



# Nordic Mining ASA (EN Expand:NOM) - Interim report per 31 December 2022

Please find enclosed Nordic Mining's interim report and company presentation for the fourth quarter of 2022. The interim report and company updates will be presented digitally today, Tuesday 7 February 2023 at 10.00 (CET). The presentation and Q&A session will be held in English and transferred via webcast. You will have the opportunity to post questions online throughout the webcast session. The webcast will be available on:

[http://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20230207\\_2](http://channel.royalcast.com/hegnarmedia/#!/hegnarmedia/20230207_2)

## Summary of important events in the fourth quarter of 2022 and year to date:

### KEY EVENTS

- Summons to Extraordinary General Meeting – Contemplated Private Placement for less than 24% in equity remaining
- Keliber share sale for EUR 46.9 million closed in September 2022
- Project economics continues to improve as project progresses towards production
- Binding offtake agreements for full production of minerals for the first 5-years of production
- Metso Outotec selected as strategic supplier of comminution circuit for Engebø Rutile and Garnet
- Nordic Rutile wins in Artic Mineral Resources appeal case in Borgarting Court of Appeal
- Engebø early construction works advances; enables optimizations of the construction schedule
- Titanium feedstock demand remained firm in Q4 2022

### CORPORATE

#### ***Summons to Extraordinary General Meeting – Contemplated Private Placement***

Nordic Mining has successfully secured around USD 211 million in financing for the Engebø Rutile and Garnet Project in 2022, including around USD 19 million in equity from strategic rutile offtake partner Iwatani Corporation ("Iwatani"), USD 55 million investment conditionally agreed from leading mining investment firm Orion Resource Partners ("Orion")<sup>[1]</sup>, USD 90 million in a senior secured bond that was successfully raised in November 2022, and around USD 47 million from the sale of the shares in Keliber Oy. The investments from Iwatani and Orion and the senior secured bond are subject to Engebø Project being fully funded, and the investment from Orion and the senior secured bond certain pre-disbursement conditions precedent before the proceeds will be released to the Engebø Project. The USD 211 million that is secured to date covers around 76% of the project financing package for the Engebø Project of USD 277 million, which will include both a contingency of around USD 25 million and a project reserve of USD 30 million.

Nordic Mining has started a process for a private placement to raise the remaining USD 66 million (or more) in equity to fully finance the Engebø Project, and satisfy relevant financing conditions. The Board of Directors resolved on 2 February to call for an Extraordinary General Meeting to be held on Friday 3 March 2023 to approve the private placement. The Company intends, subject to completion and the final terms of the private placement and equal treatment considerations and other considerations, to propose a subsequent repair offering (subsequent offering) of new shares at the subscription price in

the private placement.

### ***Keliber share sale for EUR 46.9 million closed in September 2022***

In June Nordic Mining ASA accepted to sell its shares in Keliber Oy ("Keliber") to Sibanye Stillwater Limited ("SSW") for a cash consideration of EUR 157.28 per share, in total EUR 46.9 million, under a voluntary offer ("Voluntary Offer") provided by SSW to the shareholders of Keliber. The share sale was closed on 15 September 2022 with the transfer of shares and settlement of the cash consideration on 20 September. Following the sale, Nordic Mining holds no shares in Keliber. Please see note 4 for further information.

### **ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)**

#### ***Project economics continues to improve as project progresses towards production***

In February 2023, Nordic Mining revised the project economics for the Engebø Rutile and Garnet Project based on the latest available data and assumptions in relation the contemplated private placement. The analysis confirmed further improvements in the key financials compared to the last funding update in November 2022 as the project continues to progress towards production (numbers in brackets for comparison to last funding update from November 2022).

High-margin cash flow and short pay-back support bankability (unlevered):

- NPV@8% of USD 491 million (up from USD 453 million)
- Post-tax IRR of 25.9% (up from 24.4%)
- Remaining initial capital investment of around USD 187 million (down from USD 207 million)
- Life of Mine EBITDA of USD 3.2 billion (up from USD 3.1 billion), corresponding to an EBITDA-margin of 76% (up from 75%)
- Life of Mine Operating Cash Flow of USD 2.55 billion (up from USD 2.5 billion)
- Free Cash Flow the first 10 years of full operations of over USD 60 million per annum
- Pay-back period of less than 4 years from start of production (down from 4 years)

#### ***Binding offtake agreements for full production of minerals for the first 5-years of production***

In January 2023, Nordic Rutile entered into a global exclusive offtake agreement the full planned garnet production from Engebø for the first 5 years of production. The offtake agreement is for the supply and delivery of minimum total of 762,500 metric tonnes of garnet concentrate in the 5-year contract period, up to a total of 785,000 metric tonnes, which is the full planned garnet production the first 5-years of production. Further to the initial garnet offtake, the parties shall discuss extension of the cooperation, comprising for example joint marketing, sales, and distribution of garnet from the Engebø Rutile and Garnet Project. The consideration under the garnet offtake agreement will be based on a pre-agreed price schedule. In 2022, Nordic Rutile entered into two rutile offtake agreements, the first with Iwatani Corporation for close to 60% of the planned rutile production for the first 5-year and the second agreement in October 2022 for up to the remaining annual planned rutile production for the first 5-year. The consideration under the rutile offtake agreements will be based on the market price for 95% natural rutile concentrate, adjusted for actual TiO<sub>2</sub> content, as determined from TZMI index or annual price discussions between the parties.

Nordic Mining has with the rutile and garnet offtake agreements secured committed sales for up to the full production of all minerals from the Engebø Rutile and Garnet Project for the first 5 years of production, all with highly reputable buyers. The offtake agreements are inter alia subject to certain conditions precedent.

#### ***Final agreement signed with Hatch and Sweco as PMC for the Engebø Project***

Nordic Rutile AS entered in December 2022 into a final agreement with the leading engineering companies Hatch and Sweco as Project Management Consultant ("PMC") for

the Engebø Rutile and Garnet project. The PMC agreement is signed with Hatch as principal consultant, with Sweco supplementing key resources to support the Norwegian construction regulations. The PMC is integrated into the Owners' team, reporting to the Engebø Project Director, Terje Gundersen, and will be responsible for process design, and overall engineering coordination and integration of the selected partners for Engineering, Procurement and Construction ("EPC").

### ***Metso Outotec selected as strategic supplier of comminution circuit for Engebø Rutile and Garnet***

In December 2022, Nordic Rutile AS entered into an agreement with Metso Outotec, a leading supplier of sustainable end-to-end technologies, solutions, and services for the minerals industry globally, for delivery of a comprehensive comminution technology package for the Engebø Rutile and Garnet project.

The technology package includes delivery of primary and secondary mills, stack sizer and vibrating screens. The agreements include pre-production pilot scale confirmatory testwork and minimum 3-year collaborative optimization agreement focusing on securing ramp-up of production to design criteria and ongoing optimization of the comminution circuit the first years of production. This is the first major contract for critical process equipment and will represent up to 30% of the total process equipment expenditure, corresponding to around USD 10 million.

Metso Outotec will be the main technology provider for comminution circuit for Engebø Rutile and Garnet, which delivery includes the crushers as part of the lump-sum EPC contract with Nordic Bulk AS.

### ***Nordic Rutile wins in Artic Mineral Resources appeal case in Borgarting Court of Appeal***

The Borgarting Court of Appeal ruled on 24 October 2022 in favor of Nordic Rutile in Artic Mineral Resources ("AMR") appeal of the ruling from Oslo District Court. The appeal case took place 19–28 September 2022. The Court of Appeal ruling confirmed the ruling from the Oslo District Court that Nordic Rutile has exclusive right to all minerals in the Engebø deposit within the limits of the Norwegian Mining Act, in line with the operating license granted by the Ministry of Trade, Industry and Fisheries in May 2022. The court ruled that AMR shall pay all legal expenses, which Nordic Rutile will now focus on securing. The ruling of the appeal court has been appealed to the Supreme Court. The Supreme Court is expected to decide if the appeal will be heard in February. Nordic Mining maintain that AMR's claims have no merit and will continue to defend the case rigorously. Furthermore, two NGO's have stated in the press that they will summon the Norwegian Government claiming that Nordic Rutile's disposal permit granted by the Norwegian Government in 2015 is null and void.

### ***Engebø early construction works advances; enables optimizations of the construction schedule***

In April 2022 Nordic Mining started early construction works at Engebø, following the acquisition of the main properties. In September 2022, the Company resolved to contribute funds from the sale of the shares in Keliber to continue to advance the early construction works. The groundwork in the process area is progressing in accordance with plan and we expect to be ready to start concrete work in Q1 2023. The sea filling of the bay, which is intended for future industry related to tailings, started in November and will allowed a shorter transportation route for the material from blasting at the process area. The work on the transport tunnel including the vertical shaft is 55% completed and the access road up to the service area 70% of completed. The main construction works has been undertaken by local contractor, Sunnfjord Industripartner AS, under the lump-sum EPC contract signed in November 2021. In addition, Detail Engineering on the process plant is ongoing by Åsen & Øvrelid AS, Nordic Bulk AS and Normatic AS. The EPCs expect to complete the main parts of this Detail Engineering in H1 2023. In parallel the Owner's team has been running a procurement process for the mechanical packages ("CPIs") for the process plant, with the procurement of the time critical long lead packages now close to complete. The completion of Detail Engineering will allow start of mechanical and electro procurement and installation work. The advancement of early works secures important project developments that

enables optimizations of the construction schedule.

### ***Titanium feedstock demand remained firm in Q4 2022***

The fourth quarter 2022 showed strong results for titanium feedstock producers. Rutile sales volumes exceeded production and prices for rutile continued to increase during the quarter. Titanium metal demand, being an important driver for rutile, remained robust due to the ongoing revival of air traffic, as well as demand for non-Russian products. Titanium metal producers reported strong demand and increasing sales prices. Furthermore, there was continuous strong demand for titanium metal into general industrial and semiconductor applications.

The titanium dioxide pigment market reduced production levels during the fourth quarter of 2022, especially in Europe and Asia, to match the lower demand and prevent building inventories. The lifting of the Covid-19 restrictions in China, as well as easing energy prices in Europe have led to an earlier than expected restart of production and to maintain a steady demand for titanium feedstocks. Reported bulk natural rutile prices in Q4 2022 have been around USD 1,550/mt FOB and above, with the main producers expecting pricing to soften marginally in Q1 2023.

Demand for high quality garnet in both waterjet cutting and abrasive blasting was reported to be strong and steady in Q4 2022, with the main drivers being investments in infrastructure, oil, and gas industry as well as shipbuilding and manufacturing, as well as aerospace.

Oslo, 7 February 2023  
Nordic Mining ASA

*[Nordic Mining ASA \(www.nordicmining.com\)](http://www.nordicmining.com)*

*Nordic Mining ASA ("Nordic Mining" or the "Company") is a resource company with focus on high-end industrial minerals and metals. The Company's project portfolio is of high international standard and holds significant economic potential. The Company's assets are in the Nordic region.*

*Nordic Mining is undertaking a large-scale project development at Engebø on the west coast of Norway where the Company has rights and permits to a substantial eclogite deposit with rutile and garnet. In addition, Nordic Mining holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina and exploration of seabed minerals.*

*Nordic Mining is listed on Euronext Expand Oslo with ticker symbol "NOM".*

**[1]** *Investment from Orion Resource Partners is conditional, and subject to the parties signing binding agreements and the satisfaction of certain conditions and approvals.*