



# Minerals for a sustainable future



**NORDIC  
MINING**

**Q4 2022 presentation**

07 February 2023

## Disclaimer

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## 1. Introduction

2. Engebø Rutile and Garnet
3. Financial update Q4-2022
4. Q & A

# Q4 2022 Highlights

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## \$ Financing

- *Over 75% of project financing for the Engebø Project secured*
- *Summons for extraordinary general assembly 3 February: Proposed private placement of USD 66 million to secure the remaining financing*

## Construction

- *Groundworks progressing ahead of schedule*
- *Underground infrastructure works ongoing*

## Market

- *Offtake secured for full production the first 5 years, representing approximately USD 400 million in gross revenue*
- *Rutile demand remained firm during Q4 2022*

## Team

- *Recruitment of key discipline managers is ongoing*
- *Positive response from advertisements*

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# Health & Safety

Key Performance indicator	Q4	Year to date	Target
Lost time injuries (1/1 million working hours)	0	0	<2,5*
Total recordable injuries (1/1 million working hours)	0	0	<8,8*
High potential incidents* <sup>2</sup>	1	1	0
Low potential incidents* <sup>2</sup>	14	44	-



## HSE status

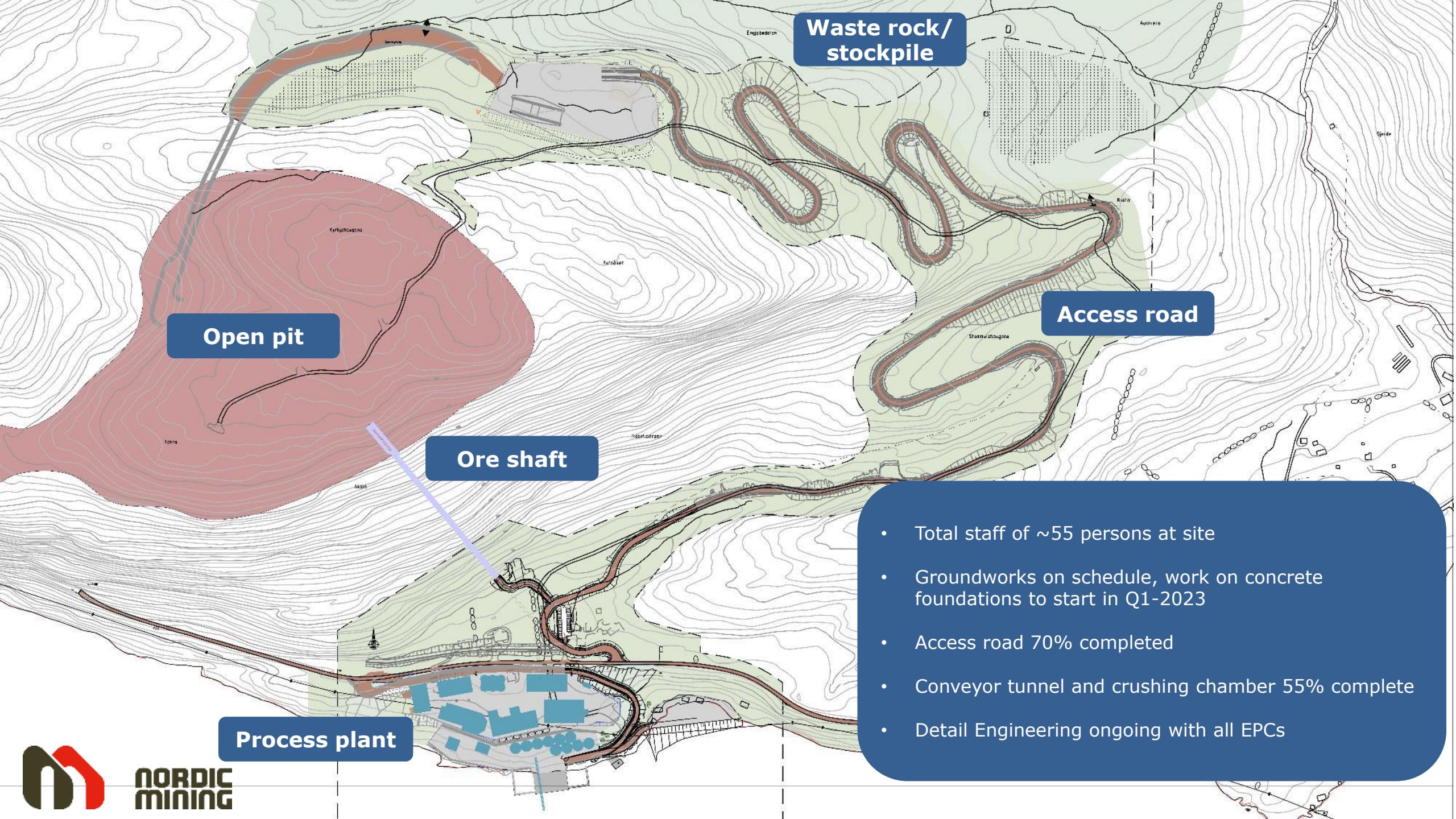
- No injuries in Q4 and 2022
- Focus on correct use of protective equipment
- Several risk workshop and reviews is carried out
- Approx. 40 000 hours worked by contractors for 2022
- Preparation for increased activity on site with multiple EPCs
- Health & Safety related to tunneling has high focus

## Incidents

- None

\* ) Source: The Federation of Norwegian Industries

\*<sup>2</sup> ) Health, Safety and Security reported Non-Conformance



## Groundworks on western part of process area close to ready for civil works



Access road to mine service area ~70 % completed



## Preparation for raise boring of vertical ore shaft started on top of deposit



## Ore conveyor tunnel from crushing chamber progressing, ~55% completed



Drilling confirms the expected geotechnical conditions in the ore

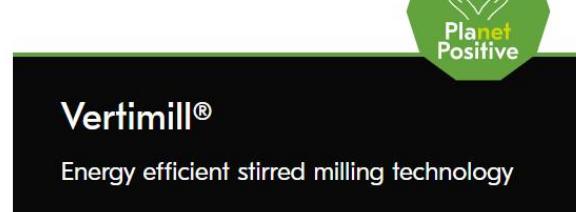


Sampling of drill cuttings has commenced for data gathering



## Procurement of mechanical technology packages in process

- December 8, 2022: NM partners with Metso Outotec for delivery of a comprehensive comminution package for Engebø Rutile and Garnet, comprising over 30% of the process equipment expenditure
- Procurement to secure time critical long lead packages now close to complete
- The building application for the administration building and workshop buildings has been submitted, with concrete work expected to start in Q1 2023



→ HOME // CORPORATE // NEWSROOM // NEWS // 2023 // NORDIC MINING ORDERS METSO OUTOTEC'S PLANET POSITIVE COMMINUTION CIRCUIT FOR ITS ENGEBO RUTILE AND GARNET PROJECT



PRESS RELEASE JANUARY 5, 2023

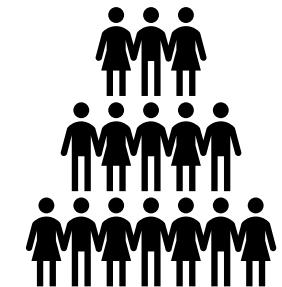
### Nordic Mining orders Metso Outotec's Planet Positive comminution circuit for its Engebø rutile and garnet project

Metso Outotec Corporation's press release on January 5, 2023, at 09:00 a.m. EET

Nordic Mining ASA has awarded Metso Outotec an order for the delivery of an energy-efficient comminution technology package for its Engebø rutile and garnet greenfield project in Norway. The order, for which the value is not disclosed, has been booked in Minerals' 2022 fourth-quarter orders received.

## Building the team - recruitment of key discipline managers ongoing

- Positive response from recent recruitment advertisements for key positions
- Strong interest from competent applicants from both local and regional areas
- The feedback so far is encouraging towards a diverse workforce on both age and gender
- Preparations are being done to open several positions within electro, mechanical and automation engineering as well as process engineer and operators to be part of operation readiness



## Rutile demand remained firm in Q4 despite pause in pigment demand

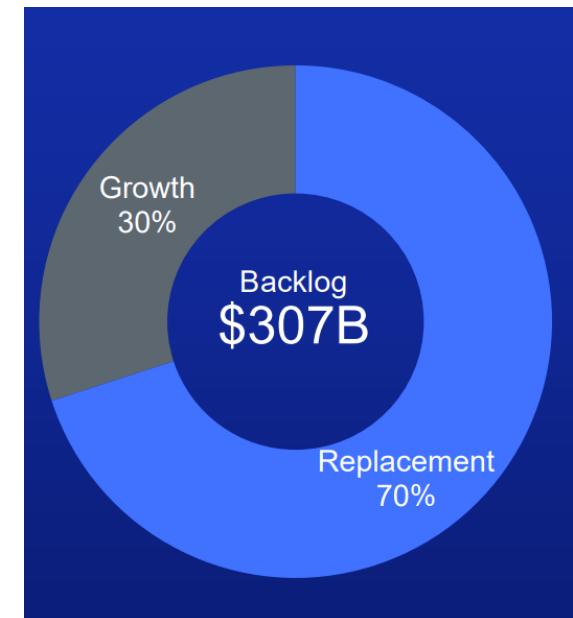
- The fourth quarter 2022 showed strong results for titanium feedstock producers. Rutile sales volumes exceeded production and prices for rutile continued to increase during the quarter
- Lower pigment demand caused lower rates at European chloride pigment plants to match production with demand
- Rebound of pigment demand is anticipated in the first half of 2023 as the northern hemisphere spring paint season ramps up combined with easing of energy prices
- China's relaxation of COVID restrictions, coupled with economic incentives to increase housing demand and construction, bodes well for increased demand for pigment and high-grade feedstocks in 2023.
- 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.



## Titanium sponge production in increasing demand

- 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 due ia . increased back-log at commercial aircraft manufacturers.
- Furthermore, there was continuous strong demand for titanium metal into general industrial and semiconductor applications.

Boeing backlog Nov'22



# Long-term offtake agreements signed for full production of rutile and garnet

## Rutile

### Iwatani

*Binding offtake agreement signed in June 2022*

**5-year agreement**  
From commencement of production  
**20,000mt per year**

**Take-or-Pay commitment**

**Price determined from TZMI index**

**Mutual renewal of 3 years**  
With 15 months notice

**Equity investment of USD 20m**  
From Iwatani in construction financing

#### **Iwatani Corporation**

- Founded 1945
- Engaged in the provision of gas and energy services
- Headquartered in Osaka, Japan
- TYO listed (8088)
- ~USD 2.5bIn MCAP

### Global TiO<sub>2</sub> Partner

*Binding offtake signed October 2022*

**Agreement with major pigment producer**

**Terms are confidential and not to be disclosed by Nordic Mining**

**This agreement, combined with the Iwatani agreement secures sales for up to the full annual production of rutile the first 5 years**

## Garnet

### Global Partner on Garnet

*Binding offtake agreement signed January 2023*

**Leading international distributor of industrial abrasives**

**Globally exclusive agreement for the full planned garnet production from Engebø for the first 5 years**

**Minimum «Committed» offtake of 762,500 metric tonnes and “Best Effort” of up to 785,000 metric tonnes**

**Take or pay commitment with pre-agreed price schedule**

**Mutual renewal/extension of cooperation**

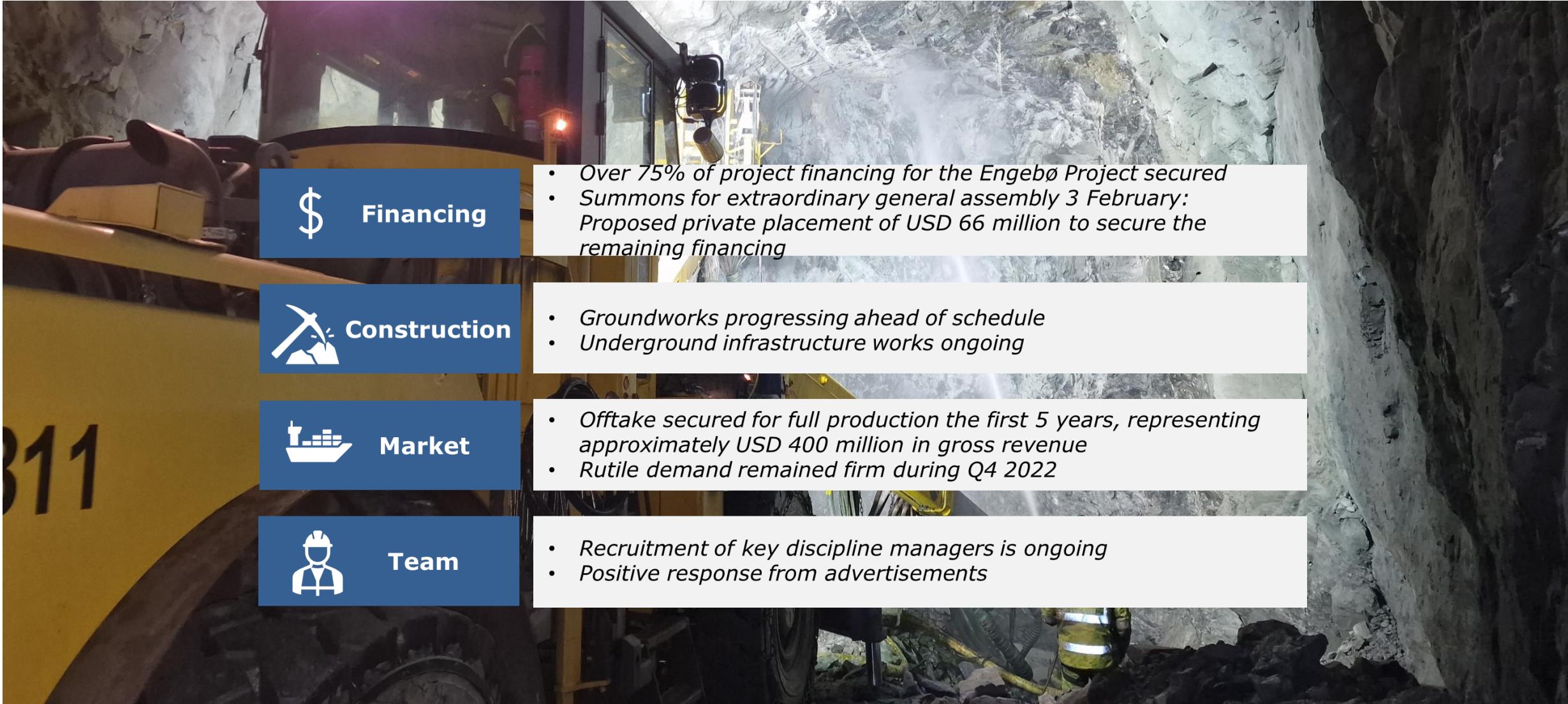
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## Funding to continue Engebø early construction

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- The Group's balance sheet remains solid:
  - NOK 165 million in cash and cash equivalents at year-end, ensuring funding to continue Engebø construction until remaining equity financing is secured
  - Engebø construction expenditures of NOK 120 million capitalized under «Mine under construction» in the quarter, with carrying amount at quarter end Q4 of NOK 288 million
  - Net financial items in the fourth quarter of NOK 33.2 million, primarily related to net foreign exchange loss - and net interest costs related to senior secured bond
  - Fair value of interest-bearing convertible loan assessed to NOK 143 million, recognizing a fair value gain in the quarter of NOK 0.4 million
- For details, see full interim report on <https://www.nordicmining.com/>

# Highlights and Q&A



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## Construction

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## Market

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## Team

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# Consolidated income statement

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Q4-2022 Unaudited	Q4-2021 Unaudited	Amounts in NOK million	Acc.2022 Unaudited	Acc.2021 Audited
-	-	Other income	-	0.2
(2.9)	(3.8)	Payroll and related costs	(11.7)	(16.2)
(0.1)	(0.0)	Depreciation and amortization	(0.2)	(0.1)
(5.0)	(12.1)	Other operating expenses	(34.1)	(44.5)
<b>(8.0)</b>	<b>(15.9)</b>	<b>Operating profit/(loss)</b>	<b>(45.9)</b>	<b>(60.7)</b>
-	(3.4)	Fair value gains/losses on investments	283.8	66.4
0.4	-	Fair value gains/losses on convertible loan	(10.5)	-
(33.2)	(0.0)	Financial items	(25.0)	(0.3)
<b>(40.8)</b>	<b>(19.3)</b>	<b>Profit/(loss) before tax</b>	<b>202.4</b>	<b>5.4</b>
-	-	Income tax	-	-
<b>(40.8)</b>	<b>(19.3)</b>	<b>Profit/(loss) for the period</b>	<b>202.4</b>	<b>5.4</b>

# Consolidated statement of financial position

Amounts in NOK million	31.12.2022 Unaudited	31.12.2021 Audited
<b>ASSETS</b>		
Evaluation and exploration assets	-	28.8
Mine under construction	1 288.4	-
Property, plant and equipment	1.1	0.2
Right-of-use assets	0.1	0.2
Financial investments	-	190.5
<i>Total non-current assets</i>	289.6	219.8
Cash and cash equivalents	164.7	32.1
Restricted cash	4.2	-
Bond Escrow	2 1 032.6	-
Trade and other receivables	23.3	3.4
<i>Total current assets</i>	1 224.8	35.5
<b>Total assets</b>	<b>1 514.4</b>	<b>255.3</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Total equity</i>	454.5	245.7
<i>Total non-current liabilities</i>	1.8	1.2
Trade payables	37.2	3.1
Bond loan	850.8	-
Convertible loan	143.0	-
Other current liabilities	27.1	5.4
<i>Total current liabilities</i>	1 058.1	8.5
<b>Total liabilities</b>	<b>1 059.9</b>	<b>9.6</b>
<b>Total shareholders' equity and liabilities</b>	<b>1 514.4</b>	<b>255.3</b>

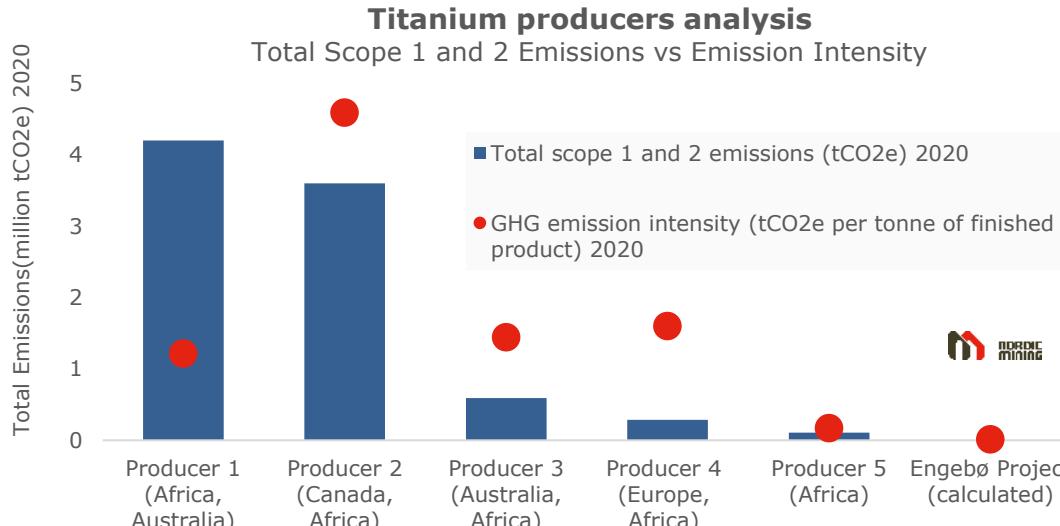
1 Early construction works in Q4 of around NOK 120 million, capitalized under «Mine under construction», with carrying amount at quarter end Q4 of NOK 288 million

2 Net proceeds from bond corresponding to NOK 1.03 billion on Escrow account, including issue discount of USD 10 million and four-months bond interest of USD 4.2 million paid by Nordic Rutile in accordance with the bond terms

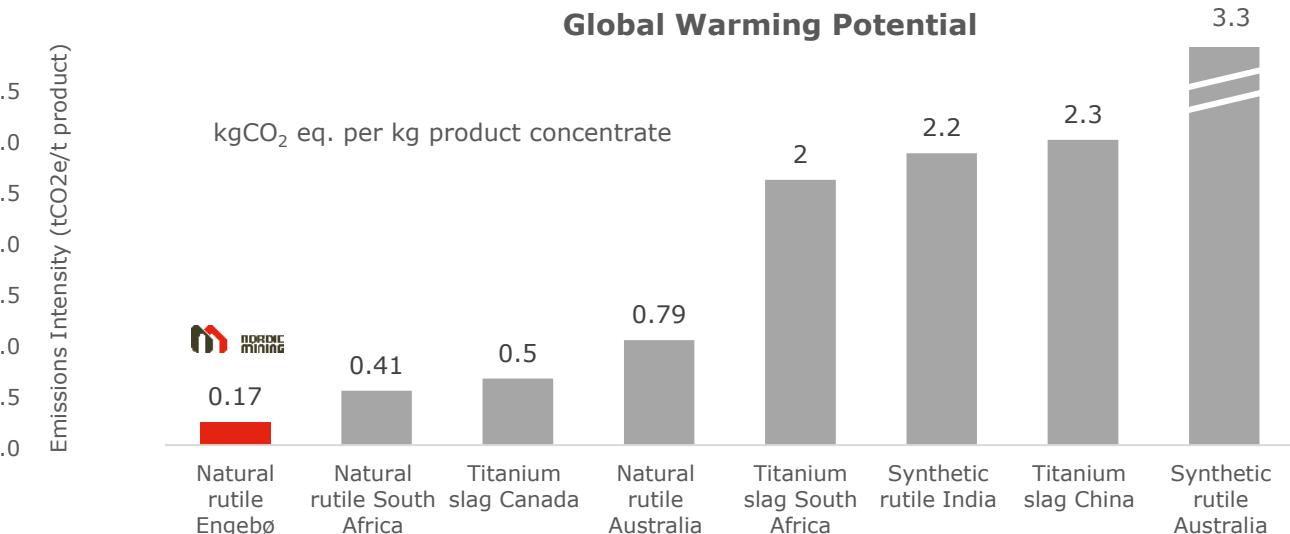
# World's most climate friendly titanium feedstock



Industry leader on GHG emissions<sup>1</sup>



Life Cycle Analysis proves superior rutile product<sup>2</sup>



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



**Low energy consumption** due to tight infrastructure and efficient design



**Emissions reduced by 85%** due to use of electrical dryers



**Work for zero emissions and phase out fossil fuel processes**



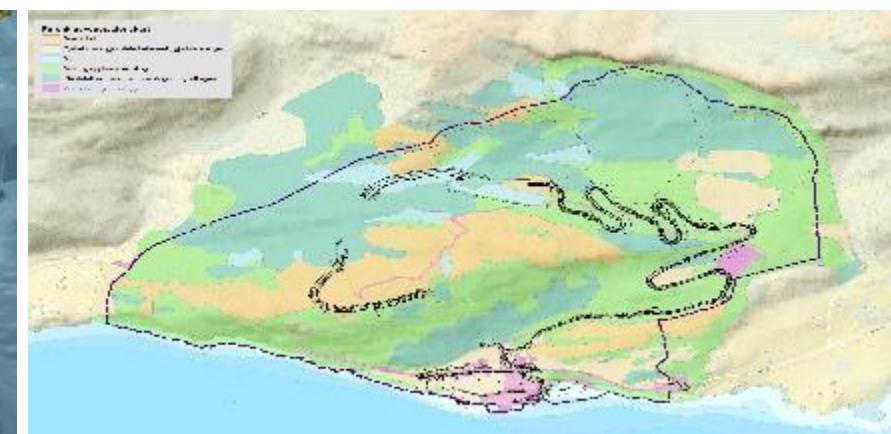
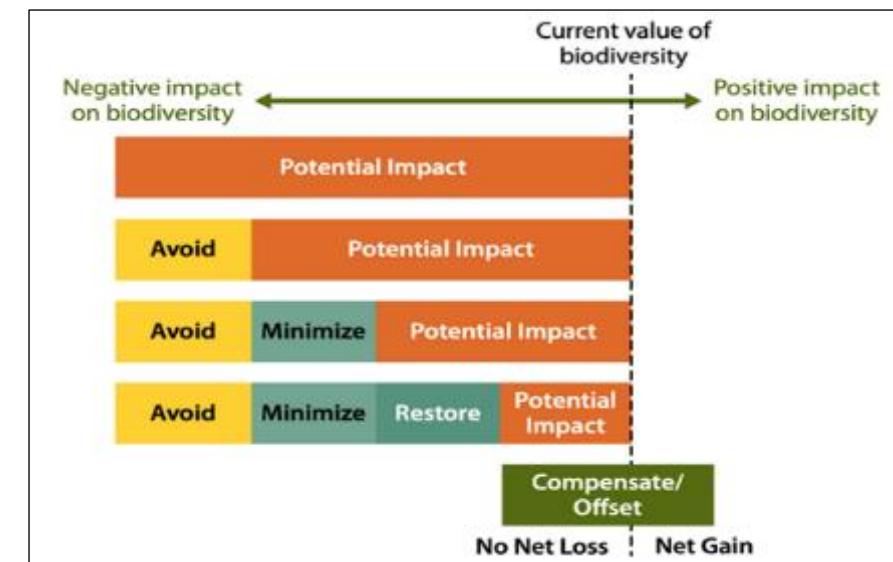
**Substantially lower GHG emissions** from superior natural rutile product

# Taking action for biodiversity



Environmentally responsible

- As a response to the United Nation's goal to stop loss of biodiversity, Nordic Mining has adopted a goal of net biodiversity gain over the life of mine for the Engebø project
- To achieve this, a Biodiversity Action Plan is under development with DNV and Asplan Viak
- A map to obtain net gain by avoiding, minimizing, restoring and compensating loss
- A good knowledge base – comprehensive mapping of biodiversity completed
- Work started to enhance biodiversity during the construction phase
- Plan for progressive restoration of mine and waste facilities during operation
- Seek to compensate/offset loss of biodiversity in the region in collaboration with local communities



Source: BBOP, Biodiversity Offsets Design Handbook, ICMM Good Practice Guidance for Mining and Biodiversity