



Amaroq Minerals Ltd.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2022

*The attached financial statements have been prepared by Management of
Amaroq Minerals Ltd. and have not been reviewed by the auditor*

Amaroq Minerals Ltd.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at June 30, 2022	As at December 31, 2021
		\$	\$
ASSETS			
Current assets			
Cash		19,494,000	27,324,459
Sales tax receivable		84,429	51,250
Prepaid expenses and others		84,234	266,617
Total current assets		19,662,663	27,642,326
Non-current assets			
Deposit		27,944	9,805
Escrow account for environmental monitoring		397,115	424,637
Mineral properties	3	62,244	62,244
Capital assets	4	14,468,155	14,642,652
Total non-current assets		14,955,458	15,139,338
TOTAL ASSETS		34,618,121	42,781,664
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		2,810,526	2,049,249
Lease liabilities – current portion	5	70,029	50,835
Total current liabilities		2,880,555	2,100,084
Non-current liabilities			
Lease liabilities	5	693,641	713,078
Total non-current liabilities		693,641	713,078
Total liabilities		3,574,196	2,813,162
Equity			
Capital stock		88,595,905	88,500,205
Contributed surplus		4,740,583	3,300,723
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(62,255,791)	(51,795,654)
Total equity		31,043,925	39,968,502
TOTAL LIABILITIES AND EQUITY		34,618,121	42,781,664

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Consolidated Statements of Comprehensive Loss

(Unaudited, in Canadian Dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2022	2021	2022	2021
Expenses					
Exploration and evaluation expenses	7	4,425,501	1,998,049	5,435,831	3,245,196
General and administrative	8	2,097,937	2,453,578	5,086,708	4,038,649
Foreign exchange loss (gain)		(173,880)	157,092	(26,693)	647,691
Operating loss		6,349,558	4,608,719	10,495,846	7,931,536
Other expenses (income)					
Interest income		(34,392)	(41,859)	(54,717)	(85,929)
Finance costs		9,473	10,103	19,008	20,408
Net loss and comprehensive loss		(6,324,639)	(4,576,963)	(10,460,137)	(7,866,015)

Weighted average number of common shares outstanding - basic and diluted	177,109,616	177,098,737	177,104,206	177,098,737
Basic and diluted loss per common share	(0.04)	(0.03)	(0.06)	(0.04)

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Amaroq Minerals Ltd.
Consolidated Statements of Changes in Equity
(Unaudited, in Canadian Dollars)

	Number of common shares outstanding	Capital Stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
		\$	\$	\$	\$	\$
Balance at January 1, 2021	177,098,737	88,500,205	2,925,952	(36,772)	(27,106,415)	64,282,970
Net loss and comprehensive loss	-	-	-	-	(7,866,015)	(7,866,015)
Stock-based compensation	-	-	360,000	-	-	360,000
Balance at June 30, 2021	177,098,737	88,500,205	3,285,952	(36,772)	(34,972,430)	56,776,955
Balance at January 1, 2022	177,098,737	88,500,205	3,300,723	(36,772)	(51,795,654)	39,968,502
Net loss and comprehensive loss	-	-	-	-	(10,460,137)	(10,460,137)
Options exercised	110,000	95,700	(40,700)	-	-	55,000
Stock-based compensation	-	-	1,480,560	-	-	1,480,560
Balance at June 30, 2022	177,208,737	88,595,905	4,740,583	(36,772)	(62,255,791)	31,043,925

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Six months ended June 30,	
		2022	2021
		\$	\$
Operating activities			
Net loss for the period		(10,460,137)	(7,866,015)
Adjustments for:			
Depreciation	4	418,075	143,723
Stock-based compensation		1,480,560	360,000
Other expenses (income)		9,048	-
Foreign exchange		(13,571)	644,430
		(8,566,025)	(6,717,862)
Changes in non-cash working capital items:			
Sales tax receivable		(33,179)	(1,732)
Prepaid expenses and others		182,383	280,536
Trade and other payables		815,210	231,188
		964,414	509,992
Cash flow used in operating activities		(7,601,611)	(6,207,870)
Investing activities			
Acquisition of capital assets	4	(301,958)	(2,084,161)
Deposit on order		-	(3,474,030)
Cash flow used in investing activities		(301,958)	(5,558,191)
Financing activities			
Principal repayment – lease liabilities	5	(22,551)	(32,539)
Exercise of stock options		55,000	-
Cash flow from financing activities		32,449	(32,539)
Net change in cash before effects of exchange rate changes on cash during the period		(7,871,120)	(11,798,600)
Effects of exchange rate changes on cash		40,661	(482,763)
Net change in cash during the period		(7,830,459)	(12,281,363)
Cash, beginning of period		27,324,459	61,874,999
Cash, end of period		19,494,000	49,593,636
Supplemental cash flow information			
Interest received		54,717	85,929
Exercise of stock options credited to capital stock		40,700	-

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
Three and six months ended June 30, 2022 and 2021
(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the “Corporation”) (previously known as AEX Gold Inc.) was incorporated on February 22, 2017, under the *Canada Business Corporations Act*. The Corporation’s head office is situated at 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation’s financial year ends on December 31. Since July 2017, the Corporation’s shares are listed on the TSX Venture Exchange (the “TSX-V”) under the AMRQ ticker and since July 2020, the Corporation’s shares are also listed on the AIM market of the London Stock Exchange (“AIM”) under the AMRQ ticker.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 (“Financial Statements”) were approved by the Board of Directors on August 24, 2022.

1.1 Basis of presentation

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2021 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year ended December 31, 2021.

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses past experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions.

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation’s audited annual financial statements for the year ended December 31, 2021. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
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(Unaudited, in Canadian Dollars)

3. MINERAL PROPERTIES

	As at December 31, 2021	Additions	As at June 30, 2022
	\$	\$	\$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	6,076	-	6,076
Saarloq	7,348	-	7,348
Anoritooq	6,389	-	6,389
Sava	6,562	-	6,562
Total mineral properties	62,244	-	62,244

	As at December 31, 2020	Additions	As at December 31, 2021
	\$	\$	\$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	6,076	-	6,076
Saarloq	7,348	-	7,348
Anoritooq	6,389	-	6,389
Sava	6,562	-	6,562
Total mineral properties	62,244	-	62,244

4. CAPITAL ASSETS

	Field equipment and infrastruc- ture \$	Vehicles and rolling stock \$	Equipment (including software) \$	Construc- tion In Progress \$	Right-of- use assets \$	Total \$
Six months ended June 30, 2022						
Opening net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652
Additions	-	-	179,041	69,417	-	248,458
Adjustment	-	-	-	-	(4,880)	(4,880)
Depreciation	(129,183)	(219,223)	(29,895)	-	(39,774)	(418,075)
Closing net book value	1,859,931	4,085,486	305,157	7,522,085	695,496	14,468,155
As at June 30, 2022						
Cost	2,351,041	4,605,320	364,919	7,522,085	836,200	15,679,565
Accumulated depreciation	(491,110)	(519,834)	(59,762)	-	(140,704)	(1,211,410)
Closing net book value	1,859,931	4,085,486	305,157	7,522,085	695,496	14,468,155

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
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4. CAPITAL ASSETS (CONT'D)

Depreciation of capital assets related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of \$363,461 (\$98,632 for the six months ended June 30, 2021) was expensed as exploration and evaluation expenses during the six months ended June 30, 2022.

As at June 30, 2022, the Corporation had capital asset purchase commitments, net of deposit on order, of \$nil (\$6,030,167 as at June 30, 2021). These commitments related to purchases of equipment, infrastructure and vehicles.

As of June 30, 2022, the amount of \$7,522,085 of construction in progress is related to equipment and infrastructure received or in storage and which will be installed at the appropriate time. Equipment and infrastructure include process plant components that are not yet available for use.

5. LEASE LIABILITIES

	As at June 30 2022
	\$
Balance beginning	763,913
Principal repayment	(22,551)
Adjustment	22,308
Balance ending	763,670
Non-current portion – lease liabilities	(693,641)
Current portion – lease liabilities	70,029

6. STOCK OPTIONS

An incentive stock option plan (the “Plan”) was approved initially in 2017 and renewed by shareholders on June 16, 2022. The Plan is a “rolling” plan whereby a maximum of 10% of the issued shares at the time of the grant are reserved for issue under the Plan to executive officers, directors, employees and consultants. The Board of directors grants the stock options and the exercise price of the options shall not be less than the closing price on the last trading day, preceding the grant date. The options have a maximum term of ten years. Options granted pursuant to the Plan shall vest and become exercisable at such time or times as may be determined by the Board, except options granted to consultants providing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

On January 17, 2022, the Corporation granted its officers, employees and consultant 4,100,000 stock options with an exercise price of \$0.60 and expiry date of January 17, 2027. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$1,435,000 for an estimated fair value of \$0.35 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.38% expected volatility, 1.51% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Amaroq Minerals Ltd.
Condensed Notes to the interim Consolidated Financial Statements
Three and six months ended June 30, 2022 and 2021
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6. STOCK OPTIONS (CONT'D)

On April 20, 2022, the Corporation granted a senior employee 73,333 stock options with an exercise price of \$0.75 and expiry date of April 20, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to \$32,267 for an estimated fair value of \$0.44 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 68.9% expected volatility, 2.7% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

Changes in stock options are as follows:

	Six months ended June 30, 2022	
	Number of options	Weighted average exercise price
		\$
Balance, beginning	6,935,000	0.51
Granted	4,173,333	0.60
Exercised	(110,000)	0.50
Balance, end	10,998,333	0.55
Balance, end exercisable	10,865,000	0.55

Stock options outstanding and exercisable as at June 30, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,050,000	1,050,000	0.50	July 13, 2022 (expired)
1,360,000	1,360,000	0.45	August 22, 2023
1,820,000	1,820,000	0.38	December 31, 2025
100,000	33,333	0.50	July 5, 2026
100,000	33,333	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 2026
4,100,000	4,100,000	0.60	January 17, 2027
900,000	900,000	0.59	December 31, 2027
73,333	73,333	0.75	April 20, 2027
10,998,333	10,864,999		

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7. EXPLORATION AND EVALUATION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Geology	651,211	562,416	805,632	705,954
Lodging and on-site support	35,255	64,523	35,255	64,523
Underground work	-	18,588	-	18,589
Drilling	1,250,066	287,760	1,290,527	287,760
Analysis	-	5,362	141,382	84,581
Transport	54,076	21,455	143,215	22,413
Supplies and equipment	360,158	-	360,158	-
Helicopter charter	442,824	109,024	442,824	109,024
Logistic support	90,356	64,913	102,108	86,114
Insurance	(13,200)	45	-	8,707
Maintenance infrastructure	1,373,127	-	1,743,375	-
Project Engineering costs	-	804,267	-	1,736,133
Government fees	-	10,380	7,894	22,766
Depreciation	181,628	49,316	363,461	98,632
Exploration and evaluation expenses	4,425,501	1,998,049	5,435,831	3,245,196

8. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries and benefits	601,769	667,453	1,241,768	1,054,961
Stock-based compensation	36,698	360,000	1,480,560	360,000
Director's fees	157,000	116,879	314,000	236,379
Professional fees	748,904	690,594	1,024,612	1,246,949
Marketing and industry involvement	133,811	190,609	302,678	356,332
Insurance	104,651	148,377	205,670	266,342
Travel and other expenses	238,656	172,156	384,571	302,365
Regulatory fees	43,971	84,965	78,235	170,230
Depreciation	32,477	22,545	54,614	45,091
General and administration	2,097,937	2,453,578	5,086,708	4,038,649

9. SUBSEQUENT EVENTS

9.1 Options granted

On July 14, 2022, the Corporation granted an employee 39,062 stock options with an exercise price of \$0.64 and expiry date of July 14, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant.

Amaroq Minerals Ltd.

Condensed Notes to the interim Consolidated Financial Statements

Three and six months ended June 30, 2022 and 2021

(Unaudited, in Canadian Dollars)

9. SUBSEQUENT EVENTS (CONT'D)

9.2 Acquisition of Significant Strategic Mineral Land Package in South Greenland

On May 12, 2022, the Corporation announced that it has acquired mineral exploration licences No. 2020-41 and 2021-11 (the "Licences") covering areas in South Greenland from Orano Group ("Orano") for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on potential future sales of minerals exploited on the licences. The GRR is paid annually and capped at US\$10 million ("Royalties Cap"). The Royalties Cap is subject to an annual inflation adjustment, with an ultimate cap limited to the current market capitalisation of the Corporation. Orano has a right of first refusal on any sales or transfer of licenses. The acquisition is subject to approval from the Greenland Government.

9.3 ACAM LP To Invest Upfront Capital in Strategic Mineral Asset Joint Venture with Amaroq

On June 10, 2022, the Corporation announced that it has now signed a non-binding head of terms with ACAM LP ("ACAM") to establish a special purpose vehicle (the "SPV") and create a joint venture (the "JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of GBP36.7 million (circa \$58.0 million). Subject to negotiation of the final terms of the JV, ACAM will invest GBP18.0 million (circa \$28.5 million) in exchange for a 49% shareholding in the SPV, with Amaroq holding 51%. Amaroq is expected to contribute its Strategic non-precious Mineral (i.e. non-gold) licences as well as a contribution in kind, valued, in aggregate, at GBP18.7 million (circa \$29.5 million) in the form of site support, logistics and overhead costs associated with utilizing its existing infrastructure in Southern Greenland to support the JV's activities. The transfer of these licences is subject to approval from the Greenland Government. An option for further future funding of GBP10.0 million (circa \$16.0 million) is to be available on the achievement of agreed milestones.