



Amaroq Minerals Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

QUARTERLY HIGHLIGHTS

Three months ended March 31, 2024

Amaroq Minerals Ltd.

Management Discussion & Analysis

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Management Discussion & Analysis

For the three months ended March 31, 2024

This Management's Discussion and Analysis ("MD&A") of Amaroq Minerals Ltd. (the "Corporation"), and its subsidiary companies and joint arrangements provide a detailed analysis of the Corporation's business and compare its financial results with those of the previous periods. This MD&A is dated as of May 14, 2024 and should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for three-months ended March 31, 2024 (the "Financial Statements"), as well as with the MD&A and audited financial statements for the year ended December 31, 2023. The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise noted.

Further information regarding the Corporation, including the Corporation's press release, quarterly and annual reports, Annual Information Form are available electronically on the System for Electronic Data Analysis and Retrieval + (SEDAR+) in Canada and can be found on www.sedarplus.ca. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period
Q4-22	October 1, 2022 to December 31, 2022
2022	January 1, 2022 to December 31, 2022
Q1-23	January 1, 2023 to March 31, 2023
Q2-23	April 1, 2023 to June 30, 2023
Q3-23	July 1, 2023 to September 30, 2023
Q4-23	October 1, 2023 to December 31, 2023
2023	January 1, 2023 to December 31, 2023
Q3-23	July 1, 2023 to September 30, 2023
Q4-23	October 1, 2023 to December 31, 2023

1. NATURE OF ACTIVITIES

Amaroq was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's registered 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 and it owns interests in properties located in Greenland. The Corporation's shares are listed (under the AMRQ ticker) on the TSX Venture Exchange (the "TSX- V") since July 2017; also, on the AIM market of the London Stock Exchange ("AIM") since July 2020 and from November 1, 2022, on Nasdaq First North Growth Market Iceland which were transferred to the Nasdaq Main Market Iceland ("Nasdaq") on September 21, 2023.

Amaroq is in the process of restarting its cornerstone Nalunaq mine and concurrently the construction of an on-site processing plant to produce and sell gold dore as a means to become self-funded in order to unlock the true mineral potential of its large licence holdings in Greenland and deliver significant value to all stakeholders. The Corporation is actively exploring for, what we believe to be world class gold deposits in Vagar and Nanoq, and through the joint venture with GCAM (the "Joint Venture" or "JV"), has expanded its focus to exploring for strategic minerals in Sava, Stendalen, Paatusoq and Kobberminebugt to potentially fill the growing supply gap.

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2. OPERATIONAL PERFORMANCE HIGHLIGHTS

For the three-months ended March 2024 the Corporation's main focus continued to be the finishing of the Nalunaq Underground Mine rehabilitation and to start underground development in Mountain Block with the first stope blast on March 30, 2024 at the 720 level whilst concurrently constructing a 300 tonne per day process plant and associated infrastructure that will produce gold dore on site. During the quarter and ahead of the first blast, the new explosives storage facility was fully permitted, commissioned and handed over to the mining team for operations. The Nalunaq project team also completed the expansion and winterization of the camp during February 2024.

The Corporation has also been conducting detailed planning of the 2024 exploration activities both across the gold and strategic metal portfolio. In preparation for the strategic mineral programs, the geological teams have been conducting further review and interpretations from the 2023 exploration results assisted by a number of external experts. Specifically, geophysical data from Sava, Stendalen, Kobberminebugt and Nunrasuit project has been assessed to refine geological targets for 2024.

2.1 Q1-24 Consolidated Financial Results

Period ended March 31, 2024	Three months	Three months
	2024	2023
		\$
Financial Results		
Exploration and evaluation expenses	875,213	1,181,653
General and administrative expenses	3,959,226	2,577,035
Loss on disposal of capital assets	-	37,791
Foreign exchange loss (gain)	79,509	(197,004)
Interest income	(15,326)	(231,319)
Garda management income and allocated cost	(636,326)	-
Share of net losses of joint arrangement	646,432	-
Unrealized loss on derivative liability	4,300,213	-
Finance costs	8,574	8,737
Net loss and comprehensive loss	(9,217,515)	(3,376,893)
Net loss per share, diluted	(0.03)	(0.01)
Financial Position		
Cash	65,086,851	46,784,407
Investment in equity-accounted joint arrangement	22,846,379	-
Total assets	179,887,713	62,010,593
Total current liabilities	48,922,487	1,091,187
Shareholders' equity	130,283,503	60,280,742
Working capital (before convertible notes liability) ¹	78,210,475	46,738,567
Working capital (convertible notes liability included)	36,659,134	46,738,567

¹ Working Capital as per the Consolidated Statement of Financial Position as at March 31 2024 is \$36,659,134 and includes \$41,551,341 of Convertible Notes liability- hybrid instrument with complex embedded derivatives due to its early conversion and repayment feature components. According to the Corporation's Financial Instruments accounting policy (Note 6 of the Financial Statements), host liability and embedded derivative liability are to be classified as current due to its early conversion feature (Note 6.2 of the Financial Statements).

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2.2 2024 Financial Performance Highlights

	Q1-24	Q4-23	Q3-23	Q2-23
		\$	\$	\$
Exploration and evaluation expenses	875,213	879,266	2,277,540	2,278,193
Site development costs	-	690,179	-	1,825,564
General and administrative expenses	3,959,226	5,616,655	2,632,041	2,806,181
(Gain) on loss of control of subsidiary	-	-	-	(31,340,880)
Share of net losses of joint arrangement	646,432	2,871,156	3,381,749	1,639,482
Net (loss)/income	(9,217,515)	(14,259,099)	(6,555,222)	23,357,701
Net (loss)/income per share, diluted	(0.03)	(0.05)	(0.02)	0.09
Cash	65,086,851	21,014,633	53,655,954	39,669,852
Investment in equity-accounted joint arrangement	22,846,379	23,492,811	26,363,967	29,745,716
Total assets	179,887,71	106,953,183	111,193,232	87,686,844
Total current liabilities	48,922,487	42,097,312	32,613,568	2,980,657
Shareholders' equity	130,283,503	64,278,637	77,982,519	84,089,457
Working capital (before convertible notes liability) ²	78,210,475	37,614,068	58,690,733	41,017,725
Working Capital (convertible notes liability included)	36,659,134	1,870,941	28,895,835	41,017,725,

	Q1-23	Q4-22	Q3-22	Q2-22
	\$	\$	\$	\$
Exploration and evaluation expenses	1,181,653	1,697,334	5,567,361	4,425,501
Site development costs	-	-	-	-
General and administrative expenses	2,577,035	3,203,588	1,859,725	2,097,937
(Gain) on loss of control of subsidiary	-	-	-	-
Share of loss of joint arrangement	-	-	-	-
Net (loss)	(3,376,893)	(4,426,345)	(7,012,481)	(6,324,639)
Net (loss) per share, diluted	(0.01)	(0.02)	(0.04)	(0.04)
Cash on hand	46,784,407	50,137,569	11,032,487	19,494,000
Investment in equity-accounted joint arrangement	-	-	-	-
Total assets	62,010,593	65,096,061	26,028,307	34,618,121
Total current liabilities	1,091,187	1,210,758	1,227,741	2,880,555
Shareholders' equity	60,280,742	63,227,863	24,124,912	31,043,925
Working Capital	46,738,567	49,472,991	10,065,234	16,782,108

The Corporation reported a net loss of \$9,217,515 in Q1-24 compared to net loss of \$3,376,893 for Q1-23. The main variations are as follow:

- Exploration and evaluation expenses of \$875,213 (\$1,181,653 in Q1-23), mainly representing the costs associated with continual review work upon a number of the Company's targets and the preparation for the 2024 field programmes. These have included:
 - Detailed exploration design for 2024/2025 programmes across Nalunaq, Vagar, Nanoq gold targets
- General and administrative costs of \$3,959,227 (\$2,577,035 in Q1-23).
 - Salaries and benefits of \$869,415 (\$617,589 in Q1-23). Salaries and benefits are expected to

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- increase over the next couple of quarters as manpower is increased to complete the construction of the processing plant, manage on-site stores and warehousing, coordinate site rotations and logistics and collection of ESG related data. This cost is also expected to increase as Nalunaq transitions from construction to commissioning and operations.
- Stock-based compensation of \$712,306 (\$451,014 in Q1-2023). The Corporation has implemented a Restricted Share Unit Plan (“RSU”) to incentivize delivery of the exceptional shareholder returns over the longer-term and to align the interests of Senior Executives with those of shareholders. Under the RSU, participants share in a “RSU pool” of up to 10% in excess of the growth in the Corporation’s value. The Corporation’s value for purposes of the “RSU pool” is determined using a hurdle rate of 10% pa over a performance period commencing on January 1, 2022. Part of the RSU pool will be reserved for future participants. Growth in value is based on the change in share price, with an adjustment for any dividends paid during the period (to the extent such distributions are made), based on the same number of shares in issue at the start of the performance period. Awards were granted to participants on December 31, 2022 and October 13, 2023. \$711,500 recorded in three months ended March 31, 2023 represents the recognition of the three-month expense based on the fair valuation of the RSU pool for current participants which increased from four to five members of the Executive team, as well as RSU plan amendment that increased the number of shares available for the conditional award to be 10% of the issued share capital at the time of the award instead of 10% of a fixed share capital amount of 177,098,740. Further details on the RSU description and valuation are provided under Note 8.2 of March 31, 2024 Financial Statements.
 - Professional fees of \$939,809 (\$611,878 in Q1-23). Increase in professional fees is mainly due to additional advisory costs related to the measurement and valuation of complex financial instruments and associated disclosures.
 - Investor Relations and Communication of \$166,037(\$141,968 in Q1-23) is slightly higher than for the same period of 2023 mainly driven by increased interaction with investors due to equity raise in February 2024.
 - Insurance of \$78,916 (\$67,602 in Q1-2023). The increase is mainly driven by slightly higher market rates for general liability insurance and increase in coverage given the progress in construction at Nalunaq.
 - Regulatory fees of \$393,733 (\$212,939 in 2022). The increase in costs reflect the third listing by the Corporation together with the subsequent upgrade from the Nasdaq First North Growth (Iceland) listing to the Main Market an includes the associated increase in market making fees.
 - Foreign exchange loss of \$79,509 (gain of \$197,004 in Q1-2023) represents the revaluation of USD and EUR liabilities against a weakening Canadian dollar. In the 3-month of 2024 USD strengthened from 1.32 to 1.35 against the Canadian Dollar and the EUR strengthened from 1.4481 to 1.4701. The gain of \$197,004 for the same period of 2023 was mainly explained by the effects of exchange rate changes on USD and GBP cash which have depreciated against CAD, as well as higher GBP underlying cash balance post November 2022 capital raise.
 - Share of net loss in joint arrangement of \$646,432 in three months ended March 31, 2024 (zero in three months ended March 31, 2023 since the JV was only established in Q3 2023) representing the 51% share of exploration costs incurred by Gardaq A/S within the period from January 1, 2024 to March 31, 2024.
 - Gardaq management income and allocated cost of \$636,326 in three months ended March 31, 2024 (zero in three months of March 31, 2023) representing corporate overhead costs charged by Nalunaq A/S to Gardaq A/S within the period from January 1, 2024 to March 31, 2024.

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2.4 Cash Flow and Liquidity

Cash used in operating activities in the three months ended March 31, 2024, totalled \$4,305,037 compared to \$3,523,271 in three months ended March 31, 2023. Cash used in Q1-24 operations reflects the increased activity on the Nalunaq Project as well as the increase in associated general and administrative costs as discussed under section 2.2. Cash used in operations in Q1-2023 was mostly directed at preparing for 2023 exploration season as well as camp maintenance and corporate overheads.

Cash used in investing activities in the three months ended March 31 2024, was \$26,548,970 (Q1-2023: \$Nil) representing exclusively cash spent on closing out rehabilitation activities in the Nalunaq mine ahead of underground development in Mountain Block and advancing the construction of the 300 tonne per day processing plant, finishing the 88-man camp expansion and winterization, as well as associated surface infrastructure such as the explosives magazine. During Q1-24, and associated with the receipt of the explosive permit, plant construction permit and the bulk mining permit, the Corporation had to update the environmental rehabilitation liability and subsequently increase the amount held in escrow by the MLSA from \$0.6 million to \$5.7 million.

Cash received from financing activities in the three months ended March 31, 2024, was \$74,509,357, compared to cash used in financing activities of \$26,474, during the three months ended March 31, 2023. Cash inflow in Q1-24 is mainly driven by the capital raise of GBP 44 million or \$78.4 million of gross proceeds which closed on Feb 12, 2024. As at March 31, 2024, aside from \$64.4 million available cash, the Corporation had undrawn revolving credit facilities of \$38.5 million, representing total liquidity of \$103.6 million.

As at March 31, 2024, the Corporation has working capital (before convertible note liability) of \$78,210,475 compared to \$37,614,068 as of December 31, 2023.

3. CORPORATE UPDATE

3.1 GBP 44 million Fundraising

On February 13, 2024, the Company announced the successful completion of its oversubscribed fundraising which resulted in a total of 62,724,758 new common shares conditionally placed with new and existing institutional investors at a placing price of 74 pence (CAD \$1.25, ISK 127 at the closing exchange rate on 9 February 2024). The placing price represented a 5.7% premium to the closing share price on 9 February 2024 on the AIM exchange. The fundraising consisted of:

- A placing of new common shares with new and existing institutional investors at the placing price (the "UK Placing"). Stifel Nicolaus Europe Limited acted as the sole bookrunner and broker on the UK Placing.
- A placing of new depository receipts representing new common shares with new and existing investors at the placing price (the "Icelandic Placing"). Landsbankinn hf. and Fossar Investment Bank hf. acted as joint bookrunners on the Icelandic Placing and Landsbankinn hf. acted as underwriter.
- A private placement of new common shares by certain existing institutional investors and a director of the Company at the placing price (the "Canadian Subscription"). Amaroq director, Sigurbjorn Thorkelsson, participated in the Canadian Subscription for an aggregate of 2,700,000 common shares for gross proceeds of £2.0 million (equivalent to approx. C\$3.4 million or ISK 343 million) via Klettur LP (in which he is a sole beneficiary).

As a result of the subscription, net proceeds of approximately GBP 44 million (CAD 75 million) have been raised, exceeding the initial targeted amount of GBP 30 million. The issued shares were credited as fully paid and rank *pari passu* in all respects with the existing common shares of the Company. Following the admission of the subscribed shares, Amaroq's total issued share capital consists of 326,455,446 common shares.

The proceeds of the fund will be used to further advance exploration at the Company's Vagar and Nanoq licenses and to fund an additional capital injection into its Garda joint venture, as well as to accelerate mining and development of the Company's Nalunaq gold project. The Fundraising closed on February 23, 2024.

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3.2 Directorate Change

The Corporation's Chief Financial Officer and Director Jaco Crouse will be stepping down from his position as CFO and Director effective June 3rd. The Corporation has initiated a process to appoint a new Chief Financial Officer and will update the market in due course.

3.3 Sustainability Report

The Company will issue its inaugural Sustainability Report for 2023 in Q2-24.

4. OPERATIONAL UPDATES

4.1 Nalunaq Project Development

1. **Engineering:** Process plant detailed design and engineering was 86% complete at the end of Q1-24 based on the updated project scope.
2. **Contracting and Procurement:** At the end of Q1-24, 81% of the key contracts for the processing plant were concluded and procurement was 81% complete. The last major contract for structural, mechanical, piping and processing plant equipment installation was awarded to Scott Steel Erectors in early April.
3. **Construction:** Processing plant pad construction is 95% complete, Precast foundations received and on site, foundation excavations completed, all plinths installed up to crusher area. Erection of processing plant steel structure is in progress. Overall processing plant construction is 24% complete.
4. **Mine Rehabilitation and Development:** Mine rehabilitation was completed in mid-March, followed by the first development blast on March 30th in the 720L sump access. Development work continues in 720L sump access and 724 - 732L Mountain Block incline accessing the first ore sublevel. The staging in front of the ore pass on 300L was dismantled to allow access to the ore pass, with ongoing work to be completed by the end of May. Rehabilitation of 570L access has started to establish underground diamond drill location for drilling-off the Target Block extension. Main fans have been installed at 690L Mountain Block and 580L Target Block. Surface powder magazine has been commissioned and is in use. Mine equipment, including the second development drill and two ST-7 scoops, are on route to Greenland and awaiting delivery to site as per schedule. MineArc refuge stations installed on 580 Target Block and at the 710 Mountain Block. Leaky feeder communication system to be installed in the coming weeks.

4.2 Gold Exploration Projects

- **Nalunaq**
 - Additional 75 vein intersections from historical core drilling have been selected using core photography and will be assessed and sampled during Q2 2024.
 - Resource development exploration programme have been assessed and designed to work alongside continued underground rehabilitation and development activities.
- **Nanoq**
 - Further desked based modelling from the ALS Goldspot interpretation has allowed the Company to produce detailed resource drilling plans that can be actioned on in 2024/25
- **Vagar Ridge**
 - The Corporation has progressed with the construction of a robust geological and mineralization model to inform future exploration at Vagar as well as designing future exploration options.

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4.3 Strategic Minerals Projects (Amaroq 51%)

- **Sava Copper Belt (Sava/North Sava)**
 - Amaroq has continue to assess the results from the 2023 field season alongside recognised subject matter experts in porphyry mineralisation s they develop their 2024 exploration programmes.

- **Stendalen**
 - Geophysical data points to the likely feeder zone and other sulphide accumulation areas.
 - Drilling data and 3rd party advice have been incorporated into further geophysical inversions of the data collected in 2023 as the Company develops is detailed 2024 exploration field programmes.

- **Kobberminebugt:**
 - High resolution geophysical data (MT) has been received and inverted for the Kobberminebugt licence and is currently being reviewed ahead of the development of a 2024 field programme.

- **Nunarsuit**
 - High resolution geophysical data (Magnetics, Gravity and Radiometrics) has been received for the western sections of the licence and is currently being reviewed ahead of the development of a 2024 field programme.

- **Regional Exploration**
 - The Company has continued its desk based regional exploration programmes developing further targets to be assessed as part of the 2024 field programmes.

5. PROPERTY ACQUISITION

No further property acquisitions have occurred during the reporting period.

6. EXPLORATION AND EVALUATION EXPENSES

Exploration and evaluation expenses are included in the operating loss in the consolidated statement of comprehensive gain.

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The Corporation incurred the following exploration and evaluation expenses:

	Q1-24	Q1-23
	\$	\$
Nalunaq - Au		
Geology	13,997	68,192
Lodging and on-site support	184,469	-
Drilling	-	-
Analysis	5,033	-
Transport	-	169,200
Helicopter charter	-	53,301
Logistic support	-	-
Insurance	-	-
Maintenance infrastructure	480,754	293,925
Supplies and equipment	31,722	168,335
Project engineering	-	55,792
Government fees	1,976	-
Depreciation	157,262	164,011
	875,213	972,756
Sava – Strategic Minerals		
Geology	-	44,193
Transport	-	135,000
Helicopter charter	-	26,566
Maintenance infrastructure	-	195
Supplies and equipment	-	2,223
	-	208,897
Total		
Geology	13,997	113,105
Lodging and on-site support	184,469	-
Underground works	-	-
Drilling	-	-
Analysis	5,033	-
Transport	-	304,200
Helicopter charter	-	79,867
Logistic support	-	-
Insurance	-	-
Maintenance infrastructure	480,754	294,120
Supplies and equipment	31,722	170,558
Project Engineering costs	-	55,792
Government fees	1,976	-
Depreciation	157,262	164,011
Total exploration and evaluation expenses	875,213	1,181,653

James Gilbertson CGeol, Vice President – Exploration of the Corporation and a Chartered Geologist with the Geological Society of London and as such a qualified person as defined in NI 43-101, supervised the preparation of the technical information in this report.

7. 2024 OUTLOOK

- **Permitting:** The public consultation for the Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) for Nalunaq closed on the 1st of March 2024. The Corporation is following the process agreed with the Government of Greenland to respond to the small number of comments received.
- **Engineering:** Engineering for the processing plant is expected to be completed in Q2 2024.

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- **Procurement and Contracting:** The remaining contracts are expected to be concluded in Q2 2024.
- **Construction of the Process Plant:** The erection of the steel structure of the process plant building is expected to complete in the beginning of June 2024 and the installation of the mechanical and electrical process plant components is scheduled for Q3-24. Tailings Filter Press and Thickener are due to arrive at site in the beginning of August and commissioning is planned for the end of Q3-24.
- **Mining:** Underground operations team expects to mine first gold ore near the end of May, 2024. An updated guidance for estimated final capital project costs will be presented at an investor event in Q2-24. The production guidance for 2025 is scheduled to be released in Q4-2024.
- **Support Infrastructure:** In Q3-24 an additional accommodation wing will be added which will allow Amaroq to accommodate in total up to 120 persons and allow main contractors responsible for equipment mechanical, electrical and instrumentation works to be performed in parallel with construction concrete and structural works. This will allow to compensate for delays during the winter months due to the adverse weather conditions.
- **Nalunaq Exploration:** Both surface and underground exploration will continue to target extension of the Mountain and Target Blocks as well as further delineating the newly discovered 75 Vein. The Corporation will publish an updated resource statement for Nalunaq in Q1 2025.
- **Strategic Minerals:** Ni-Cu exploration will continue at the Stendalen discovery with an expanded drilling programme targeting sulphide zone. Exploration at Target West and across the Copper belt will look to further expand the identified copper mineralisation and assess high grade potential. Regional exploration will focus on additional copper target within the Copperbelt, Ni-Cu sulphide target similar to Stendalen and REE targeting at Nunarsuit.

7.1 2024 OPERATIONAL WORKPLAN

Nalunaq Development Workplan

Nalunaq

- The initiation of the mountain block incline development took place at 724L on April 11, 2024. After this initiation, the achievement of the milestone of accessing the first sill at 732L will involve advancing 60 meters. Following this, an additional 30 meters of development will culminate in finalizing the level access, leading to the establishment of the first sill drive, extending approximately 150 meters in both directions along the strike. This iterative process advances with the project. A ramp, aligned with the ore body's dip and plunge, provides access to the next level, positioned 8 meters above the previous one. Ore access and exposure occur through drifts along the hanging wall at this stage. Extraction of ore between these levels is then achieved using the long hole retreat method.
- The diamond drilling exploration of the Target Block depends on rehabilitating 570L TB. Following rehabilitation, diamond drill chamber development will occur, followed by drilling on the 75- and target block veins. Data collected from this exploration program will guide future mining strategies in the area.

Gold Exploration Projects

Nalunaq

- Following the completion of the underground rehabilitation, exploration will now be conducted from underground as well as surface. The 2024 exploration programme aims to provide additional information and data on the Mountain Block and Target Block extensions to the Main Vein as well as assessing continuity and form of the 75 Vein. This will be conducted through underground and surface core drilling, mountain outcrop channel sampling, historical core re-sampling and detailed underground mapping and channel sampling.

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Nanoq

- Following the expansion of the mineral potential at Nanoq in 2023, the Company aim to continue to build and refine their geological models and exploration logistics thus providing the Company with the optionality to conduct a maiden drilling programme in 2024 or 2025.

Vagar and Surrounding Areas

- Amaroq intend to continue their target generation programmes in the regions close to Nalunaq and the Vagar licence.

Strategic Minerals Projects (Amaroq 51%)

• Sava Copper Belt (Sava/North Sava)

- Following the identification of a copper/molybdenum porphyry system at Target West, the Company intend to continue additional porphyry target generation across the Sava and North Sava licences as well as regionally across the Copper Belt targeting areas that hold the greatest potential to host porphyry systems with a full preserved profile.

• Stendalen

- Following the new Copper-Nickel discovery made at Stendalen, Amaroq intend to mobilise three drill rigs and a semi-permanent camp to site to facilitate an expanded drilling programme. Drilling will focus on intersecting further target areas at the base of the Stendalen intrusion including the interpreted Feeder Zone targeting massive sulphide mineralisation.
- In addition, the Company plan to conduct further ground and downhole geophysics to provide further confidence to the overall extend and geometry of the intrusion and associated sulphide mineralisation.
- Leveraging off the data from this discovery, ground studies will also assess the potential for further target areas with Stendalen and regionally.

• Kobberminebugt

- Amaroq will continue to review the results of the detailed geophysical programme conducted over the Kobberminebugt licence in 2023. Specific geophysical targets will be interpreted, and target generations activities will take place during summer 2024.

• Nunarsuit

- Geophysical data collected during 2023 is currently being fully assessed and Amaroq aim to conduct a targeted field programme on the licence during the summer of 2024. Initial targets will include specific geophysical anomalies as well as outcropping niobium bearing pegmatites.

7.2 ENVIRONMENTAL MONITORING EXPENSES

When Nalunaq A/S purchased the Nalunaq Property on October 15, 2015, it came with an escrow account for environmental monitoring and an environmental monitoring provision. This escrow account was set up in favor of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq Gold Mine. This environmental monitoring program was completed in 2020. In 2024 closure costs associated with the remediation plan and environmental monitoring expenses were further updated to incorporate responsible removal of Nalunaq Project related new infrastructure, process plant building and underground equipment as well as remediation of the site to its original condition and the balance of cash deposit was increased to CAD5,697,902.

8. OFF BALANCE SHEET ARRANGEMENTS

The Corporation does not have significant off-balance-sheet arrangements other than the contractual obligations and commitments mentioned below.

9. TRANSACTIONS BETWEEN RELATED PARTIES

9.1 Gardaq Joint Venture

	2024	2023
	\$	\$
Gardaq management fees and allocated cost	636,326	-
Foreign exchange revaluation	42,115	-
	678,441	-

As at March 31, 2024, the balance receivable from Gardaq amounted to \$4,200,378 (\$nil as at March 31, 2023). This receivable balance represents allocated overhead and general administration costs to manage the exploration work programmes and day-to-day activities of the joint venture. This balance will be converted to shares in Gardaq within 10 business days after the third anniversary of the completion of the Subscription and Shareholder Agreement dated 13 April 2023.

10. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS 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 historical 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. Critical judgments, estimates and assumptions exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described below.

JUDGMENTS

10.1 Impairment of mineral properties and capital assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

10.1.2 Impairment of capital assets

Determining whether to test for impairment of capital assets requires Management's judgement, among other factors, regarding the following: whether capital assets have been in use and depreciated, did market value of capital assets decline, whether net assets of the Corporation are higher than the market capitalization, was there any obsolescence or physical damage recorded to the capital assets, was there an increase to market interest rates.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, Management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

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With regards to the annual impairment test on Construction in Progress, the Management has assessed that the replacement cost approach is the most appropriate for determining the recoverable value of individual assets under CIP. The Corporation has conducted the analysis based on the enquiry of the current market prices obtained from suppliers for each asset under the CIP category as well as the assessment of the recoverable value based on the general Machinery and Equipment as well as Industrial Producer Price index changes from 2021 to 2023. As a result of this analysis, the replacement value of the assets under CIP category has produced a recoverable value that was at least 20% higher than the carrying value of assets under CIP as of December 31, 2023.

10.2 Determination of functional currency

In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, Management determined that the functional currency of the Corporation and its subsidiary is the Canadian dollar.

10.3 Capitalisation of borrowing costs

The Corporation makes judgments on the amount of borrowing costs that are directly attributable to the acquisition of a qualifying asset.

10.4 Technical Feasibility and Commercial Viability (“TCFV”)

Management uses significant judgment to determine when TFCV is demonstrable. Technical feasibility refers to the ability to physically construct and operate a mineral project in a technically sound manner to produce a saleable mineral product while commercial viability refers to the ability to mine the mineral asset to generate a reasonable return on investment. Key considerations used to determine if TFCV has been reached included the establishment of confidence about mineralization, results and status of studies, probability of obtaining key permits, the existence of other barriers that may impact mining and the ability to generate a return on investment, confidence of project potential by the Management and the Board of Directors.

Based on the criteria described above, Management has concluded that sufficient evidence existed on September 1, 2023, for the Corporation to declare TFCV for the Nalunaq Project. September 1, 2023, was aligned with the date that the Board of Directors approved and closed the Financing package deal (note 6 of March 31, 2024 Financial Statements), thus supporting the commercial viability of the project.

ESTIMATES AND ASSUMPTIONS

10.5 Environmental monitoring costs

The provisions for environmental monitoring costs are based on estimated future costs using information available at the financial reporting date. Determining these obligations requires significant estimates and assumptions due to the numerous factors that affect the amount ultimately payable. Such factors include estimates of the scope and cost of restoration activities, legislative amendments, known environmental impacts, the effectiveness of reparation and restoration measures and changes in the discount rate. This uncertainty may lead to differences between the actual expense and the provision. At the date of the consolidated statement of financial position, environmental monitoring costs represent Management’s best estimate of the charge that will result when the actual obligation is terminated.

10.6 Restricted Share Units (“RSU”)

For the purpose of determining the fair market value of restricted share unit awards and a number of assumptions are required for input in the pricing model. Determining these assumptions requires significant level of estimates and Management’s judgement.

For equity-settled awards, assumptions must be determined at the date of the grant. Such assumptions include grant calculation date, projection period, share price at grant, exercise price, risk-free rate of interest, dividends, share price volatility and forfeitures. The uncertainty related to the choice of assumptions may

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lead to differences between the actual value of restricted share unit awards and their estimated fair value based on the Monte-Carlo simulation run. At the date of the consolidated statement of financial position, restricted share units award and embedded derivative value represents Management's best estimate of awards fair value vesting at measurement dates stipulated under the RSU award contract.

10.7 Embedded Derivative

For the purpose of determining the fair market value of the embedded derivative a number of assumptions are required for input in the pricing model. Determining these assumptions requires a significant level of estimates and Management's judgement.

Assumptions must be determined at the reporting date. Such assumptions include terms, share price on the reporting date, risk-free rate of interest and volatility.

The uncertainty related to the choice of assumptions may lead to differences between the actual value of the embedded derivative and its estimated fair value based on the Black-Scholes pricing model.

11. CHANGES IN ACCOUNTING POLICIES

The new accounting policies, most relevant standards, amendments and interpretations issued up to the date of the issuance of the 2023 Financial Statements are listed in notes 1, 2 and 3 of the Financial Statements.

12. FINANCIAL INSTRUMENTS

Financial instruments are described in notes 3.18 and 22 of the Financial Statements.

13. CONTRACTUAL COMMITMENTS AND OBLIGATIONS

The Corporation has 4 exploration licences, Tartoq, Tartoq NP, Vagar, Nuna Nutaaq, Anoritoq and one exploitation licence, Nalunaq. The total amount of future exploration obligations as at December 31, 2023 for the five exploration licences is DKK 25,156,876 (\$4,933,364 using the exchange rate as at December 31, 2023). For the purpose of crediting expenditures against the amounts set forth in these licences, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditure made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit its statements of expenses for these exploration licences for the 2023 year to the MLSA by April 1, 2024. The details of the exploration commitments are described in note 6 to the 2023 Financial Statements.

The Corporation has capital asset purchase commitments, of \$88,948,607 as at March 31, 2024. These commitments relate to contracts and purchase orders for Nalunaq mine development, process plant and support infrastructure construction, as well as camp major upgrades and expansion.

The Corporation has presently two leases for its office. In October 2020, the Corporation started the lease for five years and five months including five free rent months during this period. The monthly rent is \$8,825 until March 2024 and \$9,070 for the balance of the lease. The Corporation has the option to renew the lease for an additional five-year period at \$9,070 monthly rent indexed annually to the increase of the consumer price index of the previous year for the Montreal area. The total amount of lease liabilities as at March 31, 2024 is \$657,440. On March 1, 2024, the Corporation started two-year lease in Toronto for its Finance, IT and Procurement teams with the option to extend for two more years. The monthly rent is \$5,825 until March 1, 2025 after which the monthly rent may increase as per lease terms. The total amount of lease liabilities as at March 31, 2024 is \$155,847.

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14. OUTSTANDING SHARES DATA

	May 13, 2024	December 31, 2023
	Number	Number
Capital stock	326,455,446	263,670,051
Stocks options	9,038,365	9,188,365
Fully diluted	335,493,811	272,858,416

15. STOCK OPTION PLAN AND RESTRICTED SHARE UNIT PLAN

15.1 Stock option Plan

The purpose of the Option Plan (the “Plan”) is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, senior officers, employees and consultants of the Corporation, to reward such of these participants from time to time for their contributions toward the long-term goals of the Corporation and to enable and encourage such participants to acquire shares as long-term investments. There is no performance indicator relating to profitability or risk attached to the Plan.

The Plan was approved initially in 2017 and renewed by shareholders on June 15, 2023. 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 attributes 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.

15.2 Restricted Share Unit Plan

The success of the Corporation will depend to a high degree on the future performance of the Senior Executives in executing the Corporation's growth strategy. The Restricted Share Unit Plan (“RSU”) was approved initially in 2022 and an amendment to the rules of the RSU Plan was approved by shareholders on June 15, 2023. The Corporation has implemented an RSU to incentivize delivery of this strategy and to align the interests of Senior Executives with those of shareholders.

Under the RSU, participants will share in a “RSU pool” of up to 10% in excess of the growth in the Corporation's value. The Corporation's value for purposes of the ‘RSU pool’ will be determined using a hurdle rate of 10% pa over a performance period commencing on January 1, 2022. Part of the RSU pool will be reserved for future participants. Growth in value will be based on the change in share price, with an adjustment for any dividends paid during the period (to the extent such distributions are made), based on the same number of shares in issue at the start of the performance period. Conditional Awards were granted to participants on December 30, 2022 and October 13, 2023 and part of Restricted Share Units was granted to participants on 23 February 2024 based on the first measurement date.

16. RISK FACTORS

Risk factors are more fully discussed in the Corporation's MD&A in the annual report for the year ended December 31, 2023.

17. DISCLOSURE CONTROLS AND PROCEDURES

The President and Chief Executive Officer (the “CEO”) and the Chief Financial Officer (the “CFO”) of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures (“DCP”) including adherence to the Disclosure Procedures Manual adopted by the Corporation. The Disclosure manual requires all staff to keep senior management fully apprised of all material

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information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public disclosure.

The Corporation maintains DCP designed to ensure that information required to be disclosed in reports filed under applicable Canadian securities laws, is recorded, processed, summarized and reported within the appropriate time periods and that such information is accumulated and communicated to the Corporation's management, including the CEO and CFO, to allow for timely decisions regarding required disclosure.

In designing and evaluating DCP, the Corporation recognizes that any disclosure controls and procedures, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met, and management is required to exercise its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The CEO and CFO have evaluated whether there were changes to the DCP during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the DCP. No such changes were identified through their evaluation.

18. INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's management, including the CEO and the CFO, are responsible for establishing and maintaining adequate internal control over financial reporting ("ICFR") for the Corporation to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The fundamental issue is ensuring all transactions are properly authorized and identified and entered into a well-designed, robust and clearly understood accounting system on a timely basis to minimize risk of inaccuracy, failure to fairly reflect transactions, failure to fairly record transactions necessary to present financial statements in accordance with IFRS, unauthorized receipts and expenditures, or the inability to provide assurance that unauthorized acquisitions or dispositions of assets can be detected.

The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

The CEO and CFO have evaluated whether there were changes to the ICFR during the three months ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the ICFR. No such changes were identified through their evaluation.

19. FORWARD LOOKING INFORMATION

Certain statements in this Management Discussion and Analysis constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws. Such statements and information involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the company, its projects, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict" and other similar terminology, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These statements reflect the Corporation's current expectations regarding future events, performance and results and speak only as of the date of this Management Discussion and Analysis.

Forward-looking statements and information involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements or information, including, but not limited to: material

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adverse changes, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts with the company to perform as agreed; social or labor unrest; changes in commodity prices; and the failure of exploration, refurbishment, development or mining programs or studies to deliver anticipated results or results that would justify and support continued exploration, studies, development or operations.

Amaroq's operational performance and financial results reflect our commitment to sustainable growth. We remain dedicated to maximizing value for our shareholders while adhering to responsible mining practices and managing potential risks proactively.

May 14, 2024

(s) "Eldur Ólafsson"
Eldur Ólafsson
President, CEO and Director

(s) "Jaco Crouse"
Jaco Crouse
CFO