



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 986 002 480  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SKALAND GRAPHITE AS  
Forretningsadresse: Bergsfjordveien 1668  
9385 SKALAND

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

Regler for små foretak benyttet: Ja  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Marinus de Jager  
Dato for fastsettelse av årsregnskapet: 30.09.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 14.04.2023



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sales of product		45 687 848	44 837 377
Other revenue		1 389 793	2 039 385
<b>Sum inntekter</b>		<b>47 077 641</b>	<b>46 876 762</b>
<b>Kostnader</b>			
Cost of goods sold	3	36 251 314	15 440 893
Payroll costs	4	20 557 791	21 184 632
Depreciation		9 683 144	7 268 991
Nedskrivning av varige driftsmidler og immaterielle eiendeler			1 350 757
Other operating expenses		4 687 430	3 546 522
<b>Sum kostnader</b>		<b>71 179 679</b>	<b>48 791 795</b>
<b>Driftsresultat</b>		<b>-24 102 038</b>	<b>-1 915 033</b>
<b>Finansinntekter og finanskostnader</b>			
Other financial income		302 372	4 110 979
<b>Sum finansinntekter</b>		<b>302 372</b>	<b>4 110 979</b>
Annen rentekostnad		9 064 878	2 384 647
<b>Sum finanskostnader</b>		<b>9 064 878</b>	<b>2 384 647</b>
<b>Netto finans</b>		<b>-8 762 506</b>	<b>1 726 332</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-32 864 544</b>	<b>-188 701</b>
Income tax benefit/(expense)	6		
<b>Ordinært resultat etter skattekostnad</b>		<b>-32 864 544</b>	<b>-188 701</b>
<b>Årsresultat</b>		<b>-32 864 544</b>	<b>-188 701</b>



### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Sum immaterielle eiendeler		0	
<b>Varige driftsmidler</b>			
Land, buildings and other real estate	5	66 950 339	60 057 182
Machinery and plants	5	12 996 827	9 641 197
Sum varige driftsmidler		79 947 166	69 698 379
<b>Finansielle anleggsmidler</b>			
Other receivables		117 648	117 694
Sum finansielle anleggsmidler		117 648	117 694
Sum anleggsmidler		80 064 814	69 816 073
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventories		8 991 856	20 430 982
Sum varer		8 991 856	20 430 982
<b>Fordringer</b>			
Trade and other receivables		2 222 550	2 047 225
Prepayments		179 805	116 399
Sum fordringer		2 402 355	2 163 624
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalent		2 791 677	2 426 723
Sum bankinnskudd, kontanter og lignende		2 791 677	2 426 723
Sum omløpsmidler		14 185 888	25 021 329
<b>SUM EIENDELER</b>		<b>94 250 702</b>	<b>94 837 402</b>

### BALANSE - EGENKAPITAL OG GJELD



## Balanse

Beløp i: NOK	Note	2020	2019
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share equity	2	2 273 000	2 273 000
<b>Sum innskutt egenkapital</b>		<b>2 273 000</b>	<b>2 273 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		35 323 973	2 459 429
<b>Sum opptjent egenkapital</b>		<b>-35 323 973</b>	<b>-2 459 429</b>
<b>Sum egenkapital</b>	7	<b>-33 050 973</b>	<b>-186 429</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Other long-term allocations		950 000	
<b>Sum avsetninger for forpliktelser</b>		<b>950 000</b>	
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	9	32 365 156	28 531 710
Debt to companies in the same group	8	86 375 267	42 356 222
<b>Sum annen langsiktig gjeld</b>		<b>118 740 423</b>	<b>70 887 932</b>
<b>Sum langsiktig gjeld</b>		<b>119 690 423</b>	<b>70 887 932</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		2 985 631	9 469 104
Public taxes owed			489 400
Loans and borrowings			12 023 304
Provisions		4 625 622	2 154 092
<b>Sum kortsiktig gjeld</b>		<b>7 611 253</b>	<b>24 135 900</b>
<b>Sum gjeld</b>		<b>127 301 676</b>	<b>95 023 832</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>94 250 703</b>	<b>94 837 403</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Journalnummer: 2021 868790

#### Enheten

Organisasjonsnummer: 986 002 480  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: SKALAND GRAPHITE AS  
Forretningsadresse: Skaland  
9385 SKALAND

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Brønnøysundregistrene, 26.10.2021



Organisasjonsnr: 986 002 480  
SKALAND GRAPHITE AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Sales of product		45 687 848	44 837 377
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Organisasjonsnr: 986 002 480  
SKALAND GRAPHITE AS

## BALANSE

Beløp i: NOK Note 2020 2019

### BALANSE - EIENDELER

<b>Anleggsmidler</b>			
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Sum immaterielle eiendeler		0	
<b>Varige driftsmidler</b>			
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Organisasjonsnr: 986 002 480  
SKALAND GRAPHITE AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note  
1

**Regnskapsprinsipper**

Årsregnskapet er satt opp etter regnskapsloven. Regnskapsreglene for små foretak er fulgt.

Note  
2

Antall aksjer og aksjeeiere

Note  
4

Lønn og ytelser

<u>Lønn</u>	<u>Årets</u>	<u>Fjorårets</u>
	20065116.00	19712702.00
<u>Arbeidsgiveravgift</u>	<u>Årets</u>	<u>Fjorårets</u>
	1313341.00	1768442.00
<u>Andre ytelser</u>	<u>Årets</u>	<u>Fjorårets</u>
	273497.00	-151549.00
<u>Sum lønnskostnader</u>	<u>Årets</u>	<u>Fjorårets</u>
	21651954.00	21329595.00

Note

Antall årsverk i regnskapsåret

Virksomheten har hatt følgende antall årsverk:

0.00

Note

Lån og sikkerhetsstillelse til ledende personer og aksjeeiere

Er det gitt lån eller sikkerhetsstillelse til ledende personer: Nei



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ANNUAL FINANCIAL STATEMENTS 2020



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## Profit/loss statement

	Note	2020	2019
<b>Revenue</b>			
Sale of product		45,687,848	44,837,377
Other revenue		1,389,793	2,039,385
<b>Total revenue</b>		<b>47,077,641</b>	<b>46,876,762</b>
<b>Expenses</b>			
Cost of goods sold	3	36,251,314	15,440,893
Payroll costs	4	20,557,791	21,184,632
Depreciation		9,683,144	7,268,991
Impairment		-	1,350,757
Other operating expenses		4,687,430	3,546,522
<b>Total operating costs</b>		<b>71,179,679</b>	<b>48,791,795</b>
<b>Operating (loss)/profit</b>		<b>(24,102,038)</b>	<b>(1,915,033)</b>
<b>Financial income and costs</b>			
Other financial income		302,372	4,110,979
Finance costs		(9,064,878)	(2,384,647)
<b>Net finance (loss)/income</b>		<b>(8,762,506)</b>	<b>1,726,332</b>
<b>Loss before Income Tax</b>		<b>(32,864,544)</b>	<b>(188 701)</b>
Income tax benefit/(expense)	6	-	-
<b>Loss after income tax</b>		<b>(32,864,544)</b>	<b>(188,701)</b>




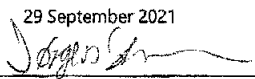

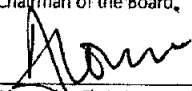
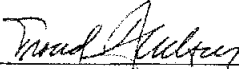
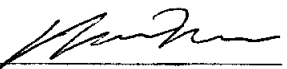
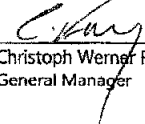
## Skaland Graphite AS

### Statement of financial position

		2020	2019
<b>Non-current assets</b>			
Land, buildings, and other real estate	5	66,950,339	60,057,182
Machinery and plants	5	12,996,827	9,641,197
<b>Total non-current assets</b>		<b>79,947,166</b>	<b>69,698,379</b>
<i>Financial non-current assets</i>			
Other receivables		117,649	117,694
<b>Total financial non-current assets</b>		<b>117,649</b>	<b>117,694</b>
<b>Total non-current assets</b>		<b>80,064,815</b>	<b>69,816,073</b>
<b>Current assets</b>			
Cash and Cash equivalent		2,791,677	2,426,723
Inventories		8,991,856	20,430,982
Trade and other receivables		2,222,550	2,047,225
Prepayments		179,805	116,399
<b>Total Current Assets</b>		<b>14,185,888</b>	<b>25,021,330</b>
<b>Total Assets</b>		<b>94,250,703</b>	<b>94,837,403</b>
<b>Equity</b>			
Share equity	2	2,273,000	2,273,000
Earned equity		(35,323,973)	(2,459,429)
<b>Total Equity</b>	7	<b>(33,050,973)</b>	<b>(186,429)</b>
<b>Non-Current liabilities</b>			
Debt to companies in the same group	8	86,375,267	42,356,222
Loans and borrowings	9	32,365,156	28,531,710
Provisions		950,000	-
<b>Total Non-Current liabilities</b>		<b>119,690,423</b>	<b>70,887,932</b>
<b>Current Liabilities</b>			
Accounts payable		2,985,631	9,469,104
Public taxes owed		-	489,400
Loans and borrowings		-	12,023,304
Provisions		4,625,622	2,154,092
<b>Total Current liabilities</b>		<b>7,611,253</b>	<b>24,135,900</b>
<b>Total Equity and liabilities</b>		<b>94,250,703</b>	<b>94,837,403</b>



29 September 2021

 Russell Tipper Chairman of the Board,	 Jørgen Skulbru Director	 Fletcher Hancock Director
 Alexander Christian Lowrie Director	 Trond Abelsen Director	 Aidan Anthony Nania Director
 Christoph Werner Frey General Manager		



## **Skaland Graphite AS**

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### **Notes to the 2020 financial statements**

#### **Note 1 - Accounting principles**

The annual accounts have been prepared in accordance with the provisions of the Accounting Act and good accounting practice for small enterprises. Pursuant to section 7 of the Accounting Act, nonmandatory disclosures for small enterprises have not been disclosed.

##### **Sales revenue**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

##### **Currency**

Foreign currency items are valued at the exchange rate at the end of the fiscal year.

##### **Inventories**

Raw materials, stores, ore stockpiles, work in progress and finished stocks are physically measured or estimated and valued at the lower of cost and market value. Market value less costs to sell is assessed annually based on the amount estimated to be obtained from sale of the item of inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale.

Weighted average cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure and depreciation and amortisation relating to mining activities, the latter being allocated on the basis of normal operating capacity. As a result of graphite products being co-products from the same mineral separation process, costs are allocated to the various finished products on the basis of the relative sales value of the finished goods produced. Market value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories of consumable supplies and spare parts expected to be used in production are valued at the lower of weighted average cost, which includes the cost of purchase as well as transportation and statutory charges, or market value. Any provision for obsolescence is determined by reference to specific stock items identified.

##### **Property, plant and equipment**

Property, plant and equipment is capitalised and depreciated over the estimated useful economic life. Direct maintenance costs are expensed as incurred, whereas improvements and upgrading are assigned to the acquisition cost and depreciated along with the asset. If the carrying value of a non current asset exceeds the estimated recoverable amount, the asset is written down to the recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

##### **Income tax**

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on the basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period. Deferred tax assets are recorded in the balance sheet to the extent it is more likely than not that the tax assets will be utilised.



To the extent group contribution is not registered in the profit and loss, the tax effect of group contribution is posted directly against the investment in the balance.

#### Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Contingent losses that are probable and quantifiable are expensed as occurred.

## Note 2 - Share equity and shareholder information

The share equity consists of:

	<b>Number</b>	<b>Nominal Value</b>	<b>Carrying (NOK)</b>
Ordinary Shares	2,273	1000	2,273,000

Overview of the company's shareholders as at 31-DEC:

	<b>Ordinary</b>	<b>Nominal</b>	<b>Ownership</b>	<b>Voting</b>
MRC Graphite (Norway) Pty Ltd	2,046	900	90%	90%
BSG Mining LLC	227	100	10%	10%
Total	2,273	1000	100%	100%

## Note 3 – Cost of Goods Sold

Cost of Goods Sold include the following material expenditure items:

<i>Mining and Processing Costs</i>	<b>2020</b>
Contractors	4,856,331
Transport	3,827,600
Maintenance and parts	2,649,984

## Note 4 - Payroll costs, number of employees, employee loans, and remuneration to the accountant

<i>Payroll costs</i>	<b>2020</b>	<b>2019</b>
Salaries	19,244,450	17,313,850
Retirement costs and pensions	1,313,341	3,855,776
Other benefits	-	15,006
Total	20,557,791	21,184,632

The company has employed a total of 38 full-time equivalents during the fiscal year.



<i>Benefits to the CEO</i>	<b>2020</b>	<b>2019</b>
Salary	1,566,954	794,673
Bonuses	-	31,960
Other remuneration	-	10,374

The company is required to have an occupational retirement plan under the Mandatory Occupational Pensions Act. The company's retirement plans meet the requirements of this Act.

<i>Remuneration to the accountant is divided into the following:</i>	<b>2020</b>	<b>2019</b>
Statutory audit	195,500	139,450
Other attestation services	34,350	6,250
Other services	47,325	20,760

## Note 5 – Property plant and equipment

Cost or Valuation	Mine Development	Land, buildings and other properties	Right of use		Decommissioning Asset	Total
			Machines	assets Work in Progress		
At 1 January 2020	51,101,959	8,955,223	9,641,197	-	-	69,698,379
Additions	8,268,867	-	6,160	6,744,955	3,961,949	19,931,931
Disposals	-	-	-	-	-	-
Depreciation	(5,305,036)	(863,873)	(992,854)	(2,402,631)	-	(9,683,144)
<b>At 31 December</b>	<b>54,065,790</b>	<b>8,091,350</b>	<b>8,654,503</b>	<b>4,342,324</b>	<b>3,961,949</b>	<b>79,947,166</b>

## Note 6 - Income taxes

<i>Tax base estimation</i>	<b>2020</b>	<b>2019</b>
Ordinary result before tax	(32,864,544)	(188,706)
Changes in temporary differences	310,569	1,871,562
General income	(32,553,975)	1,682,856
Carry forward losses	-	(1,682,856)
Tax base	-	-

<i>Temporary differences outlined</i>	<b>2020</b>	<b>2019</b>
Fixed assets	(2,460,979)	(2,934,078)
Pension	117,648	117,694
Leases	166,378	-
Provisions	(950,000)	-
Total	(3,126,953)	(2,816,384)
Carry forward losses	(32,553,975)	(6,507,432)
Temporary differences	(35,680,928)	(9,323,816)
Deferred tax asset (22%)	(7,849,804)	(2,051,240)

Deferred tax asset is not recognised



## Note 7 – Changes in equity

	Share capital	Other equity	Total
As at 31 December 2019	2,273,000	(2,459,429)	(186,429)
Loss for the period	-	(32,864,544)	(32,864,544)
As at 31 December 2020	<u>2,273,000</u>	<u>(35,323,973)</u>	<u>(33,050,973)</u>

## Note 8 - Debt to companies in the same group

	2020	2019
“MRC Graphite (Norway) Pty Ltd”	86,375,267	42,356,222

## Note 9 – Loans and borrowings

Loans and borrowings due <5 years	32,365,156	28,531,710
Loans and borrowings due >5 years	-	-
Total	<u>32,365,156</u>	<u>28,531,710</u>

The loans and borrowings are covered by financial support from the parent company as outlined in Note 10

## Note 10 – Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

We draw your attention to the fact that as at 31 December 2020, the company has accumulated losses of NOK 35,323,973, with a loss recorded for the year of NOK 32,864,544. Skaland Graphite AS has received a letter of financial support from its ultimate parent company Mineral Commodities Ltd (“MRC”) a listed company on the Australian Stock Exchange (“ASX”). The parent company has confirmed that it will continue to provide financial support, for the ongoing of the operations of Skaland Graphite AS, and not call for repayment of the outstanding intercompany loan until such a time that Skaland Graphite AS has the ability to service the loan for a period through to at least 31 December 2021.



**RESOLUTION OF THE DIRECTORS OF SKALAND GRAPHITE AS**

ORGANISATION NO: 986002480

("the Company")

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

We, being all the directors of the company for the time being and entitled to attend and vote at a Board meeting hereby **RESOLVE** the following:

1. That the attached Annual Financial Statements of the Company for the Year Ended 31 December 2020 are hereby approved.

THUS DONE AND SIGNED THIS 29TH DAY OF SEPTEMBER 2021

R TIPPER

J SKULBRU

F HANCOCK

A C LOWRIE

T ABELSEN

A A NANIA



Our date 26.05.2020	Your date 16.04.2020	Case officer Vibeke Horne
800 80 000 skatteetaten.no	Your reference SKA-FIN-LTR- 2020/4180	Telephone +4732212250
Org. nr. 974761076	Our reference 2020/5414180	Postal address Postboks 9200 Grønland 0134 OSLO

SKALAND GRAPHITE AS  
Bergsfjordveien 1668  
9385 SKALAND

*Callers from abroad, please call +47 22 07 70 00*

Att. Adam Bick

## Permission to prepare the annual accounts and directors' report in English language for Skaland Graphite AS, org. no 986 002 480

With reference to your letter of 16 April 2020 with respect to the above matter regarding Skaland Graphite AS.

Based on a total evaluation, the view of the tax office is that Skaland Graphite AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

### Background

Skaland Graphite AS is a 100 % owned subsidiary of a foreign company. The company conducts business related to the mining industry. The company has professional customers. English is the company's working language and they got foreign board members.

### Condition for the permission

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information."



One of the main goals of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the company is a subsidiary of a foreign company and is a part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state "our reference" (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne  
Adviser  
Customer Interaction Division, Customer Service  
The Norwegian Tax Administration

*This document has been electronically approved and therefore has no handwritten signatures.*



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Skaland Graphite AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Skaland Graphite AS, which comprise the balance sheet as at 31 December 2020 and the income statement 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 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.

#### Responsibilities of management for the financial statements

The Board of Directors and Chief Executive Officer (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



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- 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 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.

### Other matters

The Board and Chief Executive Officer has not presented the financial statements for the accounting year 2020 by the statutory deadline.

Tromsø, 30 September 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.)

Independent auditor's report - Skaland Graphite AS

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## Kai Astor Frøseth

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