

Nordic Mining ASA (OAX:NOM) - Interim report per 31 March 2020

Enclosed please find Nordic Mining's interim report and company presentation for the first quarter of 2020. The interim report and company updates will be presented digitally today, Tuesday 5 May 2020 at 10.00 (CET). The presentation and Q&A session will be held in English and transferred via webcast at: https://channel.royalcast.com/webcast/hegnarmedia/20200505_5/

You will have the opportunity to post questions online throughout the webcast session.

Important events in the first quarter of 2020 and year-to-date:

CORPORATE

Adequately financed well into 2021

In January 2020, Nordic Mining completed an equity issue with gross proceeds of NOK 57.4 million (ref. note 4). Due to the significant uncertainties in the global and national economies imposed by the Coronavirus pandemic, the Company will progress project development activities for the Engebø project cautiously and strategically with a focus on conservation of funding and retaining flexibility.

Nordic Mining has no interest-bearing debt and is adequately financed well into 2021 based on current forecasts and adjusted work plans.

ENGEBØ RUTILE AND GARNET PROJECT (100% ownership)

Results of the definitive feasibility study published in January 2020

In January 2020, the Company published the results of the definitive feasibility study (DFS) for the Engebø project. The updated study reinforces Engebø as a world class rutile and garnet project and outlines the execution plan for the project. The main results presented in the updated DFS were:

- Pre-tax NPV@8% USD 450 million
- Pre-tax IRR 21.9%
- Post-tax NPV@8% USD 344 million
- Post-tax IRR 19.8%
- Average annual free cashflow first 15 years of USD 70 million
- Net operating cashflow (undiscounted) of USD 2,160 million
- Initial capex of USD 311 million and deferred capex of USD 25 million (underground)
- Pay-back period < 5 years

Coronavirus uncertainties necessitate project re-assessment

Due to uncertainties in the global and national economies imposed by the unprecedented Coronavirus pandemic, the Company will adjust progress plans and review the Engebø project further with the purpose to increase the resilience to altered market conditions. Although forecasting under the current circumstances is extremely difficult, the Company assumes that the economic recovery from the pandemic crisis will be slow and that the economic aftermath may be more substantial than previously experienced.

The Company's adjustments imply that the FEED (front-end engineering and design) and project financing activities will be delayed and not implemented as initially planned. The project review will specifically include garnet market assessments following from Barton's withdrawal as an offtake partner as informed to Nordic Mining in February 2020. Because of the revised activities, the time schedule for construction will be affected.

Sustainability at the core of the strategy

As part of the DFS, a comprehensive plan has been made to develop an environmental and social management system to ensure environmental and social issues are managed in accordance with the Group's standards, permits and Norwegian regulations. This includes i.a. advanced environmental monitoring programs to ensure adherence to permits and to mitigate environmental effects.

Dialogue regarding rutile offtake

In January 2019, Nordic Mining signed a Heads of Agreement with a Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the project. The dialogue between the parties proceeds constructively targeting to finalize the terms and conditions for an offtake agreement to secure future cashflows and strengthen the ability to provide financing for the project.

Operating license expected before the summer

The public hearing process regarding the application for operating license for the Engebø project ended in the fall of 2019. The previous Askvoll and Naustdal municipalities, as well as the new Sunnfjord municipality, support the application. Nordic Mining expects a license approval from the Directorate of Mining in the first half of 2020. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources.

KELIBER LITHIUM PROJECT (16.3% ownership)

Valuation of Nordic Mining's investment confirmed

In March 2020, Keliber raised EUR 5.8 million from existing shareholders to finance ongoing development work and other pre-construction activities (ref. note 3). Following the share issue, Nordic Mining was diluted from 18.5% to 16.3% ownership. The implied value as per 31 March 2020 confirms Nordic Mining's book value of the investment.

Ongoing project update and review

Keliber's updated DFS for the lithium project was presented in February 2019 based on production of lithium hydroxide. Since then, and regardless of the Coronavirus pandemic, the global lithium market has softened due to weak spot prices. Although the long-term outlook is positive, it is difficult to foresee how the lithium market will develop in the next couple of years.

During the fourth quarter 2019, Keliber made several positive announcements including increased mineral resource and ore reserve estimates and improved processing recovery rates resulting from a comprehensive continuous pilot test program. However, it also announced that the lithium project will be delayed by at least one year compared to previous estimates. The softer market situation has adversely impacted Keliber's progress on securing offtake directly as well as driven down the general market sentiment/valuation.

Keliber continues to advance the lithium project in various fields including technical planning, permitting, ore potential and financing. This also includes activities to optimize the business case compared with the updated DFS published in February 2019.

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Oslo, 5 May 2020
Nordic Mining ASA

Nordic Mining ASA (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 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. Nordic Mining also holds 16.3% of the shares in Keliber Oy, which is developing a lithium project in Finland to become the first European producer of battery grade lithium hydroxide.

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 Oslo Axess with ticker symbol "NOM".