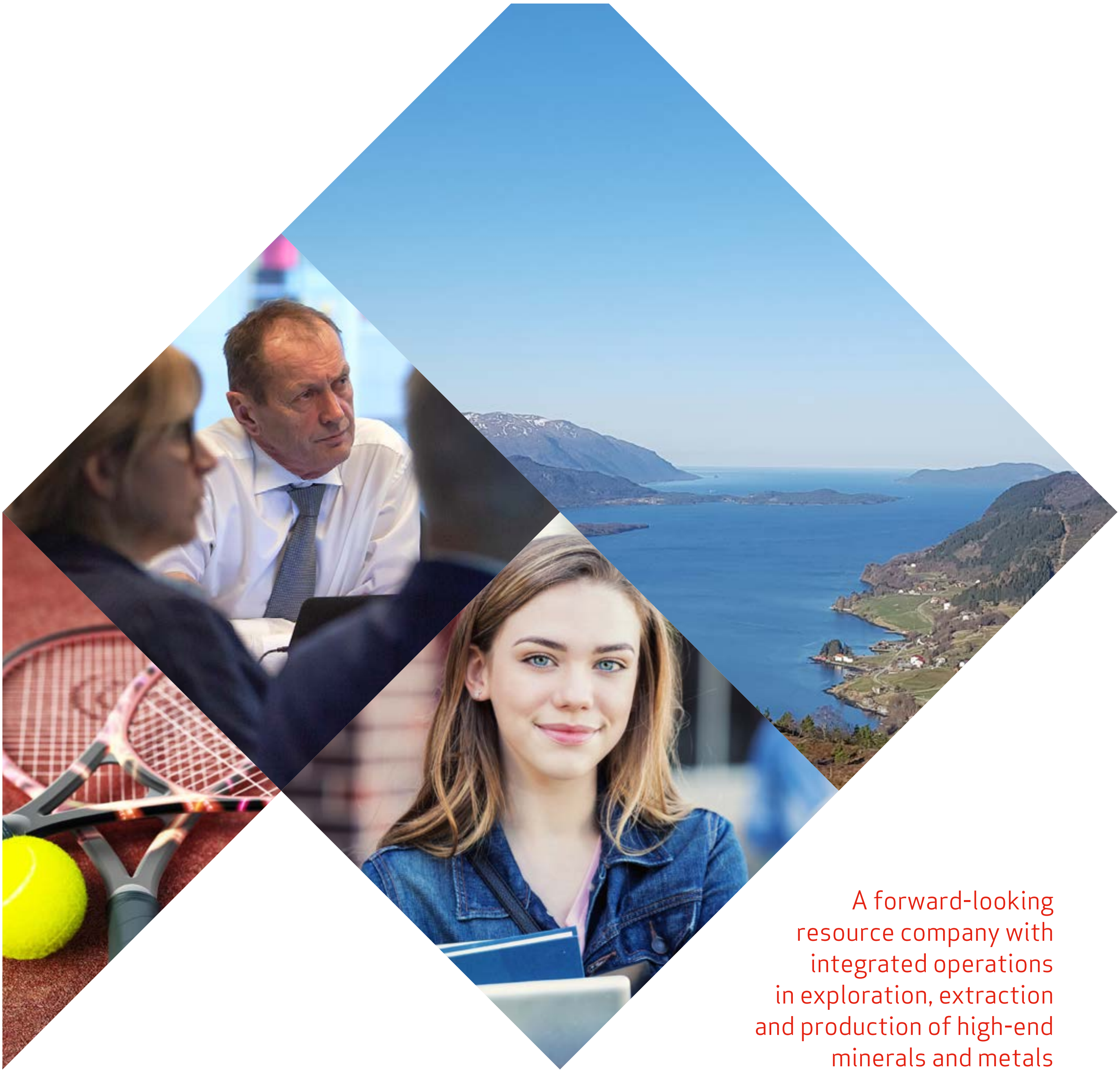
ANNUAL
2019 REPORT

MINERALS
FOR A SUSTAINABLE
FUTURE

SAFETY | ENVIRONMENT | INNOVATION



A forward-looking resource company with integrated operations in exploration, extraction and production of high-end minerals and metals

CONTENT

CEO'S REPORT

Dear shareholder,

Global change, a different future

The year 2019 was dominated by various political actions that reduced international trade and trust between the major economies of the world. In addition, the increased focus on mitigation of climate change was impacting company strategies and the approach of the financial markets. However, none of these events are considered very significant today compared with the recent Coronavirus pandemic that over a period of only a few weeks has caused many nations to pull the breaks on almost all activities. It is dramatic, but maybe the right thing to do in order not to allow for an even deeper crisis.

It is expected that the effects on economies caused by the Coronavirus measures will have a severe impact on most industries and off course also the mining sector. In addition, the break-down of the negotiations of oil production levels have, at least temporarily, led to a price war between Russia and OPEC dropping the oil price to its lowest level since 2002. It seems obvious that the markets for industrial minerals, including Nordic Mining's, will suffer in the near term as well as well as in a longer perspective. There are factors arguing for a lower impact for titanium feedstock, and especially high-grade feedstock which have a restricted supply, as the majority of these are consumed in pigments and household goods. For garnet there may be several indirect factors, like oil price, that may lead to a softer market going forward. We need to take a step back and reconsider our strategy, assuming that there will be fundamental changes when business is coming back to a new normal.

ESG – at the core of our strategy

The mining industry is becoming increasingly important for the global social and economic development, and 2019 brought an even stronger focus on the importance of creating new value chains, adhering to the UN sustainability goals. This also calls for a wider perspective of our responsibilities for sustainable production and management throughout the value chain. As miners, we need to consider ourselves as global caretakers of our common mineral resources, and in doing so expanding our business envelope to include re-use, recycling and rehabilitation. Building a new mine brings changes. The overarching driver is to create positive, long-term change to local society, nation and the world. However, to bring a wide embracement of such new development, requires respect, integrity and humbleness.

In 2019, we decided to join the Norwegian Mining Association in adapting the Canadian framework *Towards Sustainable Mining* ("TSM") to be applied in Norwegian mining industry. TSM is a set of tools and indicators to drive environmental and social performance to ensure that key risks are managed responsibly. We believe that the initiative will bring knowledge, awareness and a change of culture, always striving for improvement of ESG. Nordic Mining is implementing high standards for environmental and social performance for the company's projects. Our goal is to be a frontrunner for sustainable mining.

Engebø, DFS finalization

The results and summary of the definitive feasibility study ("DFS") for the Engebø rutile and garnet project was published on 28 January 2020. The DFS represents a major milestone for our team and company, documenting that we can construct, plan and build a robust and sustainable new mining operation. At the same time, we must recognize that certain changes are outside our control. We regret that our longstanding partner Barton Group no longer were able to stick to the intentions we had outlined in our preliminary agreement. Hence, we will reconsider our strategic approach related to garnet sales and distribution in relevant markets.

Keliber, in the forefront of European lithium development

As Keliber embarked on establishing construction finance in 2019, it was faced with a significant downturn in the market for lithium chemicals which naturally impacted both offtake and financial markets. Despite strong national and local engagement and support for a new project, Keliber has experienced delay in the permitting processes. These events have caused a revision of the progress schedule towards construction and start-up of Keliber's project.

We strongly believe that the fundamentals of the green shift and drive for electrification of transport and storage capacity for renewable energy will get lithium demand back when the underlying economy recovers. Building a strong value chain for lithium in Europa will possibly make even more sense when the situation has normalized after the Coronavirus pandemic.

I would like to thank you all for valuable support in 2019.

Oslo, 22 April 2020

Ivar S. Fossum
CEO


BERGEN

OPERATIONS

ENGEBØ – rutile and garnet

The development of Nordic Mining's Engebø rutile and garnet project on the west coast of Norway is progressing, and the definitive feasibility study was completed in January 2020 with attractive results. Due to the uncertainties in the global and national economies imposed by the Coronavirus pandemic, the Company will adjust progress plans and review the project with the purpose to increase the resilience to altered market conditions. Because of the adjustments and the contemplated project review, the time schedule for project financing and construction will be affected.

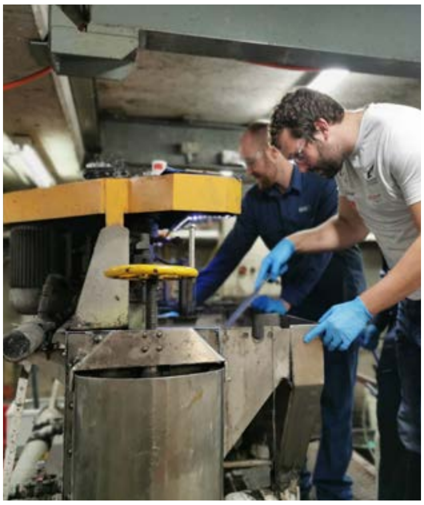
Definitive feasibility study completed

The Engebø deposit is one of the largest unexploited rutile deposits in the world and with a high grade of rutile compared to current producers and development projects. The deposit also contains significant quantities of garnet. In January 2020, the Company published the results of the definitive feasibility study ("DFS") for the Engebø project. The 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 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

The Engebø project will be developed in accordance with high international standards for environment, health and safety. Regional hydro power will supply the process plant with renewable energy. The deposit has a favourable location next to a deep-water quay and with efficient shipping and advantageous logistics to European and overseas markets. This limits the project's physical footprint and reduces adverse environmental effects.

The Engebø project will be developed with sustainability at the core of the Group's strategy. High standards in work ethics, health and safety, community engagement and environmental performance will be emphasized. The Group's goal is to build a corner stone company in the Sunnfjord region, with a positive impact on people's livelihood and flourishment in education and work opportunities. Active engagement with the community and project stakeholders, built on transparency, respect and responsiveness, will be prioritized in all project phases.



Comprehensive DFS test work.

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. Advanced environmental monitoring programs will be put in place to ensure adherence to permits and to mitigate environmental effects.

The Engebø deposit will be developed as a dual mineral operation with production and sale of high-quality rutile and garnet. The business concept provides efficient resource utilization, risk reduction, attractive and robust economics, and valuable future expansion opportunities.

The main purpose of the definitive feasibility study is to qualify the project for construction financing. Due to the uncertainties in the global and national economies imposed by the Coronavirus pandemic, the Company will adjust progress plans and review the project with the purpose to increase the resilience to altered market conditions. The adjustments imply that the FEED (front-end engineering and design) and project financing activities will be delayed and not be implemented as initially planned. Because of the adjust-ments and the contemplated project review, the time schedule for project construction will be affected.

Resource base extends project lifetime

The following tables provide an overview of the mineral resource and ore reserves estimates, both at 2% TiO_2 cut-off grade, as presented in the DFS.

The optimized mining plan in the DFS supports an initial 42 years project life with 1.5 million tonne per annum run of mine operation. This is an extension of the project's lifetime of 13 years compared with the prefeasibility study. The first 15 years will be open pit mining and high-grade processing, with stockpiling of medium/low-grade ore. The underground phase will last for 19 years followed by an 8 years period with no mining costs based on stockpiled ore built up in the open pit period. Further extensions of the project life may be possible based on the substantial inferred mineral resource.

Nordic Mining's extraction permits for rutile (state's mineral) cover the whole area for open pit and underground operation and imply, generally, the right to extract garnet and possible other minerals (landowners' minerals) in connection with rutile extraction.

Regulatory activities progressing

In February 2019, Nordic Mining filed an application for operating license for the project with the Norwegian Directorate of Mining. The outcome of the approval process is expected in the first part of 2020. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources. The zoning plan for the mining and processing areas and the environmental permit for the project have already been granted.

Detailed regulation of buildings and infrastructure at the processing plant and service areas, as well as for the access and haul roads etc. was approved in 2019. The zoning plan for the planned pipeline for process water supply is in progress. Detailed engineering for re-routing of the county road through the process area as

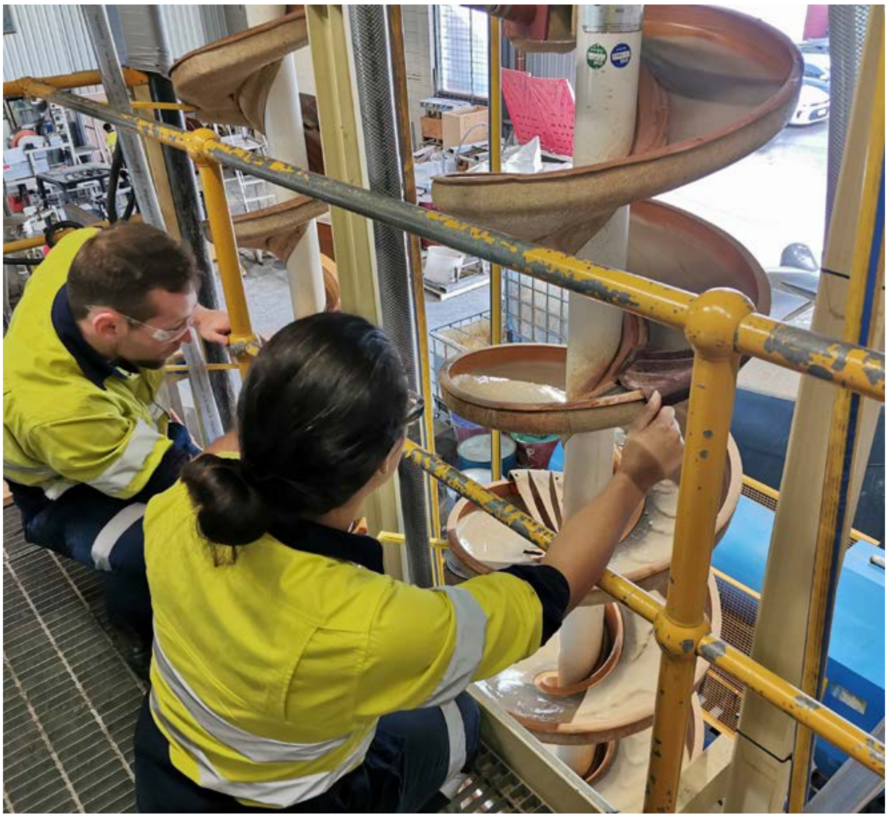
Mineral resource estimate*

TiO_2 cut-off**	Classification	Tonnes (Mt)	TiO_2 (%)	Garnet (%)
2%	Measured	29.2	3.60	44.5
	Indicated	104.0	3.48	43.9
	Measured & Indicated total	**133.2**	**3.51**	**44.0**
	Inferred	254.1	3.15	41.3

Ore reserve estimate*

	Tonnes (Mt)	TiO_2 (%)	Garnet (%)
Open pit			
Proven	21.07	3.54	43.8
Probable	13.18	3.29	43.3
Open pit total	**34.26**	**3.45**	**43.6**
Underground			
Proven	2.35	3.34	39.2
Probable	26.49	3.21	38.7
Underground total	**28.85**	**3.22**	**38.7**
Grand total	**63.10**	**3.34**	**41.4**

* Resource and reserve estimates completed by Competent Person Adam Wheeler (JORC Code 2012 edition).
** 2% cut-off grade means that only ore with TiO_2 content of 2% or more is included in the resource estimates.



Gravity separation test work.

DFS processing team meeting at Hatch in Johannesburg.

well as preparations for strengthening of the regional power grid is completed.

Project organization

The project development work through to completion of the DFS has been carried out with the support from a broad range of experienced technical advisors and suppliers; i.a. Hatch, SRK, IHC Robbins, LDE and Asplan Viak. In the DFS, the project organization is outlined for the various phases of the remaining development work and for the construction phase. Further, the organizational set-up in the operating phase is described. Nordic Mining's organization will be further strengthened as the project continues to progress towards construction. Due to the general uncertainties caused by the Coronavirus pandemic, the recruitment plans will be adjusted and adapted to the general progress plan and review process.

Agreement on rutile offtake and participation in construction financing

In January 2019, Nordic Mining signed a Heads of Agreement with a reputable Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The agreement will be further developed and finalized to secure future cashflows and strengthen the ability to provide financing for the project.

Commercial outlook

Europe has a significant supply deficit of titanium feedstock, including rutile, and no garnet production. Supplies from Engebø represent a substantial opportunity for logistical optimization. The changes and turbulences in the global and national economies imposed by the Coronavirus pandemic represent, however, significant commercial uncertainties going forward

As a high-grade titanium feedstock, Nordic Mining expects rutile to be in relatively strong demand going forward. Further, the supply from existing rutile producers is expected to be continuously reduced in the coming years. This also includes the only existing rutile production in Europe, from Ukraine. The long-term rutile price assumption in the DFS of USD 1,142 per tonne, is based on the Australian consultancy company TZMI's estimates. The market price in the period leading up to the Coronavirus pandemic was reported around USD 1,200 per tonne.

The main applications for garnet are in waterjet cutting and sand blasting. Prices vary depending on quality and application. There is currently no production of garnet in Europe and the global supply of high-quality garnet for high-end applications has over the last years been short of the increasing demand. To a large extent, this is due to regulatory measures introduced by the Indian government, affecting a substantial part of the garnet production in India. It is uncertain when and to what extent Indian production will re-enter the market. As a consequence of the Coronavirus pandemic, the demand for garnet is expected be reduced both in the waterjet and blasting segments due to an expected lower GDP growth. The blasting segment is expected to be additionally affected from the recent substantial reduction in the oil price. How long these effects will prevail is currently difficult to overlook.

Strengthening of garnet marketing efforts

For many years, Nordic Mining has had a constructive cooperation with the US garnet producer and distributor, Barton Group ("Barton"). In February 2020, Barton informed that they are not in a position to enter into an offtake agreement for garnet from the Engebø project under the terms set out in the Heads of Agreement entered into between the parties in 2017. As a consequence of the terminated cooperation with Barton, Nordic Mining will strengthen its marketing efforts to secure garnet offtake.

Waterjet cutting tests using garnet from Engebø indicate performance in line with premium quality garnet products for cutting speed, finish and abrasive consumption. The Engebø garnet is also applicable for various blasting operations. The DFS documents low production costs, a competitive position and represent a long-term supply with logistical advantages to major markets.

OPERATIONS

KELIBER – lithium

Keliber continues to progress its lithium project towards realization and targets to be the first European producer of battery-grade lithium chemicals. In February 2019, Keliber published the results of an updated definitive feasibility study based on production of lithium hydroxide which shows a significant improvement in profitability. Lithium hydroxide will form the basis for the further development of the project. Nordic Mining currently owns 16.3% of the shares in Keliber.

Increased resource and reserve estimates

Over the last years, Keliber has consistently increased the resource base for its lithium project in Finland. In December 2019, Keliber presented an updated ore reserve estimate which is significantly higher than previous estimates. The total proven and probable lithium ore reserve in accordance with the JORC code (2012) is currently 9.4 million tonnes with a grade of 0.98% Li_2O as shown in the table below.

The ore reserve estimates have been prepared by AFRY/Pöyry Finland Oy by competent persons under the supervision of Ville-Matti Seppä MSc (Geology), who has an EurGeol qualification.

Efficient production set-up

Keliber will extract lithium-bearing spodumene from pegmatite veins, mainly in open pit deposits which are located adjacent to the planned concentrator plant. The processing plant for lithium chemicals will be in Kokkola Industrial Park. The industrial park area has an established infrastructure, including shipping facilities, and a variety of industrial services are available. Possibilities for co-operation with established industry players in the area will be investigated, i.e. related to access control, security and other safety services, fire and rescue duties and statutory environmental monitoring.

Lithium hydroxide significantly improves profitability

In June 2018, Keliber completed a definitive feasibility study for the lithium project based on production of lithium carbonate. As a part of the study, various test work was executed related to ore sorting, beneficiation and production to secure a robust and flexible process flow sheet suitable for ore supply from various deposits. The study confirmed a profitable business case and outlined the plans for project execution.

However, market observations indicate that future lithium demand, especially relating to battery cathode chemicals, is expected to be focused on lithium hydroxide. As a response to this development, Keliber

Ore reserve estimates (mill. tonnes)

	Ore reserves Keliber Oy (JORC 2012)											
	Syväjärvi		Rapasaari		Länttä		Outovesi		Emmes		Total	
	Mt	Li_2O%	Mt	Li_2O%	Mt	Li_2O%	Mt	Li_2O%	Mt	Li_2O%	Mt	Li_2O%
Open Pit												
Proven	1.433	1.18	1.440	1.07	0.168	1.09					3.041	1.12
Probable	0.491	0.97	2.730	0.90	0.096	0.93	0.222	1.06			3.539	0.92
Open pit total	**1.924**	**1.13**	**4.170**	**0.96**	**0.263**	**1.03**	**0.222**	**1.06**			**6.579**	**1.01**
Underground												
Proven			0.340	0.89	0.243	0.83					0.583	0.86
Probable			0.770	0.89	0.583	0.85			0.856	1.01	2.209	0.92
Underground total			**1.110**	**0.87**	**0.826**	**0.85**			**0.856**	**1.01**	**2.792**	**0.90**
Ore reserves total												
Proven	1.433	1.18	1.780	1.04	0.411	0.94					3.624	1.08
Probable	0.491	0.97	3.500	0.89	0.679	0.86	0.222	1.06	0.856	1.01	5.748	0.92
Grand total	**1.924**	**1.13**	**5.280**	**0.94**	**1.090**	**0.89**	**0.222**	**1.06**	**0.856**	**1.01**	**9.372**	**0.98**

commenced a test program relating to production of lithium hydroxide together with Outotec Finland in the fall of 2018. The program was completed in December 2018 and demonstrated successful production of battery-grade lithium hydroxide in laboratory and pilot scales. The subsequent optimization of process flowsheet and technical and economic assessments resulted in an updated definitive feasibility study for the project based on production of lithium hydroxide.

Key figures from the updated definitive feasibility study were presented in February 2019 and show a significant improvement in project economics compared to previous assessments. Selected post-tax key figures presented in the updated study were:

- Net present value (NPV @ 8% discount rate) EUR 384 million
- Internal rate of return (IRR) 24%
- Pay-back period 4.1 years
- Capital cost for mines and production facilities EUR 313 million

Optimizing the business case

In November 2019, Keliber presented an update of various aspects of the lithium project. Due to the changes in end-product and production process to lithium hydroxide, additional technical and environmental assessments and planning are required. Further, updated market information for lithium indicated that further optimization of the time schedule was desired. Keliber's revised plan is for construction to commence in 2021 for a duration of around two years. Onwards, Keliber will advance the project in various fields including further technical planning, permitting, ore potential and financing.

During the fall of 2019, Keliber carried out a three-stage continuous pilot program on the Syväjärvi ore minerals. The results from all three stages were positive and substantially better than previous test work conducted for the updated feasibility study. Together with the increased resource base for the project, the improved parameters for the mineral processing will be input to the ongoing optimization of the business case.

Permitting process ongoing

Keliber has been granted mining licenses and environmental permits for the Länttä and Syväjärvi lithium deposits. The applications for the environmental permits for the concentrator plant, the Rapasaari deposit and the Kokkola chemical plant have been submitted. Keliber has submitted a supplement to the environmental impact assessment program for the Kokkola chemical plant to cater for a possible future capacity expansion. The purpose is to secure strategic flexibility utilizing combinations of domestic raw materials and overseas supply.

The timeline for the permitting processes is uncertain with several authorities involved. Further, possible complaints related to granted permits may be subject to administrative court procedures which have an uncertain time perspective.

Solid underlying market fundamentals

The global lithium market is still in a ramp-up phase and a temporary market softening was experienced throughout 2019. The ongoing coronavirus pandemic

provides additional market uncertainties and is expected to extend the period of reduced demand for lithium and soft product prices. Depending of the rate of recovery of economies and markets, lithium prices are projected to increase. The long-term market fundamentals and outlook for lithium hydroxide remain positive, and the expected demand growth is strongest among the lithium products as the battery chemical industry is moving towards nickel-rich cathode chemicals.

Electrification of transportation is regarded a global mega-trend positively aligned with environmental priorities, globally as well as on national levels. Currently, the main developments are related to land-based transportation. In the future, also parts of the sea-based transportation and possibly also air-based transportation could be electrified. Further, storage and grid-integration of new production of renewable energy from i.a. solar and wind will require battery capacity and demand for lithium.

Keliber targets to be the first producer in Europe of battery-grade lithium hydroxide. Significant European initiatives related to battery chemicals and battery production are under development. Building a strong value chain for lithium in Europa may have a stronger focus and priority, both for industries and authorites, when the situation normalizes after the Coronavirus pandemic.

OPERATIONS

STRATEGIC ASSETS AND INITIATIVES

In addition to Nordic Mining's current flagship project at Engebø and its ownership in Keliber, the Group also holds interests in other initiatives at various stages of development. This includes patented rights for a new technology for production of alumina which are jointly owned with the Institute for Energy Technology. The Group has also taken initiatives related to seabed mineral exploration in Norway and participates in the MarMine research project.

ALUMINA – Sustainable Technology Development

Nordic Mining has since 2009 been engaged in development of a new technology alumina production as a sustainable alternative to the current production. The technology has successfully been developed together with Institute for Energy Technology ("IFE") and has been patented in several countries including Norway, Russia, USA, Canada and with the European Patent Office. In June 2019, the Company announced that the EU's Horizon 2020 program has granted EUR 5.9 million for the AlSiCal project to further develop the technology. AlSiCal is an ambitious research and innovation project to further research, develop and de-risk the technology.

The technology, named the Aranda-Mastin technology ("AM technology"), is a low waste and low carbon footprint alternative, to the current alumina production. Today's alumina production is mainly based on bauxite resources refined through the Bayer process. Bauxite mining and processing is known to have substantial environmental impact due to extensive production of toxic waste, carbon emissions and land use. The new technology is an innovative alternative based on alumina/calcium-rich rocks such as anorthosite. Anorthosite is an alumina rich feldspar rock with approximately 30% alumina. With the new technology, anorthosite can be close to fully utilized to produce alumina together with silica and calcium carbonate by-products. The technology includes a carbon consumption process-step allowing for a low carbon footprint.

The production process is based on leaching with hydrochloric acid at moderate temperature and pressure. Silica forms a residue in the leaching process and is extracted as a by-product. Aluminum is extracted through a sparging process and subsequently calcined to form alumina. Precipitated calcium carbonate ("PCC") is produced by integrating CO_2 utilization in the process.

PCC is a commodity used as filler in paper, plastics and paint, and silica is used as filler in tires and plastics, and in the production of cement. The process can potentially consume close to 500,000 tonnes of CO_2 per million tonne of alumina which corresponds to the emission from a medium sized oil and gas platform. The CO_2 can either be stored safely or utilized as part of the production of PCC. The process aims at being waste free since nearly all the components of the anorthosite are expected to be saleable products.

With the granting of the AlSiCal Project an ambitious 4-year work plan is in place to further develop the technology (visit: https://www.alsical.eu/). The AlSiCal Project consortium comprise of 16 international partners from 9 countries. The aim of the project is to further research

Alumina test work at IFE's laboratory. Photo: IFE.

AlSiCal project kick-off with representatives of 16 international partners.

and de-risk the technology and assess the technical and economic feasibility. The project has a goal of developing the technology towards a zero-carbon emission production process by including integrated CO_2 capture. Nordic Mining is actively participating in the project, leading one of the work packages focused on raw material sources and leaching optimization.

SEABED MINERALS – research

Through its subsidiary Nordic Ocean Resources (NORA), Nordic Mining is a pioneer in Norway in terms of seabed minerals and intends to build a strong competence on marine mineral resources in collaboration with other industrial companies and research institutions. Assessments undertaken indicate a substantial potential for discovery of metallic ore deposits along the Norwegian part of the Mid-Atlantic Ridge. Norwegian oil and gas companies have developed advanced technology for subsea operations which can be applicable for mineral exploration and extraction.

NORA, together with the Norwegian University of Science and Technology in Trondheim ("NTNU") as the project coordinator and other parties, are developing MarMine, a research project on marine mineral resources. The project has been granted NOK 25 million in financial support from the Norwegian Research Council to conduct field excursions and investigations for subsea minerals along the Mid-Atlantic Ridge.

As from 1 July 2019, a new law for seabed mineral activity has been implemented in Norway to provide a legal framework for exploration and extraction of seabed minerals.

Photo: Nautilus Minerals (with permission).

BOARD OF DIRECTORS' REPORT

Nordic Mining's (the "Company") assets comprise the following subsidiaries (jointly, the "Group"):

- Nordic Rutile AS (100%): Engebø rutile and garnet project
- Nordic Quartz AS (100%): High-purity quartz
- Nordic Ocean Resources AS (100%): Seabed mineral exploration

In addition. Nordic Mining has a 16.3% (31 December 2019: 18.5%) shareholding in the Finnish lithium company, Keliber Oy. The investment is classified as a financial asset.

INTRODUCTION AND OVERVIEW

The Group's project portfolio is of high international standard and diversified across attractive industrial minerals with largely uncorrelated end-user markets. The financial viability of the wholly owned Engebø rutile and garnet project was reinforced in the definitive feasibility study completed in January 2020. Due to the significant and ongoing uncertainties in the global and national economies imposed by the Coronavirus pandemic, the Company is evaluating and assessing both project development plans and potential for project financing. Project development activities will continue to progress, though cautiously and strategically amid the prevailing circumstances with a focus on conservation of present funding, which may result in a longer timeframe than previously anticipated before project financing and execution can be achieved. The project review also includes a re-assessment of garnet market opportunities following from the termination of the cooperation with Barton.

In 2019, Nordic Mining's shareholding in Keliber has been reclassified from an associate to a financial asset; see further information under "Financial performance" below. Keliber's updated definitive feasibility study, which was published in February 2019, confirmed significantly improved profitability based on production of lithium hydroxide compared with previous assessments based on production of lithium carbonate. In November 2019, Keliber presented a project update with an estimated delay in the start of construction till 2021. Due to the changes in end-product and production process to lithium hydroxide, additional technical and environmental planning will be carried out. In addition, the ongoing permitting processes and updated market information for lithium indicate that further optimization of the time schedule is desired.

The Group's asset portfolio carries significant economic potential. In particular, the wholly owned Engebø flagship project and the ownership in the Keliber lithium project, combined with a debt-free balance sheet, provide a solid value basis. Reference is made to descriptions in separate sections of this annual report for further information on the Group's projects.

Key developments in 2019 and year-to-date

- Following from equity issues in 2019 and latest in January 2020, the Group is well financed for its current plans and operation. The Group has significant flexibility to adjust activities and burn-rate, and can, if required, sustain the current funding well into 2021. The Group has no interest-bearing debt.
- Important milestones have been achieved to progress the Engebø rutile and garnet project through to completion of the definitive feasibility study in January 2020.
- In January 2019, Nordic Mining entered into an agreement with Northcott Capital Ltd for provision of financial advisory services with respect to debt financing of the Engebø project. The Company has also appointed Clarksons Platou Securities and Sparebank 1 Markets as joint lead managers for construction financing.

GROUP PROJECTS

Engebø rutile and garnet

- The Engebø deposit is one of the largest unexploited rutile deposits in the world and has among the highest in situ grade of rutile (TiO_2) compared to existing producers and other projects under development. The deposit also contains significant quantities of high-quality garnet.
- In January 2020, the Company published the results of the definitive feasibility study 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 (un-discounted) of USD 2,160 million
  - Initial capex of USD 311 million and deferred capex of USD 25 million (underground)
  - Pay-back period < 5 years
- 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 imply 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, including detailed regulations, and the

environmental permit for the project are fully granted. In February 2019, Nordic Mining filed an application for operating license with the Norwegian Directorate of Mining. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources.

- In January 2019, Nordic Mining signed a Heads of Agreement with a reputable Japanese trading house relating to long-term offtake for rutile and participation with a substantial portion of the construction financing for the Engebø project. The agreement will be further developed over the next months to secure future cashflows and strengthen the ability to provide financing for the project.
- In February 2020, Nordic Mining was informed that Barton is not in a position to enter into an offtake agreement for garnet from the Engebø project under the terms set out in the Heads of Agreement. Based on the information from Barton, the parties agreed that it would not be prudent to pursue the Heads of Agreement further. Nordic Mining will continue and strengthen its marketing efforts to secure garnet offtake. With high-quality product and low production costs, Engebø represents a stable long-term source of supply with logistical advantages to major markets.
- The market fundamentals are positive for the two minerals, rutile and garnet, to be produced at Engebø. The effects of the ongoing coronavirus pandemic remain, however, to be further assessed when the situation has normalized. For rutile, high capacity utilization in the pigment and titanium metals industries, reduced stockpiles and limited supply are key market drivers for the strong demand for high-grade feedstock. In the coming years, rutile production from current producers is expected to be further reduced due to depletion of operating deposits. Adding to this, limited new capacity is informed to come into production in the near-term pipeline. Currently, there is no producer of garnet in Europe, hence the European market is dependent on overseas import, mainly from Australia, China and South Africa. The supply of high-quality garnet to main markets and high-end applications are unstable. In particular, the market for garnet in waterjet cutting is expected to have a healthy growth in the next decade.

FINANCIAL ASSETS

Keliber lithium hydroxide

- In 2019 and latest in March 2020, Keliber has raised a total amount of approximately EUR 16 million in equity for project development activities. In addition, Keliber has in March 2020 been granted EUR 2.6 million from Business Finland for development of the lithium project. Nordic Mining's shareholding in Keliber is approximately 16.3%.
- Over the last years, Keliber has consistently increased the resource base for its project. In December 2019, the ore reserve estimate for the Rapasaari lithium deposit was updated. Following the update, estimated proven and probable ore reserves total 5.3 million tonnes with a grade of 1.07% Li_2O. This represents an increase of 50% compared to the previous estimate for Rapasaari. The total JORC 2012 compliant proven and probable lithium ore reserves for Keliber is currently 9.4 million tonnes with a grade of 0.98% Li_2O.
- In the autumn of 2019 and early 2020, Keliber has announced the results from a three-step continuous pilot program on the Syväjärvi ore. The test work has demonstrated improvements in all three stages compared to the previous pilot-scale test program conducted in 2016.
- In February 2019, Keliber updated the definitive feasibility study based on production of lithium hydroxide. The first study from 2018 was based on lithium carbonate. The updated study showed significantly improved financials.
- In November 2019, Keliber presented a project update with a delay in start of construction. The revised estimate is for construction to commence in 2021 for a duration 28 months. Due to the changes in end-product and production process to lithium hydroxide, additional technical and environmental planning will be carried out. In addition, the ongoing permitting processes and updated market information for lithium indicate that further optimization of the time schedule is desired. Keliber will continue to advance the lithium project as planned in various fields including further technical planning, permitting, ore potential and financing. This also includes activities to improve and optimize the business case.
- The fastest demand growth for lithium is related to batteries for electric/hybrid vehicles and energy storage. Lithium is fundamental for most relevant battery formulas, and Keliber targets to be the first producer in Europe of battery-grade lithium chemicals. The global lithium market is still in a ramp-up phase and is currently experiencing softness. The long-term market outlook for lithium hydroxide remains positive and growth of lithium hydroxide demand is strongest among the lithium products as the battery chemical industry is moving towards nickel-rich cathode chemicals.

FINANCIAL PERFORMANCE

For comparison, numbers in brackets relate to the comparable period in 2018.

The Group is developing mineral projects and had no sales revenue in 2019. The Group's operating loss in 2019 was NOK -72.8 million (NOK -64.2 million) resulting from planned project development activities, mainly related to the Engebø definitive feasibility study and general corporate expenses. During 2019, the Group capitalized cost relating to the Engebø deposit at a total amount of NOK 0.8 million (NOK 6.6 million).

In 2019, Keliber impacted the consolidated financial statements by a gain of NOK 75.5 million (NOK -8.0 million). The gain is not subject to tax.

As per 31 December 2018, Nordic Mining's shareholding in Keliber was approximately 22% and the Group's investment in Keliber was classified as shares in an associated company with a carrying amount of NOK 21.3 million. Following a capital raise by Keliber in February 2019, the Company's shareholding was reduced to 18.5% which resulted in a reclassification in the financial statements from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9. The implied value in Keliber's capital raise exceeded the book value recognized by the Group by approximately NOK 98 million. An updated assessment as per 31 December 2019 valued the Group's shares in Keliber to NOK 90.8 million which is the carrying value as per 31 December 2019.

The exclusive rights for investigation and development of the Kvinnherad quartz deposit expired in April 2019. As per 31 December 2019, the Group's carrying value related to quartz exploration and evaluation assets is zero.

Total gain for the Group in 2019 amounted to NOK 1.4 million (NOK -72.3 million).

Cash flow from the Group's operating activities in 2019 was NOK -75.6 million (NOK -57.0 million). Net cash used in investment activities was NOK -0.8 million (NOK -6.6 million). The investments in 2019 relate to capitalized license costs at Engebø whereas the investments in 2018 also included capitalized drilling cost. Net cash flow from financing activities in 2019 was NOK 57.1 million (NOK 92.0 million) resulting from equity issues. Reference is made to Note 15 and 24 in the consolidated financial statements for further information regarding equity issues.

The Group's total assets as of 31 December 2019 amounted to NOK 152.2 million (NOK 99.6 million), and total equity amounted to NOK 143.8 million (NOK 89.5 million). This gives an equity ratio of approximately 95% (90%).

As per 31 December 2019, the Group's cash and cash equivalents amounted to NOK 30.6 million (NOK 49.9 million). In January 2020, the Company completed an equity issue with gross proceeds of NOK 57.4 million. Reference is made to Note 24 in the consolidated financial statements for further information regarding the equity issue.

The Board confirms that the financial statements have been prepared on the basis of a going concern assumption and in accordance with section 3-3a of the Accounting Act.

As per the date of this report, the Board considers that the Group is adequately financed for its ongoing and prioritized activities. Due to the significant uncertainties in the global and national economies imposed by the Coronavirus pandemic, and the ongoing market re-orientation resulting from the termination of the cooperation with Barton related to garnet from Engebø, the Group will adjust the progress plan for the further development activities including the preparation for project financing. Based on current forecasts and adjusted work plans, the Board considers that the Group's working capital is sufficient to fund operations and payment of financial obligationsin 2020 and well into 2021.

Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development including construction of the Engebø rutile and garnet project. The Board emphasizes that there are risks relating to the long-term financing of the Group. The Board expects that the significant economic potential of the Engebø flagship project and the ownership in the Keliber lithium project, combined with a debt-free balance sheet, provide a solid basis for financing going forward. The Board also refers to the financial risk section below.

RISK MANAGEMENT

The Group's operations are exposed to various forms of risk associated with regulatory, market, operational and financial factors. In the opinion of the Board, the Company has established management systems that satisfactory addresses risk management and internal control.

Regulatory risk

As a resource company in the mining industry, Nordic Mining depends on permits and licenses from various authorities. The zoning plan and the environmental permit for the Engebø rutile and garnet project have been approved by the Norwegian government with no further possibilities for appeal. The application for operating license for the Engebø project was filed with the Norwegian Directorate of Mining in February 2019. The approval is expected in the first part of 2020. The operating license will regulate operational scope, methodology and procedures to secure safe and efficient production of the mineral resources.

Keliber has been granted mining licenses for the Länttä and Syväjärvi lithium deposits. Other licenses including environmental permits for the mining operations and the processing plants are in process. Appeals related to the environmental permit for the Syväjärvi deposit are considered by the administrative court. Keliber targets substantial progress related to remaining permits in 2020.

Whether and when permits will be granted, and the terms and conditions stipulated related to regulatory matters, are not fully within the Group's control.

Financial risk

Financing, accounts and monitoring of the Group's liquidity situation is coordinated by the Company's CFO with the assistance of SumitUp AS which has been engaged to provide accounting services. The Board has established rules governing the authority of the CEO, and the CEO has established rules governing the authority of the CFO.

Nordic Mining's cash holdings are placed in bank accounts in Norwegian Kroner (NOK). Throughout 2019 and as per the date of this report, the Group's only currency exposure of significance relates to the investment in Keliber (EUR).

Going forward, the Group will require further financing to develop its projects towards production. The development of the Group's properties, licenses and exploration rights depends on the Group's ability to obtain financing through equity financing, debt financing or other means.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its financial obligations as they fall due. The Group has so far mainly used equity financing to meet liquidity requirements related to financial obligations, to cover operational losses, and for investments. Currently, the Group has no interest-bearing debt.

Market risk

Mineral prices can be affected by external factors such as global economic developments, competition etc. which are beyond the Group's control. Measures to mitigate this type of risk, e.g. through use of financial instruments and/or pricing structures in offtake agreements, will be implemented as the mining assets gets closer to production.

Operational risk

Mineral extraction is a high-risk activity. Generally, few investigated areas develop into producing mining operations. Long-term returns in Nordic Mining will depend on the success of the Group's exploration, development and operational activities.

Nordic Mining is exposed to normal business risk associated with contracts with various suppliers.

Covid-19 risk

The Group is exposed to the general and significant uncertainties in the global and national economies imposed by the Coronavirus pandemic. At the date of this report, it is not possible to fully overlook and measure the possible consequences of the pandemic on the demand for mineral products, and the availability and terms of construction financing and other resources to implement the Group's Engebø project.

The Group has taken various measures to reduce and mitigate risks for its personnel and projects:

- Management and employees follow strictly the regulations and recommendations from the Norwegian government related to personal behavior, travel etc.
- Management and employees are re-located to home offices and follow-up on business electronically
- The Group adjust the progress plan for the further development activities related to the Engebø project, including the preparation for project financing

CORPORATE GOVERNANCE

The Group's principles for corporate governance, ethical guidelines and a general management structure are based on the principles of "The Norwegian Code of Practice for Corporate Governance". Reference is made to page 26 for the Board's report on corporate governance.

Nordic Mining's corporate governance policy is founded on prevailing statutory and regulatory requirements and corporate governance is implemented through processes and control measures established to protect the interests of the Company's shareholders and other stakeholders.

The Company has assessed its relations with, and payments to and from, governmental institutions in accordance with section 3-3d of the Accounting Act. Reference is made to Note 23 in the consolidated financial statements for further information.

SUSTAINABILITY

The Group's strategy for Environmental, Social and Governance ("ESG") is related to its projects and summarized in the following:

Nordic Mining will develop its projects with focus on sustainability to drive environmental and social performance. High standards will be implemented for work ethics, health and safety, community engagement and environment. Nordic Mining will aim to minimize its footprints through focus on waste reduction, mitigation, rehabilitation and alternative use of waste products. Comprehensive environmental and social management systems will be implemented for all projects to ensure environmental and social issues are managed in accordance with the Group's goals, international standards, as well as prevailing permits and regulations. Environmental monitoring programs, using state of the art technologies, will be put in place to ensure adherence to permits and enable mitigating measures and reduction of environmental effects. Nordic Mining's goal is to build corner stone companies that have a positive impact on people's livelihood with flourishment in education and work opportunities. The Group will actively engage with communities and project stakeholders, and build relations based on transparency, respect and responsiveness.

Corporate responsibility in the Group is established in the corporate structure through the Board of Directors and the executive management team and is founded on four main pillars:

- Environmental responsibility
- Value creation in a social context
- High standards for health and safety
- Strict regulations regarding anti-corruption

The Group endeavors to maintain a high standard of corporate governance with an emphasis on integrity, ethical guidelines and respect for people and the environment.

The Group has not identified any issues regarding human rights, labor rights and social conditions, anti-corruption or environmental footprint that deviates from its standards.

Environmental responsibility

Nordic Mining and its subsidiaries strive to ensure that all activities are within the scope of its environmental responsibilities and aim to be a contributing force in developing sustainable local communities.

The Group's projects will be developed and operated in accordance with the highest standards and regulations. The Group is aware of its environmental responsibilities throughout the life of the mine and during the ongoing development work related to the Engebø project and Keliber's lithium project, and environmental issues are thoroughly assessed to ensure sustainable operations. Surveying, excavation and processing of minerals will be conducted in an environmental and safe manner and advanced technology and methods for safe and environmentally friendly extraction of minerals will be utilized to minimize footprint. Excess material will be disposed in accordance with regulatory guidelines and sustainable principles to minimize potential adverse impacts. In the definitive feasibility study for the Engebø project environmental and social governance matters have been thoroughly investigated and plans have been established to secure a sustainable development of the project.

Nordic Mining will, where possible, pursue mineral processing locally. This is cost-efficient and limits environmental and infrastructural impacts. The moderate internal transportation at Engebø will also contribute to a low CO_2 footprint.

At Engebø, the Group will work consistently towards improved utilization of the mineral resources, both with regard to the extracted mineral products, side rock and possible use of the mineral tailings. Rutile is used as the most environmentally friendly titanium feedstock for pigment, various "green tech" applications and titanium metal, while garnet is used in environmentally friendly abrasive applications. Keliber will produce lithium hydroxide for batteries in hybrid and electric vehicles, cell phones and laptops, as well as for energy storage of renewable energy production.

Value creation in a social context

The social responsibility for Nordic Mining is closely linked to the local communities where the Group operates. Minerals are often found in scattered populated areas and long-term mineral production will open new opportunities for local activity and value creation.

Nordic Mining aims to create value, both directly and indirectly, in the regions where the Group operates. Directly, the shareholders will receive dividend and local authorities will receive tax payments (income and real estate taxes). The Group will also add to local value creation by job opportunities and purchase of products and services.

Since the very early development stage at Engebø, Nordic Mining has aimed for proactivity in its dialogue with industrial and commercial parties in the region with the purpose to explore regional opportunities. Nordic Mining intends to continue to engage with local communities in open dialogue throughout the lifecycle of the project. Regular meetings with local authorities and stakeholders target to secure an open line of communication.

The Engebø project will have a substantial impact on the regional economic activity during the construction phase and employ more than 100 full time employees during the operational phase. In addition, the mineral production will support regional and national employment indirectly.

High standards for health and safety
The employees in the Nordic Mining Group are the Group's most important resource. A pro-active approach in health and safety matters has high priority and will form an integral part of the planning and development activities going forward.

Strict anti-corruption regulations
Nordic Mining's ethical guidelines entail a set of guiding principles for the employees of the Group in the day-to-day operations. The ethical guidelines are established to ensure that the staff does not engage in corruption or bribery and Nordic Mining will compete in the marketplace in a fair and ethically justifiable manner.

Goals and further work
Nordic Mining's work on sustainability and corporate governance is a dynamic and continuous process which will be developed in line with the Group's growth and progress going forward.

ORGANISATIONAL MATTERS

At the end of 2019 (and at the date of this report), the Nordic Mining Group has 7 (6) employees, of which 3 are employed in the subsidiary Nordic Rutile, and 4 (3) are employed in the Company.

The Board of Nordic Mining consists of three men and two women. Kjell Roland has been Chair of the Board since 2019 and a board member since 2012. The composition of the Board will be evaluated in connection with the annual general meeting in line with customary procedures.

The Company facilitates equal opportunities for professional and personal development regardless of gender. The Company has a reasonable gender balance and strives to maintain a good working environment. The Management team in 2019 comprised three men and two women. Sick absence in 2019 was less than 0.5%, and no safety issues were recorded.

SHAREHOLDERS AND CAPITAL SITUATION

Nordic Mining has one class of shares, each with a nominal value of NOK 0.60. The Company's shares are listed on Oslo Axess and may be traded without restrictions. The Company has around 5,200 shareholders. As per April 2020, around 25% of the Company's shares were held by shareholders domiciled outside of Norway.

In November 2018, the general meeting approved a share-based incentive program for employees and qualified resource persons. The Board was authorized to award options that in total gives the right to subscribe for up to 4,500,000 new shares in Nordic Mining. In November 2018, the Board awarded options for 3,000,000 options to employees. The exercise price was set to NOK 2.63 per share. The option agreements expire in 2022.

In May 2019, the Company completed a private placement of 12,950,000 shares with gross proceeds of NOK 27.5 million. In October 2019, the Company completed a rights issue of 25,000,000 shares with gross proceeds of NOK 35 million. As per 31 December 2019, the Company's share capital amounted to NOK 101,275,063.20 divided into 168,791,772 shares, each with a nominal value of NOK 0.60.

On 28 January 2020, Nordic Mining completed a private placement with gross proceeds of NOK 57.4 million. Nordic Mining's share capital as per the date of this report is NOK 118,495,063.20 divided into 197,491,772 shares, each with a par value of NOK 0.60.

In February 2020, the general meeting gave an authorization to the Board, valid to 1 May 2020, to carry out a subsequent share issue and increase the share capital with up to NOK 6,000,000. In April 2020, the Board decided not to proceed with the subsequent offering.

PARENT COMPANY FINANCIAL RESULTS

The net loss for the parent company Nordic Mining ASA for 2019 was NOK 13.5 million (NOK -13.7 million). As per 31 December 2019, the total equity for the parent company amounted to NOK 354.8 million (NOK 310.1 million).

The Board proposes that the year's loss of NOK 13,533,184 in Nordic Mining ASA shall be transferred to retained losses.

Oslo, 22 April 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy chair

Eva Kaijser
Board member

Benedicte Nordang
Board member

Antony Beckmand
Board member

Ivar S. Fossum
CEO

THE BOARD OF DIRECTORS

Kjell Roland
Chair

Roland holds a Master of Science degree from the department of Economics at the University of Oslo, a lower degree in Philosophy from University of Tromsø and has been a visiting scholar at the Department of Economics and Department Operations Research at Stanford University. Roland was CEO of Norfund (the Norwegian government's investment fund for developing countries) from 2006-2018. Roland co-founded ECON in 1986 and was partner and CEO in ECON Management AS and ECON Analysis for more than two decades. As consultant, he has worked on macro-economics, energy and environmental issues for private companies, governments and international organizations such as the World Bank and the Asian Development Bank. Roland is a Norwegian citizen and resides in Oslo, Norway.

Kjell Sletsjøe
Deputy Chair

Sletsjøe holds a Master of Science in Civil Engineering from the University of Science and Technology in Trondheim, Norway and an MBA from Colombia University in New York, USA. Sletsjøe has comprehensive international management experience from mining, coatings and construction industries as well as from consulting. He has been CEO of Rana Gruber AS (iron ore), Lundhs AS (natural stone) and held various top management positions in Jotun Group (coatings) in Norway, UK and Malaysia. Sletsjøe has also worked as a business consultant in McKinsey & Co and Hartmark Consulting and served on several boards in Europe and Asia. He now runs a consulting business and serves as board member of several companies. Sletsjøe is a Norwegian citizen and resides in Sandefjord, Norway.

Eva Kaijser
Board Member

Kaijser holds a Bachelor of Science in Business Administration and Economics with advanced studies in Finance from the University of Stockholm, Sweden. Kaijser has more than 20 years of experience from the mining industry, whereof 11 years in the Boliden group in various positions including top management. After leaving the Boliden group she has been CFO in Northland Resources and CEO in Nordic Mines. Eva Kaijser runs an investment and consulting business, alongside with being a board member in both listed and private companies. Kaijser is a Swedish citizen and resides in Stockholm, Sweden.

Benedicte Nordang
Board Member

Nordang is a Naval Architect with a Master of Science from the Norwegian Institute of Technology. She has more than 20 years' experience from the offshore industry, including various management positions from Equinor ASA and Aker Marine Contractors. Benedicte Nordang has held Board positions in the mining industry for more than 10 years, including Nussir ASA and Wega Mining ASA. She currently works as Head of Subsea and Pipelines department in Project Development at Equinor ASA. Nordang is a Norwegian citizen and resides in Oslo, Norway.

Antony Beckmand
Board Member

Beckmand is a qualified CPA with a Bachelor of Commerce from the University of Western Australia and also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia. He has more than 20 years' experience in financial, corporate and site management roles within the mining industry. Antony Beckmand is currently CEO of Sydvaranger AS (iron ore) and has previous industry experience across a range of commodities including iron ore, minerals sands, base metals and gold from Exxaro Resources, Perilya Ltd and Robe River Iron Associates. Beckmand is an Australian citizen and resides in Kirkenes, Norway.

THE MANAGEMENT TEAM

Ivar S. Fossum
CEO

Fossum holds a Master of Science in Mechanical Engineering from the University of Science and Technology (NTNU) in Trondheim, Norway. He has previously held various managerial and commercial positions within the petroleum and fertilizer industries in the Norsk Hydro Group and in FMC Technologies, including as General Manager of Norsk Hydro East Africa Ltd. and as Chief Executive Officer of Loke AS. Fossum is a Norwegian citizen and resides in Asker, Norway.

Lars K. Grøndahl
Sr. Advisor/Acting CFO

Grøndahl holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) in Bergen, Norway. He was CFO of Nordic Mining in the period 2006-18 and has previously held various managerial positions within the cement and building materials industries, including in Aker, Scancem and Heidelberg Cement. Grøndahl was Deputy COO of Heidelberg Cement's operations in Africa and was Head of Department in the Norwegian Ministry of Industry. Grøndahl is a Norwegian citizen and resides in Oslo, Norway.

Mona Schanche
VP Exploration

Schanche holds a Master of Science in Resource Geology from the University of Science and Technology (NTNU) in Trondheim, Norway. She has broad experience from working in the mining industry with various exploration and mine development projects. Schanche has previously worked as Geologist for Titania AS (Kronos Group), a major producer of ilmenite feedstock for titanium pigment production. Schanche is a Norwegian and US citizen and resides in Oslo, Norway.

Kenneth Nakken Angedal
Project Manager, Engebø

Nakken holds a Bachelor of Automation Technology, Control Engineering from the Western Norway University of Applied Science. He has broad management and project experience from various technical and management positions in the ABB Group including as Vice President, Digital Services in ABB's Marine Business Unit. Nakken is a Norwegian citizen and resides in Førde, Norway.

CORPORATE GOVERNANCE

Proactive and transparent corporate governance is essential for aligning the interests of our various stakeholders. The Board of Directors (the "Board") of Nordic Mining ASA ("Nordic Mining" or the "Company") believes that good corporate governance drives sustainable business conduct and long-term value creation. Nordic Mining's framework for corporate governance has been implemented to decrease business risk, maximise value and utilise the Company's resources in an efficient and sustainable manner for the benefit of shareholders, employees and society at large.

Implementation and reporting on corporate governance

Nordic Mining targets to comply with the principles in the Norwegian Code of Practice for Corporate Governance (the "Corporate Governance Code") where applicable and will explain possible deviations. The Company's corporate governance framework is subject to annual reviews and discussions by the Board.

The Corporate Governance Code, last revised in October 2018, is available on the Norwegian Corporate Governance Committee's website (www.nues.no). The objective of the Corporate Governance Code is that companies listed on regulated markets in Norway will practice corporate governance that regulates the d ivision of roles between shareholders, the Board, and executive management ("Management") more comprehensively than is required by legislation.

The Company is subject to corporate governance reporting requirements under the Norwegian Accounting Act section 3-3b as well as the Continuing Obligations of Oslo Axess section 7. The Company has fulfilled its reporting requirements.

Business

Nordic Mining's objectives are defined in the Company's Articles of Association which are published on page X of this annual report as well as at the corporate website (www.nordicmining.com): *"The object of the Company is to carry out exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world."*

It is the responsibility of the Board to define clear objectives, strategies and risk profiles for the Company's business activities and to ensure that these support value creation for shareholders. The Board evaluates these objectives, strategies and risk profiles at least annually. More details on Nordic Mining's activities and strategies are presented in the Board of Directors' Report on page 18 of this annual report.

Nordic Mining owns 100% of the shares in the subsidiaries Nordic Rutile AS, Nordic Quartz AS and Nordic Ocean Resources AS. In addition, Nordic Mining owns approximately 16.3% of the shares in Keliber Oy (jointly "the Group").

Equity and dividends

As per 31 December 2019, the Group's equity amounted to NOK 143.8 million, which is equivalent to 95% of the total assets. The Board assesses the Company's capital structure on a regular basis to ensure adequate liquidity for prioritised activities and funding for the Group's planned construction projects.

Nordic Mining intends to follow a dividend policy favorable to the shareholders. The amount of any dividends to be distributed will depend on the Company's investment requirements and rate of growth as well as the general development and financing of the Company.

For information of equity issues in 2019 and to the date of this report, as well as the status of authorisations from the general meeting to the Board to increase the share capital of the Company, reference is made to the Board of Directors' Report.

The authorisation to issue shares related to the Company's option program for employees and qualified resource persons deviates from the recommendation of the Code of Practice in that it was granted for two years, until November 2020, in order to fulfil the Company's obligations under the program.

Equal treatment of shareholders and transactions with related parties

There were no significant transactions between the Company and related parties in 2019, except for ordinary commercal transactions with subsidiaries. All transactions between the Company and related parties are on arm's length basis.

Any recommendation made by the Board to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital will be justified. In the opinion of the Board, satisfactory arguments and information have been provided regarding such deviations from existing shareholders' priority rights related to equity issues by the Company.

Shares and negotiability

Nordic Mining has one class of shares, and all shares carry equal rights. The Articles of Association do not contain any provisions restricting the exercise of voting rights.

Further, the Articles of Association place no restrictions on the transferability of Nordic Mining shares, and the shares are freely negotiable.

General meetings

The shareholders exercise supreme authority in Nordic Mining through the general meeting. The Company's Articles of Association and the provisions of the Norwegian Public Limited Companies Act assign the following functions to the general meeting:

- Election of members of the Nomination Committee
- Election of members of the Board
- Election of the external auditor and approval of the auditor's remuneration
- Adoption of the annual accounts and the Board of Directors' Report
- Resolve any distribution of dividend recommended by the Board
- Consideration of any other items on the agenda in the notice of the general meeting

Nordic Mining's annual general meeting in 2019 was held on 21 May 2019. The date of the forthcoming annual general meeting is 14 May 2020.

Notices of general meetings is published as stock exchange releases and made available at the corporate website at least 21 days in advance of a general meeting. The Company's annual report is published at the corporate website at least 21 days prior to the annual general meeting. General meeting notices outlines the agenda matters and are distributed in Norwegian with an English translation to foreign shareholders.

The general meeting vote on each matter separately and all shareholders are entitled to submit items to the general meeting agenda, to meet, speak and vote, either in person or by proxy. The deadline for notifying attendance is normally five days prior to the general meeting.

The Nomination Committee's recommendation concerning the election of Directors and members of the Nomination Committee is published together with the notice of the general meeting. In line with the Corporate Governance Code's recommendation, it is the Company's policy that the general meeting vote on each candidate separately.

Nordic Mining has approximately 5,000 shareholders who are widely distributed geographically. The Company provides shareholders that are unable to attend in person the opportunity to vote on every item on the agenda by proxy. In order to ensure that general meetings are conducted professionally and impartially, the Company's share registrar, DNB Verdipapirservice, assists on practical matters in relation to the general meeting.

Representatives of the Board and Management are represented at the general meetings. Normally, the Company's auditor and legal advisor are also present. The general meeting is normally chaired by the Chair or the Deputy Chair of the Board. In the event of disagreement about specific agenda items where the Chair of the meeting either supports one of the factions or for other reasons cannot be considered impartial, Nordic Mining has procedures to ensure that the meeting is chaired impartially. In such cases, the general meeting will have an opportunity to appoint an alternative Chair of the meeting to ensure impartiality in relation to the item(s) on the agenda.

Nomination Committee

The Articles of Association stipulates that the Company shall have a Nomination Committee consisting of three members who shall be elected by the general meeting for terms of two years. As of 31 December 2019, the Nomination Committee consisted of the following members who all are independent of the Board and Management:

- **Ole G. Klevan, Chair**
  Lawyer/Partner and Head of Industry & Energy at the law firm Schjødt
- **Torger Lien, Member**
  Chair Nord Pool AS, Senior advisor Norfund
- **Brita Eilertsen, Member**
  Non-executive Director for listed and unlisted companies

The Nomination Committee's duties are to:

- Prepare recommendations to the general meeting concerning the election and remuneration of Directors
- Prepare recommendations to the general meeting regarding the election of members to the Nomination Committee

The Nomination Committee's recommendations contains separate justifications for each candidate proposed. Contact details and guidelines for the Nomination Committee are available at the corporate website.

Board of Directors; composition and independence

As of 31 December 2019, the Board of Directors consisted of five members who all are independent of the Company's major shareholders and Management. The Chair of the Board and the other Directors are elected by the general meeting for terms not exceeding two years.

Further information on each Director is available on page 24 of this annual report and at the corporate website. Information about Directors' remuneration and number of shares held in Nordic Mining is provided in Note 20 to the consolidated financial statements.

As of 31 December 2019, and at the date of this report, the Board consists of:

- **Kjell Roland, Chair**
  Participated in 21 of 22 meetings in 2019
- **Kjell Sletsjøe, Deputy Chair**
  Participated in 21 of 22 meetings in 2019
- **Eva Kaijser, Board Member**
  Participated in 22 of 22 meetings in 2019
- **Benedicte Nordang, Board Member**
  Participated in 12 of 12 meetings since appointement on 21 May 2019
- **Antony Beckmand, Board Member**
  Participated in 12 of 12 meetings since appointement on 21 May 2019

The work of the Board

The Board's work follows an annual plan which is evaluated and approved at or before the start of the calendar year. The agenda items reflect the Board's main duties for the overall governance of the Group and for the general monitoring of the Group's activities. The Board evaluates its performance and expertise at least annually and makes the evaluation available to the Nomination Committee.

The Board has established written instructions for its own work and the work of the CEO, and the CEO has established instructions for other Management. These instructions cover issues concerning the Board's duties and responsibilities, the CEO's duty to inform the Board, and procedural rules for the Board's and Management's work.

The Company's ethical guidelines include rules intended to avoid conflicts of interest and requires that any person acting on behalf of Nordic Mining act honestly and in line with principles for good business ethics. The ethical guidelines requires Directors and Management to notify the Board in case they, directly or indirectly, hold a material interest in a transaction or key matter of the Company or the Group. The Board's consideration of material matters in which the Chair is personally involved, or in other way is restrained from participate in, shall be chaired by the Deputy Chair or another Director.

At present, the Company is not required to establish an Audit Committee, as governed by the Norwegian Public Limited Liability Companies Act. Considering the Company's current phase of development, it is the opinion of the Board that assessments linked to financial statements and remuneration of Management are most appropriately undertaken by the Board acting as a whole. The Board will continue to assess potential benefits of establishing Board committees (e.g. Audit Committee, Compensation Committee or other) going forward.

Risk management and internal control

The Board is responsible for ensuring that the Company has good internal control and a well-functioning system for risk management and social responsibility. The Board's annual plan includes a review of the Company's risk areas and internal control system. In the Board's opinion, the current governance systems satisfactorily address risk management and internal control.

Management is responsible for establishing and maintaining an adequate level of internal control regarding the Group's financial reporting. Internal control related to financial reporting is a process that is designed to provide reasonable certainty that financial reporting is reliable and that financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU. The accounting principles applied by the Group conform to the IFRS as published by the International Accounting Standards Boards (IASB). A summary of significant accounting principles as well as discussion of risk factors are included in Note 2 and 17, respectively, in the consolidated financial statements.

The Company has engaged Sumit Up AS as the Group's accountant and have established routines for accounting work and reporting.

Nordic Mining has established policies to insure both people and property for certain risks as well as established a liability insurance for Directors.

Nordic Mining has developed guidelines concerning corporate, social and ethical conduct which are available at the corporate website.

Remuneration of the Board

The remuneration of the Board is proposed by the Nomination Committee and resolved by the general meeting. The remuneration of the Board is not linked to the Company's performance and Directors are not granted share options.

The remuneration of the Board reflects the Board's responsibility, expertise, time commitment and the complexity of the Company's activities. Information on the remuneration to the Board in 2019 is included in Note 20 in the consolidated financial statements.

Remuneration of Management

Pursuant to section 6-16a of the Public Limited Liability Companies Act, the Board prepares an annual statement on the setting of salaries and other remuneration for Management. The statement is presented to and considered by the general meeting. Any equity based remuneration is resolved by the general meeting.

The key principles underlying the remuneration of Management for 2019 have been that total remuneration should reflect the responsibilities and duties undertaken by each individual, as well as contribution to the long-term value creation in the Group. In the opinion of the Board, it is crucial for Nordic Mining to offer competitive salaries and conditions to attract the qualities and expertise necessary to promote the strategic development of the Group.

Share options have been granted to employees. The option agreements entitle the holders to purchase a specified number of shares at a fixed price (NOK 2.63 per share which was 5% above the share price at the allocation date). and stipulates that 1/3 of the options become exercisable (vest) each year. The option program expires in 2022.

Information regarding remuneration of Management in 2019 is presented in Note 20 in the consolidated financial statements.

Information and communications

Nordic Mining has adopted guidelines designed to ensure that its information policy is based on the principles of openness and equal treatment of all shareholders and participants in the securities market. The objective is to maintain accounting and reporting systems in which the investors will have confidence.

Management is responsible for communication with the capital markets and for relations with current and potential new investors. Nordic Mining's financial reports provide comprehensive information about the Group's operations, including its major value drivers and risk factors.

The financial reports and other information are published electronically. All share-holders are treated equally in relation to access to financial information. Reports, stock exchange releases and other presentation material are made available at the corporate website.

Take-overs

Nordic Mining's Articles of Association do not set any restrictions on acquisition of the shares in the Company. In the event of a take-over bid for Nordic Mining, the Board will follow the overriding principle of equal treatment of all shareholders. Further, the Board will strive to ensure that the shareholders are given sufficient information and time to assess the offer as well as ensure that the Company's business activities are not unnecessarily disrupted.

The Board will not seek to prevent any take-over unless it believes that the interests of the Company and the share-holders justify such. The Board will not exercise mandates or pass any resolutions with the intention of obstructing any take-over bid unless it is approved by the general meeting following the announcement of the bid.

The Board will issue a statement in accordance with statutory requirements and the recommendations in the Corporate Governance Code, including considerations regarding a possible valuation from an independent expert.

Transactions that in effect imply a sale of Nordic Mining's entire business will be subject to approval by the general meeting.

The Company has not established other principles for potential take-over situations.

Auditor

Nordic Mining's auditor is elected by the general meeting and is independent of the Company. The general meeting also approves the auditor's remuneration.

The auditor's work is based on a plan that is presented to the Board on an annual basis. The auditor attends Board meetings that discuss and approve the Group's and Company's annual reports. At such meetings, the auditor gives a statement of any material changes to Nordic Mining's accounting principles and provides an assessment of material accounting estimates, as well as a complete account of any situation where there has been disagreement between the auditor and Management. The auditor presents to the Board a review of the Company's control routines and potential areas of improvement in relation to accounting. When required and at least once a year, the auditor meets with the Board without Management present.

To a limited extent, Nordic Mining assigns the auditor for services other than auditing. If, and when required, the Board will prepare guidelines regarding the Company's use of other services from the auditor.

Information of the fees paid to the auditor in 2019, including breakdown between statutory auditing and other assistance/service, is presented in Note 6 to the consolidated financial statements.

Oslo, 22 April 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland
Chair

Kjell Sletsjøe
Deputy chair

Eva Kaijser
Board member

Benedicte Nordang
Board member

Antony Beckmand
Board member

Ivar S. Fossum
CEO

The Board, from the left: Kjell Sletsjøe, Benedicte Nordang, Eva Kaijser, Kjell Roland, Antony Beckmand.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Amounts in NOK thousands)	Note	2019	2018
Payroll and related costs	4,20	(15 455)	(11 773)
Depreciation and amortization	5	(202)	(152)
Impairment of exploration and evaluation assets	10	-	(2 393)
Other operating expenses	6	(57 154)	(49 916)
Operating profit/(loss)		**(72 811)**	**(64 234)**
Share of loss in associate	12	(759)	(7 988)
Gains/losses on investments	12	75 507	-
Financial income	7	552	476
Financial costs	7	(1 098)	(566)
Profit/(loss) before tax		**1 391**	**(72 312)**
Income tax	8	-	-
Profit/(loss) for the period		**1 391**	**(72 312)**
PROFIT/(LOSS) ATTRIBUTABLE TO			
Equity holders of parent		1 391	(72 312)
Non-controlling interest		-	-
(Amounts in NOK)			
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
Basic and diluted earnings per share	9	0.01	(0.63)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK thousands)	Note	2019	2018
Net profit/(loss) for the period		1 391	(72 312)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	12,15	(385)	29
Currency translation reclassified to profit and loss	12,15	(4 880)	-
Items that will not be reclassified subsequently to profit or loss:			
Changes in pension estimates	15,21	(146)	(478)
Other comprehensive income directly against equity		**(5 411)**	**(449)**
Total comprehensive income/(loss) for the period		**(4 020)**	**(72 761)**
ALLLOCATION OF COMPREHENSIVE INCOME			
Equity holders of parent		(4 020)	(72 761)
Non-controlling interest		-	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousands)	**Note**	**31.12.2019**	**31.12.2018**
ASSETS			
Non-current assets			
Evaluation and exploration assets	10	26 140	25 607
Property, plant and equipment	11	469	245
Right-of-use assets	11	123	-
Financial assets	12	90 778	-
Investment in associate	12	-	21 296
Total non-current assets		**117 510**	**47 148**
Current assets			
Trade and other receivables	13,17	4 286	2 514
Cash and cash equivalents	14	30 619	49 902
Total current assets		**34 905**	**52 416**
Total assets		**152 415**	**99 564**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK thousands)	Note	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	15	101 275	78 505
Share premium	15	436 074	401 597
Other paid-in capital	5	15 578	14 502
Retained losses		(406 779)	(408 170)
Other comprehensive income	15	(2 316)	3 095
Total equity		**143 832**	**89 529**
Non-current liabilities			
Other liabilities	21	586	834
Total non-current liabilities		**586**	**834**
Current liabilities			
Trade payables	17	3 142	2 787
Other current liabilities	16,17	4 855	6 414
Total current liabilities		**7 997**	**9 201**
Total liabilities		**8 583**	**10 035**
Total shareholders' equity and liabilities		**152 415**	**99 564**

Oslo, 22 April 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland *Chair*	Kjell Sletsjøe *Deputy chair*	Eva Kaijser *Board member*	Benedicte Nordang *Board member*	Antony Beckmand *Board member*
				Ivar S. Fossum *CEO*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributed to equity holders of the parent					
(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in capital	Other comprehensive income	Accumulated losses	Total equity
Equity 1 January 2018	**56 895**	**331 223**	**14 354**	**3 544**	**(335 858)**	**70 158**
Loss for the period	-	-	-	-	(72 312)	(72 312)
Other comprehensive income	-	-	-	(449)	-	(449)
Total comprehensive income	**-**	**-**	**-**	**(449)**	**(72 312)**	**(72 761)**
Share issue	21 610	77 990	-	-	-	99 600
Transaction costs	-	(7 616)	-	-	-	(7 616)
Share-based compensation	-	-	148	-	-	148
Equity 31 December 2018	**78 505**	**401 597**	**14 502**	**3 095**	**(408 170)**	**89 529**
Equity 1 January 2019	**78 505**	**401 597**	**14 502**	**3 095**	**(408 170)**	**89 529**
Loss for the period	-	-	-	-	1 391	1 391
Other comprehensive income	-	-	-	(5 411)	-	(5 411)
Total comprehensive income		**-**	**-**	**(5 411)**	**1 391**	**(4 020)**
Share issue	22 770	39 749	-	-	-	62 519
Transaction costs	-	(5 272)	-	-	-	(5 272)
Share-based compensation	-	-	1 076	-	-	1 076
Equity 31 December 2019	**101 275**	**436 074**	**15 578**	**(2 316)**	**(406 779)**	**143 832**

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK thousands)	Note	2019	2018
Operating activities			
Income/loss (-) before income tax		1 391	(72 312)
Depreciation	11	202	152
Impairment of exploration asset	10	-	2 393
Gains/losses on investments	12	(75 507)	-
Share of loss in associate	12	759	7 988
Share-based expenses		1 076	148
Changes in assets and liabilities			
Other receivables and prepayments		(1 784)	2 002
Trade payables		365	(413)
Other current liabilities		(1 672)	3 241
Difference between pension expense and payment		(394)	(247)
Net cash used in operating activites		**(75 564)**	**(57 048)**
Investing activities			
Acquisition of licenses and properties	10	(533)	(4 109)
Investment in other exploration and evalutation assets	10	-	(2 272)
Investment in property, plant and equipment	11	(285)	(200)
Net cash used in investing activities		**(818)**	**(6 581)**
Financing activities			
Share issuance	15	62 519	99 600
Transaction costs, share issue	15	(5 272)	(7 616)
Payment of lease liabilities	22	(148)	-
Net cash from financing activities		**57 099**	**91 984**
Net change in cash and cash equivalents		(19 283)	28 355
Cash and cash equivalents at beginning of period		49 902	21 547
Cash and cash equivalents at end of period		**30 619**	**49 902**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") is engaged in the exploration for and development of projects for high-end industrial minerals and metals. The address to Nordic Mining's office is Munkedamsveien 45, N-0250 Oslo, Norway.

These financial statements were approved for issue by the Board of Directors on 22 April 2020.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of preparation
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied unless otherwise stated. The consolidated financial statements of Nordic Mining ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated financial statements have been prepared under the historical cost convention. The annual accounts are based on the going concern assumption. Reference is made to the next paragraph and the Board of Directors' report for further details.

Going concern assumption
Based on current forecasts and working plans, the Group's working capital is sufficient to fund operations and payment of financial obligations in 2020 and well into 2021. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development including construction of the Engebø rutile and garnet project.

Reference is made to the Board of Directors' report and Note 17 for further information on liquidity risk.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key areas of judgement and estimation uncertainty:

- *Capitalization of exploration and evaluation assets (Note 10):*
  Cost directly related to exploratory drilling is temporary capitalized as exploration and evaluation assets until the drilling is complete and the results have been evaluated in accordance with the successful efforts method. The cost includes rig cost, contractors, materials used, and salaries of employees directly attributable to the exploratory drilling. Management uses judgement to determine whether or not temporary capitalized exploration and evaluation cost shall remain in the balance sheet or be expensed based on the impairment evaluation described below. This assessment will have material impact on the financial statement.

  Total capitalized drilling cost was NOK 18.6 million at 31 December 2019.

- *Impairment evaluation of exploration and evaluation assets (Note 10):*
  Exploration and evaluation assets are evaluated for impairment under the indicators of IFRS 6 "Exploration for and evaluation of mineral resources." Management must determine whether there are circumstances indicating possible impairment of exploration and evaluation assets. This includes individual assessment of each license related to planned and budgeted activity, magnitude of future exploration and evaluation activity to assess whether there are sufficient commerciality quantities of mineral resources over the remaining license period. Management also considers expected demand and prices for the minerals.

- *Classification and valuation of financial assets (Note 12):*
  The Group's investment in Keliber Oy has in 2019 been reclassified from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method"). The reclassification was based on reduced ownership combined with a change in Board composition, resulting in less influence for the Group.

  On reclassification the valuation of the investment was based on the pricing of a share issue at that time. To the extent that there are recent observable prices based on Keliber Oy equity transactions available, the Group will use these for assessing the fair value of the investment on the balance sheet day. When there is no observable market price, the Group will assess the fair value of the investment using other valuation techniques. Fair value is the price that would be received to sell the investment in an orderly transaction between market participants at the measurement date. The fair value of the investment is measured using the assumptions that market participants would use when pricing the asset. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The determination of the fair value of the investment still requires significant judgment from management.

As there were no observable market prices on Keliber Oy equity at year end 2019, the fair value of the investment in Keliber Oy is based on an independent valuation report. When assessing the conclusions in the report about the fair value of the investment, the Group takes into consideration market conditions and prices, reserve estimates, and other entity specific conditions. The valuation takes into account these factors and implied enterprise value ("EV") per resources for trading peers; implied EV per resources for recent transactions; implied EV for single-asset producing peers and implied EV for multi-asset producing peers.

- *Share-based compensation (Note 5):*
  The Group grants options to its employees and qualified resource persons. Fair value of options is estimated by use of the Black Scholes option model and Management must estimate key inputs to the model, such as volatility, expected life, and number of options expected to vest.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The subsidiaries include Nordic Rutile AS, Nordic Ocean Resources AS, and Nordic Quartz AS, all 100% owned and located in Oslo. The accounting principles of the subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group. All intra-group transactions, balances, income and expenses are eliminated.

Non-controlling interest

Non-controlling interest is presented as a separate line item in the Group's equity. The non-controlling interest's share of the net profit/loss is included in net loss in the income statement. Non-controlling interest includes part of the excess purchase price allocated to identifiable assets and liabilities at the acquisition date. The non-controlling interest's share of total comprehensive income/loss is allocated even if this results in a negative non-controlling interest.

Business combinations

The acquisition method of accounting is used to account for the acquisition of businesses and subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Directly attributable transaction cost related to the business combination is expensed as incurred.

Investment in associates

The Group uses the equity method of accounting for investment in associates. Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence normally exists when the Group controls between 20% and 50% of the voting rights. Under the equity method, the investment in the associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment. The income statement reflects the Group's share of the associate. Any transactions with the associate are eliminated to the extent of the interest in the associate. Investments in associates are derecognized based on an assessment of influence, and normally when the Group has less than 20% of the voting rights. Such investments are then reclassified to financial assets. See accounting principles for financial assets below.

Financial assets

Initial recognition and measurement:

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss.

Foreign currency translation

Functional and presentation currency

NOK is the functional currency of the parent and the presentation currency of the Group. Assets and liabilities in foreign entities, including goodwill and fair value adjustments related to business combinations are translated to NOK at the exchange rate at the balance sheet date. Revenues, expenses, gains and losses are translated using the average exchange rate during each quarterly period. Translation adjustments are recognized directly to Other Comprehensive Income.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as finance income or finance expense in the income statement.

Acquisition of mining and mineral properties and exploration and development of such properties
IFRS 6 "Exploration for and evaluation of mineral resources" requires that exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired.

Some exploration and evaluation assets should be classified as intangibles, such as drilling rights and capitalized exploration cost. When technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the assets should be reclassified as tangible assets. Evaluation and exploration assets that are classified as intangible assets are tested for impairment prior to reclassification.

Exploration and development for mineral properties
The Group employs the successful efforts method to account for exploration and development cost. All exploration cost, with the exception of acquisition cost of licenses and direct drilling cost of exploration wells is expensed as incurred. Drilling cost of exploration wells is temporarily capitalized pending the evaluation of the potential existence of mineral reserves. If reserves are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling cost of exploration holes is expensed. Cost of acquiring licenses is capitalized and assessed for impairment at each reporting date.

Property, plant and equipment
The Group's property, plant and equipment, consisting of machinery and equipment, are recorded at cost less accumulated depreciation. Acquisition cost include cost directly attributable to the acquisition of the asset.

Subsequent cost is included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance cost are expensed as incurred.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is presented as a net gain or net loss in the income statement.

Depreciation is calculated on a straight-line basis over the useful life of the asset (land is not depreciated):

- Machinery and equipment: 4-10 years

The asset's useful life and residual amount are reviewed on an annual basis and revised if necessary. The carrying amount of the asset is written down to recoverable amount when the carrying amount is higher that the estimated recoverable amount (further details are provided under "Impairment of non-financial assets" below).

Impairment of non-financial assets
Intangible assets that have an indefinite useful life or intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Leases (as lessee)
Until 2018, leases in which most of the risks and rewards of ownership were retained by the lessor were classified as operating leases. Payments made under operating leases were charged to the income statement on a straight-line basis over the period of the lease.

The Company adopted IFRS 16 – Leases from 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS. IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognise a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. Lease liabilities are measured at the present value of remaining lease payments, discounted using the Company's calculated borrowing rate. Right-of-use assets are measured at an amount equal to the lease liability.

Receivables
Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at banks and other short-term highly liquid investments with original maturities of three months or less.

Share capital
Ordinary shares are classified as equity.

Share issuance cost that is incremental and directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Interest-bearing liabilities
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities.

De-recognition of financial liabilities
The Group de-recognizes a financial liability (or a part of a financial liability) from its balance sheet when, and only when, it is extinguished. A financial liability is extinguished when the obligation specified in the contract is discharged or cancelled, or when it expires.

Trade payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Share-based compensation
The Group use options to incentivize employees and qualified resource persons. The fair value of the options is recognized as an expense in the financial statements over the vesting period. Fair value of options is estimated by use of the Black Scholes option model.

Income taxes
Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred income tax is not recognized on temporary differences arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Pensions
Defined benefit plan:
The Group has a defined benefit pension plan for its employees that meet the Norwegian statutory requirement. For the defined benefit plan, the cost of providing the benefits is determined using the unit credit method, with actual valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined contribution plan:
In the defined contribution pension plan, the Group is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension.

Contingent liabilities
Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events
- obligations that are not recognized because it is not probable that they will lead to an outflow of resources
- obligations that cannot be measured with sufficient reliability

Contingent liabilities are not recognized on the balance sheet unless arising from assuming assets and liabilities in a business combination. Significant contingent liabilities are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Reference is made to Note 10 in the consolidated financial statements regarding contingent liabilities related to the Engebø rutile deposit.

Cash flow statement
The Group reports the cash flow statement using the indirect method. The method involves adjusting the result for the period for the effects of transactions without effect on cash and changes in assets and liabilities to show net cash flow from operations. Cash flow relating to investment activities and financing activities are shown separately.

Related party transactions
All transactions, agreements and business activities with related parties are conducted according to ordinary business terms and conditions. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. The Group provides note disclosure for related party transactions and balances in Note 20 in the consolidated financial statements.

Earnings per share
The calculation of basic earnings per share is based on the profit/loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the average number of treasury shares held over the

period. The calculation of diluted earnings per share is consistent with the calculation of basic earnings per share while giving effect to all dilutive potential ordinary shares that were outstanding during the period, that is:

- The net profit for the period attributable to ordinary shares is increased by the after-tax amount of dividends and interest recognized in the period in respect of the dilutive potential ordinary shares and adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares.
- Weighted average number of shares which includes the effect of all potential dilutive shares as if converted at the beginning of the period, or from the issue date if later.

New accounting standards

IFRS 16 Leases

The Group adopted IFRS 16 - Leases for reporting periods beginning on and after 1 January 2019. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases and replaces IAS 17 and other previous guidance on lease accounting within IFRS.

The Group used the modified retrospective method on implementation, which involves adjusting opening equity 1 January 2019 with the cumulative implementation effect ("the modified retrospective method"). The Group used some of the implementation expediencies of IFRS 16. Lease liabilities are measured at the present value of remaining lease payments, discounted using the incremental borrowing rate 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted for prepaid lease payments.

On recognition of IFRS 16, 1 January 2019, the Group recognized right-of-use assets of NOK 264 thousand and lease liabilities of NOK 251 thousand. The difference related to prepaid lease amounts so there was no impact on opening equity upon implementation.

New standards, amendments and interpretations issued but not adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2020 and have not been applied in preparing these financial statements. None of these new standards and amendments to standards and interpretations are expected to have any significant impact on the Group's financial statements.

NOTE 3 - SEGMENTS

The Group presents segments on the basis of the mineral projects. The two reportable segments are:

- Titanium and garnet which can be produced from the mineral deposit at Engebø. The zoning plan and the environmental permit for the project are approved and final, without possibility for appeals. The definitive feasibility study for the project was completed in January 2020.
- Other segments: Consists of the Group's activities in the subsidiaries Nordic Quartz and Nordic Ocean Resources. Following the expiration of the Group's exclusive rights for investigation and development of the Kvinnherad quartz deposit in April 2019, the Group decided to merge the quartz segment to other activities.

The reconciling column "Adjustments and eliminations" includes the Group's administration costs and other unallocated corporate business development costs as well as elimination entries related to preparing consolidated financial statements.

The Group uses the segments' profit/(loss) before tax from continuing operations as the basis for the segment results including some allocations of corporate expenses. All the numbers in the table below are in NOK thousands and represent the period 1 January – 31 December.

2019

(Amounts in NOK thousands)	Titanium and Garnet	Other	Adjustments and eliminations	Consolidated
Segment result	(62 513)	(941)	64 845	1 391
Depreciation and amortization	(96)	-	(106)	(202)
Impairment of capitalized drilling costs	-	-	-	-
Share of loss from Associate	-	-	(759)	(759)
Gains/losses on investments	-	-	75 507	75 507
Financial income	191	2	359	552
Financial costs	(1 011)	(69)	(1 986)	(1 098)
Allocated segment assets	26 380	15	126 020	152 415

2018

(Amounts in NOK thousands)	Titanium and Garnet	Other	Adjustments and eliminations	Consolidated
Segment result	(53 478)	(5 271)	(13 563)	(72 312)
Depreciation and amortization	(152)	-	-	(152)
Impairment of capitalized drilling costs	-	(2 393)	-	(2 393)
Share of loss from associate	-	-	(7 988)	(7 988)
Financial income	297	-	179	476
Financial costs	(560)	(2)	(4)	(566)
Allocated segment assets	25 837	15	73 712	99 564

The following table reconciles the results from the reporting segments to consolidated results before tax:

(Amounts in NOK thousands)	2019	2018
Profit/(loss) from segments	(63 454)	(58 341)
Not allocated costs	(8 276)	(6 157)
Not allocated share of profit/(loss) in associate	(759)	(7 988)
Not allocated gains/(losses) on investments	75 507	-
Not allocated net finance	(1 627)	174
Profit/(loss) before tax	**1 391**	**(72 312)**

NOTE 4 – SALARIES

(Amounts in NOK thousands)	2019	2018
Wages and salaries	10 011	8 054
Social security costs	1 858	1 462
Pension costs defined benefit plan	792	795
Pension costs defined contribution plan	226	85
Board members, etc	1 213	1 149
Share-based compensation	1 076	148
Other personnel costs	279	241
Capitalized payroll costs	-	(161)
Total	**15 455**	**11 773**
Average number of full time employees	7	5

Reference is made to Note 20 for further information about remuneration of Senior Management and guidelines for remuneration.

NOTE 5 – SHARE-BASED COMPENSATION

On 1 November 2018, the General Meeting of Nordic Mining approved a share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019. The option agreements expire on 30 June 2022.

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	3 000 000	2.63	2 630 000	5.01
Granted during the year	-	-	3 000 000	2.63
Cancelled during the year	(575 000)	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(2 630 000)	5.01
Outstanding 31 December	**2 425 000**	**2.63**	**3 000 000**	**2.63**
Exercisable 31 December	**808 333**	**2.63**	**-**	**-**

The average fair value of options granted in 2018 was NOK 0.59. The average remaining contractual life for options outstanding as per 31 December 2019 was 2.5 years.

The Group used the Black Scholes model to estimate fair value the options granted. The following table show the weighted-average assumptions used in the model:

Weighted-average assumptions	2019	2018
Volatility	40 %	40 %
Expected life	2.58	2.58
Risk free interest	1.16 %	1.16 %
Share price	2.47	2.47
Exercise price	2.63	2.63

NOTE 6 – OTHER OPERATING COSTS

(Amounts in NOK thousands)	2019	2018
Lease expenses	2 539	1 655
Project costs – Engebø rutile and garnet	43 960	39 155
Consulting and legal fees	7 595	3 191
Other costs	5 160	5 697
Provision for VAT refund	-	1 312
Research tax credit	(2 100)	(1 094)
Total	**57 154**	**49 916**

Auditor fees:

(Amounts in NOK thousands)	2019	2018
Statutory audit	654	476
Other attestation services	61	108
Tax services	63	34
Other services	568	-
Total	**1 345**	**618**

The amounts exclude VAT. Other services provided by the auditor are mainly related to due diligence assessments.

NOTE 7 – FINANCE INCOME AND FINANCE COSTS

The following table shows the components of financial income and financial expense:

(Amounts in NOK thousands)	2019	2018
Interest income on bank deposits	330	180
Foreign exchange gains	222	291
Other interest income	-	5
Finance income	**552**	**476**
Interest cost	(79)	-
Other finance costs	(12)	(564)
Foreign exchange losses	(1 007)	(2)
Finance costs	**(1 098)**	**(566)**

NOTE 8 – INCOME TAXES

The Group has incurred substantial tax losses carried forward and the related tax asset is shown in the table below. At this stage, the Group cannot substantiate that there will be sufficient future taxable income to be able to realize the Group's unused tax losses, and therefore the Group has not recognized deferred tax assets at 31 December 2019. Tax losses can be carried forward indefinitely in Norway.

(Amounts in NOK thousands)	2019	2018
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax effects of temporary differences and tax loss carryforwards at 31 December

(Amounts in thousands)	2019	2018
Mineral properties/PP&E	(3 253)	(3 249)
Pensions	129	183
Accrued expenses	-	289
Tax loss carryforwards	103 767	86 380
Total net deferred tax assets	**100 643**	**83 603**
Nominal tax rate (used for measurement)	22 %	22 %
Recognized in the statement of financial position:		
Deferred tax asset	-	-
Deferred tax liability	-	-

The Group recognized NOK 5.3 million in gross transaction cost of the 2019 share issues directly in equity (in 2018: NOK 7.6 million) which is included in tax loss carry forwards.

The following table shows the reconciliation of expected tax using the nominal tax rate to the actual tax expense/(income):

(Amounts in thousands)	2019	2018
Income/loss (-) before tax	1 391	(72 312)
Nominal tax rate	22 %	23 %
Expected income tax	**306**	**(16 632)**
Non-deductible costs	279	18
Non-taxable income	-	(1)
Effect of non deductible expenses from associates	167	-
Effect of non taxable gains/losses on investments	(16 612)	-
Effect of change in tax tax rate	-	3 800
Tax rate change on non-recognized tax assets	-	(3 800)
Non-recognized tax assets on current year result	15 860	15 002
Tax expense/(income)	-	-

NOTE 9 – EARNINGS PER SHARE

(Amounts in NOK thousands and number of shares in thousands)	2019	2018
Earnings		
Attributable to ordinary shareholders	1 391	(72 312)
Number of shares		
Weighted average number of ordinary shares outstanding	143 873	114 068
Earnings per share attributable to ordinary shareholders *(amounts in NOK)*		
Basic and diluted earnings per share	0.01	(0.63)

The effect of 2.425 million (2018: 3.0 million) potentially dilutive shares arising from options (ref. Note 5) is not included in the calculation of diluted results per share for 2019 or 2018 since the options were not in-the-money at year end (2019) and were anti-dilutive (2018).

NOTE 10 – EXPLORATION AND EVALUATION ASSETS

(Amounts in NOK thousands)	License cost	Capitalized exploration	Total
Cost at 1 January 2018	6 596	16 349	22 945
Additions	4 109	2 272	6 381
Cost at 31 December 2018	**10 705**	**18 621**	**29 326**
Additions	533	-	533
Cost at 31 December 2019	**11 238**	**18 621**	**29 859**
Provision for impairment at 1 January 2018	-	(1 326)	(1 326)
Impairments	-	(2 393)	(2 393)
Provision for impairment at 31 December 2018	**-**	**(3 719)**	**(3 719)**
Impairments	-	-	-
Provision for impairment at 31 December 2019	**-**	**(3 719)**	**(3 719)**
Net book value 31 December 2019	**11 238**	**14 902**	**26 140**
Net book value 31 December 2018	10 705	14 902	25 607
Net book value 1 January 2018	6 596	15 023	21 619

Engebø rutile and garnet project

In the first half of 2018, the Group completed an additional exploratory drilling program at Engebø related to the Group's rutile and garnet project.

In June 2018, the Group entered into agreements with the main landowners at Engebø that regulate the Group's acquisition of the area for the planned mineral processing plant, including the existing deep-water harbor facility, and compensation to the landowners for extraction and sale of all mineral products from the deposit.

Kvinnherad Quartz Project
The exclusive rights for investigation and development of the Kvinnherad quartz deposit expired in April 2019. The Group recognized an impairment of exploration and evaluation assets of NOK 2,393 thousand in 2018 for previously capitalized drilling cost in the area.

Mining concessions
The carrying amount for licenses relates to the Engebø area. Additionally, the Group has a conditional liability to the seller of NOK 40 million that will be paid if and when commercial operation commences at Engebø. No liability has been recognized as per 31 December 2019.

The exploration and extraction licenses are subject to annual renewals at the option of the Group. An annual fee is paid when the license period is extended.

NOTE 11 – PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS

(Amounts in NOK thousands)	Machinery & equipment	Right-of-use assets	Total
Cost			
1 January 2018	456	-	456
Additions	200	-	200
31 December 2018	**656**	**-**	**656**
Additions	285	264	549
31 December 2019	**941**	**264**	**1 205**
Depreciation			
1 January 2018	(259)	-	(259)
Depreciation expensed	(152)	-	(152)
31 December 2018	**(411)**	**-**	**(411)**
Depreciation expense	(61)	(141)	(202)
31 December 2019	**(472)**	**(141)**	**(613)**
Net book value:			
31 December 2019	**469**	**123**	**592**
31 December 2018	245	-	245
1 January 2018	197	-	197

Machinery and equipment are depreciated over a period of 4-10 years.

NOTE 12 – FINANCIAL ASSETS/INVESTMENT IN ASSOCIATE

On 15 February 2019, Keliber Oy completed a share issue directed towards existing shareholders.

Following the share issue in Keliber, Nordic Mining was diluted from 22% to 18.5% ownership. As a consequence, the Group has assessed that it no longer imposes significant influence and has reclassified the investment in Keliber from an Associate to a Financial Asset Measured at Fair Value Through Profit and Loss under IFRS 9 ("FVPL Method"). The assessment is based on the reduced ownership combined with a change in Board composition.

On 15 February 2019, the Group derecognized the investment in associate and recognized the financial asset at estimated fair value. A gain was recognized on the difference between the carrying amount of the investment in associate on derecognition and the fair value of the financial asset on the same date. Currency translation adjustments on 15 February 2019 related to Keliber was reclassified from other comprehensive income to the income statement and included in the recognized gain.

At year end 2019 the Group has assessed the value of Keliber based on input from an independent valuation report. Based on this assessment Keliber is valued at EUR 49.7 million at year end. This implies a value of EUR 38.50 per share and the Group's investment has been adjusted accordingly at year end 2019. See also note 24 to the consolidated financial statements.

Summary of effects from Keliber investment in 2019

(Amounts in NOK thousands)	Balance sheet	Statement of profit or loss	OCI
Investment in associate 1 January	21 296	-	-
Share of loss in associate up until reclassification	(759)	(759)	-
Translation adjustment for year	(385)	-	(385)
Investment in associate at reclassification 15 February	20 152	(759)	(385)
Reclassification of cumulative translation adjustment	(4 880)	-	(4 880)
Gain on reclassification	99 154	99 154	-
Subsequent change in fair value	(23 647)	(23 647)	-
Fair value 31 December/Total effects on statement of profit or loss and OCI	**90 778**	**74 747**	**(5 266)**

Summary of associate's assets and liabilities

(Amounts in NOK thousands)	2018
Current assets	14 594
Non-current assets	97 991
Current liabilities	(12 197)
Non-current liabilities	(34 429)
Equity	**65 959**

NOTE 13 – TRADE AND OTHER RECEIVABLES

(Amounts in NOK thousands)	2019	2018
Other financial receivables	897	927
Prepayments	803	761
Skattefunn (receivable tax credit)	2 100	-
VAT receivable	486	826
Totalt	**4 286**	**2 514**

NOTE 14 – CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2019	2018
Bank deposits	30 619	49 902
Total cash and cash equivalents	**30 619**	**49 902**
Restriced cash in tax withholding account	625	595

NOTE 15 – SHARE CAPITAL

Number of shares outstanding	Ordinary Shares
2018:	
Opening balance	94 825 468
Share issuance	36 016 304
31 December 2018	**130 841 772**
2019:	
Opening balance	130 841 772
Share issuance	37 950 000
31 December 2019	**168 791 772**

All shares carry equal rights and has a par value of 0.60 per share.

Share issues in 2018

On 14 December 2017, Nordic Mining executed a private placement of 15,625,000 shares at a subscription price of NOK 3.20 per share. The private placement was approved in an extraordinary general meeting on 8 January 2018. Gross proceeds were NOK 50.0 million. A subsequent offering of 3,000,000 shares at a subscription price of NOK 3.20 per share were executed 30 January 2018 with gross proceeds of NOK 9.6 million.

On 20 November 2018, Nordic Mining executed a rights issue of 17,391,304 shares at a subscription price of NOK 2.30 per share and gross proceeds of NOK 40.0 million.

Share issues in 2019

On 29 May 2019, Nordic Mining completed a private placement of 12,950,000 shares with gross proceeds of NOK 27.5 million.

On 3 October 2019 the Company completed a rights issue of 25,000,000 offer shares with gross proceeds of NOK 35 million. Following registration of the share capital increase and as per 31 December 2019, the Company has a share capital of NOK 101,275,063.20 divided into 168,791,772 shares, each with a nominal value of NOK 0.60. For share issues in 2020 to the date of this report, please see note 24 to the consolidated financial statements.

Components of other comprehensive income

The following table shows a reconciliation of the components of other comprehensive income ("OCI"):

(Amounts in NOK thousands)	Translation adjustment	Actuarial gain/ loss	Total OCI
Balance on 1 January 2018	**5 235**	**(1 691)**	**3 544**
Translation adjustment for year	29	-	29
Actuarial gain/(loss)	-	(478)	(478)
Balance on 31 December 2018	**5 264**	**(2 169)**	**3 095**
Translation adjustment for year	(385)	-	(385)
Reclassification of translation adjustment to profit and loss	(4 880)	-	(4 880)
Actuarial gain/(loss)	-	(146)	(146)
Balance on 31 December 2019	**(1)**	**(2 315)**	**(2 316)**

NOTE 16 – OTHER CURRENT LIABILITIES

(Amounts in NOK thousands)	2019	2018
Tax withholding and social security accrual	1 071	961
Employee salary and holiday pay accrual	1 138	869
VAT payable	66	1 259
Lease liability	114	-
Prepayments received	246	-
Accrued expenses	2 219	3 325
Total	**4 855**	**6 414**

NOTE 17 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk

Nordic Mining is exposed to certain types of financial risk related to the Group's financial instruments, primarily market risk related to floating interest rate risk on cash and cash equivalents, liquidity risk and currency risk.

Management of Nordic Mining manages the Group's financial risk primarily by identifying and evaluating potential risk areas. Management's focus is primarily on managing liquidity risk to secure continuing operations and financing of the Group's capital-intensive projects. Nordic Mining's cash holdings are placed in bank accounts in Norwegian Kroner (NOK). Throughout 2019 and as per the date of this report, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR).

The Group has no interest-bearing debt and does not have recurring revenues since the Group's projects are still in the development phase. The Group's financial instruments mainly consist of customary short-term receivables and trade payables.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to settle its financial obligations as they fall due. The Group has to a large extent used equity financing in order to meet liquidity requirements related to financial obligations, covering operational losses, exploration activities and investments.

All the Group's financial liabilities as at 31 December 2019 (NOK 6.5 million) mature within 6 months from balance sheet date (31 December 2018: all financial liabilities of NOK 7.0 million mature within 6 months).

Based on current forecasts and working plans, the Group's working capital is sufficient to fund operations and payment of financial obligations in 2020 and well into 2021. Due to the significant uncertainties in the global and national economies imposed by the coronavirus pandemic, and the ongoing market re-orientation resulting from the termination of the cooperation with Barton related to garnet from Engebø, the Group will adjust the progress plan for the further development activities including the preparation for project financing. Going forward, the Group will need to raise more equity, issue debt instruments or divest assets to fund further development including construction of the Engebø rutile and garnet project. For a more complete description of the Group's liquidity risk, reference is made to the Board of Directors' report.

Market risk
Market risk consists of the risk that real value or future cash flow related to financial instruments will vary as a consequence of fluctuation in market prices. Market risk includes, but is not limited to, currency risk, interest rate risk and price risk from sales. Currently, the Group has no exposure to price risk from sale of goods, and no financial instruments have been entered into related to future expected exposures. To a limited extent, the Group has market risk from financial instruments such as cash and cash equivalents and trade payables.

(i) Variable interest rate risk
The Group's cash and cash equivalents are exposed to changes in the market interest rate on bank deposits. The Group's exposure on the result at year end 2019 is approximately +/-NOK 306 thousand per percentage-point change in the variable market interest rate (2018: NOK 499 thousand).

(ii) Currency exchange risk
Throughout 2019 and as per the date of this report, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR). A 10% increase or decrease in the EUR currency rates would increase/decrease the net income by approximately NOK 9.1 million at year end 2019. At year end 2018 the effects would have been immaterial.

Credit risk
Credit risk is the risk of financial losses if a customer or counterpart of a financial instrument is unable to meet contractual obligations.

The Group's current business has only limited credit risk. Cash and cash equivalents and security deposits in banks represent a large portion of the Group's financial assets at 31 December 2019. There has been no recognized loss on trade receivables in 2019 or 2018.

Procedures for evaluation of credit risk has only to a limited degree been introduced. However, discretionary evaluations are done on a case-by-case basis. Management will evaluate the necessity of implementing stricter credit evaluations on an on-going basis. Maximum exposure to credit risk is related to receivables which on the date of the accounts were NOK 0 million in 2019 and 2018.

Categories and fair value of financial instruments
The carrying amounts on the balance sheet of cash and cash equivalents, receivables, payables to suppliers, interest bearing bank loans and other short-term financial items are close to fair value due to the short time period till maturity. The carrying amount of Financial assets comprise of the investment in Keliber Oy and the carrying amount equals fair value. For further information, please see note 12 to the consolidated financial statements.

Year ended 31 December 2019

(Amounts in NOK thousands)	Loans and receivables	Fair value through profit or loss	Carrying amount
Financial assets by category:			
Financial assets	-	90 778	90 778
Trade and financial receivables	897	-	897
Cash and cash equivalents	30 619	-	30 619
Total financial assets	**31 516**	**90 778**	**122 294**
Financial liabilities by category:			
Accounts payable	3 142	-	3 142
Other current financial liabilities	3 358	-	3 358
Total financial liabilities	**6 500**	**-**	**6 500**

Year ended 31 December 2018

(Amounts in NOK thousands)	Loans and receivables	Fair value through profit or loss	Carrying amount
Financial assets by category:			
Trade and financial receivables	927	927	927
Cash and cash equivalents	49 902	49 902	49 902
Total financial assets	**50 829**	**50 829**	**50 829**
Financial liabilities by category:			
Accounts payable	2 787	2 787	2 787
Other current financial liabilities	4 194	4 194	4 194
Total financial liabilities	**6 981**	**6 981**	**6 981**

Capital management

The Group has to a large degree used equity financing to finance research, operations, purchase of licenses and other investments. The Group's capital management target is to secure liquidity for operations and for development of the Group's projects. The Group has no interest-bearing debt, and a cash balance well in excess of its existing liabilities. Thus, the net gearing ratio is negative. The ratio of net debt (debt less cash) divided by total capital (net debt and equity) as of 31 December 2019 is -15% (as of 31 December 2018 -80%).

NOTE 18 – INVESTMENTS IN SUBSIDIARIES

The table below provides an overview of Nordic Mining ASA's subsidiaries as at 31 December 2019:

(Amounts in NOK thousands)	Location	Year incorp.	Ownership
Nordic Rutile AS	Oslo, Norge	2006	100 %
Nordic Ocean Resources AS	Oslo, Norge	2011	100 %
Nordic Quartz AS	Oslo, Norge	2011	100 %

NOTE 19 – SHAREHOLDERS

The table below shows the Company's 20 largest shareholders as at 31 December 2019:

Shareholder	Number of shares	% ownership
Nordnet Bank AB	14 851 632	8.80 %
Verdipapirfondet Nordea Avkastning	10 437 040	6.18 %
B-L Holding Company	9 864 734	5.84 %
Nordea Bank Abp	5 732 886	3.40 %
Nordnet Livsforsikring AS	4 025 401	2.38 %
Danske Bank A/S	3 291 856	1.95 %
Knut Fosse AS	2 898 730	1.72 %
Citibank, N.A.	2 894 410	1.71 %
Adurna AS	2 207 788	1.31 %
Infoinvest AS	2 090 000	1.24 %
Naturlig Valg AS	2 000 000	1.18 %
Dybvad Consulting AS	1 783 200	1.06 %
Magil AS	1 725 000	1.02 %
Kime Holding AS	1 700 000	1.01 %
Cross AS	1 600 000	0.95 %
Tore Solberg	1 548 188	0.92 %
Snati AS	1 472 672	0.87 %
Lithinon AS	1 405 977	0.83 %
Jack J Holding AS	1 400 000	0.83 %
Oddmund Holmefjord	1 368 408	0.81 %
Total 20 largest shareholders	74 297 922	44.02 %
Other shareholders	94 493 850	55.98 %
Total	**168 791 772**	**100.00 %**

NOTE 20 – RELATED PARTIES AND COMPENSATION OF MANAGEMENT

Compensation to Board members and Senior Management in 2019

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 184	-	209	350	377	3 120
Birte Norheim, CFO (1)	1 892	-	7	88	206	2 193
Lars K. Grøndahl, Senior Advisor (2)	1 649	-	138	264	144	2 194
Kenneth N. Angedal, Project Manager - Engebø	1 359	-	11	72	144	1 585
Mona Schanche, VP Exploration	1 306	-	116	209	144	1 774
Hans Olav Kvalvaag, Nomination Committee	-	30	-	-	-	30
Ole Klevan, Nomination Committee (Chair)	-	50	-	-	-	50
Brita Eilertsen, Nomination Committee	-	30	-	-	-	30
Tarmo Tuominen, former Chair of the Board	-	350	-	-	-	350
Kjell Roland, Chair of the Board	-	210	-	-	-	210
Mari Thjømøe, former Board member	-	210	-	-	-	210
Kjell Sletsjøe, Deputy Chair of the Board	-	123	-	-	-	123
Eva Kaijser, Board member	-	210	-	-	-	210
Benedicte Nordang, Board member	-	-	-	-	-	-
Antony Beckmand, Board member	-	-	-	-	-	-
Total	**8 390**	**1 213**	**481**	**983**	**1 014**	**12 080**

Compensation to Board members and Senior Management in 2018

(Amounts in NOK thousands)	Salary	Board member fees	Other compensation	Pension costs	Share based compensation	Total
Ivar S. Fossum, CEO	2 148	-	230	326	52	2 756
Birte Norheim, CFO (1)	819	-	4	37	28	888
Lars K. Grøndahl, Senior Advisor (2)	1 619	-	169	246	20	2 053
Kenneth N. Angedal, Project Manager - Engebø (3)	586	-	6	23	20	635
Mona Schanche, VP Exploration	970	-	128	194	20	1 312
Hans Olav Kvalvaag, Nomination Committee	-	20	-	-	-	20
Ole Klevan, Nomination Committee (Chair)	-	40	-	-	-	40
Brita Eilertsen, Nomination Committee	-	12	-	-	-	12
Tarmo Tuominen, Chair of the Board	-	330	-	-	-	330
Kjell Roland, Deputy Chair of the Board	-	200	-	-	-	200
Mari Thjømøe, Board member	-	200	-	-	-	200
Kjell Sletsjøe, Board member	-	-	-	-	-	-
Eva Kaijser, Board member	-	121	-	-	-	121
Tore Viana-Rønningen, former Board member	-	144	-	-	-	144
Hilde Myrberg, former Board member	-	78	-	-	-	78
Total	6 142	1 146	536	826	140	8 790

1. Birte Norheim started as CFO on 1 August 2018
2. Lars K. Grøndahl was CFO until August 2018 and has subsequently taken on a role as a Senior Advisor in the Group
3. Kenneth N. Angedal started as Project Manager – Engebø on 1 August 2018

Senior Management is subject to termination periods of 3-6 months.

Guidelines for management remuneration

The main components of the guidelines for Senior Management salaries are as follows:

- The compensation package should reflect the responsibility and the tasks that the individual persons in Senior Management, and that the employee contributes towards the long-term creation of value in Nordic Mining.
- The Company will offer competitive conditions to attract relevant expertise for the development of the Company.
- The compensation package consists of fixed salary plus participation in an option program that has been approved by the annual meeting.
- Senior Management participates in pension and insurance plans.

These guidelines have been used to recruit Senior Management in Nordic Mining and to establish salary levels.

Shares owned/controlled by members of the Board and Senior Management and those related to them as of 31 December 2019

Name	No of shares	% owned
Kjell Roland, Chair of the Board	90 475	0.07 %
Kjell Sletsjøe, Deputy Chair of the Board	21 676	0.02 %
Eva Kajser, Board member (1)	110 472	0.08 %
Ivar S. Fossum, CEO	696 755	0.53 %
Birte Norheim, CFO (2)	64 327	0.05 %
Lars K. Grøndahl, Senior Advisor (3)	1 725 000	1.32 %
Kenneth A. Nakken, Project Manager - Engebø	45 822	0.04 %
Mona Schanche, VP Exploration	41 063	0.03 %
B-L Holding Company (4)	9 864 734	7.54 %
Total	**12 660 324**	**9.68 %**

1. The shares are owned by the company Fågelsången AB
2. The shares are owned by the company Bino Consult AS
3. The shares are owned by the company Magil AS
4. B-L Holding Company (Barton Group) has appointed an observer to the Board of Directors

Options held by Board Members and key management at 31 December 2019

Name	Total granted and outstanding	Exercise price	Expiry date
Ivar S. Fossum, CEO	1 050 000	2.63	jun.22
Lars K. Grøndahl, Senior Advisor	400 000	2.63	jun.22
Mona Schanche, VP Exploration	400 000	2.63	jun.22
Kenneth N. Angedal, Project Manager - Engebø	400 000	2.63	jun.22
Total	**2 250 000**		

No options have been granted to members of the Board.

NOTE 21 – PENSIONS

The Group has a defined benefit plan or a defined contribution plan (for new employees) for its employees in the parent company, Nordic Mining ASA and a defined contribution plan for its employees in Nordic Rutile AS. The plans meet the Norwegian statutory requirements for pension plans for employees.

Defined Benefit Plan

The Group has one benefit plan for Norwegian employees with a total of 3 active members. The Group's defined benefit pension plan is a final salary plan and contributions are made to a separately administered fund. The level of benefits provided depends on the member's length of service and salary at retirement age.

Pension cost

(Amounts in NOK thousands)	2019	2018
Pension cost - employee benefit	798	749
Pension cost - interest expense	24	17
Total pension related costs	**822**	**766**
Remeasurement gains/(losses) recorded to OCI	(146)	(478)

Movement in pension obligation during the year

(Amounts in NOK thousands)	2019	2018
Pension obligations January 1	12 103	10 739
Current value of pension benefits for the year	822	766
Interest costs	276	196
Payments	(115)	(134)
Remeasurement loss/ (gain)	(18)	496
Other	(74)	40
Pension obligations as of 31 December	**12 996**	**12 103**

Movement in pension funds during the year

(Amounts in NOK thousands)	2019	2018
Pension funds 1 January	11 270	10 137
Expected return on plan assets	240	195
Contributions	1 185	1 043
Payments	(115)	(134)
Other	(7)	17
Remeasurement (loss)/ gain	(163)	12
Pension funds as of 31 December	**12 410**	**11 270**

Pension liability is classified in the balance sheet as follows:

(Amounts in NOK thousands)	2019	2018
Pension funds	12 410	11 270
Pension obligations	(12 996)	(12 103)
Net pension asset	**(586)**	**(834)**
Pension asset/(liability) is shown in the balance sheet as:		
Other long-term asset	-	-
Other liabilities	(586)	(834)

Assumptions

	2019	2018
Discount interest rate	2.30 %	2.60 %
Annual projected increase in salary	2.25 %	2.75 %
Annual projected G- regulation	2.00 %	2.50 %
Annual projected regulation of pension	0.50 %	0.80 %

The major categories of plan assets as a percentage of the fair value of total plan assets

	2019	2018
Equities	12.70 %	12.80 %
Bonds	13.50 %	12.50 %
Money market	17.00 %	10.20 %
Hold to maturity bonds	31.40 %	30.60 %
Loans and receivables	14.10 %	23.90 %
Real estate	11.10 %	9.10 %
Other	0.20 %	0.90 %

NOTE 22 - LEASES

The Group implemented IFRS 16 Leases from 1 January 2019 and recognized a right-to-use asset related to the leasing of vehicles; see note 11. Short-term leases have been expensed as incurred; see note 6. The Group's office lease is cancellable with 4 months' notice and is consequently treated as a short-term lease.

Lease liability

(Amounts in NOK thousands)	2019
Lease liability 1 January (implementation of IFRS 16)	251
Additions lease contracts	-
Accretion lease liability, included in finance cost	10
Payments of lease liability	(148)
Total lease liability 31 December	**114**

The lease liability is included in other current liabilities; see note 16.

Future minimum lease payments under non-cancellable lease agreements (undiscounted)

(Amounts in NOK thousands)	2019	2018
Within a year	706	871
From year 2-5	4	115
Total	**985**	**985**

NOTE 23 – PAYMENTS TO AND FROM GOVERNMENTAL INSTITUTIONS

In accordance with the Accounting Act, section 3-3d, the Group has assessed its relations with and payments to and from governmental institutions. The Group's governmental relations are only with institutions in Norway. All relations and payments are in the ordinary course of business and related to i.a. license payments, payment of prospectus/financial authority fees, R&D projects grants, tax refund, etc.

Estimated total payment from the Group to various Norwegian governmental institutions was around NOK 0.6 million in 2019 (2018: NOK 0.2 million). Estimated total payment to the Group from various Norwegian governmental institutions was nil in 2019 and 2018.

NOTE 24 – EVENTS AFTER BALANCE SHEET DATE

On 28 January 2020, the Group completed the definitive feasibility study for the Engebø rutile and garnet project. The key results of the study are described in the Engebø project information contained in this report; see page 6.

On 28 January 2020, Nordic Mining completed a private placement with gross proceeds of NOK 57.4 million. Following registration of the share capital increase, and at the date of this report, the Company has a share capital of NOK 118,495,063.20 divided into 197,491,772 shares, each with a nominal value of NOK 0.60. In an extraordinary general meeting held on 25 February 2020 an authorization was granted to the Board related to a subsequent share issue of up to 10 million new shares directed towards existing shareholders. In April 2020, the Board decided not to proceed with the subsequent offering.

On 25 February 2020, Nordic Mining was informed that Barton is not in a position to enter into an offtake agreement for garnet from the Engebø project under the terms set out in the Heads of Agreement entered into between the parties in 2017. Based on the information from Barton, the parties agree that it would not be prudent to pursue the Heads of Agreement further. Due to the significant uncertainties in the global and national economies imposed by the Coronavirus pandemic, and the ongoing market re-orientation resulting from the termination of the cooperation with Barton related to garnet from Engebø, the Group will adjust the progress plan for the further development activities including the preparation for project financing.

On 20 March 2020, with supplementary information provided 2 April 2020, Keliber raised EUR 5.8 million through a directed share issue to the current shareholders and employees. In total 175,119 new shares were subscribed. Nordic Mining did not participate in the share issue and consequently the Company's shareholding in Keliber has been diluted from 18.5% to 16.3%.

The Group is exposed to the general and significant uncertainties in the global and national economies imposed by the Coronavirus pandemic. At the date of this report, it is not possible to fully overlook and measure the possible consequences of the pandemic on the demand for mineral products, and the availability and terms of construction financing and other resources to implement the Group's Engebø project.

The Group has taken various measures to reduce and mitigate risks for its personnel and projects:
- Management and employees follow strictly the regulations and recommendations from the Norwegian government related to personal behavior, travel etc.
- Management and employees are re-located to home offices and follow-up on business via telephone and electronic devices
- The Group will adjust the progress plan for the further development activities related to the Engebø project, including the preparation for project financing

For the consolidated financial statements for 2019, the Coronavirus pandemic is considered a non-adjusting event.

Corporate accounts for Nordic Mining ASA

INCOME STATEMENT

(Amounts in NOK thousands)	Note	2019	2018
Revenues from Group companies		7 273	7 086
Payroll and related costs	4	(11 781)	(9 750)
Depreciation and amortization	3	(16)	-
Other operating expenses	5	(11 935)	(7 170)
Operating loss		**(16 459)**	**(9 834)**
Impairment of investment and loans to subsidiary	13	(6 541)	(8 089)
Financial income	6	4 906	4 263
Financial costs	6	(11)	(5)
Profit/(loss) before tax		**(18 105)**	**(13 665)**
Income tax	7	-	-
Net profit/(loss)		**(18 105)**	**(13 665)**
ALLOCATION OF (LOSS)/PROFIT			
Allocated to other equity		(18 105)	(13 665)
(Amounts in NOK)			
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			
Basic and diluted earnings per share		**(0.13)**	**(0.12)**

BALANCE SHEET

(Amounts in NOK thousands)	Note	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	269	-
Investment in subsidiaries	13	201 024	121 839
Investment in associate	13	-	51 160
Investment in equity instruments	13	51 160	-
Long term receivables from group companies	9	70 378	91 024
Total non-current assets		**322 830**	**264 022**
Current assets			
Other receivables and prepayments	9	1 674	1 701
Cash and cash equivalents	10	30 230	48 452
Total current assets		**31 904**	**50 153**
Total assets		**354 734**	**314 176**

BALANCE SHEET

(Amounts in NOK thousands)	Note	2019	2018
SHAREHOLDERS' EQUITY & LIABILITIES			
Shareholders' equity			
Share capital	11	101 275	78 505
Share premium	11	436 074	401 598
Other paid-in capital	11	15 578	14 502
Other equity		(202 722)	(184 470)
Total equity	**11**	**350 206**	**310 135**
Non-current liabilities			
Pension liabilities	4	586	834
Total non-current liabilities		**586**	**834**
Current liabilities			
Trade payable		848	835
Provision and other current liabilities	12	3 094	2 372
Total current liabilities		**3 942**	**3 207**
Total liabilities		**4 528**	**4 041**
Total shareholders' equity and liabilities		**354 734**	**314 176**

Oslo, 22 April 2020
The Board of Directors of Nordic Mining ASA

Kjell Roland *Chair*	Kjell Sletsjøe *Deputy chair*	Eva Kaijser *Board member*	Benedicte Nordang *Board member*	Antony Beckmand *Board member*

Ivar S. Fossum
CEO

CASH FLOW STATEMENT

(Amounts in NOK thousands)	Note	2019	2018
Operating activities			
Net profit/(loss) before income tax		(18 105)	(13 665)
Depreciation		16	-
Reversal of write-downs in associate	13	-	-
Impairment of investment and loans to subsidiary	13	6 541	8 089
Share-based expenses	4	870	120
Changes in assets and liabilities			
Receivables, operating receivables from subsidiaries, prepayments	9	(64 847)	(58 320)
Trade payables		13	(1 233)
Accrued expenses and other current liabilities	12	722	909
Other		(393)	(247)
Net cash used in operating activites		**(75 183)**	**(64 347)**
Investing activities			
Investment in associate	13	-	-
Investment in property, plant and equipment		(285)	-
Net cash used in investing activities		**(285)**	**-**
Financing activities			
Share issuance net of transaction costs	11	62 519	99 600
Transaction costs on equity issue		(5 273)	(7 616)
Repurchase of non-controlling interest		-	-
Net cash from financing activities		**57 246**	**91 984**
Net change in cash and cash equivalents		(18 222)	27 637
Cash and cash equivalents at beginning of period	10	48 452	20 815
Cash and cash equivalents at end of period	10	**30 230**	**48 452**
Non-cash transactions			
Conversion of debt to equity in subsidiaries		86 698	47 492

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL INFORMATION

Nordic Mining ASA ("the Company") and its subsidiaries (together "the Group") focus on exploration, extraction and production of high-end industrial minerals and metals. The address of Nordic Mining's office is Munkedamsveien 45, N-0250 Oslo, Norway.

These financial statements were approved for issue by the Board of Directors on 22 April 2020.

NOTE 2 – SUMMARY OF THE MOST IMPORTANT ACCOUNTING PRINCIPLES

The most important accounting principles that have been used in developing the Company accounts are described below. These principles have been consistently applied unless otherwise stated.

Basic principles
The Company accounts have been presented in accordance with the Norwegian accounting act and generally accepted accounting principles in Norway. The related notes are an integral part of the financial statements of the Company.

The annual accounts are based on the going concern assumption, ref. discussion below.

Going concern assumption
Based on current forecasts and working plans, the Company's working capital is sufficient to fund operations and payment of financial obligations in 2020 and well into 2021.

For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 14 in these annual financial statements, Note 17 and 24 in the consolidated financial statements and the Board of Directors' report.

Investment in subsidiaries, associated entities and equity instruments
Subsidiaries are companies controlled by the Company. Associated companies are investments in companies where the Company has significant influence, but not control. Significant influence normally exists when the company controls between 20% and 50% of the voting rights. The investment in Keliber Oy was reclassified in 2019 from investment in associate to investment in equity instruments, based on reduced ownership combined with a change in Board composition, resulting in less influence for the Company.

Subsidiaries, associates and investments in equity instruments are measured at cost in the statutory accounts. The investments are measured at acquisition cost, unless impairment has been necessary. Such assets are deemed to be impaired at fair value when a decrease in value cannot be considered to be of temporary nature. Impairments are reversed when the basis for the impairment no longer applies.

Transactions in foreign currency
Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Acquisition of mining and mineral properties and exploration and development of such properties
Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets acquired.

Some exploration and evaluation assets should be classified as intangibles, such as drilling rights and capitalised exploration cost. When technical feasibility and commercial viability of extracting a mineral resource is demonstrable, the assets should be reclassified as tangible assets. Evaluation and exploration assets that are classified as intangible assets are tested for impairment prior to reclassification.

Mining and mineral properties
Mining interests represent capitalised expenditures related to the acquisition, exploration and development of mining properties and related plant and equipment. Capitalised cost is depreciated and depleted using a unit of production method over the estimated economic life of the mine to which they relate.

Exploration and development for mineral properties
The Company employs the successful efforts method to account for exploration and development cost. All exploration cost, with the exception of acquisition cost of licenses and direct drilling cost of exploration wells are expensed as incurred.

Drilling cost of exploration holes are temporarily capitalized pending the evaluation of the potential existence of mineral resources. If resources are not found, or if discoveries are assessed not to be technically and commercially recoverable, the drilling cost of exploration holes are expensed. Cost of acquiring licenses are capitalized and assessed for impairment at each reporting date.

Receivables
The Company's receivables are mainly receivables from group companies. Receivables are recognized initially at cost, and subsequently measured at amortized cost using the effective interest method if the amortization effect is material, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of receivables.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits and other short term, easily convertible investments with maximum three months original maturity.

Share capital
Ordinary shares are classified as equity. Expenses that are directly linked to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Loans
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction cost) and the redemption value is recognized on the income statement over the period of the interest-bearing liabilities.

Trade payables
Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, if the amortization effect is material.

Government grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Share-based compensation
The Group use options to incentivize employees and qualified resource persons. The fair value of the options is recognized as an expense in the financial statements over the vesting period. Fair value of options is estimated by use of the Black Scholes option model.

Deferred tax
Income tax expense represents the sum of the taxes currently payable and deferred tax. Taxes payable are provided based on taxable profits at the current tax rate. Deferred taxes are recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred income tax is not recognized on temporary differences arising from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Revenue recognition
The primary revenue comes from sale of services to Group companies. Revenues are recognized in the accounting period in which the services are provided.

Pensions
The Company has a defined benefit pension plan and a defined contribution plan for its employees that meet the Norwegian statutory requirement. For the defined benefit plan, the cost of providing the benefits is determined using the unit credit method, with actual valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and los- ses, the effect of asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in equity in the period in which they occur. Past service cost are recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. For the defined contribution plan the cost is expensed as incurred.

Cash flow statement
The Company reports the cash flow statement using the indirect method. The method involves adjusting the result for the period for the effects of transactions without effect on cash and changes in assets and liabilities to show net cash flow from operations. Cash flow relating to investment activities and financing activities are shown separately.

Related parties
All transactions, agreements and business activities with related parties are processed on standard arm's length business terms. Parties are related if they have the possibility to directly or indirectly control the business or provide significant influence over the financial and operational decision of the business. The parties are also related if they are subject to "common control". The Company provides information in notes about transactions and balances with related parties in Note 4.

Earnings per share
The calculation of basic earnings per share is based on the profit/ loss attributable to ordinary shareholders using the weighted average number of shares outstanding during the year after deduction of the weighted average number of treasury shares held over the period. The calculation of diluted earnings per share is consistent with the method for calculating basic earnings per share, considering potential diluted shares in the period:

- The net profit for the period that is assigned to ordinary shareholders is increased with an after-tax amount for dividends and interest recognized in the period related to potential diluted shares.
- Weighted average number of shares issued that include the effect of all potential diluted had been converted to ordinary shares in the beginning of the period or from the issuing date if this is later.

NOTE 3 - PROPERTY, PLANT AND EQUIPMENT

(Amounts in NOK thousands)	Vehicles
31 December 2018	**-**
Additions	285
31 December 2019	**285**
Depreciation	
1 January 2018	-
Depreciation expense	-
31 December 2018	**-**
Depreciation expense	(16)
31 December 2019	**(16)**
Net book value:	
31 December 2019	**269**
31 December 2018	-

Vehicles are depreciated over a period of 5 years.

NOTE 4 - SALARIES, SHARE-BASED COMPENSATION, RELATED PARTY AND MANAGEMENT COMPENSATION, AND PENSIONS

(Amounts in NOK thousands)	2019	2018
Wages and salaries	7 180	6 415
Social security costs	1 435	1 209
Pension costs defined benefit plan	792	795
Pension costs defined contritbution plan	88	37
Board members, etc	1 213	1 149
Share-based compensation	870	120
Other personnel costs	203	152
Capitalized payroll costs	-	(127)
Total	**11 781**	**9 750**
Average number of full time employees	4	4

Option granted to employees

On 1 November 2018, the General Meeting of Nordic Mining approved a share-based compensation program of up to 4.5 million options for employees and qualified resource persons. On 26 November 2018, the Board of Directors granted 3 million options at a strike price of NOK 2.63 per share to employees in the Group. The options vest by 1/3 each year, first time on 30 June 2019. The option agreements expire on 30 June 2022.

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding 1 January	2 425 000	2.63	1 966 667	5.12
Granted during the year	-	-	2 425 000	2.63
Cancelled during the year	(575 000)	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	(1 966 667)	5.01
Outstanding 31 December	**1 850 000**	**2.63**	**2 425 000**	**2.63**
Exercisable 31 December	**808 333**	**2.63**	**-**	**-**

The average fair value of options granted in 2018 was NOK 0.59. The average remaining contractual life for options outstanding as per 31 December 2019 was 2.5 years.

The Group used the Black Scholes model to estimate fair value the options granted. The following table show the weighted-average assumptions used in the model:

Weighted-average assumptions	2019	2018
Volatility	40 %	40 %
Expected life	2.58	2.58
Risk free interest	1.16 %	1.16 %
Share price	2.47	2.47
Exercise price	2.63	2.63

Reference is made to Note 4, 5, 20, and 21 in the consolidated financial statements for information regarding salaries, share-based compensation, related party and Senior Management, pensions etc.

The disclosure in Note 21 – Pensions regarding the defined benefit plan - relates in its entirety to Nordic Mining ASA as the subsidiaries only have a defined contribution plan.

NOTE 5 – OTHER OPERATIONAL COSTS

(Amounts in NOK thousands)	2019	2018
Leasing costs	2 109	1 399
Consulting and legal fees	5 853	2 626
Other costs	3 973	3 145
Total	**11 935**	**7 170**

Auditor fees:

(Amounts in NOK thousands)	2019	2018
Statutory audit	431	367
Other attestation services	568	77
Tax services	63	34
Total	**1 062**	**478**

The amounts exclude VAT.

NOTE 6 – FINANCIAL INCOME AND FINANCIAL COSTS

(Amounts in NOK thousands)	2019	2018
Interest income on bank deposits	329	179
Interest from Group companies	4 547	4 084
Foreign exchange gains	30	-
Finance income	**4 906**	**4 263**
Other finance costs	11	2
Foreign exchange losses	-	3
Finance costs	**11**	**5**

NOTE 7 - TAXES

The Company has incurred substantial tax loss carry forwards of NOK 240 million as per 31 December 2019. At this stage, the Company cannot substantiate that there will be sufficient future income to be able to realise the Company's unused tax losses, and thus the Company has not recognized any deferred tax asset as per 31 December 2019. There is no time limitation for utilization of tax losses carried forward in Norway.

Income taxes for the year

(Amounts in thousands)	2019	2018
Taxes payable	-	-
Deferred tax	-	-
Income tax expense/(income)	**-**	**-**

Tax impact of temporary differences as of 31 December

(Amounts in thousands)	2019	2018
Property, plant & equipment	(9)	-
Pensions	129	183
Tax loss carryforwards	51 872	49 282
Net deferred tax assets	**51 992**	**49 465**
Nominal tax rate (used to measure deferred tax items)	22 %	22 %
Recognized on the balance sheet:		
Deferred tax asset	-	-
Deferred tax liability	-	-

Reconciliation of effective tax rate:

(Amounts in thousands)	2019	2018
Net profit/(loss) before tax	(18 105)	(13 665)
Nominal tax rate	22 %	22 %
Expected tax expense/(income)	(3 983)	(3 143)
Non-deductible costs	12	12
Impairment of investment and loans to subsidary	1 439	1 860
Non-deductible share compensation costs	191	28
Effect of rate change	-	2 248
Effect of range change on non-recognized deferred tax asset	-	(2 248)
Non-recognized deferred tax asset	1 335	1 243
Tax expense/(income)	**(1 006)**	**-**

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

There were no exploration activities in Nordic Mining ASA in 2019 or 2018.

NOTE 9 - OTHER RECEIVABLES, PREPAYMENTS AND LOANS TO RELATED PARTIES

Other receivables and prepayments:

(Amounts in NOK thousands)	2019	2018
Other financial receivables	897	927
Prepayments	777	720
VAT receivable	-	54
Totalt	1 674	1 701

Specification of intercompany loans/receivables:

(Amounts in NOK thousands)	2019	2018
Nordic Rutile AS	70 378	90 802
Nordic Quartz AS	-	-
Nordic Ocean Resources AS	-	223
Total	**70 378**	**91 025**
Classified as current liabilities	-	-
Classified long-term receivables	70 378	91 025

During 2019, the Company converted NOK 82.995 million of debt in Nordic Rutile AS to equity, NOK 3.37 million of debt in Nordic Quartz AS to equity, and NOK 0.333 million of debt in Nordic Ocean Resources AS to equity.

The Company wrote down a loan receivable from Nordic Quartz of NOK 1,968 thousand and a receivable of NOK 223 thousand from Nordic Ocean Resources in 2019.

The interest rate on the intercompany loans is 5% pa.

NOTE 10 - CASH AND CASH EQUIVALENTS

(Amounts in NOK thousands)	2019	2018
Bank deposits	30 230	48 452
Total cash and cash equivalents	**30 230**	**48 452**
Included in cash and cash equivalent - Employee witholding tax	477	467

NOTE 11 - SHARE CAPITAL AND CHANGES IN EQUITY

Number of shares outstanding	**Ordinary Shares**
2018:	
Opening balance	94 825 468
Share issuance	36 016 304
31 December 2017	**130 841 772**
2019:	
Opening balance	130 841 772
Share issuance	37 950 000
31 December 2019	**168 791 772**

Reference is made to Note 15 in the consolidated financial statements for information regarding share issues in 2019 and 2018. Reference is made to Note 17 for information regarding the 20 largest shareholders in Nordic Mining ASA as per 31 December 2019. Further, reference is made to note 24 in the consolidated financial statements for information of a share issue in 2020.

All shares have equal rights. Nominal value is NOK 0.60 per share.

Changes in equity were as follows

(Amounts in NOK thousands)	Share capital	Share premium	Other paid-in equity	Other equity	Total
Equity at 1 January 2018	**56 895**	**331 224**	**14 354**	**(170 327)**	**232 146**
Share-based payment	-	-	148	-	148
Share issue	21 610	77 990	-	-	99 600
Transaction costs on share issue	-	(7 616)	-	-	(7 616)
Actuarial gain losses on pensions	-	-	-	(478)	(478)
Profit for period	-	-	-	(13 665)	(13 665)
Equity at 31 December 2018	**78 505**	**401 598**	**14 502**	**(184 470)**	**310 135**
Share-based payment	-	-	1 076	-	1 076
Share issue	22 770	39 749	-	-	62 519
Transaction costs on share issue	-	(5 273)	-	-	(5 273)
Actuarial gain losses on pensions	-	-	-	(146)	(146)
Loss for the period	-	-	-	(18 105)	(18 105)
Equity at 31 December 2019	**101 275**	**436 074**	**15 578**	**(202 721)**	**350 206**

NOTE 12 - PROVISION AND OTHER CURENT LIABILITIES

The following table specifies amounts included in provisions and other current liabilities at 31 December:

(Amounts in NOK thousands)	**2019**	**2018**
Tax withholding and social security accrual	812	741
Employee salary and holiday pay accrual	846	707
VAT payable	66	-
Prepayments received	246	-
Accrued expenses and other current liabilities	1 124	924
Total	**3 094**	**2 372**

NOTE 13 - INVESTMENTS IN SUBSIDIARIES, ASSOCIATE AND EQUITY INSTRUMENTS

Nordic Mining ASA's investment in subsidiaries as at 31 December 2019 is shown in the following table:

(Amounts in NOK thousands)	Location	Year incorp.	Share capital	Ownership	Equity 31.12.19	Net loss 2019	Carrying amount 31.12.19
Nordic Rutile AS	Oslo, Norge	2006	19 215	100 %	929	(62 938)	201 024
Nordic Ocean Resources AS	Oslo, Norge	2011	120	100 %	(206)	(320)	-
Nordic Quartz AS	Oslo, Norge	2011	125	100 %	(1 761)	(596)	-
Total							**201 024**

2019:
The Company converted NOK 82.995 million of debt in Nordic Rutile AS to equity, NOK 3.37 million of debt in Nordic Quartz AS to equity, and NOK 0.333 million of debt in Nordic Ocean Resources AS to equity.

Despite low equity, the carrying value of shares in Nordic Rutile AS is deemed recoverable based on currently available information regarding the discovered resources as documented most recently in the definitive feasibility study which was published 28 January 2020.

Due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in April 2019, the carrying amount of the Company's investment in Nordic Quartz has been written off at year end 2019.

Due to the general uncertainties related to timing and progress of seabed mineral exploration and the Group's prioritization of the Engebø rutile and garnet project, the carrying amount of the Company's investment in Nordic Ocean Resources has been written off at year end 2019.

2018:
The Company wrote down its investment (NOK 4.9 million) and loans (NOK 3.2 million) to Nordic Quartz due to the expiration of the exclusive rights for investigation and development of the Kvinnherad quartz deposit in April 2019.

The Company converted NOK 45.5 million of debt in Nordic Rutile AS to equity, NOK 0.56 million of debt in Nordic Quartz AS to equity, and NOK 1.39 million of debt in Nordic Ocean Resources AS to equity.

Investments in associate/investment in equity instruments
As per 31 December 2019, the Company held approximately 18,5% of the shares in Keliber Oy in Finland.

(Amounts in NOK thousands)	Carrying amount
Carrying amount 01.01.18	51 160
Additional investment 2018	-
Carrying amount 31.12.18	**51 160**
Additional investment	-
Carrying amount 31.12.19	**51 160**

The investment in Keliber Oy was reclassified in 2019 from investment in associate to investment in equity instruments, based on reduced ownership combined with a change in Board composition. Se note 12 in the consolidated financial statements.

NOTE 14 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Management of financial risk
Nordic Mining is exposed to various types of financial risk related to its financial instruments, market risk primarily related to currency (EUR) related to the investment in Keliber and floating interest rate on cash and cash equivalents, and liquidity risk.

Liquidity risk
Liquidity risk is the risk that the Company is not able to pay its financial obligations upon maturity. The Company has to a large degree used equity financing to meet liquidity demands related to financial obligations, cover operational losses and for investments. Nordic Mining ASA does not have significant financial obligations and has no interest-bearing debt.

As per the date of this report, the Company is adequately financed for its ongoing and prioritized activities. Due to the significant uncertainties in the global and national economies imposed by the coronavirus pandemic, and the ongoing market re-orientation resulting from the termination of the cooperation with Barton related to garnet from Engebø, progress plans for the further development activities will be adjusted. Based on current forecasts and adjusted work plans, the Company's working capital is sufficient to fund operations and payment of financial obligations in 2020 and well into 2021.

For a more complete description of Nordic Mining Group's liquidity risk, reference is made to Note 17 in the consolidated financial statements and the Board of Directors' report.

Market risk
Variable interest risk
The Company is exposed to cash flow risk related to receivables from subsidiaries that has a fixed interest rate. Furthermore, the Company has exposure to the floating interest risk related cash or cash equivalent deposits.

Currency exchange risk
As per 31 December 2019, the Company has limited exposure to currency exchange risk. Cash holdings are placed in bank accounts in Norwegian Kroner (NOK). Throughout 2018 and 2019, the Group's only currency exposure of significance relates to the investment in Keliber Oy (EUR).

Credit risk
The Company does not have receivables from sales (receivables are primarily from companies within the Group). The Company has no or limited credit risk from external parties. The Company wrote down NOK 1.9 million of loans to subsidiary in 2019 (ref. Note 13).

Sensitivity analysis
The Company's result and equity is only to a limited extent exposed to changes in interest rate (bank deposit and intercompany loans) and currency exchange rates.

NOTE 15 – EVENTS AFTER BALANCE SHEET DATE

See note 24 in the consolidated financial statements.

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RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge that the consolidated financial statements for 2019 have been prepared in accordance with IFRS as adopted by the European Union, as well as additional information requirements in accordance with the Norwegian Accounting Act, that the financial statements for the parent company for 2019 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and result of Nordic Mining ASA and the Nordic Mining Group for the period.

We also confirm to the best of our knowledge that the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Nordic Mining ASA and the Nordic Mining Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 22 April 2020

The Board of Directors of Nordic Mining ASA

Kjell Roland Chair	Kjell Sletsjøe Deputy Chair
Benedicte Nordang Board member	Eva Kaijser Board member
Antony Beckmand Board member	Ivar S. Fossum CEO

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nordic Mining ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Nordic Mining ASA comprising the financial statements of the parent company and the Group.

The financial statements of the parent company comprise the balance sheet as at 31 December 2019 and the statements of income and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the statement of financial position as at 31 December 2019 and the statements of profit and loss, comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement

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of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Accounting for investment in Keliber Oy

The ownership in Keliber was diluted from 22% to 18.5% through a share issue on 15 February 2019. Management assessed that when the ownership was reduced below 20% the Group no longer had significant influence over Keliber and that the investment ceased to be an associate. The Group discontinued use of the equity method and reported the interest in Keliber as a financial asset at fair value as reflected in the share issue, reporting a gain of MNOK 99.2 At year end the investment was valued at NOK 90.8 million, after a negative fair value adjustment of NOK 23.6 million.

Management's assessment of whether the Group has significant influence over Keliber is based on an evaluation of the share of voting rights, Board representation, composition of the Nomination committee, shareholder structure and other factors that could indicate significant influence. Valuation of the shares at year-end is based on a high degree of judgment and input from data that is not observable in the market. Management also engaged an independent valuation specialist to assist with the valuation. Considering the use of significant judgment and that an inappropriate classification and measurement would have a material effect on the financial statements, the accounting for the investment in Keliber was deemed to be a key audit matter.

We evaluated management's assessment of the influence over Keliber and the classification of the investment against the requirements within IAS 28, including economic ownership, shareholder structure and the composition of nomination committee and the Board. Further, we recalculated upon the discontinuance of the equity method based on the share price used in the equity offering in February 2019.

At year-end we obtained an understanding of the valuation process and valuation model used for assessing the fair value. We tested assumptions used in the valuation to supporting documentation such as the development in lithium prices, project delays and other external and entity specific observable factors. We assessed the competence, capabilities and objectivity of the valuation specialist engaged by management. Our audit procedures also included recalculating the fair value adjustment.

Refer to note 2 in the consolidated financial statement under the section Significant accounting judgements, estimates and assumptions and note 12 Financial assets/ Investment in associate for further description of the Group's assessment.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 22 April 2020
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Jon-Michael Grefsrød

Jon-Michael Grefsrød
State Authorised Public Accountant (Norway)

ARTICLES OF ASSOCIATION

for Nordic Mining ASA per 28 February 2020

1. The name of the company is Nordic Mining ASA. The company is a public limited liability company.

2. The registered office of the company is in Oslo.

3. The object of the company is to carry on exploration for minerals and ores, mining activity, technology development, activities that may be associated herewith, and participation in other companies anywhere in the world.

4. The share capital of the company amounts to NOK 118,495,063.20 divided on 197,491,772 shares of a nominal value of NOK 0.60. The shares of the company shall be registered in the Norwegian Registry of Securities.

5. The board of directors of the company shall have from 3 to 8 members according to the decision of the shareholders' meeting. Two board members jointly can sign on behalf of the company.

6. The company shall have an Election Committee consisting of three members who shall be elected by the general meeting. The members of the Election Committee shall, when they are elected, be shareholders or representatives of shareholders of the company. The Election Committee shall make recommendations to the general meeting concerning the election of members and deputy members to the board of directors. The Election Committee shall also make recommendations concerning remuneration to such members. Members of the Election Committee are elected for a period of two years. The members of the board of directors which have been elected by the general meeting make recommendations for and adopt instructions for the Election Committee.

7. The shareholders' meeting shall deal with:
(i) Adoption of the annual accounts and annual report, including payment of dividends.
(ii) Other matters that pursuant to law are the business of the shareholders' meeting.

8. If a document that relates to an issue that the general meeting shall decide on is made available to the company's shareholders on the company's website, then such a document does not have to be physically sent to the shareholders of the company. However, such a document shall be sent to the shareholder free of charge if shareholders request it.

9. Shareholders that plan to attend a General meeting have to give notice to the company within 5 days of the general meeting. Shareholders who have not given such notice within 5 days of the general meeting may be denied entrance to the general meeting.

10. The Board of Directors may determine that the shareholders may cast advance votes in writing in matters to be considered by the general meetings of the Company. Such votes may also be casted through electronic means. Voting in writing requires an adequately secure method to authenticate the sender. The Board of Directors may determine further guidelines for written advance voting. The summons to the general meeting shall state whether advance voting is allowed prior to the general meeting, and, if so, the guidelines for such voting.

FINANCIAL CALENDAR 2020

May 2020	May 2020	August 2020	November 2020	February 2021
5	**14**	**18**	**3**	**16**
First quarter results 2020	Annual General Meeting	Second quarter results 2020	Third quarter results 2020	Fourth quarter results 2020

Photos:
GettyImages: page 1, 2, 3, 6, 10, 14
Karl R. Lilliendahl: page 2, 3, 5, 24, 25, 26, 31
Keliber: page 2, 10, 12, 13
Nordic Mining: page 6, 7, 8, 9, 14, 16, 20
IFE: page 15
Nautilus Minerals: page 17

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