and production ramp-up.

During fourth quarter, the wet plant performance was deliberately limited due to downstream bottlenecks in the dry plant material handling equipment. The operations focused on reducing wear and equipment failure to increase operational time plant wide.

The ramp-up process at Engebø has progressed at a slower pace than originally anticipated due to technical and operational issues. Process plant stability and equipment reliability issues have impacted production consistency and contributed to a weaker operating cash flow in the second half of 2025 than expected. The problems in the fourth quarter are largely operational and related to operational uptime and achieving sustained production runs.

A portion of the operational challenges can be traced back to improper engineering and installation. There are still some ongoing repairs and modifications in progress, but the primary challenge relates to plant operations and equipment reliability. These issues limit the ability to properly tune and stabilize the mineral separation processes.

### **Financial performance**

For comparison, numbers in brackets relate to the comparable period in 2024.

The Engebø Project is currently in production ramp-up the Company had NOK 4.8 million (NOK 0.0 million) in sales revenues from operations. Reported operating loss for 2025 was NOK -410.9 million (NOK -27.7 million).

Net financial items were NOK -19.6 million for 2025 (NOK -63.5 million). The main financial items were net gain on foreign exchange related to the bond loan and royalty liability of NOK 221.8 million, other foreign exchange loss of NOK -31.2 million, interest on bank deposits of NOK 13.8 million, change in estimate of royalty liability of NOK 99.0 million and costs from financing of NOK -323.0 million. Please see note 6 for further information. Borrowing costs on loans from parent company and the royalty liability have been capitalized to Mine under construction until commencement of production in Q1 2025, in total NOK 24.1 million for 2025.

Reported net loss was NOK -430.5 million for 2025, compared to a net loss of NOK -91.2 million for 2024.

In February 2025, the carrying amount on the balance sheet of Mine under construction was reclassified to Producing mine, Property, plant and equipment and Intangible assets. Depreciation of these assets commenced in February 2025 as 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 total carrying amount for Producing mine, Property, plant and equipment and Intangible assets was NOK 3.0 billion as of 31 December 2025 (31 December 2024: NOK 2.9 billion).

Net cash outflow from operating activities for 2025 was NOK -278.6 million as compared to NOK -30.1 million in 2024. Net cash flow from the Company's investment activities related to Investment in Mine under construction for 2025 was NOK -84.0 million (NOK -1 072.8 million), and NOK -87.1 million (NOK -87.8 million) in Investment in producing mine, property, plant and equipment and intangible assets. Interest on the bond loan for 2025 of USD 17.0 million (corresponding to NOK 171.1 million) is included in interest and financing fees paid. Please see note 13 for further information related to the bond loan.

The Company's cash and cash equivalents as of 31 December 2025 were NOK 276.3 million (31 December 2024: NOK 361.7 million). In addition, the Company had NOK 17.5 million in a restricted account pledged toward Directorate of Mining ("DirMin") for financial security in accordance with the operating license and

NOK 2.1 million in a restricted account pledged towards the Norwegian Environment Agency. Please see note 9 for further information.

The Company's total assets as of 31 December 2025 were NOK 3.3 billion (31 December 2024: NOK 3.3 billion), and total equity was NOK 494.4 million (31 December 2023: NOK 923.6 million).

The Company's liquidity position reflects the capital-intensive nature of the current ramp-up phase, and the Board has assessed it as sufficient to meet its obligations as they fall due over the next twelve months from the date of approval of the financial statements. The liquidity headroom is limited and remains sensitive to adverse changes in operating costs and delays in the planned production ramp-up. As part of its proactive capital management, the Board has identified and/or initiated a number of measures, and notes that additional actions are available to strengthen the liquidity. The successful completion of a subsequent repair offering, or alternatively a new equity-related transaction, would significantly strengthen the Company's liquidity position and mitigate the identified sensitivities. These measures also include cost optimization initiatives and improvements in working capital management.

Based on the above, the Board considers it appropriate to prepare the financial statements on a going concern basis. Although these matters create uncertainties related to the liquidity risk of the Company, the Board has concluded that the plans in place are sufficient to alleviate these risks and as such, that these matters does not result in a material uncertainty related to going concern. The financial statements have been prepared in accordance with §4-5 of the Accounting Act.

## **Risk management**

The Company is exposed to several risks that may affect its business, including political and regulatory, market, operational, and financial risks. In the opinion of the Board, the Company has implemented management systems that are satisfactory to address risk management and internal controls for the current stage of the Company.

### *Political and regulatory risk*

The Company depends as a resource company in the mining industry on permits and licenses from relevant authorities.

In May 2022, the Ministry of Trade, Industry and Fisheries («MTIF») resolved that the Company's license is maintained as granted with full rights to the Engebø deposit, confirming the resolution from the Directorate of Mining. The decision from MTIF is final and cannot be appealed. The operating license is granted for the life of mine of the project which includes an open pit and underground phase, however, with a possibility for revision after 10 years. The license regulates operational scope, methodology and procedures to secure safe and efficient production of the mineral resources and follows the strict regulation practice for Norwegian mining operations which implies high standards for environment, health, and safety. In January 2021, the Agency granted the revised environmental permit, commenting that the significant reduction in chemical consumption will have lower impact on the environment than the previous planned consumption. The decision was confirmed by the Ministry of Climate and Environment in November 2021 concluding that the complaints received in relation to the revised discharge permit do not provide any basis to revoke or change the permit. The decision from the Ministry of Climate and Environment is final and cannot be appealed. This completed the main regulatory framework required for the project, including extraction permits, approved zoning plan for the mining and processing areas, and the environmental permit. The zoning plan for the mining and processing areas, including detailed regulations, and the environmental permit for the project are finally granted with no possibilities for appeal. Per December 31, 2025, there is an ongoing case between two Norwegian environmental organizations and the Norwegian state concerning the Norwegian state's waste permit to ERG. EFTA made an advisory opinion in March 2025, and the case was heard by the

Borgarting Court of Appeal (Borgarting lagmannsrett) in June 2025. In August 2025, the Borgarting Court of Appeal ruled in favor of the NGOs. The decision has been appealed to the Supreme Court, with the hearing scheduled to take place from April 27 to May 5, 2026. In parallel with the main case concerning the permit, the NGOs filed a request for a temporary injunction in August 2025, seeking to halt ERG's operations pending the hearing in the Supreme Court. The injunction case was first heard by Sogn & Fjordane District Court (Sogn og Fjordane tingrett) in October 2025, which ruled in favor of ERG, concluding that the conditions for granting an injunction were not met. The ruling was appealed by the NGOs and heard by the Gulating Court of Appeal (Gulating lagmannsrett) in February 2026. On 15 April 2026, the Court of Appeal upheld the district's court decision and ruled in favor of ERG, concluding that the conditions for an injunction are not met. As a result, ERG's operations have continued and will continue as planned throughout the legal proceedings. Reference is made to note 30 in the consolidated financial statements for more information.

In general, whether and when permits are granted, amended or revoked, and the terms and conditions stipulated related to regulatory matters, are not fully within the Company's control.

#### *Financial risk*

Financial risk includes liquidity risk, currency risk and interest rate risk. The Company's liquidity management is coordinated by the Group's Chief Financial Officer with the assistance of Admento AS, which provides accounting services for the Group. The Board of Directors of Nordic Mining ASA has established rules governing the authorizations of the CEO, and the CEO has established rules governing the authorizations of the Group CFO.

The Company's cash balances are deposited in bank accounts in Norwegian Kroner (NOK), United States Dollars (USD), Euro (EUR) and Australian Dollars (AUD). The Company's main foreign currency exposure relates to its bond loan and royalty liability which are denominated in USD. The Company's future revenue is expected to be denominated primarily in USD, with a significant percentage of income taxes, operating expenses, capital expenditures and future dividends in NOK. Therefore, the Company has a large part of the financial indebtedness in USD to reduce the overall economic currency risk. The Company had no outstanding foreign exchange hedges or instruments at year-end 2025.

The Company has significant debt through its USD 100 million bond and its USD 50 million royalty instrument, but neither is impacted by interest rate fluctuations. The bond has a fixed interest rate of 12.5%, the loans from Nordic Mining have an average fixed interest rate of 6.4% and the royalty instrument payments are not tied to interest rates. The Company had no outstanding interest rate hedges at year-end 2025.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to pay its financial obligations as they fall due. The Company has so far used a mix of equity financing, bond loan and royalty financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments.

The Company had as of 31 December 2025 NOK 1 492.0 million in interest-bearing debt to a third party, comprising a USD 100 million senior secured bond measured at amortized cost using the effective interest method. The Company also had an interest-bearing liability of NOK 551.0 million to the parent company as of 31 December 2025.

The bond agreement has a financial covenant stipulating that the Company shall at all times maintain cash on its accounts of no less than USD 15 million and a minimum equity ratio of no less than 25 % at Group level at each quarter end. Following the private placement in January 2026, the minimum liquidity was reduced to USD 10 million. Breaching any covenant may result in a default.

In 2025, Nordic Mining ASA strengthened liquidity to address technical and operational challenges encountered during ERG's ramp-up. The Group completed a USD 33 million tap issue in March 2025 and an additional USD 22.5 million tap issue in October 2025. To further support its ongoing ramp-up, Nordic Mining ASA conducted a NOK 200 million private placement in January 2026. The Board of Nordic Mining ASA has also proposed a potential subsequent repair offering expected to be carried out during Q2 2026, subject to market conditions and customary approvals. Reference is made to note 30 in the consolidated financial statements for more information.

#### *Market risk*

Mineral prices can be affected by factors such as changes in supply and demand, global economic developments, competition etc. which are beyond the Group's control. Further, there is a risk that not all the Company's products can be sold at favorable terms and conditions. Mitigating these market risks is done by measures which include e.g. business strategies and selling in different geographies and industries, pricing structures, and fixed volumes in long-term offtake agreements.

#### *Operational risk*

Mineral extraction is a high-risk activity. Generally, few investigated areas develop into producing mining operations. Long-term returns in the Company will depend on the success of the Company's operational activities. The Company is exposed to normal business risk associated with contracts with various suppliers.).

### **Governance**

In July 2022, the Norwegian Transparency Act entered into force, requiring companies to conduct human rights due-diligence assessments across their operations, supply chains, and business partners. The Group supports and respects internationally proclaimed human and labor rights and is committed to implementing and enforcing systems and practices to minimize any risks of infringement associated with human and labor rights. Nordic Mining's reporting on the Norwegian Transparency Act is available on the Company's website.

The Group has established policies to insure both people and property for certain risks as well as established liability insurance for Directors. The Group has developed guidelines concerning corporate, social, and ethical conduct which are available on the corporate website.

For details on the Group's Corporate Governance, see page 32-36 in Nordic Mining's annual report for 2025.

### **Organization**

At the end of 2025 the Company had 97 employees, consisting of 21 women and 76 men. The management team consisted of three women and five men.

### **Financial statements and capital situation**

The net loss for Engebø Rutile and Garnet AS for 2025 was NOK 430,462,444 (NOK 91,158,155). As of 31 December 2025, the total equity amounted to NOK 494,350,723 (NOK 923,579,012). The Board proposes that the year's loss of NOK 430,462,444 in Engebø Rutile and Garnet AS shall be transferred to retained losses.

Oslo, 28 April 2026

The Board of Directors of Engebø Rutile and Garnet AS



Finn Ivar Marum  
Chair of the board



Tord Meling  
Board member



Andrew Templeman  
Managing Director

# INCOME STATEMENT

Figures in NOK thousands	Note	2025	2024
Revenue	16	4 774	-
<b>Total operating income</b>		<b>4 774</b>	<b>-</b>
Payroll and related costs	2	(19 176)	-
Depreciation and amortization	4	(107 053)	(2 365)
Production expenses	17	(214 989)	-
Other operating expenses	5	(74 426)	(25 340)
<b>Total operating expenses</b>		<b>(415 644)</b>	<b>(27 705)</b>
<b>Operating profit / (loss)</b>		<b>(410 870)</b>	<b>(27 705)</b>
<b>Financial income and financial costs</b>			
Net exchange rate gain/loss (-)	6	190 659	(127 056)
Financial income	6	112 746	65 737
Financial costs	6	(322 998)	(2 134)
<b>Net financial items</b>		<b>(19 593)</b>	<b>(63 453)</b>
<b>Profit / (loss) before tax</b>		<b>(430 462)</b>	<b>(91 158)</b>
Income tax	7	-	-
<b>Profit / (loss) for the period</b>		<b>(430 462)</b>	<b>(91 158)</b>

# BALANCE SHEET

Figures in NOK thousands	Note	31.12.2025	31.12.2024
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
IT systems	4	21 616	-
<b>Total intangible assets</b>		<b>21 616</b>	<b>-</b>
<b>Tangible assets</b>			
Mine under construction	3	-	2 770 630
Producing Mine	4	550 160	-
Property, plant and equipment	4	2 398 845	95 021
<b>Total tangible assets</b>		<b>2 949 005</b>	<b>2 865 651</b>
<b>Total non-current assets</b>		<b>2 970 621</b>	<b>2 865 651</b>
<b>Current assets</b>			
<b>Receivables</b>			
Spare parts and inventory	18	61 670	10 011
Trade and other receivables	8	29 987	25 065
<b>Total receivables</b>		<b>91 657</b>	<b>35 076</b>
Restricted cash	9	19 552	12 645
Cash and cash equivalents	9	276 295	361 737
<b>Total current assets</b>		<b>387 504</b>	<b>409 458</b>
<b>TOTAL ASSETS</b>		<b>3 358 125</b>	<b>3 275 108</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid-in equity</b>			
Share capital	10,11	26 078	26 078
Share premium	11	467 039	897 502
Other paid-in capital	11	1 234	-
<b>Total paid-in equity</b>		<b>494 351</b>	<b>923 579</b>
Retained earnings/(losses)	11	-	-
<b>Total retained earnings/(losses)</b>		<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>494 351</b>	<b>923 579</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bond loan	13	1 492 024	1 043 609
Royalty liability	14	567 192	599 798
Liability to parent company	12	551 046	518 048
Other non-current liabilities	19	70 572	-
<b>Total other non-current liabilities</b>		<b>2 680 834</b>	<b>2 161 455</b>
<b>Current liabilities</b>			
Trade payables	12	26 216	40 098
Public duties payable		5 261	4 426
Other current liabilities	15	151 463	145 550
<b>Total current liabilities</b>		<b>182 940</b>	<b>190 074</b>
<b>Total liabilities</b>		<b>2 863 774</b>	<b>2 351 529</b>
<b>Total equity and liabilities</b>		<b>3 358 125</b>	<b>3 275 108</b>

# CASH FLOW STATEMENT

All figures in NOK thousands	Note	2025	2024
<b>Cash flow from operating activities</b>			
Profit/(loss) before tax		(430 462)	(91 158)
Depreciation	4	107 053	2 365
Interest and fees, loans and borrowings	6	233 779	(21 216)
Interest Bond Escrow	13	-	(25 497)
Interest income bank deposits	6	13 760	(17 877)
Interest bank deposits received	6	(13 760)	17 877
Foreign exchange, net		(191 377)	118 274
Other non-cash items		247	-
Share-based expenses	3	1 234	-
Transfer to restricted account	9	(6 907)	(4 215)
Change in working capital		7 844	(8 673)
<b>Net cash flow from operating activities</b>		<b>(278 588)</b>	<b>(30 120)</b>
<b>Cash flow from investing activities</b>			
Investment in mine under construction	3	(83 954)	(1 072 832)
Investment in producing mine, property, plant and equipment and intangible assets	4	(87 107)	(87 803)
<b>Net cash flow from investing activities</b>		<b>(171 062)</b>	<b>(1 160 635)</b>
<b>Cash flow from financing activities</b>			
Net proceeds from borrowings, tap issue bonds	13	566 146	-
Transfer from Bond Escrow	13	-	1 152 427
Royalty payments	14	(396)	-
Interest paid		(171 096)	(136 317)
<b>Net cash flow from financing activities</b>		<b>394 654</b>	<b>1 016 110</b>
<b>Net change in cash and cash equivalents</b>		<b>(54 995)</b>	<b>(174 644)</b>
Cash and cash equivalents at beginning of period		361 737	522 164
Effect of exchange rate fluctuation on cash held		(30 446)	14 217
<b>Cash and cash equivalents at end of period</b>	<b>9</b>	<b>276 295</b>	<b>361 737</b>
Net change in restricted cash	9	6 907	4 215
Restricted cash at beginning of period		12 645	8 430
<b>Restricted cash at end of period</b>	<b>9</b>	<b>19 552</b>	<b>12 645</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR 2025

## Note 1 – ACCOUNTING POLICIES

### Basic principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The financial statements, which have been prepared by the Company's Board of Directors and management, should be read in conjunction with the Board of Directors' report and the Auditor's report.

The Board of Directors confirms that the financial statements are based on the going concern assumption.

### Balance sheet classification

Current assets and current liabilities consist of receivables and payables due within one year, and items related to the inventory cycle. Other balance sheet items are classified as non-current assets / non-current liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value. Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

### Mine under construction

All expenditure of the construction, installation or completion of infrastructure facilities is capitalized as Mine under construction. After production starts, all costs included in Mine under construction are transferred to the categories 'Producing mine', 'Property, plant and equipment' and 'Intangible assets'. Mine under construction is not depreciated until construction is completed and the assets are available for their intended use. Mine under construction is stated at historical cost less accumulated depreciation and any impairment.

### Producing mine, Property, plant and equipment and Intangible assets

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.

Producing mine, Property, plant and equipment and Intangible assets are stated at historical cost less accumulated depreciation and any impairment.

The main categories of depreciation plans are:

- Buildings and facilities: straight-line basis over an estimated useful life, which corresponds to the expected life of the mine of 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.

The carrying amount of the asset is written down to recoverable amount when the carrying amount is higher than the estimated recoverable amount.

## **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of the mine are capitalized during the period that is required to complete and prepare the mine for its intended use. Interest income from the Bond escrow is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they incur.

## **Inventories**

Rutile and garnet ore stockpiles are valued at the lower of cost or net realizable value. Net realizable value is the estimated future sales price of the product the company expects to realize when the product is processed and sold, less estimated costs to complete production and bring the product to sale. The sales prices of the products are determined based on relevant market prices and offtake agreements.

Cost of finished goods is determined using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortization, incurred in converting materials into finished goods, based on the normal production capacity. The cost of production is allocated to rutile and garnet products with an equal value.

Costs of ore stockpiles which are stored at desired locations around the pit are valued at the costs of ore extraction operations which include drilling, blasting, and hauling. Ore in circuit includes crushed ore stored in silos, which represent material that is currently in the process of being converted to saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants.

In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the processing facility, incurred to that point in the process. Materials, production supplies and spare parts are measured using the first-in, first-out (FIFO) method.

## **Revenue recognition**

Revenue from the sale of rutile and garnet is recognized when the Company's contractual performance obligation has been fulfilled and control is transferred to the customer, which will ordinarily be at the point of delivery when the title passes.

## **Bond loan**

The bond loan is initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing (including any discounts and premium). After initial recognition, the bond loan is subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost including any discounts and premium) and the redemption value is recognized on the income statement over the period of the loan.

## **Royalty liability**

In 2023, the Company completed the drawdown of a USD 50 million non-dilutive royalty instrument, with future royalty payments under the royalty agreement equal to 11% of gross revenue from the Engebø Project.

The royalty liability is initially recognized at the USD 50 million drawdown received net of directly attributable transaction costs at drawdown. After initial recognition, the royalty liability under the royalty agreement is subsequently amortized at the effective interest rate, and the difference between the drawdown received net of transaction costs and the royalty payments is recognized as financial cost in the income statement over the period for the expected royalty payments. At each reporting period, changes to production plans and price expectations are evaluated, and when required, a catch-up gain/loss is recognized. Estimated royalty payments due within 12 months are classified as current liabilities.

Amortized cost has been recognized as borrowing cost and capitalized to Mine under construction until commencement of production in Q1 2025. Catch-up gain/loss, being an adjustment of the outstanding liability to reflect changes to future estimates, has been recognized directly in profit and loss both during the construction period and subsequently.

### **Derivative instruments**

The Company reflects any derivative instruments at fair value as financial assets or liabilities. Changes in fair value arising on re-measurement of any derivative instruments are recognized in the income statement as incurred.

The Company has entered into a fixed price contract for the purchase of electricity to the mining facilities in Engebø. The fixed price contract covers a portion of the estimated use by the production facilities over the years 2025-2027. The contracts are for own use and the realized gain or loss related to the contracts are accounted for as production expenses.

### **Income tax**

The income tax expense consists of the tax payable and changes to deferred tax.

Deferred tax/tax assets are calculated on all temporary differences between the book value and tax value of assets and liabilities, and tax losses carried forward. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward.

Deferred tax liabilities are generally recognized for all temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

### **Foreign currency translation**

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

### **Related party transactions**

All transactions, agreements and business activities with related parties are conducted according to ordinary business terms and conditions. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Company provides note disclosure for related party transactions and balances.

### **Cost of equity transactions**

Share issuance costs that are incremental and directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds. If deferred tax assets are not recognized, items recorded directly to equity are accounted for as gross, without any deduction of deferred taxes.

### **Cash flow statement**

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, highly liquid investments with maturities of three months or less.

## Pending Supreme Court Proceedings

The Company's operations at Engebø are conducted pursuant to permits and approvals issued by the Norwegian authorities, which are currently valid and form the basis for ongoing operations and the preparation of the financial statements.

Per December 31, 2025, there is an ongoing case between two Norwegian environmental organizations and the Norwegian state concerning the Norwegian state's waste permit to ERG. The case was heard by the Borgarting Court of Appeal (Borgarting lagmannsrett) in June 2025. In August 2025, the Borgarting Court of Appeal ruled in favor of the NGOs. The decision has been appealed to the Supreme Court, with the hearing scheduled to take place from April 27 to May 5, 2026.

The Company is not a party in the case, but management closely monitors the proceedings and has assessed the potential implications for the Company and the Nordic Mining Group. Based on the continued validity of the current permits, external legal advice and the range of realistic outcomes, the financial statements have been prepared on a going concern basis, assuming normal operations.

In the event of an adverse outcome, management expects that any required follow-up by the authorities would be handled over time and that appropriate legal and operational measures would be implemented to safeguard shareholders' interests and support continued operations. Based on management's assessment, the proceedings do not give rise to a material uncertainty that casts significant doubt on the Company nor the Group's ability to continue as a going concern as of the reporting date. Reference is made to the consolidated financial statements for Nordic Mining.

## Note 2 – SALARIES, EMPLOYEES, REMUNERATION

Payroll and related costs Figures in NOK thousands	2025	2024
Wages and salaries	70 075	37 591
Social security costs	7 732	5 713
Pension costs defined contribution plan	3 097	1 710
Share-based compensation	1 234	-
Other personnel costs	1 511	1 247
Capitalized payroll costs	(8 179)	(46 262)
Payroll costs allocated to production expenses	(56 295)	-
<b>Total</b>	<b>19 176</b>	<b>-</b>
Average number of employees	91	44

The Company has a defined contribution plan for all its employees. The plan meets the Norwegian statutory requirements for pension plans for employees.

Share-based compensation is related to equity-settled options granted to the Managing Director of ERG by the parent Company Nordic Mining ASA on 19 June 2025.

Compensation Managing Director	2025	2024
Salary incl. bonus	2 017	2 009
Other compensation	13	9
Pension costs	74	97
Expensed share-based compensation	1 234	-
<b>Total</b>	<b>3 338</b>	<b>2 115</b>

Remuneration to Board of Directors is NOK 0.

### Note 3 – MINE UNDER CONSTRUCTION

Figures in NOK thousands	Mine under construction
<b>Cost</b>	
01.01.2025	2 770 630
Additions	57 801
Reclassifications to Producing mine, Property, plant and equipment and Intangible assets	(2 828 431)
Disposals	-
<b>31.12.2025</b>	<b>-</b>
<b>Accumulated depreciation</b>	
01.01.2025	
Depreciation	-
Disposals	-
<b>31.12.2025</b>	<b>-</b>
<b>Net book value</b>	
01.01.2025	2 770 630
<b>31.12.2025</b>	<b>-</b>

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 was reclassified to Producing mine, Property, plant and equipment and Intangible assets in Q1 2025.

### Note 4 – PRODUCING MINE, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Figures in NOK thousands	Producing Mine	Property, plant and equipment	Intangible assets – IT systems	Total
<b>Cost</b>				
01.01.2025	-	97 478	-	97 478
Reclassifications from Mine under construction	486 668	2 321 029	20 733	2 828 431
Additions	66 886	84 903	2 433	154 222
Disposals	-	-	-	-
<b>31.12.2025</b>	<b>553 554</b>	<b>2 503 410</b>	<b>23 166</b>	<b>3 080 131</b>
<b>Accumulated depreciation</b>				
01.01.2025	-	(2 457)	-	(2 457)
Depreciation	(3 394)	(102 108)	(1 550)	(107 053)
Disposals	-	-	-	-
<b>31.12.2025</b>	<b>(3 394)</b>	<b>(104 565)</b>	<b>(1 550)</b>	<b>(109 510)</b>
<b>Net book value</b>				
01.01.2025	-	95 021	-	95 021
<b>31.12.2025</b>	<b>550 160</b>	<b>2 398 845</b>	<b>21 616</b>	<b>2 970 621</b>

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:

- Producing mine: Unit of Production
- Buildings and facilities: straight-line basis over an estimated useful life, which corresponds to the expected life of the mine of 39 years
- Machinery, equipment and systems: straight-line basis over an estimated useful life of 5 - 20 years
- Intangible assets: consisting of IT systems and depreciated on a straight-line basis over an estimated useful life of 5 - 10 years.

### Pledged as security

The USD 155.5 million bond loan has mortgages over all real properties owned by Engebø Rutil and Garnet AS and property accession rights agreements (Nw. utvinningsavtaler), first priority floating charge over all machinery and plant, vehicles, inventory and trade receivables of ERG, and first priority pledge over any government granted mining or extraction right. For further details on pledges please see ticker ERUGA01 PRO at <https://live.euronext.com/en> to read the loan agreement.

### Note 5 – OTHER OPERATING EXPENSES

Figures in NOK thousands	2025	2024
Lease expenses	2 659	4 118
Consulting and legal fees	31 055	(3 208)
Fees for administrative services group	9 104	9 267
Accrual for potential penalty fee	20 158	-
Other costs	11 450	15 164
<b>Total</b>	<b>74 426</b>	<b>25 340</b>

A provision of USD 2 million has been recognized in 2025 for a potential penalty fee payable to Barton if agreed garnet offtake volumes in the first contract year are not met by mid-December 2026, due to delays in the production ramp-up.

The Norwegian Supreme Court ruled in March 2024 in favour of Engebø Rutil and Garnet AS on all counts in the case against Arctic Mineral Resources ("AMR"). The court also ruled that AMR should pay all legal expenses. Total refund of legal expenses amounted to NOK 12.4 million and has been recorded as a reduction of other operating expenses in 2024. The amount was received in April 2024.

### Auditor fees (excl. VAT)

Figures in NOK thousands	2025	2024
Statutory audit	1 167	846
Other attestation services	50	-
<b>Total</b>	<b>1 218</b>	<b>846</b>

## Note 6 - NET EXCHANGE RATE GAIN/LOSS (-), FINANCIAL INCOME AND FINANCIAL COSTS

Figures in NOK thousands	2025	2024
Foreign exchange gain/loss (-) on bond escrow in USD	-	51 888
Foreign exchange gain/loss (-) on USD bond loan	146 888	(118 100)
Foreign exchange gain/loss (-) on USD royalty liability	74 934	(66 279)
Foreign exchange gain/loss (-) on foreign exchange derivatives*	-	(5 854)
Other net foreign exchange gain/loss (-)	(31 164)	11 288
<b>Net exchange rate gain/loss (-)</b>	<b>190 659</b>	<b>(127 056)</b>
Interest income on bank deposits	13 760	17 877
Interest income, Bond Escrow**	-	25 497
Interest income, Bond Escrow, capitalized**	-	(25 497)
Change in estimate royalty liability	98 980	47 860
Other finance income	6	-
<b>Financial income</b>	<b>112 746</b>	<b>65 737</b>
Interest cost liability to parent company**	(32 689)	(30 828)
Interest cost and transaction cost bond loan**	(198 683)	(158 091)
Amortized cost royalty liability**	(113 180)	(111 053)
Interest cost on loans and amortized cost on royalty liability capitalized**	24 053	299 972
Interest cost on liability mining workshop building***	(1 533)	-
Other finance costs	(964)	(2 134)
<b>Financial costs</b>	<b>(322 998)</b>	<b>(2 134)</b>

\*The Company entered into foreign exchange (FX) derivative contracts for forward sale of USD and purchase of NOK in Q2 2024 and Q3 2024. The purpose of the trades was to hedge the USD/NOK foreign exchange rate for the release of USD amounts from bond escrow. The value dates aligned with the expected bond Escrow account release dates for the second and third releases (see note 13). The contracts expired in Q2 2024 and in Q3 2024, with a net loss of NOK 5.9 million.

\*\*Interest and transaction costs on bond loan (net of interest income on bond escrow), amortized cost royalty liability and interest on liability to parent company has been capitalized to Mine under construction until commencement of production in Q1 2025.

\*\*\*See note 19.

## Note 7 – INCOME TAXES

Figures in NOK thousands	2025	2024
Taxes payable	-	-
Changes in deferred tax	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

Tax effects of temporary differences and tax loss carryforwards at 31 December:

Figures in NOK thousands	2025	2024
Mine under construction/Producing mine/PP&E/Intangible assets	(215 581)	(142 910)
Bond loan	(1 870)	(7 291)
Royalty liability	128 901	142 350
Other non-current liabilities	11 091	-
Tax loss carry forward	288 229	124 207
<b>Total net deferred tax assets</b>	<b>210 770</b>	<b>116 356</b>

The deferred tax asset is not recognized in the balance sheet. The Company has incurred substantial tax losses carried forward and the related tax asset is shown in the table above. At year-end 2025, the Company cannot substantiate that there will be sufficient future taxable income to be able to realize the Company's unused tax losses, and therefore the Company has not recognized deferred tax assets at 31 December 2025.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

Figures in NOK thousands	2025	2024
Income/loss (-) before tax	(430 462)	(91 158)
Nominal tax rate	22 %	22 %
<b>Expected tax expense/(income)</b>	<b>(94 702)</b>	<b>(20 055)</b>
Non-deductible costs	288	8
Non-recognized tax assets on current year result	94 414	20 046
<b>Tax expense/(income)</b>	<b>-</b>	<b>(0)</b>

## Note 8 – TRADE AND OTHER RECEIVABLES

Figures in NOK thousands	2025	2024
Trade receivables	2 673	-
Prepayments	15 294	1 284
VAT receivable	12 020	23 722
Other receivables	-	59
<b>Total other receivables</b>	<b>29 987</b>	<b>25 065</b>

## Note 9 – CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Figures in NOK thousands	2025	2024
Bank deposits	276 295	361 737
<b>Total cash and cash equivalents</b>	<b>276 295</b>	<b>361 737</b>

Restricted cash in tax withholding account	3 169	2 418
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## Restricted cash

In addition to the amounts referred to above, the Company has a deposit of NOK 19.6 million (2024: NOK 12.6 million) on a restricted account at year-end presented as current assets pledged toward the Directorate of Mining and the Norwegian Environment Agency. This includes NOK 17.5 million pledged toward the Directorate of Mining ("DirMin") for financial security in accordance with the operating license and NOK 2.1 million in a pledged towards the Norwegian Environment Agency. According to the standard procedure in Norway, the Company is obligated to provide financial security in favor of the Directorate of Mining. The total balance includes accrued interest of NOK 0.7 million attributable to ERG. The size of the security is according to the requirement in the operational license to cover safety and clean-up measures in case of mine closure.

## Note 10 – SHARE CAPITAL

Share capital 31.12.2025	(Amounts in NOK)		
	Number of shares	Par value	Share capital
Opening balance 01.01.2025	13 725	1 900	26 077 500
Share issue - conversion of debt			-
<b>Closing balance 31.12.2025</b>	<b>13 725</b>	<b>1 900</b>	<b>26 077 500</b>

The Company is included in the Group accounts of Nordic Mining ASA. The Group accounts are available at [www.nordicmining.com](http://www.nordicmining.com).

## Note 11 – EQUITY

Figures in NOK thousands	Share capital	Share premium	Other paid-in capital	Retained earnings/ (losses)	Total
01.01.2025	26 078	897 502	-	-	923 579
Share-based compensation			1 234		1 234
Profit/(loss) for the period				(430 462)	(430 462)
Reduction of share premium to cover losses	-	(430 462)		430 462	-
<b>At 31 December 2025</b>	<b>26 078</b>	<b>467 039</b>	<b>1 234</b>	<b>-</b>	<b>494 351</b>

## Note 12 – INTERCOMPANY BALANCES

Figures in NOK thousands	2025	2024
Non-current liability to parent company *	551 046	518 048
Current liability to parent company included in trade payables	3 793	144
<b>Total intercompany balances</b>	<b>554 839</b>	<b>518 192</b>

\* Non-current liability is to the parent company Nordic Mining ASA. The average interest rate is 6.3% pa.

## Note 13 – BOND LOAN AND BOND ESCROW

Figures in NOK thousands	2025	2024
Bond loan	1 567 300	1 135 340
Capitalized transaction costs bond loan	(75 276)	(91 731)
<b>Total bond loan</b>	<b>1 492 024</b>	<b>1 043 609</b>

Figures in NOK thousands	2025	2024
At 1 January	1 043 609	902 182
Net proceeds from borrowings, tap issues	566 146	-
Amortization of fees	29 157	23 328
Foreign exchange	(146 888)	118 100
<b>Total bond loan at year end</b>	<b>1 492 024</b>	<b>1 043 609</b>

The Company has a USD 155.5 million senior secured bond 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 and maturity in November 2027.

In March 2025 the Company completed a USD 33 million tap issue to its senior secured bonds 2022/2027 priced at 101% of par. In October 2025 the Company completed a USD 22.5 million tap issue to its senior secured bonds 2022/2027 priced at 98% of par. The total outstanding amount under the bonds following these tap issues is USD 155.5 million. The USD 100 million bond issue in 2022 had an issue price of 90% of par.

The bond loan is secured by first priority pledge over the shares of Engebø Rutile and Garnet AS ("ERG"), mortgages over all real properties owned by ERG and property accession rights agreements (Nw. utvinningsavtaler), first priority floating charge over all machinery and plant, vehicles, inventory and trade receivables of ERG, first priority pledge over any government granted mining or extraction rights and other security usual and customary for a transaction of this type. The bond loan contains certain financial covenants including minimum liquidity of USD 15 million at all time in ERG and a minimum equity ratio of no less than 25% at Group level at each quarter date. As part of the NOK 200 million equity raise in the parent Company Nordic Mining ASA in January 2026 (see note 21), more than 2/3 of the bondholders have pre-agreed to reduce the minimum liquidity covenant from USD 15 million to USD 10 million. The Company was in compliance with all covenant requirements per year end 2025. For further details please see ticker ERUGA01 PRO at <https://live.euronext.com/en> to read the loan agreement.

#### **Bond escrow:**

The net proceeds of the bond issue in 2022 of USD 90 million were on issue deposited into a Bond Escrow account, together with issue discount of USD 10 million, four months bond interest of USD 4.2 million, and transaction costs of USD 3.3 million, transferred by Engebø Rutile and Garnet AS in line with the bond terms. The proceeds from the bond were released in three tranches from the Bond Escrow account after satisfaction of certain pre-disbursement

conditions precedent, to be used for costs and expenditures to bring the Engebø Project into commercial production. In Q1 2024 the first release of USD 30 million from the bond escrow was completed, in Q2 2024 the second release of USD 30 million was completed, and in Q3 2024 the Company completed the third and final release of USD 48 million.

#### **Note 14 – ROYALTY LIABILITY**

Figures in NOK thousands	2025	2024
At 1 January	599 798	517 573
Foreign exchange	(74 934)	66 279
Amortization	113 180	111 053
Change in estimate	(98 980)	(47 860)
Royalty payments	(396)	-
Reclassified from other current liabilities	28 525	(47 247)
<b>Total royalty liability at year end</b>	<b>567 192</b>	<b>599 798</b>

In November 2023 the Company 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 to 11% of gross revenue from the Engebø Project.

The royalty liability lasts for the entire operational life of the mine, with an upper limit of 90 years. The Company has the option to reduce the royalty rate from 11% to 5.5% on certain conditions in 2028 or 2029. The buyback fee for such a reduction event is based on a calculation securing the royalty holder a certain return on the reduced portion of the royalty instrument for the duration it was held.

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 royalty liability under the Royalty Agreement is subsequently amortized at the effective interest rate, and the difference between the drawdown received net of transaction costs and the royalty payments is recognized as financial expenses and installments in the income statement, over the period for the expected royalty payments. The option to reduce the Royalty rate described above has not been included in these calculations. At each reporting period, modifications to production plans and price expectations are evaluated, and when required, a modification gain/loss is recognized. Estimated royalty payments due within 12 months are classified within other current liabilities.

Amortized cost in 2025 is NOK 113.2 million, of which NOK 10.2 million has been capitalized to Mine under construction (capitalized until commencement of production in Q1 2025) (2024: NOK 111.1 million).

In the first, second, third and fourth 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 in 2025 of NOK 99.0 million (2024: NOK 47.9 million), has been recognized as financial income.

Next year's estimated royalty installments of NOK 18.7 million have been reclassified to other current liabilities at 31 December 2025.

The Company is subject to production milestones under its royalty agreement. Pursuant to this agreement, the Company was required to demonstrate sustained operation at specified capacity levels by 31 March 2026 (the "Commercial Longstop Date"). Due to ramp-up challenges, the Company does not expect to meet this milestone and have in January 2026 agreed an extension of the Commercial Long Stop Date to 31 March 2027 with Orion, subject to final documentation. The consequence of not meeting this extended Commercial Long Stop Date would be that the Company would be in default of the Royalty agreement.

#### *Other royalty:*

An annual royalty fee is also calculated and paid to landowners for the extraction of minerals. The royalty fee is equal to 0.5% of the annual income from rutile products sold and 1.25% of the annual income of garnet and other sub products sold. For other minerals not being sub products of rutile, the royalty fee is set to 2% of the corresponding annual income. The royalty fee to landowners is recognized as an expense when incurred.

## **Note 15 – OTHER CURRENT LIABILITIES**

Figures in NOK thousands	2025	2024
Accrued interest bond loan	28 298	20 105
Employee salary and holiday pay accrual	13 743	3 618
Royalty liability, current portion	18 722	47 247
Provision for liability to the seller of mining rights Engebø	40 000	-
Accrued expenses and other	50 699	74 579
<b>Total</b>	<b>151 463</b>	<b>145 550</b>

Accrued expenses and other primarily relates to the amounts held back from EPC's pending the completion of the construction project in accordance with contract.

Provision for liability to the seller of the mining rights at Engebø include a provision of NOK 40 million related to a premium payable under the agreement with ConocoPhillips in connection with the acquisition of the rights to the Engebøfjellet deposit.

## Note 16 – REVENUE

Figures in NOK thousands	2025	2024
Sale of garnet	4 774	-
<b>Total</b>	<b>4 774</b>	<b>-</b>

The Company's revenue for the year ended 31 December 2025 relates solely to the sale of garnet concentrate produced at ERG. Revenue is generated under a long-term offtake agreement with Barton, under which the Company delivers garnet concentrate at prices determined in accordance with a pre-agreed pricing schedule.

The offtake agreement contains a single performance obligation, being the delivery of garnet concentrate to the customer. Revenue is recognized when the performance obligation has been fulfilled and control is transferred to the customer, which will ordinarily be at the point of delivery Free On Board.

All revenue in 2025 relates to garnet concentrate and is recognized at point of delivery.

As of 31 December 2025, the Company has remaining performance obligations under the offtake agreement related to future deliveries of garnet concentrate, which will be recognized as revenue as deliveries occur.

## Note 17 – PRODUCTION EXPENSES

Figures in NOK thousands	2025	2024
Direct production expenses	173 430	-
Change in inventory excl. spare parts	(14 735)	-
Payroll costs allocated to production expenses	56 295	-
<b>Total</b>	<b>214 989</b>	<b>-</b>

The Company has entered into a fixed price contract for the purchase of electricity to the mining facilities in Engebø. The fixed price contract covers a portion of the estimated use by the production facilities over the three years 2025-2027. The contract includes the delivery of 4MW per hour at a fixed price of NOK 0.404/KWh. The contracts are for own use and the realized gain or loss related to the contracts are accounted for as production expenses.

## Note 18 – SPARE PARTS AND INVENTORY

Figures in NOK thousands	2025	2024
Spare parts	46 935	10 011
Long-term stockpile	3 340	-
Inventory value of finished goods and goods under production	11 395	-
<b>Total</b>	<b>61 670</b>	<b>10 011</b>

## Note 19 – OTHER NON-CURRENT LIABILITIES

Figures in NOK thousands	2025	2024
Liability mining workshop building	37 000	-
Provision for potential penalty fee	20 158	-
Provision for dismantling, rehabilitation and environmental monitoring	13 414	-
<b>Total</b>	<b>70 572</b>	<b>-</b>

#### *Liability mining workshop building:*

Liability of NOK 37 million is related to a mining workshop building constructed for the Company in 2025. The Company leases the building in a five-year period 2025-2030, and the Company is further obligated to purchase the shares in the entity owning the building at the end of the lease period in 2030 for NOK 37 million. This entity is a single purpose entity with this building as the only asset. The agreement is accounted for as a loan-financed acquisition of the building in 2025, and the building has been capitalized within property, plant and equipment (see note 4). The annual lease in the lease period is classified under financial costs as interest expense. Incurred interest expense in 2025 is NOK 1.5 million.

#### *Provision for potential penalty fee:*

A provision of USD 2 million has been recognized in 2025 for a potential penalty fee payable to Barton if agreed garnet offtake volumes in the first contract year are not met by mid-December 2026, due to delays in the production ramp-up.

#### *Provision for dismantling, rehabilitation and environmental monitoring:*

Provision for dismantling and rehabilitation after end of life of mine is NOK 8.7 million at year end 2025, measured at present value. This includes closure, rehabilitation and securing measures of the mine area, planned for 2064.

Provision for environmental monitoring in Førdefjorden after end of life of mine is NOK 4.7 million at year end 2025, measured at present value. This includes work to be performed in the period 2064 - 2078 as monitoring is required for a minimum period of 15 years after closure, with the goal of ensuring closure and monitoring of the fjord deposit in Førdefjorden.

### **Note 20 – COMMITMENTS AND CONTINGENCIES**

The Company has a contingent liability of NOK 30 million to Vestland County Municipality related to contribution to improvement work on the County Road at Engebø. Total contribution to be paid is NOK 40 million, of which NOK 10 million has been paid in 2025. The payment schedule is dependent on if and when certain amounts have incurred by the County Municipality for road improvements.

### **Note 21 – EVENTS AFTER THE BALANCE SHEET DATE**

In January 2026 the parent Company Nordic Mining ASA completed a private placement of 16,666,666 new shares, each at a fixed price of NOK 12 per share, raising gross proceeds of NOK 200 million. As part of the equity raise, more than 2/3 of the bondholders in the Engebø Rutile and Garnet AS 12.5% Senior Secured USD 155.5 million Bonds have pre-agreed to reduce the minimum liquidity covenant from USD 15 million to USD 10 million.

The Company is subject to production milestones under its royalty agreement with OMRF (Zr) LLC, managed by Orion Resource Partners. Pursuant to this agreement, the Company was required to demonstrate sustained operation at specified capacity levels by 31 March 2026 (the "Commercial Longstop Date"). Due to the ramp-up challenges that have occurred, the Company does not expect to meet this milestone. Discussions regarding an extension of the Commercial Longstop Date were initiated during the second half of 2025, and there was a shared understanding that the original date would be adjusted to reflect the revised ramp-up plan. In January 2026 the Company and Orion formally agreed to extend the Commercial Long Stop Date to 31 March 2027, with formal agreement in place in March 2026.

Andrew Templeman was appointed new Managing Director of ERG, effective from 19 January 2026.

On 15 April 2026, the Gulating Court of Appeal ruled in favor of ERG in the injunction case filed by the NGOs Friends of the Earth Norway and Nature and Youth against ERG. The Gulating Court of Appeal concluded that the conditions for an injunction are not met. The operation at the mine continues as planned.

# RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the financial statements for 2025 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Engebø Rutile and Garnet AS for the period.

We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development, performance, and financial position of Engebø Rutile and Garnet AS, together with a description of the principal risks and uncertainties that they face.

Oslo, 28 April 2026

The Board of Directors of Engebø Rutile and Garnet AS



Finn Ivar Marum  
Chair of the board



Tord Meling  
Board member



Andrew Templeman  
Managing Director



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Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

To the General Meeting in Engebø Rutile and Garnet AS

## INDEPENDENT AUDITOR'S REPORT

### Opinion

We have audited the financial statements of Engebø Rutile and Garnet AS (the Company), which comprise the balance sheet as at 31 December 2025, income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2025 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. 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)* (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes the potential impact of an ongoing Supreme Court hearing between the Norwegian state and two Norwegian environmental organizations related to the validity of permits granted to the Company. Our opinion is not modified in respect of this matter.

### Other information

The Board of Directors and Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report otherwise appears to be materially



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misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

## **Responsibilities of management for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained



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up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 28 April 2026  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Lid Nordby  
State Authorised Public Accountant (Norway)