ANNUAL REPORT 2020

Nature of the business
The Rana Gruber group (the group) comprises the parent company, Rana Gruber AS, and the Rana Gruber Mineral AS subsidiary. Rana Gruber AS was wholly owned at 31 December 2020 by LNS Mining AS (LNS Mining).

Rana Gruber AS produces and sells iron ore concentrates to steel mills and a number of other applications. More than 95 per cent of its output is exported, mainly to European buyers. Ore is obtained from Ørtfjell through a combination of open-cast and underground mining.

Rana Gruber Mineral AS produces and sells micronised iron oxides and engages in other further processing of iron ore. At least 95 per cent is export-oriented, to the same market areas. Both companies are located in Rana local authority.

Going concern and events after the reporting period
Since the balance sheet date, a secondary sale has been conducted by the existing shareholder, LNS Mining, and the company is noted on the Euronext Growth Oslo multilateral trading platform.

The secondary sale by the former owner totalled 50 per cent. As part of this process, Rana Gruber's guarantee to Grønlandsbanken was cancelled and its debts to LNS Mining settled. The company's long-term liabilities were also reduced as a result of the sale and the settlement of earlier debts to LNS Mining.

The going concern assumption for the group is realistic, and the annual financial statements have been prepared on that basis.

The group is committed to a long-term development of its mining operations and ore processing. It expects improved profits and a positive cash flow from operations in 2021.

In addition to its own debt, Rana Gruber had given a guarantee jointly and severally at 31 December 2020 to Grønlandsbanken for Greenland Ruby's loan from the bank. In connection with Rana Gruber's listing on Euronext Growth Oslo, this guarantee has been cancelled and Rana Gruber has severed its ties with Greenland Ruby at the presentation of the financial statements.

At 31 December 2020, Rana Gruber owed NOK 134 million to LNS Mining. This debt has been settled in connection with the listing on Euronext Growth Oslo at the presentation of the financial statements.

At the presentation of the financial statements, the coronavirus outbreak has not affected the company directly. Based on the present position, the board takes the view that Covid-19 will not affect the company's ability to remain a going concern.

Personnel and the working environment
The group had 267 permanent employees and 12 apprentices, corresponding to 262.59 full-time equivalent, at 31 December 2020. In addition came 13 temporary workers.

Temporary employees concern operational project posts related to a new level in the mine and to replacements for covering personnel holidays and other absences.

Sickness absence in the company totalled 7.7 per cent in 2020, compared with 6.5 per cent in 2019. Long-term absences accounted for 3.8 per cent, compared with 3.1 per cent the year before. Covid-19 helped to increase absence in 2020 through the government-imposed precautionary principle. The company had three proven cases of Covid-19, without consequences for operations or production.

Work on preventing sickness absences and injuries is strategically important for the company. Employees are followed up closely in the event of undesirable incidents, and greater attention will be devoted by the group to possible workplace customisation in order to reach its objectives in the time to come. Purposeful efforts are also being made to achieve constant safety improvements in the group in the form of attitudes and training.

Two lost-time injuries (LTIs) were reported during the year, giving an LTI frequency of 4.3 at 31 December 2020. These injuries were investigated internally and nonconformities handled in accordance with the group's routines, while trends for injuries and absences have been considered by the working environment committee. Although the injuries were not serious, they unfortunately contributed to a failure to achieve the vision of zero LTIs in 2020.

Equal opportunities
Fifty of the group's 267 employees are women, as are three of the six executives immediately below the CEO. In addition come seven female line managers (including team leaders).

The group's policy is that nobody will be discriminated against on the grounds of gender, ethnicity, religion, age or on any other basis. Its pay systems do not distinguish between genders, and working time provisions are the same for both. There is zero tolerance of bullying and harassment, and employees are urged to report all irregularities.

The group works actively to promote equality, ensure equal opportunities and rights, and prevent discrimination. The principle of customisation and customised work has a strong place.

Natural environment
The group holds a discharge/emission permit issued in 2012 (revised June 2015). Its conditions impose restrictions on discharges to water and soil and emissions to the air. The group does its utmost to meet the threshold limit values in the permit and other regulatory requirements. Good routines are in place to monitor discharges/emissions in order to ensure that negative environmental effects on the recipient and the air are prevented or reduced, and the group works continuously to minimise its climate footprint.

The group collaborates with other mining industry involved in marine deposition to arrive jointly at the best solutions for such deposition and control of deposition sites. It collaborates closely with both Rana local authority and other industrial companies in the area on monitoring air quality in Rana as well as measures in the Rana Fjord.

Research and development (R&D)
The group worked in 2020 on further development of the dedicated R&D department established the year before.

Investments were made in the laboratory to introduce new analysis methods and instruments, which have multiplied capacity for analyses many times over. Including the lab, the R&D department had 12 employees at 31 December 2020.

The commitment to R&D laid the basis for increased development activity, and the group has initiated Project Fe65 to find solutions which can increase the quality of its haematite products.

This work was the main focus of attention in the second half of 2020, and a number of tests and experiments have been conducted within the project. These efforts will be intensified in 2021.

Profit and financial position
The group had a turnover of NOK 1 333 million in 2020 compared with NOK 1 121 million in 2018, an increase of NOK 212 million. Rana Gruber's turnover was NOK 1 296 million in 2020 compared with NOK 1 081 in 2019, an increase of NOK 215 million.

Consolidated net profit came to NOK 273 million compared with NOK 57 million in 2019, an increase of NOK 216 million. Net profit for Rana Gruber was NOK 273 million compared with NOK 56 million in 2019, an increase of NOK 217 million.

Prices for the haematite product from Rana Gruber AS developed strongly throughout 2020, peaking on 21 December at USD 176.9

per tonne. Combined with a weaker krone against USD for much of the year, this contributed to high realised prices. Prices for the magnetite products are largely in euro, and set by contracts with customers.

Rana Gruber AS produced 1.55 million tonnes of iron concentrates in 2020 and sold 1.55 million. That was on a par with production and sale the year before.

Ore production totalled 5.18 million tonnes in 2020 from the underground mine as well as from the open-cast Kvannevann East, Eriksbruddet and Nordmalmen pits. The latter jointly produced 2.1 million tonnes. Overall rock extraction from the open-cast pits rose from 6.3 million tonnes in 2019 to 6.5 million in 2020.

Underground ore extraction came to 3.1 million tonnes in 2020, including 0.5 million tonnes related to establishing the new production level 123. Other tonnage came from existing levels. Output from level 123 began in the fourth quarter of 2020.

Investment in 2020 related to level 123 was funded by cash flow from operations.

Cash expenses in 2020 increased slightly from 2019, with increased rock extraction and activity related to ore production as the main drivers.

The group continued the introduction of Lean mining in 2020. This involves continuous improvement work which is expected to yield effects over several years.

Given the economic outlook for the industry, the board believes that the capitalised assets are in place to ensure a satisfactory return on capital for the group.

Investment

A total of NOK 206 million was invested by the group in 2020.

That includes NOK 205 million in Rana Gruber, of which NOK 119 million was spent in turn on development drifts in the new N123 mine level. This spending is recognised under inventory in the balance sheet and expensed continuously in line with ore extraction from the underground mine.

Financing

The net reduction in long-term and leasing liabilities for the group came to NOK 77 million in 2020, compared with NOK 38 million the year before. Long-term liabilities were reduced to USD 7.6 million at the time of the listing on Euronext Growth Oslo.

During the year, the group reduced drawings on its overdraft facility by NOK 177 million and had a positive balance of NOK 12 million at 31 December.

The company's long-term liabilities are subject to a number of covenants. At the presentation of the financial statements, it was not in breach of any of these. For details of covenants in force at 31 December 2020, see note 4. All liabilities to financial institutions are held by Rana Gruber.

Financial risk

The group's business involves risks in several areas. Risk management is not about eliminating risk, but taking the right risk on the basis of the group's willingness and ability to accept risk, competence, capital adequacy and development plans. The aim of risk management is to identify threats and opportunities facing the group, and steering risk towards an acceptable level so that a reasonable certainty exists that the group's targets will be met.

On the basis of an integrated view of risk, the board has established overall strategies for risk management and parameters for financial risk in the areas of foreign currency and hedging raw materials.

The board takes the view that the financial statements for the yard provide a true picture of the group's assets and liabilities, financial position and profit at 31 December 2020.

Market risk
Fluctuations in international iron-ore prices pose a risk to future sales prices for Rana Gruber's products. These prices are extremely volatile, and thereby present a significant risk to profits for the company and the group.

The risk related to sales prices for iron concentrates is managed through a combination of physical fixed-price agreements with customers and financial swap agreements where iron ore is sold forward at a fixed price. The swap agreements form part of a hedging portfolio, where limits have been set for how large a share of expected production should be sold forward over and above the volumes hedged directly through fixed-price agreements with customers.

Currency risk
Rana Gruber is exposed to fluctuations in exchange rates for EUR/NOK, USD/NOK and GBP/NOK, since revenues from the sale of its products are priced in these currencies. Revenues in EUR match the group's power-trading costs, which are also priced in that currency. Hedging EUR/NOK is therefore only undertaken for individual transactions of significant size. The volume of revenues in GBP/NOK is currently so small that no hedging is done with this currency pair.

All sales of iron-ore concentrates (haematite) to the steel industry are priced in USD. The main exposure on the currency side therefore relates to USD/NOK. To reduce the effect on profits of fluctuations in this currency, the company sells part of its expected USD revenues forward. All forward currency contracts and structured derivatives are included in a hedging portfolio.

Electricity price risk
Power is one of the most important input factors in iron concentrate production. Fluctuations in electricity prices and in power consumption for production pose a risk to profits at Rana Gruber.

The risk related to electricity purchases is managed by entering into contracts where power is bought forward at a fixed price. These contracts are included in a hedging portfolio where limits have been established for how large a proportion of expected consumption (GWh) at a given future point can be bought forward today. On this basis, the portfolio is bought forward continuously for part of the expected consumption.

The management and the finance department follow up the on-going risk exposures on the basis of parameters approved by the board.

Interest-rate risk
Rana Gruber has exposure to interest-rate risk, but then almost entirely through interest-bearing debt. At present, the company has no approved strategy for moderating profit fluctuations from this exposure, but manages it by following up day-to-day financial management in the administration.

See note 16 for a more detailed description of the group's risks.

Extraordinary dividend
An extraordinary dividend of NOK 126 million was paid by Rana Gruber during 2020. NOK 96 million of this represented the settlement of debts to LNS Mining.

Allocations
It is proposed to transfer the consolidated net profit of NOK 273 million for the year to other equity. At 31 December 2020, the carrying amount of consolidated equity was NOK 491 million. That represented 47.5 per cent of the total consolidated capital.

It is proposed to transfer the net profit of NOK 273 million for the year in parent company Rana Gruber to other equity. At 31 December 2020, the carrying amount of Rana Gruber's equity was NOK 482 million. That represented 47.1 per cent of Rana Gruber's total consolidated capital.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the consolidated annual financial statements for 1 January to 31 December 2020 have been prepared in accordance with applicable accounting standards and that the information in the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and the group taken as a whole. We confirm that the consolidated financial statements give a true and fair view of the development, profit and position of the parent company and the group, as well as a description of the principal risks and uncertainties facing the parent company.

____________________	____________________	____________________	____________________
Morten Støver *Styreleder/* *Chairman of the board*	*Kristian A Adolfsen* *Styremedlem/* *Board member*	*Frode Nilsen* *Styremedlem/* *Board member*	*Børge Nilsen* *Styremedlem/* *Board member*
____________________	____________________	____________________	____________________
Andreas Haugen *Styremedlem/* *Board member*	*Johan Hovind* *Styremedlem/* *Board member*	*Lasse O. Strøm* *Styremedlem/* *Board member*	*Thomas Hammer* *Styremedlem/* *Board member*
____________________			
Gunnar Moe *Adm. Dir/* *CEO*			

Mo i Rana
10. mars/march 2021

Income statement

(Amounts in TNOK)	Notes	Rana Gruber AS 2020 (1 Jan. - 31 Dec.)	Rana Gruber AS 2019 (1 Jan. - 31 Dec.)	Rana Gruber Group 2020 (1 Jan. - 31 Dec.)	Rana Gruber Group 2019 (1 Jan. - 31 Dec.)
REVENUE					
Sales income	11	1 283 154	1 068 520	1 328 554	1 110 855
Other operating income	11	12 937	12 768	5 007	9 936
TOTAL REVENUE		**1 296 090**	**1 081 289**	**1 333 561**	**1 120 791**
OPERATING EXPENSES					
Cost of goods sold		340 002	333 807	347 604	345 586
Change in stock of products	5	-8 854	40 285	-7 959	38 997
Personell expensess	9/12	201 994	183 733	213 900	200 616
Depreciation	2	106 325	100 679	107 148	101 502
Other operating expenses		143 467	138 311	153 841	147 437
TOTAL OPERATING EXPENSES		**782 933**	**796 816**	**814 534**	**834 137**
OPERATING PROFIT		**513 157**	**284 473**	**519 027**	**286 654**
FINANCIAL ITEMS					
Income from investments in subsidiary (group contribution)		6 484	1 486		-
Other financial income	13	6 956	8 338	7 628	8 475
Financial expenses	13	-176 518	-222 389	-176 708	-222 628
Net financial items		**-163 079**	**-212 565**	**-169 080**	**-214 153**
PROFIT/LOSS BEFORE TAX		**350 078**	**71 908**	**349 947**	**72 501**
Income tax expense	10	76 941	15 557	76 912	15 536
NET PROFIT FOR THE YEAR		**273 136**	**56 350**	**273 035**	**56 965**
Allocations:					
Group contribution provided/dividends		-	18 000	-	18 000
Transferred to other equity		273 136	38 350	273 035	38 965
TOTAL ALLOCATIONS		**273 136**	**56 350**	**273 035**	**56 965**

Balance sheet

(Amounts in TNOK)	Notes	Rana Gruber AS 31.12.20	Rana Gruber AS 31.12.19	Rana Gruber Group 31.12.20	Rana Gruber Group 31.12.19
ASSETS					
Mines		238 856	264 408	238 856	264 408
Land, buildings and other real estate		16 803	12 527	16 803	12 527
Machinery and equipment		189 177	190 681	190 814	192 410
Operating equipment and office furniture		7 010	4 228	7 044	4 274
Total property, plant and equipment	1/2	**451 846**	**471 844**	**453 517**	**473 619**
Investments in subsidiaries	3	2 900	2 900	-	-
Investments in other shares and businesses	14	2 047	1 628	2 097	1 678
Loan to group companies	6	133 939	224 464	133 939	224 464
Other subordinated loans	14	1 500	1 500	1 500	1 500
Other long term receivables	9	13 574	11 475	13 574	11 475
Total financial non-current assets		**153 960**	**241 967**	**151 110**	**239 117**
TOTAL ASSETS		**605 805**	**713 811**	**604 627**	**712 736**
Stock	5	**198 493**	**109 153**	**211 683**	**123 523**
Trade accounts receivable	6/16	147 829	180 823	152 074	187 438
Other current receivables		39 589	32 247	39 634	25 646
Group contribution receivable	6/10	6 484	1 486	-	-
Total current receivables		**193 902**	**214 556**	**191 708**	**213 084**
Bank deposits and other liquid assets	15	24 994	9 648	24 994	9 648
TOTAL CURRENT ASSETS		**417 389**	**333 357**	**428 385**	**346 255**
TOTAL ASSETS		**1 023 195**	**1 047 168**	**1 033 012**	**1 058 992**
EQUITY AND LIABILITIES					
Share capital	8	9 348	9 348	9 348	9 348
Share premium		92 783	92 783	92 783	92 783
Total paid-in equity		**102 131**	**102 131**	**102 131**	**102 131**
Other equity		379 501	232 364	389 132	242 097
Total retained earnings		**379 501**	**232 364**	**389 132**	**242 097**
TOTAL EQUITY	7	**481 632**	**334 495**	**491 263**	**344 228**
Deferred tax	10	53 873	10 231	54 455	10 843
Financial leasing liabiliites	4	75 526	63 510	75 526	63 510
Debt to financial institutions	4/15	193 295	281 146	193 295	281 146
Other non-current liabilities		4 656	6 258	4 656	6 258
Total non-current liabilities		**327 349**	**361 145**	**327 931**	**361 757**
Income tax payable	10	33 265	-916	33 265	-1 608
Debt to financial institutions	6b/15	-	177 089	-	177 089
Trade accounts payable	6	110 303	98 181	111 225	100 352
Public duties payable		14 233	10 755	14 233	10 755
Other current liabilities	6	28 913	26 241	27 595	26 241
Income tax payable of this year's profit	10	-	-	-	-
Current liabilities group companies	6	-	22 178	-	22 178
Group contribution payable	7	27 500	18 000	27 500	18 000
Total current liabilities		**214 215**	**351 528**	**213 818**	**353 007**
TOTAL LIABILITIES		**541 563**	**712 672**	**541 749**	**714 764**
TOTAL EQUITY AND LIABILITIES		**1 023 195**	**1 047 168**	**1 033 012**	**1 058 992**

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_____________________			
Gunnar Moe *Adm. Dir/* *CEO*			

Mo i Rana
10. mars/march 2021

Cash flow statement

(Amounts in TNOK)	*Rana Gruber AS*		*Rana Gruber Group*	
	2020	**2019**	**2020**	**2019**
Operating activities				
Profit before tax	350 078	71 908	349 947	72 501
Proceeds from Norwegian tax incentive scheme	916	4 373	1 608	4 684
Gain on sale of fixed assets	-2 627	-141	-2 627	-141
Depreciation	106 325	100 679	107 148	101 501
Change in stock, mine tunnel	-80 486	17 132	-80 486	17 132
Change in stock, other	-8 854	40 022	-7 674	38 363
Change in trade accounts receivable and payable	45 116	-59 887	46 236	-59 551
Change in other accruals	-7 828	-12 024	-10 794	-11 883
Net cash flows from operations	**402 640**	**162 062**	**403 358**	**162 606**
Investing activities				
Proceeds from sale of fixed assets	2 627	2 471	2 627	2 471
Investments in fixed assets	-86 327	-132 064	-87 045	-132 608
Proceeds from sale of shares	-	1	-	1
Investments in ass. companies and other shares	-420	444	-420	444
Change in other investments	-2 098	-1 094	-2 098	-1 094
Net cash flows used in investing activities	**-86 218**	**-130 242**	**-86 936**	**-130 786**
Financing activities				
Repayment of non-current liabilities and fin. leasing	-99 020	-61 379	-99 020	-61 379
New long-term debt and financial leasing	23 185	14 480	23 185	14 480
Change in current liabilitites (bank overdraft)	-177 089	-48 607	-177 089	-48 607
Change in liabilities and intercompany balances	68 348	66 261	68 348	66 261
Dividends (paid)	-116 500	-	-116 500	-
Net cash flows used in financing activities	**-301 077**	**-29 245**	**-301 077**	**-29 245**
Total cash flows (change in liquid assets)	**15 345**	**2 574**	**15 345**	**2 574**
Bank deposits and cash at 1 January	**9 648**	**7 075**	**9 648**	**7 075**
Bank deposits and cash at 31 December	**24 994**	**9 648**	**24 994**	**9 648**
+ ordinary limit bank overdraft	100 000	205 000	100 000	205 000
Bank overdraft not utilised and deposits	112 349	27 911	112 349	27 911

Rana Gruber Group – principles and notes

ACCOUNTING PRINCIPLES

The company accounts and consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Consolidated financial statements

The Group's consolidated financial statements comprise Rana Gruber AS and companies in which Rana Gruber AS has a controlling interest. A controlling interest is normally obtained when the Group owns more than 50 % of the shares in the company and can exercise control over the company. Transactions and balances between group companies have been eliminated in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with the same accounting principles for both parent and subsidiary.

An associate is an entity in which the Group has a significant influence but does not control the management of its finances and operations (normally when the Group owns between 20 % and 50 % of the company). The consolidated financial statements include the Group's share of the profit/loss from associates, accounted for by applying the equity method, from the date on which significant influence is obtained until the date on which such influence ceases.

When the Group's share of a loss exceeds the Group's investment in an associate, the amount carried in the Group's balance sheet is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

The Group's consolidated financial statements comprise Rana Gruber AS and Rana Gruber Mineral AS.

Shares and investments in subsidiaries

Subsidiaries are valued at cost in the company accounts. Hence, the shares are carried at historical cost in the parent company. An impairment loss is recognised if the impairment is not considered temporary.

Dividends or group contributions are recognised as financial income in the parent company and as allocations of profit in the subsidiaries, in the same year by the provider as well as the recipient. If dividends/group contribution exceeds withheld profits after the acquisition date, the excess amount represents repayment of invested capital and is deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Balance sheet classification and valuation

Current assets and liabilities consist of receivables and payables due within one year of the balance sheet date, and items related to the inventory cycle. Other balance sheet items are classified as non-curent assets and liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognised at their nominal value.

Non-current assets are valued at cost, less depreciation and impairment losses, but are written down to fair value if the fall in value is not considered to be temporary.

Non-current liabilities are recognised at their nominal value when established.

Receivables
Accounts receivable and other current receivables are recorded in the balance sheet at their nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

Stock
Consumables are recognised at the lower of average cost and fair value. In-house manufactured finished goods and goods in progress are valued at the lower of full production cost and sales value. The net selling price is the estimated selling price in the case of ordinary operations less the estimated selling costs. The cost is arrived at using the FIFO method and includes the costs incurred in acquiring the goods and the costs of bringing the goods to their current state and location. Write-downs are made for expected obsolescence.

Foreign currency translation
The development in foreign exchange rates implies both a direct and indirect economic risk for the company. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. In the beginning of 2014, the company changed the principle for recognising currency hedging. Unrealised gain/loss is not carried in the balance sheet. Realised gain/loss is charged directly to the income statement

Short-term investments
Short-term investments (stocks and shares classified as current assets) are valued at the lower of acquisition cost and fair value at the balance sheet date.

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term, liquid investments.

Property, plant and equipment
Property, plant and equipment is capitalised and depreciated if their useful life exceeds 3 years and the cost exceeds NOK 15 000. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property plant and equipment are added to the acquisition cost and depreciated with the related asset.

Pensions

The company has a defined benefit pension plan valued at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value. The basis for the recognition is a straight-line earnings profile and expected end salary.

Plan changes are amortised over the expected remaining service period. This also applies for estimate deviations to the extent that they exceed 10 % of the larger of the pension liabilities and pension funds (corridor).

Income tax

Income tax is expensed as incurred, i.e., the cost is related to the profit or loss before tax. The tax expense consists of tax payable (tax on the taxable income of the year) and changes to deferred tax/deferred tax assets. Deferred tax/tax assets are calculated at 22 % of the temporary differences between book value and tax values, in addition to tax losses to carry forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that reverse or can reverse in the same period are netted.

Government grants

In 2020, the Group received MNOK 0,9 in grants from the tax incentive scheme. Two tax incentive projects were approved in 2020, but due to Covid-19, activities on these two projects were very limited.

The company recognised income of MNOK 6 in support from the Co2 compensation scheme.

Note 1 – Events subsequent to the balance sheet date

Divestment, listing and debt
After the balance sheet, a divestment from the existing shareholder LNS Mining took place, and the company is listed on the multilateral trading platform Oslo Euronext Growth. The divestment of former owners constituted 50 %. In this process, Rana Gruber’s guarantee regarding Grønlandsbanken was cancelled, and Runa Gruber’s claims on LNS Mining settled. The company’s long-term debt has also been reduced as a consequence of the divestment and settlement of former receivables against LNS Mining.

The effect Covid-19 is expected to have on the company has been considered
At the presentation of the financial statements, Covid-19 has not affected the company directly. Based on the present situation, the Board is of the opinion that Covid-19 will not impact the company’s ability to continue as a going concern.

Rana Gruber had positive cash flows from operations in 2020, and this is also expected in the time to come.

Note 2 - Tangible fixed assets

(all amounts in TNOKJ)

Rana Gruber AS	Mine	Land and buildings	Machinery and plants	Operating equipment etc.	Total
Cost at 1 January 2020	700 376	46 415	702 747	48 404	**1 497 942**
Additions	33 780	6 753	40 978	4 816	**86 327**
Disposals	-	-	-	-	**-**
Cost at 31 December 2020	734 156	53 168	743 725	53 220	**1 584 269**
Accumulated depreciation at 1 January 2020	435 968	33 887	512 066	44 176	**1 026 098**
Depreciation for the year	59 332	2 478	42 481	2 034	**106 325**
Accumulated depreciation at 31 December 2020	495 300	36 365	554 547	46 210	**1 132 423**
Carrying amounts at 31 December 2020	**238 856**	**16 803**	**189 177**	**7 010**	**451 846**
Leasing costs for the year of fixed assets not carried in the balance sheet			19 422	425	19 847

Rana Gruber Group	Mine	Land and buildings	Machinery and plants	Operating equipment etc.	Total
Cost at 1 January 2020	700 376	46 415	714 586	50 563	**1 511 940**
Additions	33 780	6 753	41 696	4 816	**87 045**
Disposals	-	-	-	-	**-**
Cost at 31 December 2020	734 156,0	53 167,8	756 282,1	55 379,3	**1 598 985**
Accumulated depreciation at 1 January 2020	435 968	33 887	522 176	46 289	**1 038 320**
Depreciation for the year	59 332	2 478	43 292	2 046	**107 148**
Accumulated depreciation at 31 December 2020	495 300	36 365	565 468	48 335	**1 145 468**
Carrying amounts at 31 December 2020	**238 856**	**16 803**	**190 814**	**7 044**	**453 517**
Leasing costs for the year of fixed assets not carried in the balance sheet		-	19 588	425	20 013

NOK 118 63 concerning mine tunnel share of investment classified as stock have been deducted from mine additions.

Both the parent company and the Group apply straight-line depreciation for all fixed assets. The economic lives

have been calculated to:	3-10 years	7-10 years	5-10 years	5 years

Note 3 - Investments in subsidiaries

(all amounts in TNOK)

Rana Gruber AS

Company	*Acquisition date (est. date)*	*Office*	*Ownership share*	*Voting rights*	*Balance sheet value*
Rana Gruber Mineral AS	28.12.98	Rana	100 %	100 %	2 900
Total balance sheet value					**2 900**

The company RG Mineral AS has been consolidated into the group accounts together with Rana Gruber AS

Note 4 - Non-current liabilities to financial institutions and financial leasing debt (all amounts in TNOK)

	Rana Gruber AS and Rana Gruber konsern			
	2020		**2019**	
	Non-current liabilities	Leasing debt	Non-current liabilities	Leasing debt
Interest-bearing debt 1 January	281 146	63 510	331 847	59 708
New loans and financia leasing agreements	0	23 185	0	14 479
Foreign currency regulation currency loans	1 332		2 232	
Ordinary loan and leasing instalments	-60 067	-11 169	-52 933	-10 677
Extraordinary loan instalments	-29 116			
Interest-bearing debt 31 December	**193 295**	**75 526**	**281 146**	**63 510**

Instalment profile non-current liabilities

As part of an ongoing restructuring and refinancing, the company's non-current liabilities have during the winter been reduced to a medium-term loan of MUSD 7,6 with 2 years payment period, this is combined with a trade credit of MNOK 100.
Instalment profile of leasing debt: the leasing of railway carriages amounts to MNOK 45 of the leasing balance as at 31 December, this is paid according to plan with appr. MNOK 5 over 11 years. Mining machines constitute other leasing debt, direct leasing has also in 2020 taken over a larger share here. Non-current liabilities have a 10 years forward rate agreement of MNOK 100 expiring in 2021, at a fixed interest rate of 3,86%.

Covenants

As of this date, the Company is not in breach of any covenants in the credit agreements. The following covenants apply to the credit agreements:

- The Company shall have a gearing (Nibd/EBITDA) which does not exceed 1.5.
- The Company shall have an equity ratio of 30%,
- The Company shall have a debt-servicing capacity of at least 3.50
- Amounts drawn shall not exceed 60% of the book value of inventories and current account receivables
- The Company shall have a board-approved hedging strategy for USD and iron ore.

Note 5 - Stock

(all amounts in TNOK)

	Rana Gruber		*Rana Gruber Group*	
	CB 2020	**CB 2019**	**CB 2020**	**CB 2019**
In-house manufactured finished goods	4 000	4 246	13 944	15 085
Goods in progress (iron ore stock)	14 000	4 900	14 000	4 900
Preparatory production (opening of mine tunnel)	156 369	75 883	156 369	75 883
Write-down of preparatory production (opening of mine tunnel)	-	-	-	-
Preparatory production long-hole drilling	20 208	20 208	20 208	20 208
Semi-manufactured goods (purchased **råslig**)	-	-	820	605
Operating equipment and spare parts	3 916	3 916	6 342	6 842
Total	**198 493**	**109 153**	**211 683**	**123 523**

Consumables are valued at the lower of average cost and fair value. In-house manufactured finished goods and goods in progress are valued at the lower of average production cost and net sales value less sales costs. Mine tunnels are recognised in line with the actual excavation of iron ore from the underground pit. For 2020, this has been done at NOK 13 per tonne ore.

Note 6 - Balances with subsidiary and group companies

Transactions with related parties (TNOK)	**2020**	**2019**
Purchase of services open-pit production from Leonhard Nilsen & Sønner AS	146 100	148 600
Purchase of services concerning new mine level from Leonhard nilsen & Sønner AS	152 400	75 600
Sales of services various operations and maintenance to Leonhard Nilsen & Sønner AS	1 887	1 892
Sales of various administrative services to Greenland Ruby/LNS Greenland AS	2 191	7 426
Short-term loan to LNS Mining AS	15 660	3 559

	Leonh.Nilsen & Sønner AS		LNS Mining AS		LNS Greenland/Gr.Ruby	
Balances with related parties (TNOK)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Trade receivables	753	1 368	-	-	14 579	12 388
Other current receivables	-	-	19 219	3 559	-	-
Trade payables	25 498	33 871			-	-
Other current liabilities	-	22 178				
Dividend liabilities			27 500	18 000		
Long-term loan	-	-	133 939	224 464		
Net (receivables - liabilities)	**-24 745**	**-54 681**	**125 658**	**210 023**	**14 579**	**12 388**

Note 6b - Current liabilities financial institutions

As at 31 December 2020, the company has no current liabilities to financial institutions, and a positive bank overdraft balance is recognised as a bank deposit.

Note 7 - Equity (all amounts in TNOK)

Rana Gruber AS

This year's change in equity	Share capital	Approved issue of new shares	Share premium	Other equity	Total
Equity at 31 December 2019	**9 348**	**-**	**92 783**	**232 364**	**334 495**
Profit for the year				273 136	273 136
Extraordinary dividend				-126 000	-126 000
Equity at 31 December 2020	**9 348**	**-**	**92 783**	**379 501**	**481 632**

Rana Gruber Goup

This year's change in equity	Share capital	Approved issue of new shares	Share premium	Other equity	Total
Equity at 31 December 2019	9 348	-	92 783	242 097	**344 228**
Profit for the year				273 035	273 035
Extraordinary dividend				-126 000	-126 000
Equity at 31 December 2020	**9 348**	**-**	**92 783**	**389 132**	**491 263**

Note 8 - Share capital and shareholder information (all amounts in TNOK)

Rana Gruber AS	Number of shares	Nominal balance	Book value
The share capital consists of (A shares):	37 392 000	0,25	9 348

Shareholder as of 31 December 2020:	Number of shares	Ownership share	Voting rights
LNS Mining AS	37 392 000	100,0 %	100,0 %
Total	37 392 000	100,0 %	100,0 %

In the autum of 2020, an extrordinary dividend distribution of MNOK 126 has been made to LNS Mining. MNOK 96 of this were settled by a downpayment of loans LNS Mining has with Rana Gruber. A share split of 4000:1 was carried out in the autumn of 2020.

Note 9 - Pensions Rana Gruber AS and Rana Gruber Group (alle tall i 1.000 kr)

The company has a collective defined benefit scheme comprising 405 persons at year-end, of which 257 working individuals, divided between Rana Gruber and RG Mineral. The schemes entitle those concerned to future benefits mainly depending of the number of service years, the salary level at the retirement age and the size of the yields from the Norwegian national social insurance scheme. The pension agreement is financed by funding organised in an insurance company. The company also has an unfunded pension commitment related to membership in the AFP (early retirement) scheme financed by the company's operations. Net pension funds related to the collective scheme are recognised as an asset in the balance sheet. Premiums to the company's AFP scheme are expensed as incurred. The parent company is the account holder for the pension scheme.

Pension costs collective scheme and ASP	**2020**	**2019**
Present value of the year's pension earnings	5 424	5 652
Interest cost of the pension obligation	1 616	1 784
Yields from pension funds	-2 610	-2 749
Estimate deviation recognised in the income statement	639	673
Net pension costs	**5 069**	**5 359**
+social security tax	259	273
Total pension costs	**5 328**	**5 632**
+ costs new AFP	3 531	3 174
- recognised in subsidiary RG Mineral's income statement	-550	-648
Total pension costs	**8 309**	**8 158**

In addition, the parent company had costs of 344 concerning pensions in excess of 12G (344 in 2019).

Pension obligation in the balance sheet	**CB 2020**	**CB 2019**
Earned collective pension obligation at 31 December	-86 019	-75 015
Pension funds (at market value) at 31 December	80 718	69 936
Accruals of estimate deviations, change in pension plans	20 311	17 571
Net pension funds (collective scheme)	**15 010**	**12 492**
Pension in excess of 12G as at 31 December	-1 436	-1 017
Net pension obligation (AFP)	-	-
Total pension assets	**13 574**	**11 475**

Economic assumptions		
Discount interest rate	1,70 %	2,30 %
Expected yield on pension assets	2,70 %	3,80 %
Expected salary regulation	2,25 %	2,25 %
Expected annual G regulation	2,00 %	2,00 %
Expected growth in pensions without coll. disbursements	0,00 %	0,00 %

The calculation of pension liabilities has been made by an actuary. The actuarial assumptions are based on commonly used assumptions within insurance regarding demographical factors and retirement.

Note 10 - Income tax				(all amounts in TNOK)
	Rana Gruber		***Rana Gruber Group***	
The tax expense of the year comprises:	**2020**	**2019**	**2020**	**2019**
Income tax payable	33 299	-	33 299	-
Change in deferred tax	43 642	15 557	43 612	15 535
Effect of change in tax rate	-	-	-	-
Total expensed income tax	**76 941**	**15 557**	**76 912**	**15 535**
The tax basis of the year:	**2020**	**2019**	**2020**	**2019**
Profit before tax	350 078	71 908	349 947	72 501
Permanent differences	-399	-1 135	-404	-1 829
Change in the basis for deferred tax	-80 420	45 415	-80 284	45 515
Tax basis before interest limit - -	**269 258**	**116 187**	**269 258**	**116 187**
Exclusion of deducted interest concerning related parties this year		20 650		20 650
Use of interest deduction carried forward from previous years	-28 082	-20 707	-28 082	-20 707
Tax basis before tax losses carried forward	**241 176**	**116 130**	**241 176**	**116 130**
Utilised tax losses carried forward	-89 816	116 130	-89 816	-116 130
This year's profit/-loss	151 361	-9 213	151 361	9 213
Group contribution granted	-	-		-
Tax calculated on basis	33 299	-	33 299	-
Effect of Norwegian tax incentive scheme	-34	-916	**-34**	-1 608
Tax payable in balance sheet	**33 265**	**-916**	**33 265**	**-1 608**
Specification of temporary differences	**2 020**	**2019**	**2 020**	**2 019**
Tangible fixed assets	59 457	59 658	58 169	58 454
Financial leasing	12 283	13 841	12 283	13 841
Preparatory production (mine tunnel)	156 369	75 883	156 369	75 883
Stock	1 616	1 606	5 650	5 693
Receivables	-80	-80	-180	-180
Gain and loss account	1 659	2 074	1 659	2 074
Pension funds/-liabilities, net	13 574	11 475	13 574	11 475
Net temporary differences	244 877	164 457	247 524	167 240
Tax losses to carry forward	-	-89 816	-	-89 816
Excluded interest deduction to carry forward	-	-28 082	-	-28 082
Total temporary differences (basis for deferred tax)	244 877	46 559	247 524	49 343
Rate applied for deferred tax/deferred tax assets	22 %	22 %	22 %	22 %
Calculated deferred tax (for income statement purposes)	**53 873**	**10 243**	**54 455**	**10 855**
Deferred tax in balance sheet	53 873	10 231	54 455	10 843

Note 11 - Revenues

(all amounts in TNOK)

	Rana Gruber		*Rana Gruber Group*	
Sales income per business area	**2020**	**2019**	**2020**	**2019**
Iron ore concentrates	1 275 692	1 063 173	1 321 093	1 105 508
Other sales income	7 462	5 347	7 462	5 347
Total revenues	**1 283 154**	**1 068 520**	**1 328 554**	**1 110 855**
including: export (iron ore and iron oxides mainly in the EU area)	1 274 525	1 061 986	1 320 014	1 104 760
domestic sales	8 629	6 534	8 541	6 095

The parent company's sales income includes freight amounting to MNOK 4,0 (MNOK 6,7 in 2019). In RG Mineral, sales freight constitutes MNOK 4,8 (MNOK 4,1 in 2019).

Note 12 - Salaries, number of employees, remuneration, loans to employees etc.

(all amounts in TNOK)

As at 31 December 2020, there were 267 full-time and 13 temporary employees, compared to 261 and 23, respectively, as at 31 December 2019. 18 of the employees worked in the subsidiary RG Mineral AS by a leasing agreement. In addition, there were 12 apprentices at year-end.

	Rana Gruber		*Rana Gruber Group*	
Salary costs	**2020**	**2019**	**2020**	**2019**
Salaries (ink. Bonus)	184 184	161 805	194 841	177 091
Social service tax	9 304	9 810	9 848	10 590
Transfer of salary to projects	-6 201	-2 931	(6 201)	(2 931)
Pension costs	8 653	8 751	9 203	9 399
Other benefits	6 054	6 298	6 210	6 467
Total salary costs	**201 994**	**183 733**	**213 900**	**200 616**

Remuneration to executive personnel	**2020**	**2019**	**2020**	**2019**
Salary, CEO (ink. Bonus)	2 940	2 231	2 940	2 231
Pension, CEO	344	344	344	344
Insurance, taxable part, CEO	32	32	32	32
Free telephone, CEO	4	4	4	4
Baord fees, expensed	897	888	897	888
Audit fees, expensed exclusive of VAT	959	1 007	1 080	1 093
				-

Note 13 - Balances merged in the accounts

(all amounts in TNOK)

	Rana Gruber		*Rana Gruber Group*	
Other financial income	**2020**	**2019**	**2020**	**2019**
Interest income bank	23	48	27	49
Interest income group companies	5 475	8 919	5 475	8 919
Other financial income	1 107	1 008	1 107	1 008
Foreign currency regulation	351	-1 637	1 019	-1 501
Gain on hedging iron ore	-	-	-	-
Total other financial income	**6 956**	**8 338**	**7 628**	**8 475**

Financial costs	**2020**	**2019**	**2020**	**2019**
Interest costs and commission bank overdaft	5 477	4 841	5 667	5 080
Interest costs mortgage loans and financial leasing	20 222	19 694	20 222	19 694
Interest costs group companies	288	1 178	288	1 178
Other financial costs	177	131	177	131
Foreign currency regulation current liabilities	14 978	22 911	14 978	22 911
Foreign currency regulation long-term debt	1 332	2 232	1 332	2 232
Loss on hedging iron ore	134 044	171 402	134 044	171 402
Total financial costs	**176 518**	**222 389**	**176 708**	**222 628**

Note 14 - Investments in other shares and businesses

(all amounts in TNOK)

Non-current assets	***Acquisition cost***	***Value in balance sheet***	***Market value***
ACR Holding	100	100	100
Kunnskapsparken Helgeland	250	250	250
Polarsirkelen Lufthavnutvikling	100	100	100
Vitensenter Nordland	100	100	100
Shares and investments in other companies	1 497	1 497	1 497
Total shares and investments in other companies owned by Rana Gruber AS	**2 047**	**2 047**	**2 047**
Shares and investments owned by RG Mineral AS	**100**	**50**	**50**

Note 15 - Securities and guarantees (all amounts in TNOK)

	Rana Gruber		*Rana Gruber Group*	
	2020	**2019**	**2020**	**2019**
Restricted employee taxes	11 100	8 109	11 100	8 109
Restricted provision concerning the Directorate of Mining	1 508	1 503	1 508	1 503
Secured debt	268 820	521 744	268 820	521 744
by objects with the following recorded values:				
Trade receivables	147 829	180 823	152 074	187 438
Stock	198 493	109 153	211 683	123 523
Operating equipment, machinery and plants	196 187	194 909	197 859	196 684
Buildings and other real estate	16 803	12 527	16 803	12 527
Mine plant	238 856	264 408	238 856	264 408
Total book value of mortgaged property	**798 168**	**761 820**	**817 273**	**784 580**
The assets are also security for not utilised bank overdraft:	100 000	27 910	100 000	27 910

The company Rana Gruber AS is the account holder for creditors in a joint bank overdraft agreement with the subsidiary RG Mineral AS. The subsidiary's share of the balance as of 31 December 2020 was positive by MNOK 3,5. In Rana Gruber's balance sheet this is disclosed as a reduction in bank overdraft liabilities and the counter account current liabilities. The group companies are joint and severally liable for the credit limit of MNOK 100 as of 31 December 2020.

Note 16 – Foreign currencies and market risk

Fluctuations in international iron ore prices implies the risk for future sales prices on Rana Gruber's products. The prices are very volatile and therefore constitute significant profit risk for the company and the Group.

The risk related to the sales prices on iron concentrates is managed by a combination of physical fixed price agreements with customers and financial swap agreements, whereby iron ore is sold in advance at a fixed price. The swap agreements are part of a hedge portfolio, with fixed limits for the size of expected production to be sold in advance, in excess of the volumes hedged through fixed price agreements directly with customers.

As at 31 December 2020, the company has the following financial hedge positions:

Forward contracts	Amount (1000)	Monthly maturity	Average price	Unrealised loss (USD)
Forward contracts for hedging future sales	180.000 tons	Second quarter	99 USD	7.126
Forward contracts for hedging future sales	180.000 tons	Third quarter	131 USD	1.587
Forward contracts for hedging future sales	180.000 tons	Fourth quarter	125 USD	1.267

Currency risk

Rana Gruber is exposed for fluctuations in the currencies EUR/NOK, USD/NOK and GBP/NOK, as revenues from the sale of the company's products is priced in these foreign currencies. The euro income is of such a volume that it matches the costs for power trading incurred by the Group, also priced in euros. Hedging of EUR/NOK is therefore carried out only for individual transactions of significant importance. Revenues in GBP/NOK presently constitute such a low volume that no hedging is carried out for these currencies.

All sales of iron ore concentrates to the steel industry are priced in USD. The main currency exposure is therefore related to USD/NOK. In order to mitigate the result effect of fluctuations in this currency, the company is selling parts of expected USD income in advance. All currency forward contracts and structured derivatives are included in a hedge portfolio approved by the Board.

As of 31 December 2020, the company has the following financial hedge positions:

Forward contracts	Amount (1000)	Monthly maturity in	Foreign currency rate, average	Unrealised gain (1000)
Contracts for hedging future sales	USD 48 000	2021		NOK 31.236

Value changes are not recognised for financial instruments held as accounting hedges. At the presentation of the financial statements, the company has the following financial instruments in foreign currencies with value changes over profit and loss:

Liabilities		Amount (1000)	Foreign exchange rate, average	Unrealised loss/gain (1000)
Long-term debt (swap from NOK)	Change 2018	USD 21 432	8,13	-NOK 10 292
Long-term debt (swap from NOK)	Change 2019	USD 18 787	8,79	-NOK 2 488
Long-term debt (swap from NOK)	Change 2020	USD 15 520	8,52	+ NOK 1681
Long-term debt (swap from NOK)	Change 2018	DKK 33 303	1,29	-NOK 195
Long-term debt (swap from NOK)	Change 2019	DKK 26 313	1,32	-NOK 806
Long-term debt (swap from NOK)	Change 2020 (redeemed 16.12.20)	DKK 0	-	-NOK 3012

**The maturity of the loans was originally in 2022, but as stated in the events subsequent to the balance sheet note, these have now been settled and replaced by a new USD loan of MUSD 7,6 with a term of 2 years.*

Power price risk

The purchase of power is one of the most important input factors for the production of iron ore concentrates. Fluctuations in power prices and production consumption are a source of result risk in Rana Gruber.

The risk related to power purchases is managed by closing forward contracts whereby power is purchased in advance at a fixed price. The forward contracts are part of a hedge portfolio, with limits for how much of expected consumption (GWh) at a given future time that can be purchased in advance today. The hedge portfolio is purchased in advance on this basis for parts of the expected consumption.

The administration and finance department are monitoring the current risk exposure in view of the Board approved framework.

All financial agreements are made with our power supplier and are settled on a regular basis as part of the normal power purchases.

Rana Gruber's total power consumption in 2020 was 98 GWh.

Interest risk
Rana Gruber is exposed to interest risk, but mainly concerning interest-bearing liabilities. As per today, the company has no determined strategy to mitigate result fluctuations from this exposure but attends to this by monitoring the daily financial management in the administration. The company has presently one interest swap agreement of MNOK 100 over 10 years to mitigate the effects of fluctuations in the NIBOR interest.

As of 31 December 2020, this agreement has an unrealised loss of NOK (1000) 2615 including accrued interest of NOK 438.

Note 17 – Ore resources (non-audited)

The company classifies its ore resources in line with the international standard "NI 43-101".

Work regarding "Resource Statement" according to this standard and "CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (2019)" is carried out by Baker Geological Services Ltd (UK). This is an ongoing project, and an updated "Resource Statement" is expected at the end of the first quarter of 2021.

The resource summary will also be updated at a later date on the basis of information collection of geological data. This will typically comprise new test drillings and geological mapping in connection with mining operations in the deposit.

The "Resource Statement" available as of today is as follows:

Deposit	Classification	Million Tonnes	Density	Fe Tot %	Fe Mag %
Ørtfjell	Measured	116.7	3.5	33.6	4.5
Sub-Total - Measured		**116.7**	**3.5**	**33.6**	**4.5**
Ørtfjell	Indicated	230.1	3.5	33.4	4.5
Stensundtjern	Indicated	39.4	3.5	34.3	8.3
Finnkåteng	Indicated	6.8	3.5	36.2	4.8
Ørtvann	Indicated	29.0	3.4	32.8	20.4
Sub-Total - Indicated		**305.3**	**3.5**	**33.5**	**6.5**
Ørtfjell	Inferred	20.1	3.4	30.1	4.8
Stensundtjern	Inferred	1.4	3.5	35.1	4.3
Finnkåteng	Inferred	8.8	3.6	38.2	4.7
Ørtvann	Inferred	35.1	3.5	33.3	15.6
Nord Dunderland	Inferred	21.3	3.6	37.1	4.2
Sub-Total - Inferred		**86.7**	**3.5**	**34.1**	**9.0**

Ore deposits
The classification of ore deposits «Reserve Statement» according to «NI 43-101» started in the fourth quarter 2020. This work will continue in 2021. Internally, the company classifies areas with operated and planned mines as deposits.

At the end of 2020, the following is classified as deposits:

Deposit	Mining Method	Million Tonnes
N155 Ørtfjell	Sub-level caving	2.1
N123 Ørtfjell	Sub-level caving	10.6
N91 Ørtfjell	Sub-level caving	10.9
Kvannevann Øst	Open Pit	6.5
Nordmalm	Open Pit	4.7
Erik	Open Pit	0.1
Steinsundstjern	Open Pit	25.0

Note 18 - Operating licence and cleaning-up obligations

Operating licence
An operating licence is granted by the Directorate of Mining. Rana Gruber had a renewal of this in 2019. The licence is in force as long as Rana Gruber maintains the obligations towards the Directorate of Mining. The licence can be revised after 10 years.

Cleaning-up obligations
Rana Gruber has obligations related to monitoring the sea disposal site when operations have been terminated. This obligation is required by the Ministry of the Environment. Rana Gruber also has a commitment to the Directorate of Mining related to security and cleaning-up measures pursuant to the Mineral Act sections 49 and 50.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Rana Gruber AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Rana Gruber AS, which comprise the balance sheet as at 31 December 2020, the income statement, and statements of 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 have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 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.

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 audit of 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, 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 the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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.

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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (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.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

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 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.

A member firm of Ernst & Young Global Limited

Tromsø , 10 March 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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