Minerals for a sustainable future

- Large deposit with unique location
- Quality offtake partners
- Robust project economics
- Strong competitive position
- Valuable investment in lithium

Q4 2019 Presentation
February 11, 2020
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1. Introduction
2. Financial update
3. Engebø Rutile and Garnet
4. Keliber Oy Lithium
5. Q & A
Highlights

• DFS represents a major de-risking milestone and reinforces Engebø as a robust and attractive project

• Fully financed until start of construction

• Progressing towards project realization
  – Step-up of project finance activities
  – Finalizing offtake agreements
  – Build-up of the project team
# Project economics – A strong business case

<table>
<thead>
<tr>
<th></th>
<th>Pre-Tax</th>
<th>Post-Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Present Value @ 8%</strong></td>
<td>USD 450m</td>
<td>USD 344m</td>
</tr>
<tr>
<td><strong>Internal rate of return</strong></td>
<td>21.9%</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yearly average sales&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Garnet</th>
<th>Rutile</th>
</tr>
</thead>
<tbody>
<tr>
<td>278 ktpa</td>
<td>34 ktpa</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average per tonne sold&lt;sup&gt;1,2&lt;/sup&gt;</th>
<th>Garnet</th>
<th>Rutile</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 339</td>
<td>USD 73</td>
<td>USD 266</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Average per year&lt;sup&gt;1,2&lt;/sup&gt;</th>
<th>Garnet</th>
<th>Rutile</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 106m</td>
<td>USD 24m</td>
<td>USD 82m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capex</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USD 311m</td>
<td></td>
</tr>
</tbody>
</table>

1) Average, first 15 years of production  
2) Rutile and garnet combined  
3) Net of royalties
Overarching ESG goals

**Nordic Mining will develop the Company’s Projects in accordance with IFC Performance Standards and the Equator Principles, and on the basis of the United Nation’s sustainable development goals**

| Climate responsibility | • Energy efficient mining and processing operations  
|                        | • Emphasize use of renewable energy  
|                        | • Evaluate electrification of mining equipment  
| Environmental footprint | • Minimize footprint on terrestrial and marine environment  
|                        | • Avoid long-term, irreversible effects on biodiversity and ecosystems  
|                        | • Monitor and mitigate environmental effects  
| Health and safety | • Create a working environment with high health and safety standards  
|                        | • Strive for gender equality and diversity  
|                        | • Safeguard the health of surrounding neighbors and communities  
| Social responsibility | • Positive impact on people’s livelihood, education, work opportunities and cultural flourishment  
|                        | • Engage with neighbors, communities and interest groups based on transparency, respect and responsiveness |
Agenda

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Consolidated income statement

<table>
<thead>
<tr>
<th>(Amounts in NOK million)</th>
<th>Q4-2019 Unaudited</th>
<th>2019 Unaudited</th>
<th>Q4-2018 Unaudited</th>
<th>2018 Audited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Payroll and related costs</td>
<td>-4.0</td>
<td>-15.5</td>
<td>-4.0</td>
<td>-11.8</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-0.1</td>
<td>-0.2</td>
<td>-2.4</td>
<td>-2.5</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>-11.5</td>
<td>-57.2</td>
<td>-14.5</td>
<td>-49.9</td>
</tr>
<tr>
<td><strong>Operating profit/(loss)</strong></td>
<td><strong>-15.7</strong></td>
<td><strong>-72.8</strong></td>
<td><strong>-21.0</strong></td>
<td><strong>-64.2</strong></td>
</tr>
<tr>
<td>Share of result of an associate</td>
<td>-</td>
<td>-0.8</td>
<td>-2.5</td>
<td>-8.0</td>
</tr>
<tr>
<td>Gain/(loss) on investments</td>
<td>-25.1</td>
<td>75.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other financial items</td>
<td>-0.1</td>
<td>-0.5</td>
<td>-0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td><strong>Profit/(loss) before tax</strong></td>
<td><strong>-40.9</strong></td>
<td><strong>1.4</strong></td>
<td><strong>-23.6</strong></td>
<td><strong>-72.3</strong></td>
</tr>
<tr>
<td>Income tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td><strong>-40.9</strong></td>
<td><strong>1.4</strong></td>
<td><strong>-23.6</strong></td>
<td><strong>-72.3</strong></td>
</tr>
</tbody>
</table>

- Operating loss reflects the cost of ongoing DFS activities
- Valuation for Keliber investment reduced from NOK 116m to NOK 91m
  - Mainly due to delay in construction schedule announced in November and continued soft spot-markets for lithium products
  - Impairment of NOK 25.1m in Q4-19; net gain for 2019 of NOK 75.5m
Consolidated statement of financial position

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation and exploration assets</td>
<td>26.1</td>
<td>25.6</td>
</tr>
<tr>
<td>Property, plant &amp; equipment</td>
<td>0.6</td>
<td>0.2</td>
</tr>
<tr>
<td>Financial assets</td>
<td>90.8</td>
<td>-</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>-</td>
<td>21.3</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>117.5</td>
<td>47.1</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>30.6</td>
<td>49.9</td>
</tr>
<tr>
<td>Other current assets</td>
<td>4.0</td>
<td>2.5</td>
</tr>
<tr>
<td>Total current assets</td>
<td>34.7</td>
<td>52.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>152.2</td>
<td>99.6</td>
</tr>
<tr>
<td><strong>SHAREHOLDERS' EQUITY &amp; LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>143.8</td>
<td>89.5</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>0.7</td>
<td>0.8</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>7.6</td>
<td>9.2</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>8.3</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>152.2</td>
<td>99.6</td>
</tr>
</tbody>
</table>

- Financial asset comprise investment in Keliber Oy
- Cash and equivalents of NOK 30.6m
- Equity issue with gross proceeds of NOK 57.4m executed in January; not included in Q4 figures
- No interest bearing debt
Pre-construction financing completed

- Private placement of 28,700,000 shares at a subscription price of NOK 2.00 per share and gross proceeds of NOK 57.4 million successfully completed in January.

- Extraordinary general meeting to be held on 25 February 2020 to resolve on a subsequent share issue of up to 10 million new shares directed towards existing shareholders.

- The proceeds will primarily be used to finance the Engebø project until the construction financing has been secured. This includes all activities relating to front-end engineering and design (FEED) and to secure a financing package.

- Equity raises complete capital requirement until construction start in Q4-20.
Construction financing

- Completion of DFS triggers increase in activities towards finance partners
- Banks’ due diligence activities ongoing
- Appointment of Clarksons Platou Securities and Sparebank 1 Markets as joint lead managers; complimentary to previous appointment of Northcott Capital
- Offtake partners intend to participate with substantial portion of the financing
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Progressing towards construction and production

**FEED**

- Detailed engineering
- EPCM bid process
- Final negotiations of main contract packages
- Procurement preparations, long lead items
- Building permits at site
- Environmental monitoring

**Strategic focus**

- Contracted EPCM services
- Off-site construction of process plant modules
- Staged installation on-site
- Optimize synergies between contract packages
- Pre-commissioning off-site

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**Tentative construction sequence**

- Civil works & underground Modules
- Process
- Water and power supply
- Mechanical installation
- Electrical installation
- Buildings
Building a long-term industrial operation

- Reducing risk; early recruitment of key personnel for procurement, construction and commissioning
- Build permanent organization for long-term operations and employment
- Contract mining during the first 5 years

**Owner’s team**

**Evaluation of contract strategy**
Modular construction secures quality and schedule
Stepping up project financing activities

Status of activities

- Debt advisor appointed
- Initial meetings with banks and guarantors
- Banks’ due diligence activities ongoing
- Traditional project financing structure pursued; terms and leverage to be developed with the banks
- Construction equity to be raised following committed debt

Sources of financing and guarantees

- Bank debt
- ECA (Export Credit Agencies)
- Offtake finance
- Vendor credit/leasing
- Alternative debt (bonds, streaming, specialized funds)
- Equity

Steps towards project financing

1. Information to lenders
2. Lenders due diligence
3. Term sheet negotiations
4. Credit approval
5. Final debt agreements
6. Equity raise
Stepping up project financing activities

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- Vendor credit/leasing
- Alternative debt (bonds, streaming, specialized funds)
- Equity

**Steps towards project financing**

1. **Information to lenders**
   - Independent review: technical, market, legal, financial, etc.
2. **Lenders due diligence**
   - Site visit, offtake, construction contracts, model audits etc.
3. **Term sheet negotiations**
   - Submission of interest, financial terms, appoint lead arranger etc.
4. **Credit approval**
   - Lenders, Export Credit Agencies, etc.
5. **Final debt agreements**
   - Signing of principal documentation
6. **Equity raise**
   - Road show, offtakers, institutional investors, existing shareholders
Comprehensive Environmental and Social Management System (ESMS)

**ESMS programs**

- Environmental monitoring program
- Stakeholder engagement plan and grievance mechanisms
- Internal control system
- Extractive waste management plan
- Emergency prevention and preparedness plan
- Energy leadership program
- Closure plan

**Proactive approach**

- Implementation of *Towards Sustainable Mining* (TSM)
- Establishment of local resource group for environmental monitoring
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Keliber Oy - Lithium

**Status for Keliber’s project development**

**+** Significant improvements achieved:

- Increased mineral resource and ore reserve estimates
- Increased processing recoveries

**÷** Start of construction delayed until 2021:

- Extensive lenders’ due diligence
- Uncertain timeline for permitting process
- Softer short-term market conditions (long-term fundamentals remain strong)

**⇒** Priorities going forward:

- Continuous de-risking of the project
- Optimize business case
- Progress financing preparations
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Questions?