

# Nordic Mining ASA (OAX:NOM) - Interim report per 30 September 2018

Enclosed please find Nordic Mining's interim report for third quarter 2018 and a separate presentation. The interim report and company updates will be presented today, Thursday 8 November 2018 at 10.00 (CET) in the company's office (address details below). The presentation and Q&A session will be held in English and transferred via webcast (details for the webcast below).

Important events in the third quarter 2018 and year-to-date 2018:

## Corporate

- **Ongoing rights issue to finance the progressing Engebø definitive feasibility study** On 1 November 2018, a rights issue of up to 17,391,304 shares was resolved in an extraordinary general meeting. The subscription period in the rights issue started on 6 November 2018 and will end on 20 November 2018 at 16.30 (CET). The subscription price in the rights issue is NOK 2.30 per share. Tradable subscription rights have been allocated to shareholders of the Company as at the end of 1 November 2018, as registered in VPS as of 5 November 2018.

## Engebø rutile and garnet project

- **Positive market outlook for rutile and garnet** The increasing market price for rutile has continued during third quarter. Continuous strong demand for high-grade feedstock is driven by high capacity utilization in the pigment industry, reduced stockpiles and limited rutile supply. In the third quarter, rutile prices (95% TiO<sub>2</sub>) have been reported around USD 1,050 per tonne. There is currently no production of garnet in Europe, nor any planned production apart from Engebø. The global supply of high-quality garnet for high-end applications is short of the increasing demand. Dialogues relating to offtake agreements for rutile and garnet are ongoing. The target is to establish solid long-term arrangements that support the bankability of the project.
- **Site areas green-lighted for construction after archeological surveys** In October 2018, the Company received notice from the Directorate for Cultural Heritage, confirming that the archeological surveys pursuant to the approved zoning plan have been completed and that the area has been clarified for construction activities.
- **Agreements with the main landowners at Engebø signed** The agreements with the landowners regulate Nordic Mining's acquisition of the area for the planned mineral processing plant, including the existing deep-water harbour facility, and compensation to the landowners for extraction and sale of all mineral products from the Engebø deposit. The mining area comprised by the agreements covers the open pit production phase as well as the service and rock storage areas. The extraction permits granted to Nordic Mining also include the adjacent area for the subsequent underground mining, and Nordic Mining has initiated activities also for this phase.
- **Main permits in place; steady progress on infrastructure and local regulatory matters** Nordic Mining holds all rights and permits necessary for its current operations related to the Engebø project. This includes extraction permits for rutile (state's mineral) which generally also implies the right to extract garnet and possible other minerals (landowners' minerals) in connection with the rutile extraction. The zoning plan for the mining and processing areas and the environmental permit for the project are fully granted. A process has been initiated with Naustdal municipality regarding detailed regulation of buildings and infrastructure at the processing plant and service areas, as well as for the access and haul roads etc. Further, a zoning plan process for the planned pipeline for process water supply is ongoing. The Engebø project is developed in accordance with high international standards for environment, health and safety. A comprehensive monitoring program for various environmental aspects is being prepared.
- **Comprehensive definitive feasibility activities ongoing** The main purpose of the definitive feasibility study is to qualify the project for construction financing with a combination of debt and equity. The definitive feasibility study is progressing well and targets high-quality assessments and de-risking of all important aspects of the project. Certain aspects of the mineralogy and texture of the Engebø deposit is complex, and the ongoing process test work is comprehensive and thorough. Several positive clarifications and verifications relating to configuration of the rutile and garnet processing circuits have been achieved. Further improvements are targeted related to garnet yields, particle size distribution etc. The test work activities, including bulk sample testing, are scheduled to continue into the first quarter 2019. Except for the process flowsheet, engineering and the detailed design activities for most of the other project areas have commenced. The timeline for completion of the definitive feasibility study will be reaffirmed when the process flowsheet has been finalized. The current estimate is completion mid-year 2019.
- **Increased resource estimates** The Engebø resource model and classifications were updated in June 2018 by Competent Person Adam Wheeler. The limited drilling program in January/February 2018 resulted in an increase of the estimated mineral resources in the measured and indicated categories (JORC Code 2012) by around 5%, to approximately 98 million tonnes, based on a cut-off of 3% TiO<sub>2</sub>. The average grade of rutile and garnet in the measured and indicated categories is 3.87% and 44.4%, respectively. The ongoing definitive feasibility work is based on the 2018 resource model and estimates.

## Keliber lithium project

- **Definitive feasibility study confirms profitable lithium project** In June 2018, Keliber (Nordic Mining owns approximately 22%) completed the definitive feasibility study for the lithium project in Finland. The study confirms a profitable business case and outlines the plans for execution of the project. The main results are summarized in the following:

- Strong project financials:
  - Pre-tax net present value (NPV @ 8% discount rate) of EUR 295 million
  - Post tax net present value (NPV @ 8% discount rate) of EUR 225 million
  - Pre-tax internal rate of return (IRR) of 24%
  - Post tax internal rate of return (IRR) 22%
  - Pay-back period: 5.5 years
- Significantly increased mineral resource and ore reserve estimates
- Average battery grade lithium carbonate sales volume of 10,745 tonne/year
- Average lithium carbonate sales price of USD 12,357 per tonne
- 13 years of open pit and underground mining operations followed by 7 years of production based on purchased spodumene concentrate
- Upfront capital cost of EUR 199 million for mines and production facilities; additional capex of EUR 56 million during the production period

- **Assessments related to offtake and project financing are ongoing** The definitive feasibility study is expected to provide a solid foundation for project financing required to execute the lithium project. Keliber is actively assessing market options, and dialogues to secure offtake agreements suitable for the project financing are ongoing. Considerations regarding financing with a combination of debt and equity are carried out with support from advisors. An important element in this process is to carry out a technical review of the project with professional resources independent of the company and its feasibility study advisor/coordinator, Hatch. The international mining consultancy company SRK has been contracted for this purpose.

- **Permitting process well under way** Keliber has obtained a special pre-consultation status for its permitting process which implies that the company interacts closely with the authorities throughout the process. The permit application for the Syväjärvi deposit was submitted in May 2018, and a clarification is expected shortly. Applications for the Rapasaari deposit, the Kalavesi concentrator plant and the Kokkola chemical plant are targeted to be submitted before year end. Keliber expects clarification of the remaining permits during the first half of 2019.

- **Strong lithium market and outlook** Generally, the lithium market is developing on a positive note and contract prices have increased so far in 2018. Going forward, a continued tight market balance is expected. The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage. Several initiatives relating to battery production in Europe, including Finland and Sweden, are under development. Keliber has commenced a pilot plant test program for production of lithium hydroxide in cooperation with Outotec Finland. A successful outcome of the test program will increase Keliber's market flexibility going forward. Keliber expects the test work and the assessments to be completed in Q1 2019.

The third quarter presentation will be held today, Thursday 8 November 2018 at 10:00 (CET) in Nordic Mining's office at Vika Atrium, Munkedamsveien 45 (Entrance A, 5th floor), N-0250 Oslo. 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://webtv.hegnar.no/presentation.php?webcastId=97451506>

For further information, please contact CFO Birte Norheim, telephone +47-95293321. Oslo, 8 November 2018 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 in Norway and internationally. The Company's project portfolio is of high international standard and holds a 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. Permits for the project have been granted by the Norwegian government. The definitive feasibility study was initiated directly following completion of the prefeasibility study in October 2017. Nordic Mining's associated company Keliber completed the definitive feasibility study for its lithium project in Finland in June 2018. Nordic Mining has rights for exploration and production of high-purity quartz in Kvinnherad in Norway. Further, the Company holds exploration rights at Reinford in northern Norway where a prospective area of sulphide mineralisation has been discovered. Nordic Mining is also exploring opportunities related to seabed mineral resources. Nordic Mining is listed on Oslo Axess with ticker symbol "NOM".*