



Amaroq Minerals

Amaroq Minerals Ltd.

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS 2023**

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CORPORATE INFORMATION

DIRECTORS:

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Eldur Olafsson, Founder and Chief Executive Officer

Jaco Crouse, Chief Financial Officer

Liane Kelly, Senior Independent Director

Sigurbjorn ('Siggi') Thorkelsson, Non-Executive Director

Line Frederiksen, Non-Executive Director

David Neuhauser, Non-Executive Director

Warwick Morley-Jepson, Non-Executive Director

CORPORATE SECRETARY:

Joan Plant (to 13 October 2023)

Anna Solotova (from 13 October 2023)

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DEPOSITARY FOR ICELANDIC

DEPOSITARY RECEIPTS:

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SUBSIDIARIES:

Nalunaq A/S – c/o Nuna Advokater, Quillilerfik 2, 6. Postboks 59, GL-3900 Nuuk, Greenland. Amaroq ownership interest – 100%. The subsidiary holds the gold mineral resource licences in the Group.

Gardaq A/S – c/o Nuna Advokater, Qullilerfik 2, 6. Postboks 59, GL-3900 Nuuk, Greenland. Amaroq ownership interest and voting power – 51%. The subsidiary holds the non-gold strategic mineral resource licences in the Group.

There are no additional reporting requirements for these subsidiaries at present.

STRATEGIC REPORT

I. Business model and Strategy

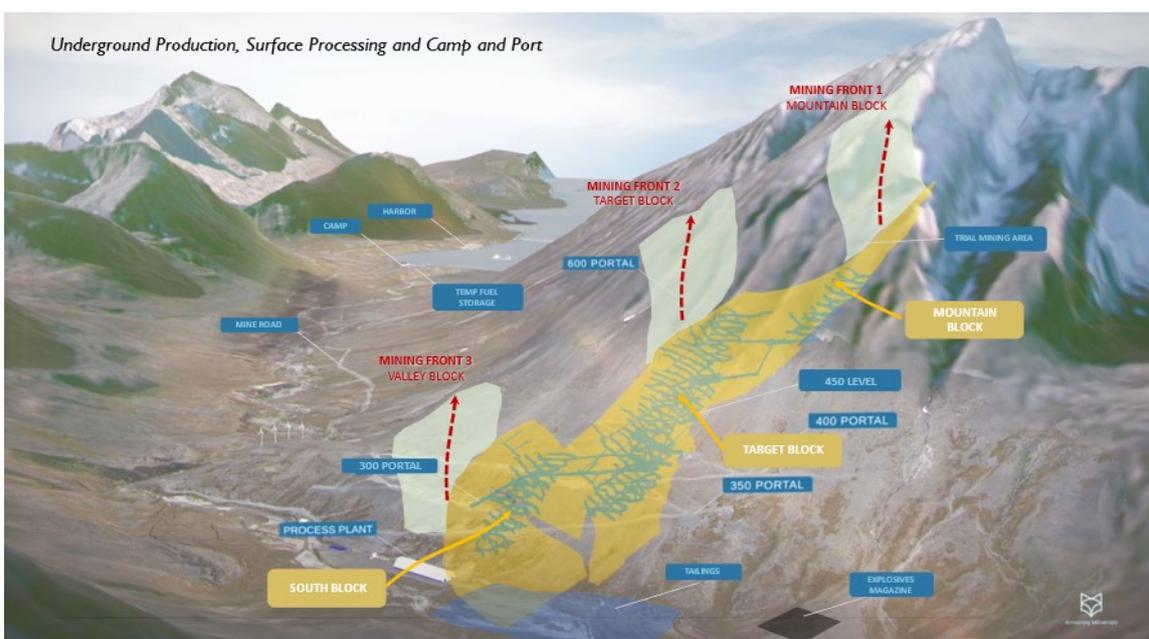
Unless otherwise indicated, all references in this Annual report to “\$” refer to Canadian dollars, the same currency that Amaroq Minerals Ltd. Uses in its financial statements.

Amaroq Minerals Ltd. (“Amaroq”, the “Corporation” or the “Company”) is an independent mining corporation engaged in the identification, acquisition, exploration and development of gold and critical mineral properties in Greenland.

Amaroq’s strategy is to leverage its first mover advantage in Greenland, underpinned by the past producing Nalunaq Property, to build a full-cycle gold and critical mineral mining company in Greenland, delivering shareholder value and providing significant upside potential through its land bank of high-impact exploration assets.

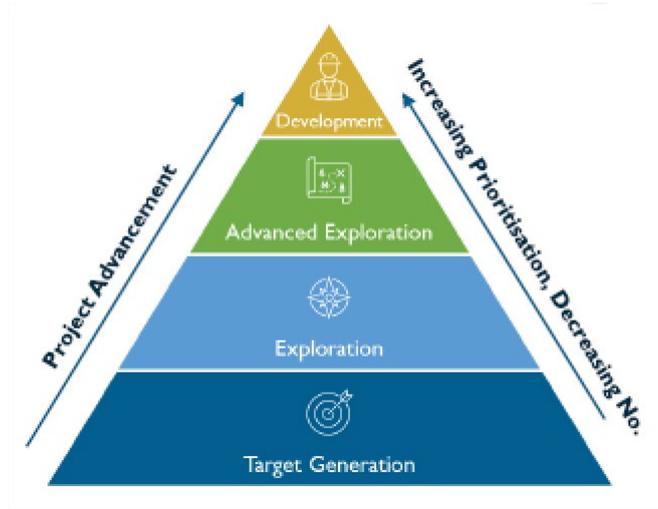
Nalunaq A/S, the Corporation’s wholly-owned subsidiary has accumulated a significant land package of gold licences in Southern Greenland. The assets are located within the Nanortalik and Tartoq gold belts of Southern Greenland. Nalunaq A/S’ main focus is the previously producing Nalunaq Property, which is the Corporation’s core asset. The Nalunaq Property has pre-existing infrastructure and development in place, which will allow Amaroq to resume operations at a fraction of the cost and time of a greenfield asset. The Corporation will establish near-term production at relatively low cost at Nalunaq, with cash flows from production expected to self-fund development and exploration across the Corporation’s wider portfolio.

Figure 1: Nalunaq Mine Layout



Amaroq is restarting the Nalunaq gold mine and building a new processing plant to self-finance the exploration of its large licence holdings in Greenland, unlocking their true mineral potential and delivering significant value to all stakeholders. The Corporation is actively exploring what management believe to be world class gold deposits at Vagar and Nanoq. In addition, through the joint venture with ACAM (the “Joint Venture” or “JV”), the Corporation is exploring for strategic minerals in Sava, Stendalen, Paatusoq and Kobberminebugt.

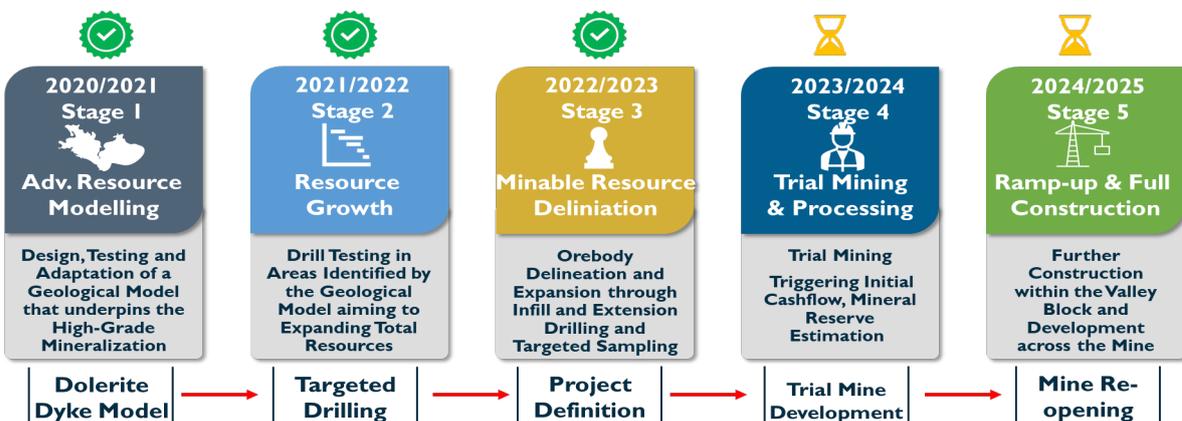
Figure 2: Amaroq Mineral’s development process



Amaroq has initiated a staged program of development at Nalunaq from resource modelling to cashflow generation. As of 31 December 2023, the Company was on Stage 4 in development of Nalunaq.

The Company has commenced a pilot processing programme at Nalunaq focused initially on the Mountain Block, (see further details in Figure 1 Location of high-grade zones at Nalunaq) due to its high-grade nature and proximity to established underground infrastructure. The Company intends to move from this trial program towards full production during 2024 & 2025.

Figure 3: Nalunaq development and path to cashflow



Amaroq believes its assets provide an opportunity to develop a balanced, full-cycle portfolio capable of delivering long-term shareholder returns.

The Corporation aims to conduct exploration and mining in an energy efficient and environmentally sensitive manner through the utilisation of cutting-edge technologies, scientific thinking as well as investing in communities and green energy projects.

Amaroq aims to create a Greenlandic legacy - empowering Greenland to become a strategic supplier of gold and critical materials needed to power a greener future. The Corporation promotes Greenlandic values, culture, legislation and practices and brings long-term value to Greenland by investing in and empowering local communities. Management believes this will maximize societal growth and facilitating economic development with gold operations through employment, tax receipts and infrastructure support.

II. Strategic Review of 2023

ACAM Joint Venture

In June 2022, the Corporation set up a joint venture with ACAM LP (“ACAM”), a natural resource focused Limited Partnership, to establish a strategic mineral focused exploration subsidiary to hold certain licences in which the majority of resource is expected to relate to non-gold minerals.

ACAM, through its affiliate company GCAM LP, agreed to invest an initial amount £18 million under a subscription and shareholders' agreement in return for shares in the joint venture subsidiary Gardaq A/S representing 49%, to fund exploration work programs. Under the terms of the agreement, any gold mineralisation discovered by the Joint Venture entity during the course of exploration activities in these licences, will be offered back to the Corporation.

GCAM LP invested an initial amount of \$30.1 million (GBP 18 million) under a subscription and shareholders' agreement in return for 490,000 ordinary shares in the subsidiary representing 49% of the issued shares in Gardaq A/S, to solely fund exploration work programs. The Corporation invested six non-gold strategic minerals licences through the transfer of those licences from Nalunaq A/S to Gardaq A/S as well as \$7.7 million (GBP 5 million) under the Subscription and Shareholders' Agreement, with such amount to be set-off against corporate overhead costs incurred by Nalunaq A/S as the Joint Venture's project manager.

On April 13, 2023, the Subscription and Shareholders' agreement became effective subject to satisfaction of all conditions for the release of the Subscription and Shareholders' Agreement from escrow. The Corporation retained joint control with Amaroq retaining a 51% equity share in the Joint Venture.

US\$50.9M Debt Financing (the “Financing”)

On March 28, 2023, the Corporation signed non-binding term sheets for a US\$49.5

million Senior Secured Financing package which was updated on August 11, 2023, to US\$50.9 million consisting of:

- i. US\$18.5 million Bank Revolving Credit Facilities (“Bank RCF”) provided by Landsbankinn hf. and Fossar Investment Bank, with a two-year term and priced at SOFR plus 950bps. Interest is capitalized and payable at the end of the term;
- ii. US\$22.4 million in convertible notes with ECAM LP (US\$16 million), JLE Property Ltd. (US\$4 million) and Livermore Partners LLC (US\$2.4 million) with a four-year term and a fixed interest rate of 5%. The convertible notes have a US\$3.5M Commitment Fee payable after the Bank RCF has been repaid. The conversion price of \$0.90 per common share is the closing Canadian market price of the shares on the closing day of the Financing;
- iii. a US\$10 million Revolving Cost Overrun Facility from JLE Property Ltd. on the same terms as the Bank RCF.

The Financing, together with existing capital, is expected to enable the transition to initial production of gold doré on site at Nalunaq, ahead of full-scale production. The Corporation closed the Financing on September 1, 2023.

Nasdaq Main Market Listing in Iceland

Subsequent to the approval by the Financial Supervisory Authority of the Central Bank of Iceland (the “FSA”) and satisfaction of all Nasdaq Main Market requirements the Corporation transferred all depository receipts from the Nasdaq First North Growth Market to the Nasdaq Main Market with the first day of trading on September 21, 2023.

Landsbankinn hf. Corporate Finance acted as project manager, listing agent and advisor on the admission. Fossar Investment Bank advised the Corporation on the potential effects of the admission on the Amaroq stock.

Subsequent Event - February 23, 2024 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 (\$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 AIM. The fundraising consisted of:

- i. 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.
- ii. 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.
- iii. 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. \$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 (\$75 million) was 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 licences and to fund an additional capital injection into the Joint Venture, as well as to accelerate mining and development of the Nalunaq gold project. The Fundraising closed on February 23, 2024.

Gold Exploration Projects

Nalunaq

- Assay results from the 2023 drilling at the Mountain Block extension were announced on 11 October 2023. These were the highest-grade drilling intersects the Corporation has ever produced and confirmed the extension of the high-grade zone as well as the existence of a secondary mineralized vein 75m above the Main Vein.
- Underground samples taken from the Target Block were aimed at corroborating previously unreported historical channel samples that suggested the continuation of the Target Block into extension areas. Results confirmed the high grade ore of the Target Block extended into previously unmined areas with grades of up to 48.3g/t Au over 1m and a potential strike extent of ~775m.

Nanoq

- ALS Goldspot Discoveries Ltd completed a review of the 2022 detailed geophysics over the target area and the proposed 25km structure connecting Nanoq to Jokum's Shear. This work further expanded the gold target zone and defined multiple parallel zones, significantly increasing the project's mineral potential. These results were reported on 19 December 2023.

Vagar Ridge

- Over the last year the Corporation progressed the construction of a robust geological and mineralization model to inform future exploration at Vagar Ridge as well as designing future exploration targets.

Strategic Minerals Projects (Amaroq 51%)

Sava Copper Belt (Sava/North Sava)

- In 2023, the Company completed scout drilling and surface channeling program across two targets within the Sava licence. The Company also conducted reconnaissance across multiple target zones in the North Sava licence. Results were reported 24 January 2024.
- Four holes were drilled, totalling 2200m across two targets on the Sava Licence were completed on time and on budget.
- Three holes were completed at Target West, each intersecting copper-molybdenum mineralization in the same Unit 1 of up to 345m including higher grade zones of up to 18m at 0.31% CuEq. Amaroq believes that Target West is a copper porphyry-style orebody.
- Surface mapping and sampling identified a significant copper-molybdenum surface footprint of at least 3km², suggesting the presence of a large system.
- A scout drillhole into a 2km long potential epithermal system at Target North did not intersect mineralization.

Stendalen

- The Corporation completed a stratigraphic drilling program to a depth of 1,060m at Stendalen, primarily focusing on geophysical targets identified from the high resolution Magnetotellurics (MT) geophysical survey conducted earlier in 2023. Results were announced 29 February 2024. These results show that Stendalen has a magma chamber of significant size and has reached sulphur saturation, with one drillhole intersecting over 140m containing magmatic sulphides.
- Textures suggested significant magma recharge and hydrothermal enrichment.
- Initial assay data suggests high metal tenors in the sulphides, therefore high grades are expected in any massive sulphides.
- Low olivine (MgO) content, therefore recoveries are expected to be high.
- 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 its detailed 2024 exploration field programmes.

Kobberminebugt:

- The Corporation completed a high-resolution MT survey over the Josva historical copper mine and the rest of the licence. The Corporation's geological team are assessing these results ahead of a 2024 exploration program.

Paatusoq

- The Corporation conducted a reconnaissance program at Paatusoq to assess the Rare Earth Element ("REE") potential as well as other critical metals. During this program an intrusion with similar characteristics to Stendalen was encountered and will be further assessed by the Corporation's geological team.

Nunarsuit

- This licence, holding REE and other mineral potential, was successfully applied for with geological reconnaissance surveys completed on a number of initial targets.
- An airborne geophysical survey of the priority areas of this licence was completed and is being assessed by the geology team.

Regional Exploration

- The Corporation has continued to assess further critical and strategic metal opportunities across South Greenland and completed further geophysical surveys to aid this program.

PROPERTY ACQUISITION

Paatusoq West

The Corporation was granted exclusive exploration rights under a Mineral Exploration Licence in South Greenland, license 2023-69 covering an area of 199 km². The licence application was approved and all required documentation was signed by the Corporation on June 30, 2023, and the licence became effective on July 25, 2023. The licence expires December 31, 2027.

Nunarsuit

The Corporation was granted exclusive exploration rights under a Mineral Exploration Licence in South Greenland, licence 2023-70 covering an area of 1,718 km². The licence application was approved and all required documentation was signed by the Corporation on June 30, 2023, and the licence became effective on July 25, 2023. The licence expires December 31, 2027.

III. 2024 Strategic Goals:

- **Permitting:** The public consultation for the Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) for Nalunaq closed on 1st 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.
- **Contracting and Procurement:** The remaining contracts are expected to be concluded in Q2 2024. The only outstanding major contract is the installation of the processing plant components. The quotes of different bidders are currently being evaluated and the contract will then be awarded.
- **Construction:** Placement of the process plant foundations is nearing completion. The erection of the steel structure of the process plant building is expected to commence in Q2 2024 and the installation of the mechanical and electrical process plant components is scheduled for the second half of 2024.
- **Mining:** The rehabilitation of the ramp from the 300 level portal to the Mountain Block is nearing completion and will be followed by the development of a ramp

extending higher up into the Mountain Block. Rehabilitation of the mine will progress based on the location of future planned mining activities. The Corporation expects to produce first gold in 2024 and plans to provide a progress update with timings for guidance for the project at an investor event in June 2024. First production guidance for 2025 will be provided towards the end of 2024.

- **Support Infrastructure:** In 2024 additional containers will be added, which will allow Amaroq to accommodate up to 120 people.
- **Nalunaq Exploration:** Underground focused exploration will continue to target extension of the Mountain and Target Blocks as well as further delineating the newly discovered 75 Vein.
- **Strategic Minerals:** Ni-Cu exploration will continue at the Stendalen discovery with an expanded drilling program targeting the sulphide zone. Exploration at Target West will look to further expand the identified copper mineralization and assess high grade potential. Regional exploration will focus on additional copper targeting within the Copper belt, a Ni-Cu sulphide target similar to Stendalen and REE targeting at Nunarsuit.

IV. 2024 Operational Workplan:

Nalunaq Development Workplan

The main ramp will be developed from the 720 level upwards into the Mountain Block. Starting from the ramp, crosscuts will be driven into the main vein at different levels and then drifts will be developed following the strike of the vein. At a later stage the ore between these ore drifts will be mined using the long-hole stoping method. Later in 2024, development and exploration drilling activities will be carried out in the Target Block in parallel to the aforementioned works. Rehabilitation of the mine will continue depending on the locations, where future mining activities are planned.

Gold Exploration Projects:

- **Nalunaq**

Following the underground rehabilitation, exploration will now switch to underground drilling to target continued extensions of both the Mountain and Target Blocks while simultaneously targeting further intersections into the 75 vein.

- **Nanoq**

Following the expansion of the mineral potential at Nanoq in 2023, the Corporation will construct facilities and finalise exploration plans allowing Amaroq the option to conduct a maiden core drilling program across the first target at Nanoq. In addition, ground studies will be conducted to further establish the additional targets generated by the geophysical and modelling work completed in 2023.

- **Vagar and Surrounding Areas**

Amaroq intends to conduct a target generation program across the Vagar licence, including Vagar Ridge and other priority areas in the local vicinity such as Eagle's Nest, aimed at delineating accessible high-grade material. Management believes that this material could constitute future high-grade feed into the Nalunaq plant as

it develops and expands.

Strategic Minerals Projects (Amaroq 51%):

- **Sava Copper Belt (Sava/North Sava)**

Exploration at Target West will concentrate on further defining Unit 1, which hosts observed copper mineralization. Mapping, sampling and a limited drilling program will look to expand the footprint of Unit 1 and test for higher grade material at depth.

Target generation programs will continue across Sava, North Sava and the full extent of the Copper Belt assessing high priority porphyry and iron oxide copper-gold (“IOCG”) targets on the ground. The aim of this program will be to define new areas for scout drilling.

- **Stendalen**

Following the new Ni-Cu discovery made at Stendalen, Amaroq intends to mobilize three drill rigs and a semi-permanent camp to site to facilitate an expanded drilling program. Drilling will focus on intersecting further target areas at the base of the Stendalen intrusion including the interpreted Feeder Zone targeting massive sulphide mineralization.

The Corporation plans to conduct further ground geophysics to provide further confidence to the overall extent and geometry of the intrusion and associated sulphide mineralization.

Leveraging off the data from this discovery, ground studies will also assess the potential for further target areas with Stendalen and more regionally.

- **Kobberminebugt**

Amaroq will continue to review the results of the detailed geophysical program conducted over the Kobberminebugt licence in 2023. Specific geophysical targets will be followed up in the field with detailed mapping and surface sampling ahead of defining more definitive targets for future scout drilling.

- **Nunarsuit**

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

Eldur Olafsson
Chief Executive Officer

17 May, 2024

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The following discussions review a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

The mining and mineral exploration industry is risky in nature as companies have to deal with various local and global risks associated with, but not limited to environmental and social, political, regulatory, health and safety, logistical, financial, and operational. The major risks facing the Corporation as Amaroq's mitigation initiatives are detailed in the sections below.

1. Risks related to the Corporation's operations

The Corporation is an exploration stage company

The Corporation is an exploration stage mining company, which currently has no mines in production and needs to conduct exploration activities to discover and develop mineral reserves on the areas of land (the "Properties") in respect of which the Group has been granted licences by the Mineral Licence and Safety Authority of Greenland (the "MLSA"). It cannot give assurance that a commercially viable resource (a reserve) exists on any or all Properties for which the Corporation currently has or may obtain (through potential future joint venture agreements or acquisitions) an exploration license.

While the Nalunaq property (mineral exploitation licence 2003/05 issued by the MLSA to Nalunaq A/S ("Nalunaq Licence")) has an operating history and Amaroq has established a defined mineral resource beyond that which was mined, the true value of the project is in the resource potential that has not as yet been sufficiently quantified, termed the "Exploration Target". This opportunity is relatively early stage and requires the Corporation to perform additional exploration activities and there can be no certainty that this will be successful.

The Corporation's other licence interests are each on a different stage of early development, and although a number of them are known to host gold and other minerals prospects, the Corporation will be required to conduct significant exploration activities in order to demonstrate the commercial viability of these mineral deposits. There can be no certainty that such exploration activities will result in resources and ultimately minable reserves.

Determination of the existence of a resource and subsequently a reserve, depends on appropriate and sufficient exploration programs and the evaluation of legal, economic and environmental factors. It may take several years to advance the Corporation's early-stage prospects to a stage where they justify development and/or production, during which time the economic feasibility of production may change.

If the Corporation fails to find a commercially viable deposit on any of its properties, its operations, financial condition and results of operations will be materially adversely affected.

Project development risks

There can be no assurance that the Corporation will be able to effectively manage the expansion of its operations or that the Corporation's personnel, systems, procedures and controls will be adequate to support the Corporation's future operations. In particular, although certain of the Directors and Executive Officers have experience of bringing mineral assets into production, the Corporation itself does not, and its ability to bring assets into production will be dependent upon using the services of appropriately experienced personnel or entering into agreements with service providers that can provide such expertise. The Corporation's ability to commence, maintain or increase its annual production of ore in the future will be highly dependent on its ability to discover reserves and develop these licenses. Any failure of the Board of Directors of the Corporation to ensure the Corporation's growth and development could have a material adverse effect on its business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Board's strategy will develop as anticipated. The Corporation's profitability will depend, in part, on the actual economic returns and the actual costs of developing the licences, which may differ significantly from the Corporation's current estimates. The development of the licences may be subject to unexpected problems and delays.

The Corporation relies on third-party service providers, which may fail to perform their contractual obligations, which could have materially adverse effects on the Corporation's business

The Corporation relies in part on products and services provided by third parties in the ordinary course of business. If they fail to perform their contractual obligations, it could have materially adverse effect on the Corporation's business. As part of its internal risk assessment, the Corporation conducts counterparty risk assessments to ensure that the third parties can supply the necessary services or products in a responsible manner that aligns with the Corporation values.

However, the Corporation cannot predict the risk of insolvency or other managerial failure by any third party in future. These events may provide interruption to services or products provided and the Corporation may be unable to find replacements on a timely basis.

The Corporation may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors, and the Corporation may find this more challenging given its Greenlandic operations with most third-party service providers located in other countries. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Corporation's business, results of operations, financial condition and prospects.

Regulatory Risks

The Corporation's business is subject to various laws and regulations relating to, among other things, compliance with capital markets, environmental, mining, energy, antitrust, data protection, employment and tax laws and regulations. While the Corporation is not aware of any material breaches of applicable laws and regulations, it can neither guarantee that it has always been in full compliance with such laws and regulations in the past in the jurisdictions in which it operates, nor that it will be able to fully comply with them in the future. The Corporation is reliant on the compliance of its directors and employees with applicable laws and policies implemented by the Corporation and there can be no assurance that directors or employees of the Corporation or third parties acting on the Corporation's behalf, have not engaged in or will not engage in criminal, unlawful or unethical behaviour.

Existing risk management and internal compliance procedures and controls may not be sufficient to prevent or detect inadequate practices, fraud or violations of law by its Directors, its employees or third parties acting on its behalf. The laws and regulations in the areas and jurisdictions in which the Corporation currently operates or may operate in the future are evolving. Consequently, such laws and regulations may change and sometimes may conflict with each other, making it more difficult to observe and comply with them.

Recently, a new legislation in Canada, the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Bill-S211) was introduced in 2023. It imposes certain obligations on CBCA incorporated companies in Canada, that meet certain requirements, including a due diligence process and reporting on supply chain risk.

During 2023 the Corporation adopted the following new policy documents to align its governance framework and elaborate a plan of actions to mitigate the risk involved.

- Human Rights, Child and Forced Labour Policy (approved by the Board on 22 December 2023). This Policy articulates our commitment to conduct business in a manner that respects the dignity and rights of all individuals impacted by our operations in Greenland. The Corporation adheres to the International Bill of Human Rights and International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, as amended in 2022.
- Supplier Code of Conduct Policy (approved by the Board on 22 December 2023). The Corporation is committed to create a path of ethical and sustainable business practices in Greenland's mining sector. By adhering to the Code, our suppliers join us in a commitment to uphold the highest standards of integrity, respect for human rights, and preservation of the environment.

Undemonstrated economic feasibility of the Nalunaq Property

The current mineral resources have not yet demonstrated economic viability. The Inferred mineral resource estimate included in the NI 43-101 report titled "Technical Report on the mineral resources of the Nalunaq Project, Greenland"

dated 15 October 2022, “43-101 report” nor the details provided within the Competent Person’s Report (the “CPR”) by SRK Exploration Services Ltd., titled “A Competent Person’s Report on the Assets of Amaroq Minerals Ltd, South Greenland” dated June 26, 2020 constitute a formal preliminary economic assessment or part of prefeasibility or a feasibility study. The Corporation has not completed a formal preliminary economic assessment or prefeasibility or feasibility level work and analysis that would allow it to declare proven or probable mineral reserves at the Nalunaq Property, and no assurance can be given that it will ever be in a position to declare a proven or probable mineral reserve at the Nalunaq Property. In particular, the CPR contains estimated costs which are based upon anticipated tonnage and grades of metal to be mined and processed, the expected recovery rates and other factors - none of which has been completed to date to a prefeasibility or a feasibility study level. Whether the Corporation succeeds in upgrading the Inferred mineral resource depends on a number of factors, including: (i) the particular attributes of the deposit (including its size, grade and geological formation); (ii) the market price of gold; (iii) government regulations (including regulations relating to taxes, royalties, land tenure, land use and permitting); and (iv) environmental regulations. The Corporation cannot determine at this time whether any of its estimates will ultimately be correct or that the Nalunaq Property will prove to be economically viable. Therefore, it is possible that the Nalunaq Property may never reach production, which would have a material adverse effect on its results of operations and financial condition.

Historical costs and operational data may not be available, or may not be an appropriate measure for assessing the future economics of the assets

The majority of the Corporation’s mineral licences have no previous operations and there is no historical data from which an assessment of commercial viability can be made. While the Nalunaq Property has an operating history, the Exploration Target potential over and above the Inferred mineral resource, which may represent the long-term future of the Nalunaq Property, it is at an early stage. Future mining and processing methods may differ to those used historically and thus historical operating costs, capital spending, site remediation costs or asset retirement obligations may not be applicable as benchmarks.

The Vagar and Nanoq licences host several gold prospects. The exploration activities on both licenses are at an early stage with no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs.

The Sava, Stendalen, Paatusoq and Kobberminebugt licences host strategic minerals and base metals. All Properties are at an early stage of exploration and have no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs.

The adverse effect on the Corporation due to loss of certain key individuals and lack of insurance to compensate such loss

The Corporation’s success depends to a degree upon certain key members of the management. Those individuals have developed important government and

industry relationships; they have historic knowledge of the Properties which is not recorded in tangible form or shared through data rooms; and they have extensive experience of operating in Greenland. They are a significant factor in the Corporation's growth and success.

The loss of such individuals could result in delays in developing the Properties and have a material adverse effect on the Corporation.

The Corporation does not currently have key man insurance in place in respect of any of its directors or officers but might review the necessity to introduce such insurance as part of risk mitigation.

The Corporation may experience difficulty attracting and retaining qualified staff to meet the needs of its anticipated growth

Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success. Failure to attract, recruit and retain key management and key employees with the acquired knowledge may delay the Corporation's achievement of its business objectives significantly and could have a material adverse effect on the Corporation's business.

The Corporation is actively enhancing its recruitment and retention strategies to secure highly skilled personnel essential for its growth. This includes competitive compensation packages, ongoing professional development opportunities, and strengthening its operational and management systems to support and attract top talent in a competitive market.

The ability of a shareholder outside Canada to bring an action against the Corporation may be limited under law

The ability of the Shareholders to bring actions or enforce judgements against the Corporation or the members of the Board may be limited. The ability of Shareholders outside Canada to bring an action against the Corporation may be limited under law. The Corporation is incorporated under the Canada Business Corporations Act (the "CBCA"). The rights of holders of Common Shares are governed by the CBCA and by the Corporation's Articles of Incorporation and By-Laws. These rights differ from the rights of shareholders in typical Icelandic companies. A shareholder outside Canada may not be able to enforce a judgement against the Corporation or some or all of the Directors and executive officers. Consequently, it may not be possible for a shareholder outside Canada to effect service of process upon the Corporation or the Directors and executive officers within the shareholder's country of residence or to enforce against the Corporation or the Directors and executive officers within the shareholder's country of residence or to bring an action against the Corporation. There can be

no assurance that a shareholder will be able to enforce any judgements in civil and commercial matters or any judgements under the securities laws of countries other than Canada against the Corporation or the Directors or executive officers who are residents of Iceland or countries other than those in which judgement is made. In addition, Canadian or other courts may not impose civil liability on the Corporation or the Directors or executive officers in any original action based solely on foreign securities laws brought against the Corporation or the Directors in a court of competent jurisdiction in Iceland or other countries.

Internal controls

The Corporation has established a system of internal controls for financial reporting. Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation has procedures in place in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian and Icelandic securities laws as well as the rules and policies of the exchanges on which the Corporation is listed or quoted (TSX-V, AIM and Nasdaq), the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations, or cause it to fail to meet its reporting obligations. If a material weakness is discovered, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and adversely affect the market price of the Shares or other Securities and the reputation of the Corporation.

The Corporation has implemented robust internal controls and procedures to ensure the integrity of its financial reporting and prevent fraud, complying with relevant securities regulations and the exchanges it is listed on. While these measures are designed to maintain effective oversight of financial processes, the Corporation acknowledges the ongoing need to adapt and strengthen these controls to mitigate risks, uphold reporting obligations, and maintain stakeholder confidence in its financial integrity.

The Corporation is exposed to risks from potential future litigation and other legal and regulatory actions and risks, and could incur significant liabilities and substantial legal fees

While the Corporation is not aware of any current or anticipated litigation, the Corporation may become a party to legal disputes, administrative proceedings and government investigations. Such legal disputes, proceedings and investigations may, in particular, arise from its relationships with its contractual counterparties or public authorities and could allege, among other things, breaches of contract, tort or the failure to comply with applicable laws and regulations. There may also be investigations by governmental authorities into circumstances of which the Corporation is not currently aware or which may arise in the future, including possible regulatory and environmental complaints, licencing challenges or criminal proceedings.

If the Corporation were to be found liable under any such claims, lawsuits or

investigations it might be required to pay damages or fines and to take, or refrain from taking, certain actions and it could incur substantial costs and divert substantial amounts of management's time in dealing with them, even if they are unsuccessful, any of which could adversely affect its business, net assets, financial condition, cash flow, and results of operations.

The Corporation is proactive in managing legal and regulatory risks by ensuring strict compliance and maintaining comprehensive legal defenses. This strategy is designed to swiftly address potential disputes and regulatory inquiries to minimize financial impact and safeguard the Corporation's operations and reputation

Information systems security threats

The Corporation's operations depend upon information technology systems which may be subject to disruption, damage, or failure from different sources, including, without limitation, installation of malicious software, computer viruses, security breaches, cyber-attacks, and defects in design.

The Corporation may experience security breaches or unexpected disruptions to its systems which could in turn, result in liabilities or losses to the Corporation and have an adverse effect on the Corporation's business.

Although to date the Corporation has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. The Corporation's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

2. Risks related to the industry

Mineral exploration and associated activities are speculative in nature

Mineral exploration is a speculative business, characterised by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of the Corporation and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in the Corporation not receiving an adequate return on investment capital.

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that funds required for development can be obtained on a timely basis. Estimates of mineral reserves, mineral resources and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Title to the Properties cannot be guaranteed and may be subject to prior unregistered agreements, transfers or claims and other defects

The Corporation cannot guarantee that title to the Properties will not be challenged. Title insurance is generally not available for mineral properties and the Corporation's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. A successful challenge to the precise area and location of these mineral rights could result in the Corporation being unable to operate on the Properties as permitted or being unable to enforce its rights with respect to the Properties.

The Corporation is committed to rigorous due diligence and legal scrutiny to verify titles and mitigate potential disputes.

Development and exploration activities depend, to one degree or another, on adequate infrastructure

Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs and are made more challenging through Greenland's nascent mining industry, low population density, and the remote location of the Corporation's assets. The Corporation's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations. The Corporation is engaged in developing strategies to enhance infrastructure reliability.

There is no assurance as to the Corporation's ability to sustain and expand mineral resources

The life of a mining operation is limited to its mineral resources and reserves. Many factors are involved in the determination of the economic viability of a mineral deposit including the achievement of satisfactory mineral resource and Reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future commodity prices and exchange rates. Capital and operating cost estimates are based upon many factors, including anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of gold from the ore and anticipated environmental and regulatory compliance costs. Each of these factors involve uncertainties and as a result the Corporation cannot give assurance that the Corporation's development of the Properties will become operating mines. If a mine is developed, actual operating results may differ from those anticipated, thereby impacting the economic viability of the mine and Property.

The Corporation depends on the Properties and there is no assurance that the Corporation will be able to acquire other properties either due to availability, competition or approval

The Properties are the only material properties of the Corporation. Any material adverse development affecting the progress of the Properties, in particular the Nalunaq Property, will have a material adverse effect on the Corporation's financial condition and results of operations.

If the Corporation loses or abandons its interest in the Properties, there is no assurance that it will be able to acquire another mineral property of merit, whether by way of direct acquisition, option or otherwise.

Commodity price volatility may adversely affect the Corporation

If the Corporation commences production, profitability will be dependent upon the market price of gold. Gold prices historically have fluctuated widely and are affected by numerous external factors beyond the Corporation's control, including but not limited to, industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the US\$ (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

The valuation of the Corporation's other assets is further dependent upon the market price of other commodities such as copper, nickel, titanium, vanadium, molybdenum, and rare earth elements. The volatility of these commodities varies significantly and are a product of industrial supply and demand, underlying global economic conditions, macroeconomic factors, global inventory levels and investor sentiment.

The Corporation's insurance does not cover all of its potential losses, liabilities and damage related to its business

The Corporation has adequately insured the assets at the Nalunaq Property. For the whole duration of the construction period of Nalunaq Project the Corporation has obtained Builders and Wrap-up liability insurance package to adequately protect the Corporation's assets, employees and contractors at the time of intensive construction activities. However, exploration, development and production operations on mineral properties may involve numerous other risks, including:

- unexpected or unusual geological operating conditions;
- rock bursts, cave-ins, ground or slope failures;
- fires, floods, earthquakes, avalanches and other environmental occurrences;
- political and social instability that could result in damage to or destruction of mineral properties producing facilities, personal injury or death, environmental damage;
- delays in mining caused by industrial accidents or labour disputes;
- changes in regulatory environment;
- monetary losses; and
- possible legal liability.

It is not always possible to obtain insurance against all such risks and the Corporation may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against certain risks may not be available to the Corporation or to other companies in the mining industry on acceptable terms. If such liabilities arise and are not covered by insurance, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation. Insofar as certain Directors and officers of the Corporation hold similar positions with other mineral resource companies, conflicts may arise between the obligations of these Directors and officers to the Corporation and to such other mineral resource companies.

To mitigate the risks associated with its uninsured exposures, the Corporation is focusing on comprehensive risk management strategies. These include implementing rigorous safety protocols and monitoring systems to prevent incidents and minimize potential liabilities.

The Corporation is subject to the risks and liabilities associated with possible accidents, injuries or deaths on the Properties

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licences, affect the reputation of the Corporation and its ability to obtain further licences, damage community relations and reduce the perceived appeal of the Corporation as an employer.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, delays in the development of new mining properties, or increases in abandonment costs.

To mitigate the risks of accidents and their consequences on its operations, the Corporation is committed to enforcing strict safety protocols and continuously improving its health and safety measures. This includes regular safety training for employees, compliance with industry standards, and the deployment of advanced safety technologies.

Uncertainty associated with mineral resource estimates

The estimation of mineral resources involves a certain degree of supposition, and the accuracy of these estimates is a function of the quality and quantity of available data and the assumptions used and judgements made in interpreting information. There is significant uncertainty in any resource estimate and the assumptions used or judgements made may prove to be inaccurate; the economic viability of mining may differ materially from the Corporation's estimates. This is particularly the case for ore deposits such as those at the Nalunaq Property where the grade is not uniformly distributed in the ore. As further information becomes available through additional field work and analysis, the estimates are likely to change. This may result in alterations to development and mining plans, which may in turn adversely affect the financial position of the Corporation. No assurance can be given that the anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral resources can be mined or processed profitably. Actual resources may not conform to geological, metallurgical or other expectations and the volume and grade of ore recovered may be below or above the estimated levels. Lower market prices, increased production costs, reduced recovery rates and other factors may render the Group's mineral resources uneconomic to exploit and may result in a revision of its resource estimates from time to time. Resource data is not indicative of future results of operations. If the Group's actual mineral resources are less than current estimates, its results of operations and financial condition may be materially impaired.

Increased competition may affect the Corporation and its business

The mining industry is intensely competitive in all of its phases. A number of other mining companies may seek to establish themselves in Greenland and have already, or may be allowed to, tender for exploration and mining permits and other services, supplies or contracts, thereby providing competition to the Corporation. The Corporation will compete with numerous other local and international companies and individuals, including larger competitors with access to greater financial, technical and other resources than the Corporation, which may give them a competitive advantage in the exploration for and commercial exploitation of attractive properties. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests and competition could adversely affect the Corporation's ability to acquire suitable additional properties in the future. The Corporation's success will depend on its ability to develop the Properties and in addition, select and acquire exploration and development rights on other properties and there can be no assurance that the Corporation will continue to be able to compete successfully with its rivals.

The Corporation may be adversely affected by general macroeconomic conditions

The Corporation's performance is influenced by general macroeconomic conditions. General macroeconomic conditions include the global economic slowdown, the overall disruption of global supply chains and distribution and changing economic cycles. These cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence and consumer spending, the rate of unemployment, industrial output, labour or social unrest and political uncertainty.

There is great uncertainty concerning the European and global economic development. The Russian invasion of Ukraine has also created significant uncertainty and market volatility and could have adverse effect on European and global economies.

Besides, a widespread outbreak of an infectious illness such as the COVID-19 pandemic may result in travel restrictions, disruption of healthcare services, prolonged quarantines, supply chain disruptions, business closures, lower consumer demand, layoffs, defaults and other significant economic, social and political impacts.

All these factors could have material adverse effect on the Corporation's business, financial condition, results of operations and growth prospects.

Climate change and its associated risks may adversely affect the Corporation's operations

The Corporation recognizes considerable risks posed by climate change to mining operations. Potential extreme weather conditions and shifts in climate patterns present substantial operational challenges.

Physical and Environmental Risks: Effects of climate change, such as extreme weather events, changes in precipitation and storm patterns, water scarcities, alterations in sea levels, and increased temperatures, may negatively impact operations. These conditions can disrupt mining and transportation activities, hinder mineral processing and rehabilitation efforts, cause equipment damage or loss, and elevate health and safety concerns. Additionally, environmental changes could exacerbate resource shortages, affecting the workforce and communities around sites.

Supply Chain Vulnerabilities: The Corporation's operations depend on a steady supply of crucial commodities and inputs. Climate-induced extreme weather events or other disruptions could significantly impede the delivery of these necessities, affecting operational efficiency. Any sustained interference with the supply chain or fluctuations in input prices or availability could diminish production levels, potentially leading to operational shutdowns or delays, adversely impacting profitability.

Energy Consumption and Emissions: Operations heavily depend on energy, for everything from plant operations to mobile equipment. The level of greenhouse

gas emissions is influenced by factors such as the energy mix and specific project activities, including new mine operations, which can cause temporary spikes in emissions levels.

Regulatory Risks: In response to climate change, governments and international bodies are increasingly enacting and considering regulations aimed at reducing greenhouse gas emissions. These measures, along with the potential outcomes of ongoing international climate negotiations, could impose significant compliance costs on operations. The evolving regulatory landscape represents a critical risk to the operational viability and financial success of the Corporation, necessitating proactive adaptation and mitigation strategies to safeguard the business against the adverse effects of climate change.

3. Risks related to the Corporation's financial situation

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure is described below.

The Corporation's liquidity is uncertain, and it could encounter difficulty in meeting obligations associated with financial liabilities

Liquidity risk is the risk that the Corporation encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets or having to do so at excessive cost. The risk arises from maturity mismatch between financial liabilities and financial assets. The Corporation may be exposed to financing and liquidity risks if it fails to adequately manage its financial structure. The Corporation currently does not have any income and the Corporation does not expect to generate revenue in the near future. As external financing constitutes a part of the Corporation's operations, any difficulties in obtaining financing for capital expenditures, acquisitions or refinancing existing obligations, or the sole availability of financing on terms disadvantageous to the Corporation, could have a material negative impact on its operations, earnings and/or financial position.

The inability to secure financing may impact the liquidity of the Corporation, which may in turn have a material negative impact on its ability to meet debt obligations or conduct operations. Even if the Corporation can raise sufficient liquidity, it may be on unfavourable terms and thus have a material negative effect on the profitability of the Corporation. Lack of available and favourable financing may also impact the Corporation's ability to capitalise on investment opportunities.

The Corporation retains a prudent and diligent approach to commencing trial mining activities at Nalunaq, and plans to de-risk the project in a staged approach, including rehabilitating existing mining areas, extending exploration activities and converting current mineral resources ahead of commencing full-scale production.

While the Corporation has secured financing in the past, there can be no

assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Corporation or that they will be available on terms which are acceptable to the Corporation.

The Corporation seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration and operating obligations and cash on hand. The Corporation anticipates seeking additional financing, in order to fund general and administrative costs and exploration and evaluation costs. The Company's options to enhance liquidity include the issuance of new equity instruments or debt.

The Corporation could have insufficient funds to determine whether commercial mineral deposits exist on its Properties

The Corporation requires substantial funds to determine whether mineral reserves exist on the Properties beyond an Inferred mineral resource. Any potential development and production of the Properties depends upon the results of exploration programs and feasibility studies and the recommendations of duly qualified engineers and geologists. Such programmes and studies require substantial funds. Any decision to further expand the Corporation's operations on the Properties is anticipated to involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration work, preparation of production feasibility studies, and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices of the minerals to be produced;
- environmental compliance regulations and restraints; and
- political climate and/or governmental regulation and control.

The Corporation's financial statements are based in part on assumptions and estimates, which, if inaccurate, could lead to future losses

The Corporation's financial statements are prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Preparation of its financial statements requires the Corporation's management to use estimates and assumptions. Accounting for estimates requires the Corporation's management to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Corporation could be required to write down its recorded values. To mitigate the risk, on an ongoing basis, the Corporation re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

The Corporation is exposed to fluctuations in exchange rates

A portion of the Corporation's undertakings will be in Greenland although the majority of the Corporation's expenditure will relate to goods or staff sourced from other countries including, but not limited to, Canada, Iceland and the UK. The

Corporation estimates that expenses, capital expenditure and commitments will be primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and UK Pound Sterling. This results in the expenditure and cash flows of the Corporation being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. Furthermore, as the Corporation will report its financial results in Canadian dollars, the Corporation is exposed to translation risk, and its financial results, as well as the amount of funds available to pay future dividends should a dividend be proposed, will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Corporation's control.

Changes in accounting policies or accounting standards could affect the Corporation

The Corporation may be impacted by changes in accounting policies or accounting standards and the interpretation of such policies and standards. In some cases, the Corporation may be required to apply a new or revised standard, or alter the application of an existing standard, subsequently, calling for a restatement of prior period financial statements necessary. There is uncertainty surrounding the Corporation's judgement, estimates and assumptions, therefore the Corporation cannot guarantee that it will not be required to make changes to the accounting estimates or restate prior financial statements in the future, which could materially and adversely affect the Corporation.

4. Risks related to operating in Greenland

The Corporation may lose its interest in licences

The main operations are in Greenland. Interests in licences in Greenland are for specific terms and carry with them estimated annual expenditure and reporting commitments, as well as other conditions requiring compliance. The Corporation could lose title to, or its interest in, the Licences if their conditions are not met. In particular, the Nalunaq Property is currently within the Nalunaq Licence. Under the current terms of the Nalunaq Licence, the Nalunaq Property is required to commence mine production by 1 January 2026 although the scale of this production is not specified. Failure to satisfy any of the conditions set forth in addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice. There is no guarantee that, when the Licences reach the end of their current term, they will be renewed or, if they are renewed, that such renewal will be on the same terms. Under Section 88 of the Greenland Parliament Act No. 7 of 7 December 2009 on mineral resources and mineral resource activities (Mineral Resources Act), a direct or indirect transfer of a licence granted under the mineral resources Act to a third party is subject to approval by the Government of Greenland. An "indirect transfer" includes any transfer of ownership interests that will affect the controlling interest of the licensee and would include any transfer of shares in Nalunaq A/S (as licensee) or of Amaroq that would result in any single shareholder, or group of shareholders who act collectively, (a) owning or controlling a majority of the voting shares of the company; (b) owning or controlling a majority of the total shares of the company; (c) directly or indirectly having the right to appoint or remove the majority of the board of directors of the company; or (d) directly or indirectly, holding majority

influence over either the board or the management of the company. Any such indirect transfer would require approval from the Government of Greenland and, if such approval were not obtained, could result in the revocation of the licences.

The Corporation's operations depend on permits and government regulations

The Corporation's future operations on the Properties, including exploration and any development activities or commencement of production on the Properties, require permits and approvals from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, protection of endangered and protected species, treatment of indigenous people, mine safety and other matters. All activities covered by licences granted under the mineral resources Act must be approved by the Government of Greenland before implementation in accordance with the terms laid down in the relevant licence. In particular, works performed in connection with activities under the mineral resources Act (including drilling, shaft sinking, driving of drifts, etc.) must in each case be approved by the Government of Greenland before implementation; before exploitation is initiated, the Government of Greenland must have approved an exploitation plan for the enterprise, including production organisation and related facilities; and the licensee must also submit a closure plan in connection with an application for approval of exploitation measures (the Government of Greenland must approve the closure plan before exploitation is initiated which may be subject to terms relating to protection of the environment and safety and health measures after the cessation of activities, including monitoring in a period after closure).

To the extent that such permits or approvals are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of the Properties. The costs and delays associated with obtaining necessary permits or approvals and complying with their terms and applicable laws may have a material adverse effect on the operations, financial condition, and results of the Corporation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or to be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The Government of Greenland may from time to time change the Greenland Exploration Standard Terms ("Greenland Exploration Standard Terms") and the royalties imposed on proceeds from mineral exploitation. In particular, Addendum No. 3 of 1 July 2014 to the Greenland Exploration Standard Terms provides that,

for licences granted on 1 July 2014 or later, new rules and regulations may be made which amend the terms of such licence (with prospective effect) in accordance with the terms of such Addendum. The Greenland parliament (Inatsisartut) may also amend or replace the mineral resources Act. Amendments to the terms one, or more, of the Licences could make the Licence uneconomic for the Group.

The Group's operations are subject to compliance with environmental laws and regulations

The Corporation's operations are subject to environmental and social regulations, this results from increased societal and local communities' pressure in the jurisdictions in which it operates, also from other stakeholders' expectations e.g. investment market participants.

After a long preparation period, that continued through the whole 2023, the Corporation's Nalunaq project entered into the official process of public consultations in Greenland with regard to Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA). The EIA and SIA reports were filed in December 2023 with Greenland MLSA and are publicly available.

The environmental risks were evaluated by the Corporation and described in the EIA and SIA in detail; with the mitigation measures included into relevant project elements design and action plans. Based on the EIA and SIA the ESG Risk Register was created at the end of 2023; the ESG risk management system will be elaborated and set up during 2024.

As a result of public consultations, the agreements with Greenlandic authorities will be negotiated and signed regarding the Environmental Monitoring Program, including quantitative targets, and the Impact Benefits Agreement (for social responsibility commitments). These agreements will determine some of the Corporation's liabilities and requirements regarding compliance with local ESG regulation.

The Corporation recognizes the importance of social and environment responsibility, close co-operation and building long-lasting partnership with the host communities.

Therefore, the Corporation has adopted during 2023 a set of new policy documents that, along with earlier adopted documents, constitutes a governance framework for an environmental risk mitigation system, including:

- Environmental Policy (approved by the Board on 28 August 2023). This policy constitutes the Corporation's commitment to social responsibilities, the health and safety of its employees and respect for the environment where it operates and outlines its guiding principles in this regard.
- Health and Safety Policy (approved by the Board on 28 August 2023). The Corporation is committed to the goal of Zero Harm and aims to eliminate all accidents and potential hazards and reach our objective of zero injuries. Achieving this requires the full understanding of everyone in the organization of their safety responsibilities and their commitment to

fostering a proactive safety culture, based on a duty of care for oneself, ones co-workers and members of the community.

Human Development Policy (approved by the Board on 22 December 2023). This policy embodies the dedication to not only adhering to the highest standards of industry practice but also to respecting the distinctive cultural and environmental landscape of Greenland.

The Corporation is subject to potential risks and unanticipated liabilities associated with its activities, including negative impacts to the environment from operations, waste management and site discharges. The Corporation is aware that chemicals were left at the Nalunaq Property by the previous operator and Nalunaq A/S has agreed a remediation plan with the MLSA in relation to how such chemicals will be disposed of. However, previous operations may have caused environmental damage at certain of the Corporation's properties. It may be difficult or impossible to assess the extent to which such damage was caused by the Corporation or by the activities of previous operators, in which case the Corporation may be responsible for the costs of reclamation. It should be noted however that after the mine was closed in 2014, a 5-year environmental monitoring programme was undertaken, and the Danish Centre for Environment and Energy (DCE) assessed that the environmental impact from the former mining activities to the environment at Nalunaq at that time was insignificant and that no further actions were needed to reduce the environmental impact.

Although the Corporation does have pollution insurance cover during the field season, to the extent that the Corporation is subject to environmental liabilities that are not covered in full by such insurance, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for operations. The anticipated costs associated with the remediation plan that has been agreed between Nalunaq A/S and the MLSA are CAD 598,939 (including a 10 percent contingency). This is fully covered by funds in an escrow account, held by Nalunaq A/S, which the Government of Greenland is beneficiary of. As of December 31 2023, the balance of the cash deposit was CAD 598,939. However, it is possible that the escrow funds will not be sufficient to cover future environmental liabilities in connection with the Nalunaq Licence.

If the Corporation is unable to remedy an environmental problem fully, it may be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential financial exposure may be significant.

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. In particular, as mineral resources in Greenland have become more accessible in recent years due to global warming, local communities have raised concerns over the environmental impact of mining in Greenland, and they may lobby for stricter

environmental regulations to be introduced. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations.

The Corporation is subject to political risks

The Corporation's underlying business interests will be located and carried out in Greenland. As a result, the Corporation may be subject to political and other uncertainties, including but not limited to, changes in politics or the personnel administering them, nationalisation or expropriation of property, cancellation or modification of contractual rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted.

The Ministry of mineral resources and Justice has responsibility for the mineral resources area in Greenland. The political condition in Greenland is generally stable; however, changes in exchange rates, control of fiscal regulations and regulatory regimes, labour unrest, inflation or economic recession could affect the Corporation's business. The management of the Corporation will closely monitor events and take advice, if necessary, from experts to prepare for any eventualities.

Exploration activities are influenced, amongst others, by the location, its climate and terrain

The Properties are in remote locations in a global context, although not in a Greenlandic context, and require people and equipment to be transported to site, which can add to the complexity and cost of exploration activities and logistics. The climatic conditions allow for surface exploration activities to occur for only a portion of the year, although this should not affect underground exploration, which will limit the amount of surface exploration activity that can be conducted in any one year.

The Nalunaq Property and other areas of exploration potential are located on steep mountainous terrain. Surface drilling can therefore be impractical in certain parts of these assets, resulting in a greater reliance on underground exploration.

To effectively manage the challenges posed by the remote locations, harsh climate, and mountainous terrain of its exploration sites, the Corporation has developed tailored logistical strategies and operational plans. These include optimizing the transportation of personnel and equipment to ensure efficiency and cost-effectiveness.

Weather conditions could have negative impact on the Corporation's on-going operations and results of operation

Adverse weather conditions may affect the Corporation's ability to carry on operations at the Properties. While the exact effect of these factors cannot be accurately predicted, it may result in substantial delays or operational shutdowns, may require significant capital outlays or may result in an inadequate return or loss on invested capital. In addition, the materialisation of this risk may adversely affect

the Corporation's future earnings and competitive position and its business, prospects, financial condition and results of operations.

Approved on behalf of the Board

Eldur Olafsson
Chief Executive Officer
May 17, 2024

DIRECTORS' REPORT

The Directors present their report with the financial statements of the Corporation for the period from 1 January 2023 to 31 December 2023.

Incorporation and listings

Amaroq Minerals Ltd. (before 11 July 2022 - AEX Gold Inc.) was incorporated and registered under the Canada Business Corporations Act on February 22, 2017.

The Corporation's shares have been listed (under the "AMRQ" ticker) on the TSX-V Exchange since July 2017, on the AIM market of the London Stock Exchange ("AIM") since July 2020, on the Nasdaq First North Growth Market Iceland from November 1, 2022 to September 21, 2023 and on the Nasdaq Iceland's Main market ("Nasdaq") since September 21, 2023.

Directors

The Directors who have held office during the year and to the date of this report are listed below.

- **Graham Duncan Stewart** – *Chairman and Non-Executive Director (64)*

Graham Stewart has worked in the international oil & gas industry for over 30 years. Throughout his career, Graham has created a reputation for generating significant shareholder value for the companies he acts for. He founded Faroe Petroleum, which he became the CEO of in 2002 and listed on AIM in 2003. He proceeded to grow Faroe into a highly successful independent full-cycle exploration and production company with portfolios in the UK and Norway. The company was sold in January 2019 for USD 800 million to DNO. Graham has engineering and business degrees from Heriot Watt and Edinburgh University and is currently also chairman of Longboat Energy plc.

- **Eldur Olafsson** – *Founder, Director and Chief Executive Officer (38)*

Eldur Olafsson founded Amaroq Minerals Ltd. (AEX Gold Inc.) in 2017, having previously worked for several years on integrated mining projects in Greenland. He has had an extensive career in the geothermal and mining industries, during which he built the largest geothermal district heating company in the world alongside Sinopac Group. Eldur has a successful track record of leading companies from exploration to production, as shown by his time at Orka Energy, where Eldur was responsible for securing the acquisition, and subsequent development, of the company's geothermal energy in both China and the Philippines. Prior to this, he worked with Geysir Green Energy, a geothermal investment company, where he led their business development. He later became the Technical Director of energy company Enex, a 100% owned subsidiary of Geysir, where he grew the Company from its inception to a position where it was operating in three Chinese provinces.

Eldur holds a BSc Geology degree from the University of Iceland.

- **Jaco Crouse** – *Chief Financial Officer (47)*

Jaco Crouse is a seasoned mining executive with 20 years' experience in financial management, mine financial planning, business optimization and strategy development. He occupied the position of CFO of Detour Gold Corp., where he facilitated the successful financial and operational turnaround and sale of the corporation to Kirkland Lake Gold for US\$3.7 billion. From August 2021 - July 2023 Mr. Crouse was a founder and Chief Financial Officer of Metals Acquisition Corp – a special purpose acquisition company listed on NYSE that acquired the CSA mine from Glencore for US\$1.1 billion. Prior to that, he served as Chief Financial Officer & Vice President-Finance of Triple Flag Mining Finance Ltd., ("Triple Flag") a Toronto-based metal streaming business. From 2015- 2016 Mr. Crouse was Vice President Business Planning & Optimization at Barrick Gold Corp. where he was instrumental in resetting the cost structure and improving the capital allocation discipline to deliver free cash flow improvements from underperforming assets during a period of low gold prices. Mr. Crouse is a Chartered Professional Accountant (Ontario), a Chartered Accountant (South Africa), and a certified Financial Risk Manager (FRM) with a BComs (Honours) in Accounting Sciences from the University of South Africa.

On 11 March 2024 Jaco Crouse informed the Board of his intention to take up a position at a sector investment company and to step down as Chief Financial Officer and as a Director of the Company with effect from 3 June 2024. The Company has initiated a process to appoint a new Chief Financial Officer and will update the market in due course.

- **Sigurbjorn ('Siggi') Thorkelsson** – *Non-Executive Director (57)*

Siggi Thorkelsson has over 25 years' experience in the banking and securities industry across New York, London, Tokyo, Hong Kong and his native Iceland. Mr. Thorkelsson has previously served as Managing Director at Nomura International (Hong Kong) Limited and as Head of Asia-Pacific Equities before becoming Senior Managing Director of the Nomura Group. In 2010, Mr. Thorkelsson moved to Barclays Capital (Hong Kong) as Managing Director and Head of Asia-Pacific Equities before becoming Managing Director (Head of Equities EMEA) at Barclays Capital in London in 2011. More recently, Mr. Thorkelsson has co-founded investment and securities companies in Iceland and in the UK.

- **Line Frederiksen** - *Non-executive Director (44)*

Line Frederiksen has substantial experience in Greenlandic infrastructure and is currently an independent consultant, working with companies within the CFO services field. She is also a member of the board at Arctic Umiaq Line A/S, the national ferry services in Greenland. Until September 2022, she was CFO at Tusass (formerly Tele

Greenland A/S), the leading provider of telecom solutions in Greenland, as well as being responsible for cybersecurity governance. Prior to being promoted to CFO, Ms. Frederiksen was the Head of Finance at Tele Greenland A/S and has previously had roles at Air Greenland. On February 9, 2024, Ms. Frederiksen was appointed as Chair of the Board of Directors of NunaGreen A/S, a government-owned company focused on enhancing hydro power infrastructure in Greenland and promoting green energy initiatives.

- **David Neuhauser - *Non-executive Director (53)***

David Neuhauser has extensive capital markets and M&A experience and is the founder and managing director of event-driven hedge fund Livermore Partners in Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value. Mr. Neuhauser currently sits on the board of Shareholders Gold Council, a Canadian corporation promoting best practices in the gold mining industry, AIM-quoted Jadestone Energy Plc, and Kolibri Global Energy Inc.

- **Liane Kelly – *Senior Independent Director (60)***

Liane Kelly is a CSR professional with extensive experience in environment, social and governance (ESG) oversight. Her expertise focuses on sustainability strategies, social risk management, and methodologies for effective community investment outcomes. Her professional career includes working as an exploration geophysicist in the global mining sector. Liane currently sits on the board of B2Gold Corp. (a Canadian gold-mining company), is a member of their HSESS (health, safety, environment, social and security) committee, and has worked with other boards in areas of governance, board performance and diversity, and employee ownership.

- **Warwick Morley-Jepson - *Non-executive Director (66)***

Warwick Morley-Jepson is a mining professional with a track record of increasing responsibility over a 39-year career in the hard rock, capital intensive resource industry. Currently he is the Chairman of Wesdome Gold Mines (TSX:WDO) (a mining company) and a director of Karora Resources (TSX:KRR) (a mining company). He has held executive and management positions within deep level and open pit gold, platinum and base metal mining operations and undertaken several mine development projects at a senior level. He served as Executive Vice President and Chief Operating Officer of Ivanhoe Mines (2019 to 2020) and Kinross Gold Corporation (2014 to 2016), and as Senior Vice President, Operations, and Regional Vice President – Russia (2009 to 2014). Warwick served as Chief Executive Officer of SUN Gold and Managing Director of Barrick Africa, Barrick Platinum South Africa and three Russian-based companies in the Barrick group. Warwick graduated in the faculty of Mechanical Engineering (HND) at the Technicon Witwatersrand and completed programs at the Graduate School of Business at Cape Town University,

Witwatersrand School of Business at the University of the Witwatersrand and Harvard Business School.

There were no changes in the Board of Director's composition during 2023.

Status and activities

Amaroq is an independent mine development company with a substantial land package of gold and strategic mineral assets in Southern Greenland.

The Company is capitalizing on its early market entry to enhance shareholder value through the redevelopment of the previously operational Nalunaq mine. Additionally, Amaroq is generating significant upside from its extensive portfolio of impactful exploration properties located in Southern Greenland.

Amaroq pledges to maintain the highest international operational standards and aims to set a precedent for responsible mining practices in Greenland.

Results and Dividend

The Corporation has not paid any dividends since its incorporation.

Whilst the Directors propose that earnings are re-invested into the development of the Corporation's asset base in the short to medium term, the Board will consider commencing the payment of dividends as and when the development and profitability of the Corporation allows, and the Board considers it commercially prudent to do so. The declaration and payment of dividends and the quantum of such dividends will, in any event, be dependent upon the Corporation's financial condition, cash requirements and future prospects, the level of profits available for distribution and other factors regarded by the Board as relevant at the time.

Future developments

The Directors continue to identify opportunities which meet the Corporation's strategy, which is set out on pages 4 to 14.

Share capital

Details of shares issued by the Corporation during the period are set out in Note 9 to the financial statements.

Directors' interests in shares

Director interests in the shares of the Corporation, including those of connected parties and those indirectly held at the 31 December 2023:

	Ordinary shares
David Neuhauser ¹	14,481,924
Graham Stewart	2,243,449
Eldur Olafsson ²	9,108,918
Jaco Crouse	389,714
Sigurbjorn Thorkelsson ³	8,172,258

- (1) This holding is held through Livermore Partners LLC, a company in which David Neuhauser is Managing Director
- (2) Eldur Olafsson's holding is held both in his name, and also through Vatnar Sarl and Vatnar hf
- (3) Sigurbjorn Thorkelsson's holding is held through Fossar Holdings Ltd, Klettur fjárfestingar ehf. and Klettur LP.

Directors' Compensation

Details of the compensation of each Director are provided in the Compensation Committee Report on pages 67 to 78.

Substantial shareholdings

At 31 December 2023, the Company's substantial shareholders are as follows:

Shareholder	Shareholding (%)
JLE Property Ltd	7.36
First Pecos, LLC	6.01
Livermore Partners LLC ⁽¹⁾	5.49
Akta Sjóðir hf.	3.85
Eldur Ólafsson ⁽²⁾	3.45
Sigurbjorn Thorkelsson ⁽³⁾	3.10

- (1) This holding is held through Livermore Partners LLC, a company in which David Neuhauser is Managing Director
- (2) Eldur Olafsson's holding is held both in his name, and also through Vatnar Sarl and Vatnar hf
- (3) Sigurbjorn Thorkelsson's holding is held through t Fossar Holdings Ltd, Klettur fjárfestingar ehf. and Klettur LP.

Related party transactions

Debt financing

On 11 August 2023, the Corporation announced that it had agreed non-binding heads of terms, subject to final documentation (signed and announced on 01 September 2023), for US\$50.9 million in debt financing to accelerate production and cash flow generation at its cornerstone Nalunaq gold development project. This included US\$22.4 million in convertible notes with ECAM LP, JLE Property Ltd. and Livermore Partners LLC ("Livermore").

Livermore Partners LLC subscribed for US\$2.4 million in principal amount of

convertible notes under the convertible note offering. The subscription by Livermore was considered a related party transaction for purposes of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). For the purposes of the AIM Rules for Companies, Fossar Investment Bank hf. ("Fossar"), ECAM LP and Livermore were related parties of Amaroq. Fossar is a company in which Sigurbjorn Thorkelsson, Non-Executive Director of the Corporation, was Chairman of the board and indirectly controlled over 30% of the capital as of the closing date. ECAM LP is an affiliate of GCAM LP, which owns a 49% interest in Gardaq A/S, an Amaroq subsidiary, and has appointed two directors to the subsidiary company board.

Livermore is a company in which David Neuhauser, Non-Executive Director of Amaroq, is Managing Director.

As such, the elements of the debt financing with Fossar (US\$1.0 million of the senior debt term loans), Livermore Partners LLC (US\$2.4 million of the convertible notes), and ECAM LP (US\$16.0 million of the convertible notes) constituted Related Party Transactions in accordance with AIM Rule 13. The Independent Directors, being the Amaroq Directors other than Sigurbjorn Thorkelsson and David Neuhauser, consider, having consulted with the Corporation's Nominated Adviser, that the terms of the transaction are fair and reasonable insofar as the Corporation's shareholders are concerned. In September 2023, in accordance with Clause 11.2 of Revolving Credit Facility Agreement between Nalunaq A/S, Amaroq Minerals Ltd and Fossar, the Corporation paid \$20,353 (US\$15,000) to Fossar, which represented 1.5% Arrangement fee.

Nasdaq Main Market Listing in Iceland

The Company engaged Fossar on 7 June 2023 to assist in introducing the Corporation to investors, organizing investor meetings, as well as advising and analysing the potential effects the Admission to the Nasdaq Main Market in Iceland would have on the liquidity and formation of the share price of the Corporation.

As of the date of the agreement Fossar was a related party of Amaroq as it was a company in which Sigurbjorn Thorkelsson, Non-Executive Director, was Chairman of the Board and indirectly controlled over 30% of the capital. Amaroq agreed to pay Fossar USD15,000 (CAD\$ 25,000) for the engagement that ended upon the completion of Admission.

As of the date of the agreement, the engagement with Fossar constituted a related party transaction in accordance with AIM Rule 13. The Independent Directors, being the Amaroq Directors other than Sigurbjorn Thorkelsson, having consulted with the Company's Nominated Adviser, were confident that the terms of the engagement with the related party are fair and reasonable insofar as the Corporation's shareholders were concerned.

Fossar ceased to be a related party to the Corporation because of Fossar's corporate restructuring, which closed and was announced on 02 October 2023.

Engagement with Employees Statement

Employees are central to achieving the Corporation's operational goals. At Amaroq,

we strive to be a responsible employer by providing fair pay and benefits, while prioritizing the health, safety, and well-being of our workforce in all our business operations.

Much of our organizational activity hinges on maintaining an open and respectful dialogue with our employees. This makes the adherence to strong ethical values and behaviors essential for fulfilling our corporate objectives. The Board highly values this facet of our corporate culture and endeavors to ensure it permeates every aspect of what we do. Currently, the Directors believe that the Corporation promotes an open culture that supports thorough dialogue and feedback, fostering an environment where positive and constructive challenges are encouraged.

Engagement with Stakeholders Statement

The Corporation engages continuously with a diverse group of stakeholders who are crucial to its success, including equity investors, our workforce, government entities, the local community, and vendor partners. We are committed to achieving an optimal balance between robust engagement and effective communication. Additionally, the Corporation adheres to necessary confidentiality protocols to safeguard market-sensitive and commercially sensitive information while communicating with various stakeholders.

Political donations

The Corporation did not make any political donations or incur any political expenditure during the period.

Independent Auditors

BDO Canada LLP ("BDO") was appointed as successor auditor to take over from PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l, effective February 02, 2022. BDO was reappointed as the Corporation's auditor at the Annual and Special Meeting of Shareholders held on 16 June 2022 and on 15 June 2023.

The Directors have reason to believe that BDO Canada LLP ('BDO') conducted an effective audit. The Directors have provided the auditors with full access to all the books and records of the Corporation. BDO has expressed their willingness to continue to act as auditors to the Corporation and a resolution to re-appointment them will be proposed at the forthcoming Annual and Special Meeting of Shareholders.

Directors' indemnities

As permitted by the Corporation By-laws and subject to the Canada Business Corporations Act, the Directors and Officers have the benefit of an indemnity. Each Director and Officer has signed a Director and Officer Indemnification Agreement,

which came into effect at the date of listing on AIM on 31 July 2020 or, their appointment, if after listing. The indemnity is currently in force. The Corporation also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors as well as Public Offering Securities Insurance put in place at the date of listing on AIM.

CORPORATE SOCIAL RESPONSIBILITY

Amaroq Values

Amaroq aims to perform as a responsible mining company and uphold high standards of governance, responsibility, social and ethical behaviour which are reflected in the Corporation's values:

- Leading through professionalism - an experienced board and management team with diverse backgrounds delivering on commitments to all stakeholders.
- Collaborative and caring - building strong, long-term relationships to allow sustainable mining practices and an empowered local community.
- Innovative and agile - finding creative solutions for the redevelopment of the past-producing Nalunaq mine and further resource growth.
- Long term perspective - the largest licence holder in Southern Greenland with a substantial land package of gold and strategic mineral assets covering a substantial area in Southern Greenland, engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland.
- Execute and deliver - Nalunaq development plan and exploration programme on wider portfolio are both well underway with regular updates planned.

These values are applied throughout the business internally and also in our dealings with external suppliers and stakeholders and we regularly evaluate how successfully we are operating against these standards.

OUR APPROACH TO SUSTAINABILITY

Amaroq is committed to developing resources in a way that is protective of people and respectful of human rights and cultural heritage, creating socio-economic development and sharing economic benefits with affected stakeholders, and mitigating environmental and biodiversity impacts. Our management approach is to work within social and environmental contexts in a way that delivers positive and sustainable outcomes for our business as well as our stakeholders. Our risk management process includes identifying, evaluating and addressing the economic, social and environmental risks and opportunities for our projects and operations. Sustainability management is embedded at all levels of Amaroq, from the Board of Directors to our site employees in Greenland.

In 2023 Amaroq continued strengthening its approach to sustainability in support of its purpose to create a Greenlandic legacy by appointing ERM International Group Limited ("ERM"), one of the world's largest advisory firm focused solely on sustainability, to conduct a strategic review of its approach to sustainability management and performance.

We engage openly with our stakeholders, guided by our values of fairness, respect, transparency and accountability, in all aspects of our business, including sustainability. Amaroq published its first annual Sustainability report in 2023 to provide updates on the safety, environmental, social and governance issues affecting communities near our operations, our employees, our investors, and other stakeholders.

In 2023 Amaroq voluntarily agreed to undertake an ESG sustainability assessment through the Icelandic rating agency Reitun, to meet expectations of Nordic shareholders and investors regarding sustainability disclosures. In February 2024 we received a 'Good' rating. The summary of the assessment was published at our website as a part of stakeholder engagement programme.

SOCIAL RESPONSIBILITY

Wider ESG concerns are integral to the Corporation's strategic approach, with special emphasis on the social dimension. This includes the wellbeing of Amaroq employees, the communities where we operate, and our suppliers. Amaroq is dedicated to fostering a sustainable business model and enabling the communities we engage with to actively contribute to their development.

On a more localized scale, the Corporation pledges continuous support for the development of its local communities, maintaining ongoing dialogue with local leaders and the Greenlandic government to ensure the highest standards of care and security. Furthermore, Amaroq upholds responsible business practices across quality management, environmental stewardship, community involvement, and the wellbeing of our professionals and partners.

People and equal opportunities and discrimination

The Corporation is committed to being an equal opportunities employer. We recruit, employ, and develop employees based on qualifications, experience, and skills required for the job, adhering to best practice standards. During 2023, over 50% of our staff were Greenlandic, demonstrating our inclusive hiring practices. We welcome employment applications from all individuals, irrespective of gender, race, age, disability, marital status, sexual orientation, or religious belief, and we uphold respect for human dignity and individual rights. Our commitment extends to supporting and promoting the principles of the Universal Declaration of Human Rights.

In 2023, the Board of directors approved, among all, the following policies to reinforce these commitments:

- Human Development Policy (approved on 22 December 2023): This policy reflects our dedication to maintaining the highest standards of industry practice while respecting the unique cultural and environmental landscape of Greenland.
- Human Rights, Child and Forced Labour Policy (approved on 22 December

2023): This policy outlines our commitment to conducting business in a way that respects the dignity and rights of everyone affected by our operations in Greenland. The Corporation adheres to the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, as amended in 2022.

The Corporation is dedicated to fostering a diverse and inclusive workplace that reflects the global community in which we operate. We have implemented targeted initiatives aimed at enhancing diversity across all levels of our organization, ensuring that all employees feel valued and respected.

We are committed to the professional development of our employees through continuous learning and training opportunities, enhancing individual career growth and ensuring our workforce remains competitive.

We adhere to the principle of equal pay for equal work, ensuring that all employees are compensated fairly based on their role, experience, and performance.

Societal contribution

As our assets are in Greenland, the Corporation is focusing on positive interaction between it and local stakeholders to foster long term, sustainable relationships. Our aim is that our projects are socially sustainable and meet high international standards regarding financial planning, health, safety, the environment as well as social and cultural initiatives.

We have defined our Core Purpose as "Creating a Greenlandic Legacy" through unlocking value from its gold and strategic mineral wealth meeting the needs of a greener future

- **Feeding the Global Green Transition**
Meeting the universal critical and strategic materials supply gap required for the energy transition.
Responsible operator committed to reducing environmental footprint through sustainable management.
- **Bringing Long-term Value to Greenland**
Investing in and empowering local communities to maximise society growth.
Facilitating economic development with gold operations through employment, tax receipts and infrastructure support.
- **Building a Responsible Future**
Promoting Greenlandic values, culture, legislation and practices.
Safe operating jurisdiction and growing region for mining investment.

The public consultation for the Environmental Impact Assessment (EIA) and Social

Impact Assessment (SIA) for Nalunaq closed on the 1st March 2024.

Building Responsible Supply Chain.

Amaroq is committed to creating a path of ethical and sustainable business practices in Greenland's mining sector. Recognizing the pivotal role our suppliers play in helping us achieve our objectives is paramount. Our suppliers are not just vendors or service providers; they are our partners in advancing towards a more sustainable and responsible mining industry. As such, our commitment extends beyond the land we operate to the communities our business impacts.

In 2023 the Supplier Code of Conduct was adopted; the policy outlines our expectations and requirements for all suppliers. This Supplier Code of Conduct Policy expresses our commitment to conducting business in a manner that upholds the dignity and rights of all individuals affected by our operations. We are resolute in our endeavour to prevent any form of exploitation, guaranteeing that our operations remain devoid of unethical practices. By adhering to the Code, our suppliers join us in a commitment to uphold the highest standards of integrity, respect for human rights, and preservation of the environment.

In accordance with the requirements of new regulation in Canada, the first annual report with analysis of the risks of forced labour and child labour in supply chain was issued and published in 2023.

ENVIRONMENTAL STEWARDSHIP

Amaroq is dedicated to upholding high standards of environmental stewardship and integrating environmental protection into our strategic and decision-making processes. We understand that effective environmental management is crucial for the responsible operation of our mining activities. Our objective is to minimize the environmental impact of our projects, aligning our operations with best practice standards in environmental responsibility.

In 2023, after extensive preparatory work, our Nalunaq Gold Mine project advanced into the public consultation phase in Greenland. This process involves thorough Environmental Impact Assessments (EIA) and Social Impact Assessments (SIA), which were submitted to the Greenland MLSA in December 2023 and are now publicly accessible. These reports detail the environmental risks identified by the Corporation and outline the mitigation measures integrated into our project design and action plans.

Following the EIA and SIA, we established an ESG Risk Register at the end of 2023, setting the foundation for a comprehensive ESG risk management system to be developed and implemented in 2024. This will facilitate ongoing compliance and adaptation to local and international ESG standards.

The public consultations are set to culminate in agreements with Greenlandic authorities concerning the Environmental Monitoring Program, which will include specific quantitative targets, and the Impact Benefits Agreement, which outlines our

commitments to social responsibility. These agreements will establish certain obligations for the Corporation, ensuring adherence to local ESG regulations and fostering a constructive partnership with host communities.

In recognition of our environmental and social responsibilities, Amaroq has adopted a series of policy documents throughout 2023. These, together with previously established policies, form a robust governance framework for mitigating environmental risks:

- **Environmental Policy** (approved by the Board on 28 August 2023): This policy reaffirms our commitment to environmental stewardship, employee health and safety, and respect for the communities where we operate. It is woven into every facet of our project lifecycle, from exploration to development and construction. Our employees receive continuous training to adhere to environmental standards and effectively implement these principles in their daily operations. Additionally, we are actively exploring further measures to reduce our environmental footprint, such as site rehabilitation, wildlife protection, and the adoption of local renewable energy sources to support the mine's operations.
- **Health and Safety Policy** (approved by the Board on 28 August 2023): Committed to achieving Zero Harm, this policy aims to eliminate all workplace accidents and hazards, striving for zero injuries. This goal requires everyone in the organization to fully understand and actively engage in their safety responsibilities, promoting a culture of proactive safety and care for themselves, their colleagues, and the broader community.

These policies are readily available for review on our website, illustrating our transparent and proactive approach to corporate governance and community engagement.

CORPORATE GOVERNANCE

Chairman's Corporate Governance Statement

As the Chairman of the Board of Directors of Amaroq, my duty is to uphold robust corporate governance and maintain an effective Board. I am committed to providing the necessary leadership to ensure that the Board functions effectively, equipped with the right capabilities, structures, and systems. This commitment extends to making sure the Board has the support needed to perform optimally and sustain this performance.

Amaroq adheres to the highest regulatory standards in operation. The Board acknowledges the critical importance of strong corporate governance and is confident that our governance frameworks are well-suited to our corporation's size and developmental stage. We believe that these systems optimally support our ongoing growth and operational integrity.

The Corporation is subject, among other laws and regulations, to instruments published by relevant Canadian securities regulators. One such instrument, NI 58-101 Disclosure of Corporate Governance Practices (accessible at <https://www.osc.ca/en/securities-law/instruments-rules-policies/5/58-101/national-instrument-ni-58-101-disclosure-corporate-governance-practices-0>), prescribes certain disclosure by the Corporation of its corporate governance practices and NP 58-201 Corporate Governance Guidelines (accessible at <https://www.osc.ca/en/securities-law/instruments-rules-policies/5/58-201>) provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation.

As a result of the Corporation's listing on the TSX-V and being a reporting issuer in the Canadian province of Ontario, the Corporation has established corporate governance practices and procedures appropriate for a publicly listed Corporation in Canada. The Corporation complies with Canadian corporate governance standards appropriate for publicly listed companies.

Since listing on AIM on July 31, 2020, the Board further complies with the recommendations set out in the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance ('QCA') Corporate Governance Code (can be access through <https://www.theqca.com/qca-corporate-governance-code-public/>), as amended from time to time. It requires AIM-quoted companies to adopt a 'comply or explain' approach in respect of the application of guidance contained within. This report follows the structure of these guidelines and explains how we have applied the guidance. The Board considers that the Corporation complies with the QCA Code in all respects.

The Board also resolved to comply with Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise (accessible at

<https://leidbeiningar.is/english/>) that became applicable as a result of admission to trading and listing of Amaroq's depositary receipts on Nasdaq Iceland in September 2023. One specific exception pertains to the composition of the Nomination Committee in article 1.4, where the Company is mandated to adhere to the Canadian requirements governing the composition of the Nomination Committee in accordance with which the Nomination Committee must be composed of members of the Board of Directors, with a majority of those members being independent directors.

This Governance section of the Annual Report also includes reports from the five committees: the Audit and Risk Management Committee, the Corporate Governance and Nomination Committee, and the Technical, Safety and Sustainability Committee, the Compensation Committee and the Disclosure Committee, all with formally delegated duties and responsibilities.

The disclosures required to be included in the Corporation's website in respect of the QCA Corporate Governance Code and the Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise can be found at www.amaroqminerals.com/about/qca-code-disclosures/. There were no significant changes to the Corporation's corporate governance arrangements over the past year.

As Chairman of the Board, I hold the ultimate responsibility for the quality of and approach to corporate governance at Amaroq. Central to our governance structure is an effective Board, which is crucial for maintaining high standards. Effective corporate governance starts with having engaged, capable, and experienced directors. I am confident that the outstanding professionals on Amaroq's Board constitute a well-functioning and balanced team, poised to guide our strategic direction and uphold our governance standards.

Principle 1 – Establish a strategy and business model which promote long-term value for the shareholders

The board has a shared view of the Corporation's purpose, business model and strategy which are stated and explained on pages 4 to 14 of this Annual Report.

Amaroq has established a significant presence and holds a substantial portfolio of gold and strategic mineral licenses in Greenland, marking it as a leader in the region.

To effectively manage and mitigate potential risks, the Corporation maintains a Risk Matrix that captures the challenges we face from both operational and corporate perspectives. In light of our strategy and business model, these risks have been meticulously reviewed to ensure that Amaroq remains well-positioned to deliver long-term value to our shareholders.

The Board actively takes measures to mitigate these risks, and the principal

challenges to our strategic execution are detailed in the section concerning the main risks and uncertainties the business faces.

Furthermore, the Corporation has put in place remuneration policies that align with our strategic goals, ensuring that our Executive directors and senior management are rewarded in a manner that motivates them to act in the best interests of our shareholders.

Principle 2 – Seek to understand and meet shareholder needs and expectations

The Directors diligently work to develop a thorough understanding of our shareholders' needs and expectations to accurately interpret the motivations behind their voting decisions.

To enhance this understanding, Amaroq has enlisted the expertise of corporate brokers, an in-house investor relations adviser, and an external PR firm. We believe these relationships foster ongoing dialogue with shareholders, enhancing our awareness of their expectations. Our Nominated Advisor and Broker, Stifel Europe, regularly provides updates to the directors on shareholder sentiments throughout the year.

The Board is committed to maintaining open communication and engaging constructively with our shareholders. We ensure effective communication through our Annual Reports, regulatory announcements, and direct interactions at our Annual and Special Meetings of Shareholders. These meetings include a question-and-answer session, offering shareholders direct access to Board members and the opportunity to voice their questions and concerns. We highly encourage shareholder attendance and participation at these meetings, the outcomes of which are published on the Corporation's website.

Recognizing the benefits of convenience, cost savings, and environmental considerations, and to ensure the health and safety of our community, shareholders, employees, and other stakeholders, Amaroq conducted its 2023 shareholders' meeting exclusively online. Shareholders and proxyholders participated in the meeting's live webcast, where they could vote and pose questions. This online format will continue for the 2024 Annual General Meeting.

We have also integrated a contact section on our website that includes a form and email address for shareholders to use. Inquiries received through these channels are promptly directed to the appropriate team member to ensure quick and accurate responses.

Amaroq maintains regular contact with its investor base through investor roadshows, conferences, and direct conversations, supported by consistent communications with our broker and PR firms to stay attuned to shareholder views. Regular press releases and quarterly financial statements, accompanied by management discussions and analysis, are issued to keep shareholders informed about the latest operational and corporate developments.

Our website, www.amaroqminerals.com, serves as a vital resource for financial and general news relevant to our shareholders. Additionally, our AIM Rule 26 website page provides detailed information about all our key advisors, offering another point of contact for communications beyond the website form <https://www.amaroqminerals.com/investors/aim-rule-26/>.

Principle 3 – Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board acknowledges that the sustained success of the Corporation hinges on the collective contributions of our stakeholders, both internal and external. The primary stakeholder groups critical to our operations include the Government of Greenland, local communities around our licence areas, and the Corporation's employees, contractors and suppliers. It is through engaging with and supporting these groups that we secure our long-term objectives and uphold our commitment to responsible business practices.

Amaroq seeks to be a socially responsible corporation which has a positive impact on the community in which it operates. We have defined our Core Purpose as “Creating a Greenlandic Legacy”. We will:

- Take time to understand Greenlandic culture and respect traditions
- Engage with local stakeholders to establish how we can collaborate positively
- Be an active member of the community empowering it to grow
- Encourage skills and knowledge transfer to Greenlanders from internal and external sources
- Prioritize Greenlandic laws, guidelines and practices in all our work
- Recognize and celebrate successes
- Ensure all our impacts are positive
- Inspire loyalty and pride

The Corporation maintains robust relationships with several departments within the Government of Greenland, including Licensing, Inspection and Technical Services, Geology, and the Environment Agency for Mineral Resource Activities. We adhere strictly to the government's stipulated processes for conducting field activities in an environmentally and socially responsible manner.

Looking ahead, the Corporation is exploring opportunities to harness green energy sources, such as hydroelectric power, for its projects. Successful integration of such sustainable energy sources could not only power our operations but also potentially supply excess renewable energy to local communities.

Amaroq is committed to fostering strong, ongoing relationships with its diverse stakeholders. We provide platforms for stakeholders to voice concerns and offer feedback, integral to our governance and operational frameworks. The Corporation conducts annual community meetings to discuss project developments and address questions, and holds monthly meetings with local business association representatives.

Significant emphasis is placed on local employment; over 50% of our workforce during 2023 were local residents. We prioritize using local contractors and have established a Greenlandic procurement policy to ensure transparent processes. The Corporation fosters a non-discriminatory environment and strives to offer all employees opportunities for personal and professional development. Weekly team meetings offer a forum for staff to discuss issues directly with colleagues and the CEO.

Furthermore, the Corporation upholds a Code of Business Conduct and Ethics and an Integrity Program for directors, officers, employees, consultants, and agents. This framework dictates standards for ethical behavior and provides confidential channels for raising concerns, ensuring integrity and accountability at all levels of operation.

Principle 4 – Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board acknowledges the importance of a robust and well-defined risk management process, which is essential for achieving the Corporation's strategic objectives. The primary risks to the business are detailed on pages 15 to 34 of this Annual Report. To manage these risks effectively, the Corporation has implemented various risk management schemes and procedures throughout its organizational structure.

Central to our risk management framework is the maintenance of a Risk Matrix, which identifies the principal risks from both operational and corporate perspectives, providing mitigation strategies to reduce these risks as much as possible. This Risk Matrix is reviewed by the Audit and Risk Management Committee and/or the full Board quarterly. Furthermore, the Corporation adheres to industry standards in project controls for all development projects, supported by a project-specific Risk Register. This register is crucial for identifying potential threats by assessing the likelihood of each risk and evaluating its potential impact. Both the Risk Matrix and the Risk Register undergo periodic internal reviews.

These tools are integral in supporting the Corporation's strategic decision-making, including the recruitment of key personnel and strategic advisors who assist in effectively mitigating principal risks.

Additionally, the Board is charged with the development and implementation of policies and procedures that safeguard the integrity of internal controls and management information systems. Given its current size and stage of development, the Corporation operates within a relatively straightforward control environment. As we progress towards development and production phases, the Board is committed to continuously enhancing and expanding the existing control environment to align with our growth and complexity.

Principle 5 – Maintain the Board as a well-functioning, balanced team led by

the Chairman

During 2023 and currently, the Board is comprised of two executive officers (Eldur Olafsson and Jaco Crouse) and six non-executive directors.

In accordance with Canadian corporate governance standards:

Of the non-executive Directors, the Board considers that Liane Kelly, Line Frederiksen, Graham Stewart (notwithstanding his being the Chairman of the Corporation), Warwick Morley-Jepson, David Neuhauser and Sigurbjorn Thorkelsson are "independent".

The Board expresses its confidence that Graham Stewart retains full independence as a director, notwithstanding his being the Chairman of the Corporation. His role as a director is distinctively marked by a clear separation from day-to-day management, allowing him to oversee executive functions, including the CEO performance, without direct involvement in the operational activities of the Corporation.

Graham's approach to governance is defined by an impartial stance that avoids alliances with the management team, ensuring that his decisions are made with the broader interests of the Corporation and all its shareholders in mind. His interactions with management are focused on accountability and strategic oversight rather than management tasks.

The structures and policies in place facilitate Graham's independence, including rigorous conflict of interest rules and transparency requirements. These policies not only support his non-partisan decision-making but also reinforce his ability to act solely in the interest of the Corporation's long-term success.

Board meeting records and historical reviews of Graham's tenure reflect his consistent support for measures that enhance corporate value and shareholder returns. His effectiveness in this role is further validated by endorsements from other independent board members, who attest to his unbiased and judicious contributions in the boardroom. This combination of structured governance and principled leadership underscores Mr. Stewart's vital role in maintaining the integrity and success of our Corporation.

From a UK corporate governance perspective:

The Board considers that Graham Stewart, Line Frederiksen, Liane Kelly, Warwick Morley-Jepson and Sigurbjorn Thorkelsson are "independent", but David Neuhauser is not (as a result of his interest in common shares being over four percent of the share capital).

Aligned with both Canadian and UK corporate governance standards, the Board firmly believes that Sigurbjorn Thorkelsson retains independence as a director, despite owning over 3% of the Corporation's share capital. His role and conduct as a director adhere to the rigorous demands for independence as stipulated in both jurisdictions.

This belief is founded on several key points that demonstrate his ability to make

unbiased decisions and act in the best interests of all shareholders, not just in line with his personal holdings.

Sigurbjorn Thorkelsson has consistently demonstrated an ability to separate his roles as a shareholder and director. His decisions and actions on the Board are guided by established governance principles and the strategic needs of the Corporation, rather than personal interests. Sigurbjorn rigorously adheres to corporate governance standards which include conflict of interest policies and disclosure requirements thus ensuring that his actions are transparent and focused on the welfare of the Corporation as a whole. Historical data and Board meeting records show that Sigurbjorn's contributions and decisions have supported initiatives that benefit the entire Corporation and all its shareholders, rather than his personal investments. Sigurbjorn Thorkelsson brings a diverse range of expertise and perspectives that are invaluable to the Board. His insights are derived from a broad spectrum of experiences, which supports his ability to remain objective and provide independent guidance.

Sigurbjorn's independence is further corroborated by endorsements from other independent directors on the Board, who have worked closely with him and can attest to his autonomous and impartial decision-making.

In accordance with Icelandic corporate governance standards:

The Board considers that all non-executive directors are independent in accordance with Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise.

The Directors' interests in shares can be found on page 38.

The board believes that it has an appropriate balance between executive and non-executive directors.

Director Name	Independent in the UK	Independent in Canada	Independent in Iceland	Date of Appointment to the Corporation	Length of Service
Graham Stewart	Yes	No	Yes	14 th April 2017	7 years
Eldur Olafsson	No	No	No	14 th April 2017	7 years
Jaco Crouse	No	No	No	27 April 2021	3 years
Sigurbjorn Thorkelsson	Yes	Yes	Yes	27 th July 2020	3.5 years
Line Frederiksen	Yes	Yes	Yes	9 th June 2021	3 years
David Neuhauser	No	No	Yes	9 th June 2021	3 years
Liane Kelly	Yes	Yes	Yes	26 th August 2021	2.5 years
Warwick Morley-Jepson	Yes	Yes	Yes	26 th August 2021	2.5 years

Non-executive directors are expected to dedicate the time and attention necessary to perform and carry out such duties and obligations as is typical for a director. As a minimum, the non-executive directors are expected to spend at least 12 days per year working for the Corporation however, in practice all the Non-Executives spend more than the minimum number of days on Corporation business. Board meetings are open and constructive, with every director participating fully. Senior management can frequently be invited to meetings, providing the Board with a

thorough overview of the Corporation.

The following is a table of Board and Committee meetings held during the year to December 31, 2023 and Directors' attendance¹:

	Board Meetings	Audit and Risk Management Committee	Compensation Committee	Corporate Governance and Nomination Committee	Technical, Safety and Sustainability Committee
<i>Total meetings held during the year</i>	21	5	6	3	4
Member Attendance:					
<i>Executive Directors</i>					
Eldur Olafsson	21 / 21				
Jaco Crouse	21 / 21				
<i>Non-Executive Directors</i>					
Graham Stewart	21 / 21		6 / 6	3 / 3	
Sigurbjorn Thorkelsson	19 / 21	4 / 5	6 / 6		
David Neuhauser	19 / 21	4 / 5		3 / 3	
Line Frederiksen	20 / 21	5 / 5			4 / 4
Liane Kelly	20 / 21			3 / 3	4 / 4
Warwick Morley-Jepson	19 / 21		6 / 6		4 / 4

1. Does not include directors attending as invitees.

Principle 6 – Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Directors possess a comprehensive range of skills and experience necessary to effectively fulfill their roles. The Corporation maintains that the current composition of the Board aptly represents a diverse array of commercial and professional skills across various geographies and industries, with each Director bringing valuable experience in public markets.

The Corporate Governance and Nomination Committee (the “Committee”) conducted an annual review of the Board's skills. This review confirmed that the Board features a proficient blend of expertise in areas such as industry knowledge, change management, regulatory compliance, legal affairs, risk management, ESG practices, and financial oversight.

Line Frederiksen has substantial experience in Greenlandic infrastructure and is currently an independent consultant, working with Companies within the CFO services field. Until September 2022 she was CFO at Tuass (formerly Tele Greenland A/S), the leading provider of telecom solutions in Greenland, as well as being responsible for cybersecurity governance. Prior to being promoted to CFO, Ms. Frederiksen was the Head of Finance at Tele Greenland A/S and has previously had roles at Air Greenland.

David Neuhauser has extensive capital markets and M&A experience and is the founder and managing director of event-driven hedge fund Livermore Partners in

Chicago. He has invested in and advised global public companies for the past 21 years and has a strong track record of enhancing intrinsic value. Mr. Neuhauser currently sits on the board of Shareholders Gold Council, a Canadian corporation promoting best practices in the gold mining industry, AIM-quoted Jadestone Energy Plc, and Kolibri Global Energy Inc

Liane Kelly, appointed Senior Independent Director in April 2022, brings a wealth of ESG experience to the Board having enjoyed a successful career focused on advising natural resource companies on sustainability and CSR initiatives. Her expertise focuses on community engagement and social impact, both of which will be vital for Amaroq as the Corporation continues to build on its strong engagement with its Greenlandic stakeholders. Liane’s role as the Senior Independent Director includes working closely with and providing support to the Chair, acting as an intermediary for other directors as and when necessary, being available to shareholders and other non-executives to address any concerns or issues.

Warwick Morley-Jepson has significant experience in mining having spent 40 years in the industry, holding various managerial and executive positions. His experience in mine development and operations at global mining firms is highly relevant to Amaroq as the Corporation continues to progress both the Nalunaq mine and its various exploration targets.

The Board are able to seek external advice should it be required to enable them to appropriately perform their duties.

The Corporation is satisfied that the Board composition is appropriate given the size and stage of development of the Corporation. The Board will keep this matter under regular review. The Board shall also review annually the appropriateness and opportunity for continuing professional development of Directors whether formal or informal.

The biographies of the Board can be found on pages 35 to 38, and details of the experienced management team can be found on “Team” section of the website <https://www.amaroqminerals.com/about/the-team/#management>.

Principle 7 – Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Corporate Governance and Nomination Committee is responsible for carrying out an annual evaluation of the performance of the Board, Board Committees, the Chair, and individual Directors. The Board evaluation process is designed to provide Directors with an opportunity to examine how the Board is operating and to make suggestions for improvement.

The Corporate Governance and Nomination Committee recommended carrying out internal evaluation to review 2023 performance, enhanced by one-on-one interviews. Rationale for external Board performance evaluation will be considered in 2025.

The performance evaluation was carried out by means of an anonymous electronic survey administered by an external provider that was completed by the Board and committee members, and one-on-one interviews of the Senior independent director and Chair of the Corporate Governance and Nomination Committee Liane Kelly with each of the Board members. The areas covered were: Board organization, managing the affairs of the Board, strategy and planning, management and human resources, business and risk management, financial and corporate issues, shareholder and corporate communications, policies and procedures. Each Board Committee was evaluated separately.

The performance evaluation results demonstrated that overall, the Board and its Committees are effectively organized and perform well as a whole with each Director contributing well.

Among the strengths were named such characteristics as:

Diversity and Effectiveness: The Board composition was unanimously recognized for its diversity, which significantly benefits Amaroq. This diverse makeup ensures a range of perspectives that are critical for comprehensive decision-making.

Governance and Meetings: There is strong agreement that the Board, the Chair, and the meetings are conducted in a manner that suits the company's needs, with effective leadership and structured proceedings.

CEO Relationship: The Board maintains an effective relationship with the CEO, facilitating robust strategic alignment and leadership throughout the organization.

Financial Oversight: The financial risks are well-covered in Board meetings, and the Technical, Safety, and Sustainability (TSS) Committee is making strides in addressing technical risks.

The directors identified certain areas for improvement and recommended further steps to enhance the Board performance, such as expansion of the risk matrix to include and report on ESG, operational, safety, and social risks, developing focused oversight on ESG issues, operations, and budget management. The format of 'In Camera' sessions was noted as needing revision to foster more open dialogue and effective discussion.

Overall, each of the Board committees agreed they were operating effectively in line with its Charter, provided useful reporting to the Board, and that there was an appropriate balance of technical skills and expertise among the members of each committee.

The annual assessment of the CEO's performance was conducted by the Corporate Governance and Nomination Committee and led by the Senior Independent Director and the Chairman of the Board of Directors. Only non-executive directors were present during the discussions concerning the CEO's performance. This approach ensured the integrity and impartiality of the assessment.

Following the evaluation, the findings were presented to the CEO. This discussion

focused on identifying areas for improvement and strategies to enhance existing strengths, aligning with the broader objectives of our corporate governance practices. The Board is committed to transparency and accountability in this process, as evidenced by the publication of the Corporation's remuneration policies and the disclosure of specific remuneration terms for senior management and directors.

Principle 8 – Promote a corporate culture that is based on ethical values and behaviours

One of our core values at the Corporation is leadership through professionalism. We encourage our employees, officers, consultants, and directors to embody this value by consistently delivering high-quality work, conducting themselves ethically, and acting as positive ambassadors for our organization.

The Corporate Governance and Nomination Committee plays a critical role in setting the right ethical tone at the top of the organization. It ensures that the ethical and compliance standards of management and employees are well understood across the Corporation. This is facilitated through the implementation of written Codes of Business Conduct and Ethics, which cover areas such as bribery, political contributions, conflicts of interest, and unauthorized payments. These codes also support the ability to report violations without fear of reprisal, fostering a culture of integrity and accountability.

Our Integrity Program serves as a comprehensive guide for all directors, officers, consultants, and employees at Amaroq, detailing how to uphold the highest levels of integrity. This program outlines specific procedures to be followed when anyone's actions, or perceived actions, do not align with the responsibilities set forth in the Corporation's Code of Business Conduct and Ethics, Insider Trading and Share Dealing Policy, or any other outlined policies and procedures.

It is a continuous obligation for every director, officer, consultant, and employee of Amaroq and its subsidiaries to report any activities or suspected activities that may compromise the integrity of the Corporation's financial reporting or potentially harm the Corporation's reputation.

Each individual within the Corporation is required to report such activities whenever there is reasonable and bona fide belief that an incident has occurred, is occurring, or is likely to occur, upholding our commitment to ethical conduct and transparency.

Principle 9 – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The primary role of the Board is to provide governance and stewardship to the Corporation as a whole. It is understood by the Board that its decisions on strategy and risk not only shape the corporate culture but also significantly influence the overall performance of the Corporation. Effective governance necessitates the Board's active involvement in strategic planning, risk management, maintaining the

integrity of internal controls, and overseeing external financial and regulatory reporting and compliance. The Board is tasked with supervising management and is obligated to act in the best interests of the Corporation, its shareholders, and other key stakeholders. All actions of the Board are governed by Canadian law, the Corporation's articles and by-laws, and the specific terms of reference set for each committee and for the Board as a whole.

The Corporate Governance and Nomination Committee is responsible for establishing and overseeing the implementation of the Corporation's governance principles and practices, ensuring adherence to best practices as well as compliance with relevant laws and regulations governing corporate governance.

This committee also guarantees that the Corporation, including its management, directors, and members, operates in the best interests of the shareholders, as outlined in the Integrity Program. It ensures that all actions are carried out in a professional, transparent manner consistent with applicable laws and regulations, in addition to internal policies.

The Board convenes quarterly, with additional meetings scheduled as necessary. It is supported by five specialized committees that meet at various times throughout the year to address specific areas of the Corporation's operations.

Audit and Risk Management Committee: The primary function of the Audit and Risk Management Committee is to assist the Board in fulfilling its financial reporting and controls responsibilities to shareholders. The Terms of Reference for the Audit and Risk Management Committee can be found at the Corporation's website at <https://www.amaroqminerals.com/about/corporate-governance/>.

A report from the Audit and Risk Management Committee can be found on page 63.

Compensation Committee: The primary function of the Compensation Committee is to determine executive remuneration packages and to ensure that the remuneration policy and practices of the Corporation reward fairly and responsibly, with a clear link to corporate and individual performance.

The Terms of Reference for the Compensation Committee can be found at the Corporation's website at <https://www.amaroqminerals.com/about/corporate-governance/>.

A report from the Compensation Committee can be found on page 67.

Corporate Governance and Nomination Committee: The Corporate Governance and Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying and nominating, for the approval of Board, candidates to fill vacancies on the Board as and when they arise.

The Terms of Reference for the Corporate Governance and Nomination Committee can be found at the Corporation's website at <https://www.amaroqminerals.com/about/corporate-governance/>.

A report from the Corporate Governance and Nomination Committee can be found on page 65.

Technical, Safety and Sustainability Committee: The role of the Technical Safety and Environmental Committee is to assist the Corporation and the Board in fulfilling their respective obligations relating to technical, health and safety, environmental and social matters concerning the corporation.

The Terms of Reference for the Technical, Safety and Sustainability Committee can be found at the Corporation's website at <https://www.amaroqminerals.com/about/corporate-governance/>.

A report from the Technical, Safety and Environmental Committee can be found on page 66.

Disclosure Committee: The purpose of the Disclosure Committee is to assist the Board in fulfilling its responsibilities in respect of timely and accurate disclosure of all information and establishing and maintaining adequate procedures to comply with these obligations.

The Terms of Reference for the Disclosure Committee can be found at the Corporation's website at <https://www.amaroqminerals.com/about/corporate-governance/>.

A report from the Disclosure Committee can be found on page 79.

Principle 10 – Communicate how the Corporation is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is confident that a robust dialogue is maintained between the Board and all stakeholders, including shareholders, facilitating well-informed decisions regarding the Corporation. There is a strong commitment from the Board to sustain effective communication and foster constructive dialogue with its shareholders.

The Corporation's website is diligently updated to comply with AIM Rule 26, ensuring that all requisite reports and information are accessible.

Each year, the Corporation conducts an Annual and Special Meeting of Shareholders where the annual results are discussed. A Management Information Circular is distributed to shareholders in advance to inform them about the meeting. Results of the voting on all resolutions at these general meetings are promptly posted on the Corporation's website. This includes detailing any actions required following resolutions that receive a high volume of dissenting votes, although this has not been an issue to date.

The Corporation's website also serves as a repository for historical press releases, financial data, and other corporate documents, including quarterly unaudited interim accounts and Management Discussion and Analysis (MDA), as well as audited annual financial statements.

Investors are encouraged to subscribe to the Corporation's mailing list to receive

direct notifications of press releases, updates to corporate presentations, and other relevant information.

The Corporation actively engages with its shareholders through roadshows, calls, and meetings, and maintains various contact options available on its website. It also has an active presence on LinkedIn, X, and Instagram. Additionally, one of the Corporation's subsidiaries in Greenland, Nalunaq A/S, has a Facebook page.

In accordance with the QCA Code, the Corporation has enhanced its annual reporting cycle to include more detailed governance reporting, which will continue to develop and improve over time.

Share Dealing

With effect from Admission on AIM, the Corporation has adopted a revised insider trading and share dealing policy for Directors and applicable employees of the Corporation for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Corporation's securities (including, in particular, Rule 21 of the AIM Rules) and MAR, as well as applicable Canadian securities laws. The Directors consider that this insider trading and share dealing policy is appropriate for a Corporation whose shares are admitted to trading on AIM and the TSX-V, and will take all reasonable steps to ensure compliance by the Directors and any relevant employees with such policy.

Relations with shareholders

The Chief Executive Officer and the Chairman maintain open lines of communication with shareholders, who are strongly encouraged to attend, participate, and cast their votes at the Annual and Special Meeting of Shareholders. During these meetings, members of the Board are readily available to engage in discussions and address any concerns regarding the Corporation. The Board keeps abreast of shareholder perspectives through regular interactions, including meetings and various other forms of communication with shareholders.

Additionally, the Corporation organizes a range of investor events such as deal and no-deal roadshows, capital market days, and other related activities, providing further opportunities for direct engagement and detailed updates on the Corporation's activities and strategies. These events serve as crucial platforms for fostering a deeper understanding and robust engagement with the investment community.

Business Principles Ethics

The Corporation has established a Code of Business Conduct and Ethics along with an Integrity Program that are applicable to all employees and contractors. These guidelines provide a structured framework for conducting business ethically and responsibly, guiding interactions with colleagues, clients, and suppliers. These protocols reflect the Corporation's strong commitment to fostering a culture

centered on honesty, integrity, and accountability.

We are dedicated to upholding the highest standards of fairness, honesty, and integrity in all our activities and ensuring compliance with all legal and regulatory requirements. It is expected that all directors, officers, employees, consultants, and agents of the Corporation adhere to these principles in their professional dealings, as outlined in the Code of Business Conduct and Ethics.

For full transparency, the Code of Business Conduct and Ethics policy is readily accessible on our website.

Internal control

The Board is responsible for establishing and overseeing the Corporation's system of internal control and reviewing their effectiveness. Internal control systems are designed to meet the particular needs of the Corporation and the particular risks to which it is exposed. The procedures are designed to manage rather than eliminate risk and by their nature can only provide reasonable but not absolute assurance against material misstatement or loss.

The Corporation's management maintains 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 and twelve months ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the ICFR. No such changes were identified through their evaluation.

The Board has reviewed the Corporation's overall risk management and control systems and believes that the controls are satisfactory given the nature and size of the Corporation.

Report of the Audit and Risk Management Committee

Audit and Risk Management Committee Members:

Line Frederiksen (Chair)
Sigurbjorn Thorkelsson
David Neuhauser

The Audit and Risk Management Committee ('the Committee') is pleased to present its 2023 report to shareholders. The period covered by this report is January 1 to December 31, 2023. There were no changes to the Committee's membership during the year.

The primary function of the Committee is to assist the Board in fulfilling its financial reporting, internal controls and risk management responsibilities to shareholders. In line with the Committee Charter, it shall meet at least three times a year, at appropriate times in the financial reporting and audit calendar, or more frequently if required.

During the year, the Committee met five times during 2023 and the external auditors attended two of these meetings.

The Committee's Charter is available on the Corporation's website www.amaroqminerals.com.

Activity during the year

The Committee monitored the integrity of the annual and quarterly financial statements and management's discussion and analysis. It reviewed them for significant financial reporting matters and accounting policies and disclosures in financial reporting. The Committee was also responsible for reviewing the Corporation's Risk Matrix, which was regularly updated during the year to reflect the Company's strategic developments.

The external auditor BDO Canada LLP ("BDO") attended two Committee meetings. In February 2023 BDO presented the highlights of the Audit planning report and explained key issues which the Auditor believed to be relevant to the audit of the Corporation's consolidated financial statements for the year ended December 31 2022. The meeting in March 2023 covered the year end approval process where the meeting considered reports from BDO in respect of their audit approach, independence and subsequent findings in respect of the audit of the year end results.

External audit

The Committee is responsible for managing the relationship with the external

auditor, which the Corporation renews annually.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Corporation and reviewing the non-audit fees payable to the auditor. BDO is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

Non-audit services are not performed by the auditor if such services would impair their independence under relevant professional standards.

During the year, amounts billed by BDO for audit fees totaled \$265,098; for tax related services (tax compliance, tax advice and tax planning, including reviewing tax returns and assisting in responses to government tax authorities) totaled \$11,123.

Internal audit

In light of the size of the Corporation and its current stage of development, the committee did not consider it necessary or appropriate to operate an internal audit function during the year.

Report of the Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee (the “Committee”) is pleased to present its 2023 report to shareholders. The period covered by this report is January 1 to December 31, 2023.

Corporate Governance and Nomination Committee Members:

Liane Kelly, Chair, Senior Independent Director
Graham Stewart
David Neuhauser

The Committee’s members are Liane Kelly, Senior Independent Director who chairs the Committee, and Graham Stewart and David Neuhauser who are both Non-Executive Directors. There were no changes to the Committee’s membership during the year.

The Committee shall meet at least once a year, and it met three times during 2023. The Committee’s Charter is available on the Corporation’s website www.amaroqminerals.com.

Activity during the year

During the year the Committee carried out the Board performance evaluation for 2022-2023. The performance evaluation considered: Board structure and skill set; strategy, business and risk management; oversight of management, corporate and financial issues; shareholder and corporate communications; and governance policies and procedures.

The performance evaluation results demonstrated that overall, the Board, its Committees and members are effectively organised and well positioned to perform its governance role for the Corporation. Further details on the Board assessment can be found in the Chairman’s Corporate Governance Statement on page 47.

In December 2023 the Committee met to review and pre-approve several new Amaroq corporate policies that were later approved by the Board of directors on recommendation of the Committee, namely:

- Crisis management Policy
- Board and Management Diversity Policy
- Human Rights, Child and Forced Labour Policy
- Human Capital Development Policy
- Supplier Code of Conduct

Report of the Technical, Safety and Sustainability Committee

The Technical, Safety and Sustainability Committee (the “Committee”) is pleased to present its 2023 report to shareholders. The period covered by this report is January 1 to December 31, 2023.

Technical, Safety and Sustainability Committee Members:

Warwick Morley-Jepson, Chair
Liane Kelly
Line Frederiksen

All Committee members are considered “independent” within the meaning of NI 52-110 and in line with the QCA. There were no changes to the Committee’s membership during the year.

In accordance with the Charter, the Committee shall meet four times a year. The Committee met four times during 2023.

Activity during the year

The Committee was reconfigured in August 2021 as the Technical, Safety and Sustainability Committee to replace the Safety and Environmental Committee and to assist the Corporation and the Board in fulfilling their respective obligations relating to technical, health and safety, environmental and social matters concerning the Corporation.

During 2023 the Committee met to discuss the field objectives for 2023-24, project site and off-site activities, updates on mining and exploration plans, budgets and schedules. The Committee reviewed and pre-approved Health & Safety Policy and Environmental Policy of the Corporation, which were later approved by the Board of directors on recommendation of the Committee.

To ensure robust oversight and control, the Committee routinely receives and scrutinizes monthly Health, Safety, and Environmental (HSE) performance reports, which are prepared by the Company’s management.

The Committee’s Charter is available on the Corporation’s website www.amaroqminerals.com.

Report of the Compensation Committee. Directors' Compensation Report

The Compensation Committee (the 'Committee') is pleased to present its 2023 report to shareholders. The period covered by this report is January 1 to December 31, 2023.

Compensation Committee Members:

Sigurbjorn Thorkelsson, Chair
Graham Stewart
Warwick Morley-Jepson

All of Committee members are Non-Executive Directors. The Committee's Charter is available on the Corporation's website www.amaroqminerals.com.

The Committee met six times during the year to discuss compensation matters, including remuneration benchmarking, annual bonus payments, management salaries revision, VCP parameters and annual awards.

The summary of compensation for the Board members in 2023 is in the table below:

Name Principal Position	Salary, Consulting Fee, Retainer or Commission (CA\$)	Bonus (CA\$) ⁽¹⁾	Committee or Meeting Fees (CA\$)	Value of All Other Compensation (CA\$)	Total Compensation (CA\$)
Eldur Ólafsson <i>Director, President and CEO</i>	715,676	625,000	-	212,479	1,553,155
Jaco Crouse <i>Director, CFO</i>	411,207	430,000	-	-	841,207
Graham Stewart <i>Chairman of the Board and Non-Executive Director</i>	-	-	181,000	-	181,000
Sigurbjorn Thorkelsson <i>Non-Executive Director</i>	-	-	86,000	-	86,000
Liane Kelly <i>Non-Executive Director</i>	-	-	89,667	-	89,667
Line Frederiksen <i>Non-Executive Director</i>	-	-	86,000	-	86,000
David Neuhauser <i>Non-Executive Director</i>	-	-	86,000	-	86,000
Warwick Morley-Jepson <i>Non-Executive Director</i>	-	-	103,000	-	103,000

Notes:

1. Bonuses were paid in December 2023 at the discretion of the Board based on the delivery of operational and financial targets during 2023 which were agreed by the Board at the beginning of the performance period.

The primary function of the Committee is to determine executive compensation packages and to ensure that the compensation policy and practices of the Corporation reward executives both fairly and responsibly, with a clear link to corporate and individual performance. The Committee may make recommendations regarding the compensation of Non-Executive Directors, but this is ultimately a matter for the Chairman and the Executive Directors. No Director is involved in any decision as to their own compensation.

In determining the compensation to be paid or awarded to the Executive Directors, the Committee will seek to encourage the advancement of the Corporation's projects and the growth of its resource base, with a view to enhancing shareholder value. To achieve these objectives, the Committee believes it is critical to maintain a compensation programme that has the appropriate balance of fixed and variable elements to attract and retain committed, highly qualified executives that both align the interests of the executives with those of its shareholders and encourage executives to operate within the risk parameters set by the Board.

At the request of the Committee, PricewaterhouseCoopers LLP¹ prepared detailed remuneration benchmarking data for non-executive directors based across Canada, Iceland, and the UK and, separately, benchmarking data for CEO and CFO remuneration. The Committee reviewed the findings and recommendations, and agreed that it was not necessary to increase the non-executive directors' remuneration levels. It was agreed to keep the current fee schedule for non-executive directors and to review the fees again in 12 months' time. The Committee also approved salary adjustments for CEO, CFO and certain managerial roles and an additional annual fee for the role of the Senior Independent Director as the PricewaterhouseCoopers LLP report demonstrated that such a fee was a recognized practice in the peer group.

Overall, the Committee believes that executive directors' compensation package is appropriate for the Corporation given its stage of development, in particular, the use of market priced share options, value creation plan and cash bonuses which are only awarded if performance metrics are met to focus the executives on achieving long-term growth.

The Committee welcomes the views of shareholders on compensation and these views will be influential in shaping the Directors' compensation policy and practice. Shareholder views will be considered when evaluating and setting the ongoing compensation strategy and the Committee commits to consulting with major shareholders before any significant changes to its Directors' compensation policy.

In preparing this report the Committee was guided by the QCA's remuneration committee guide and has made the disclosures recommended in that guide for smaller AIM listed corporations. The Committee is mindful of the need to provide clear disclosure to shareholders in relation to compensation matters and it will therefore keep its disclosures under review.

¹ PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525, authorised and regulated by the Financial Conduct Authority for designated investment business. PricewaterhouseCoopers LLP is an independent party and has no interest in the outcomes of Amaroq projects or business relationship with Amaroq other than undertaking individual consulting assignments as engaged and being paid according to standard rates. Therefore, Amaroq believes that there is no conflict of interest in undertaking the assignments.

Directors' compensation policy

Following Admission, the Committee has established the compensation policy for the Executive Directors and the Chairman, and the Board has established a compensation policy for the other Non-Executive Directors.

Executive Directors

The policy on Directors' compensation is that the overall compensation package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Corporation's objectives and be in line with other companies considered by the Committee to be comparable to the Corporation. The compensation policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience, and value to the Corporation.

The current terms and conditions of the Directors' service contracts and letters of appointment were set to reflect the Corporation's strategy and operations and are detailed on page 77 of this report. The main components of the compensation policy and how they are linked to and support the Corporation's business strategy are summarised on the following pages.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Base salary			
Core element of compensation, set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience.	Salaries will be reviewed annually, with any changes being effective from January 1 each year. When determining salaries for the Executive Directors the Committee takes into consideration: <ul style="list-style-type: none"> - Corporate performance; - the performance of the individual Executive Director; - the individual Executive Director's experience and responsibilities; - pay and conditions throughout the Corporation. 	When determining salary increases of the Executive Directors, the Committee takes into account the employment conditions and salary increases awarded to employees throughout the Corporation. There is no maximum salary opportunity.	Salary increases will be determined in accordance with the rationale set out under the column entitled 'Operation'.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
	Salaries together with other fixed benefits including pension will be benchmarked periodically against comparable roles at companies of a similar size, complexity and in the Exploration & Development sector with the objective that total fixed compensation will be in line with other companies considered by the Committee to be comparable to the Corporation.		
Benefits			
Support individuals in carrying out their roles including in different locations as may be required.	Benefits will be reviewed periodically to reflect the Directors' individual circumstances and to ensure they remain market competitive. Benefits are similar to those of other employees and typically include life assurance cover, private health care arrangements, car allowance in lieu of a Corporation car, housing allowance, relocation and expatriate benefits and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties.	Benefit values vary year on year depending on their cost and the maximum potential value is the cost of the provision of these benefits.	Not applicable.
Annual bonus			
Incentivizes the achievement of a range of short-term performance targets that are key to the success of the	Executive Directors participate in a discretionary annual performance related bonus scheme which can be payable in cash,	The maximum bonus potential is 100% of base salary and the minimum payment is nil.	A performance scorecard has been devised and will be used by the Committee to determine the

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Corporation.	<p>shares or share options.</p> <p>Bonus scheme awards are made annually at the year-end (and will be pro-rated for time served).</p> <p>Performance period is one financial year with payment determined by the Committee following the year end.</p> <p>There is no provision for malus and clawback of bonus payments however if a recipient of stock options ceases to be employed for cause then the options terminate.</p>	<p>Executive Director Bonus opportunity, as a percentage of base salary is outlined above on page 70.</p> <p>There is no contractual obligation to pay bonuses.</p>	<p>bonus payment.</p> <p>The Committee reserves the right to override the formulaic outturn based on a broader assessment of overall Corporation performance.</p> <p>Performance targets are based on a range of corporate, operational, financial and personal and executive team performance measures.</p> <p>The precise allocation between measures (as well as the weightings within these measures) will be determined by the Committee at the start of each year.</p>
Long-term incentives			
Incentivizes the achievement of long-term financial performance and sustainable returns to shareholders in a way that aligns the interests of Executive Directors and shareholders.	<p>Executive Directors can participate in share based long-term incentive plans:</p> <p><i>Amaroq Stock Option Plan</i></p> <p>The Share Option Plan is a share-based plan and options are granted annually. The exercise price of the option is not less than the closing price of shares on the last trading day preceding the grant date. Options granted under the plan vest and become exercisable at such time or times as</p>	<p>The maximum potential grant is 200% of salary and the minimum potential grant is nil and the grant will depend on the Executive Directors' performance in the previous year.</p> <p>There is no contractual obligation to grant options.</p>	<p>There are no specific performance conditions attached to the options however the Committee considers annual performance against the corporation's objectives in making option awards. The Committee considers that granting market priced options aligns the interests of Executive Directors and shareholders since the options only deliver value if the share price rises.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
	<p>determined by the Committee but typically vest immediately on the date of grant and are subject to a maximum term of ten years.</p> <p>There is no provision for malus or clawback of the options however if a recipient of stock options ceases to be employed for Cause then the options terminate.</p> <p><i>Amaroq Restricted Share Unit Plan (RSUP or VCP)</i></p> <p>Under the RSUP, 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 “RSUP pool” is determined using a hurdle rate of 10% pa over a performance period commencing on January 1, 2022.</p> <p>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.</p>	<p>The maximum number of Common Shares made available for issuance from treasury under the RSU Plan, subject to certain adjustments described in the RSU Plan, shall not exceed 10% of the number of Common Shares then issued and outstanding.</p>	<p>There are no specific performance conditions attached to the plan. RSUP Participants are designated by the directors or a committee of directors authorized to oversee the RSU Plan, at the sole discretion and upon recommendation from the President and/or Chief Executive Officer. Restricted share units are granted to RSUP Participants at the discretion of the Compensation Committee.</p>
Pension			
To provide competitive levels of	The Corporation does not operate a pension	Executive Directors receive a	Not applicable.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
retirement benefit.	<p>scheme but does, at the Directors' preference, contribute to the personal pension plans of each Executive Director or pays cash in lieu of such contributions.</p> <p>Additionally, the Corporation may make statutory contributions to mandatory pension arrangements in the country in which they are based in line with local requirements. These arrangements are similar to those of other employees.</p>	contribution to a personal pension scheme or cash allowance in lieu of pension benefits up to 14% of salary.	
Shareholding requirement			
To align Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding.	Executive Directors are not required to hold shares however they may have market-priced stock options under the stock option plan.	Not applicable.	Not applicable.

New appointments

The same principles as described in the policy above will be applied in setting the compensation of a new Executive Director. Additionally, the Committee may:

- allow a new Executive Director to retain any outstanding awards and/or other contractual arrangements that they held on their appointment (which may or may not have been made under plans listed in this policy) and those awards will remain subject to the terms and conditions applied to them when they were awarded;
- consider compensating a newly appointed Executive Director for other relevant contractual rights forfeited when leaving their previous employer using either a plan listed in this policy or, in exceptional circumstances, under a new arrangement if for any reason, like-for-like replacement

awards on recruitment could not be made under plans listed in this policy.

Non-Executive Directors

The table below sets out the key elements of the policy for Non-Executive Directors:

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Fees			
Core element of compensation, set at a level sufficient to attract individuals with appropriate knowledge and experience.	<p>Fee levels reflect market conditions and are sufficient to attract individuals with appropriate knowledge and experience.</p> <p>NEDs are paid a base fee and additional fees for Committees to reflect the time commitment and duties involved.</p> <p>Fees may be paid in cash or shares or both.</p> <p>Fees are reviewed annually with changes effective from January 1 each year.</p>	<p>Whilst there is no maximum individual fee level, fees are set at a level which is considered appropriate to attract and retain the calibre of individual required by the Corporation. The Corporation avoids paying more than necessary for this purpose.</p> <p>Fee increases may be made in line with market movements and to take into account the time commitment and duties involved.</p>	<p>Whilst there is no performance element to the compensation paid to the Non-Executive Directors, fees will be determined in accordance with the rationale set out under the column headed 'Operation'.</p>
Benefits			
Support individuals in carrying out their roles including in different locations as may be required.	<p>Non-Executive Directors do not receive benefits or a pension allowance.</p> <p>Travel and business expenses for Non-Executive Directors are incurred in the normal course of business, for example, in relation to attendance at Board and Committee meetings. The costs associated with these are all met by the Corporation including any tax liabilities arising on these business expenses.</p>	Not applicable	Not applicable
Shares and share awards			

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
<p>To align Non-Executive Directors' interests with those of shareholders through build-up and retention of a personal shareholding.</p>	<p>Non-Executive Directors will not participate in any variable compensation elements or any other such arrangements.</p> <p>Historically the Non-Executive Directors have participated in the Share Option Plan and they will be entitled to retain these options but since Admission, they will not be granted further options.</p> <p>Non-executive Directors are encouraged to hold shares in the Corporation while they are a Director.</p>	<p>Not applicable</p>	<p>Not applicable</p>

New appointments

The same principles as described in the policy above will be applied in setting the compensation of a new Non-Executive Director. Compensation will comprise fees only, to be paid at the prevailing rates of the Corporation's existing Non-Executive Directors.

Compensation policy for other employees

The compensation arrangements for employees will be designed to ensure that they are, insofar as is practicable, aligned with the Executive Directors' compensation and the Corporation's objectives and in particular:

- the approach to salary reviews will be consistent across the Corporation with consideration given to level of responsibility, experience, individual performance, salary levels in comparable companies and the Corporation's ability to pay;
- all employees will participate in the same annual bonus scheme as the Executive Directors with opportunities varying by organizational level;
- pension and benefits arrangements may vary according to location and so different arrangements may be put in place in different jurisdictions.

The relationship between the Chief Executive's, Chief Financial Officer's and all employees' compensation

The Committee was mindful of the alignment of executive compensation arrangements with those of the wider workforce when reviewing salaries and assessing bonus outcomes for the Executive Directors. The table below shows how the Chief Executive's and Chief Financial Officer's salary in the year to December

31, 2023 compares with the salary earned by the average employee of the Corporation in the year to December 31, 2023.

	Chief Executive	Chief Financial Officer	Average employee¹
Salary/fees	CA\$715,676	CA\$411,207	CA\$139,369

Note

1. The average employee salary figure includes all employees and officers of the Corporation, other than the Chief Executive, the Chief Financial Officer and the Non-Executive Directors, and was annualised to provide a comparison with the Chief Executive's and Chief Financial Officer's salary/fees.

The Committee will annually review the pay arrangements of the wider workforce as part of its consideration of the Executive Directors' compensation.

Annual report on compensation

Executive Directors

The salary, taxable benefits, pension, and annual bonus received by the Executive Directors, for the period which they were Directors during the year, are detailed in the compensation table below. Details of the options that were granted during the year are also set out in the table below.

Compensation table

Executive Director	Salary and fees	Taxable benefits	Annual bonus²	Long-term incentives³	Pension	Total
Eldur Olafsson	CA\$715,676	-	CA\$625,000	-	CA\$212,479	CA\$1,553,155
Jaco Crouse¹	CA\$411,207	,	CA\$430,000	-	-	CA\$841,207

Notes

1. The taxable benefits received by Mr Crouse was pension/medical/health insurance.
2. More details on the annual bonus that was paid in respect of the year ended December 31, 2023 are set out below.
3. No share options were exercised by the Directors during the year to December 31, 2023.

Annual bonus scheme

Bonuses were paid in December 2023 at the discretion of the Compensation Committee of the Board of directors based on the delivery of operational and financial targets during 2023. A total of \$1,733,320 in bonuses was paid and 80,970 options were issued for 2023 performance.

There is no deferral period associated with the 2023 bonus payments.

No options were granted to Non-Executive and Executive directors during 2023.

Directors' shareholding and share interests' table

Directors' shareholding as at December 31, 2023 can be found on page 38.

The table below sets out details of the share options held by the Directors either in their own name or through separate entities at the end of the reporting year.

Director	Number of outstanding share options ¹	Exercise prices of outstanding share options ¹	Expiry dates of outstanding share options ¹
Eldur Olafsson	1,500,000	CAN\$0.38	12/31/2025
	450,000	CAN\$0.70	12/31/2026
	1,100,000	CAN\$0.60	01/17/2027
Graham Stewart	100,000	CAN\$0.38	12/31/2025
	400,000	CAN\$0.70	12/31/2026
Jaco Crouse	900,000	CAN\$0.59	12/31/2027
	900,000	CAN\$0.60	01/17/2027

Notes

- All the options have vested and are therefore exercisable.

The implementation of the Directors' compensation policy in 2023

The policy was implemented consistently with the approach used in 2020-2022. All the Executive Directors were eligible for an annual bonus and the payment of this bonus will depend on Corporation and personal performance during 2023.

At the request of the Compensation Committee of the Board of directors, PricewaterhouseCoopers LLP prepared remuneration benchmarking data for CEO and CFO of the peer group companies based across Canada, Iceland, and the UK. The Committee reviewed the findings and recommendations, and agreed certain remuneration structure adjustments, with details shown on page 68 of the Annual report.

Service contracts and termination payment policy

The service contracts of the Executive Directors are not of a fixed duration and therefore they have no unexpired terms, but continuation in office as a Director is subject to annual re-election by shareholders as required under the Corporation's By-Laws.

The Corporation's policy is for the Executive Directors to have service and employment contracts with provision for termination of no longer than twelve months' notice.

The circumstances of termination of an Executive Director's contract, including the individual's performance and an individual's duty and opportunity to mitigate losses, will be taken into account in every case of termination. The Committee's policy is to stop or reduce compensatory payments to former Executive Directors to the extent that they receive compensation from other employment during the compensation period. A robust line on reducing compensation is applied and payments to departing Executive Directors may be phased in order to mitigate

loss.

The Non-Executive Directors do not have service contracts. Each Non-Executive Director has a letter of appointment and provides for termination of the appointment with 30 days' notice by the Director.

The details of the current Directors' service contract and letters of appointment are set out below.

Director	Date of appointment as a Director	Date of service Contract / letter of appointment	Notice period
Eldur Olafsson	April 28, 2017	July 27, 2020	Twelve months by the Corporation without cause or by the Director for good reason following a change of control and otherwise three months by the Director
Graham Stewart	April 28, 2017	July 27, 2020	Thirty days by the Director
Sigurbjorn Thorkelsson	July 27, 2020	July 27, 2020	Thirty days by the Director
Line Frederiksen	March 18, 2021	June 9, 2021	Thirty days by the Director
Jaco Crouse	April 27, 2021	April 28, 2021	Twelve months by the Corporation without cause or by the Director for good reason following a change of control and otherwise three months by the Director
David Neuhauser	June 9, 2021	June 8, 2021	Thirty days by the Director
Liane Kelly	August 26, 2021	August 10, 2021	Thirty days by the Director
Warwick Morley-Jepson	August 26, 2021	August 24, 2021	Thirty days by the Director

Report of the Disclosure Committee

The Disclosure Committee (the “Committee”) is pleased to present its 2022 report to shareholders.

Disclosure Committee Members:

Eldur Olafsson, CEO
Jaco Crouse, CFO

The Committee’s members are executive directors Eldur Olafsson, the Corporation’s CEO and Jaco Crouse, CFO.

The purpose of the Disclosure Committee is to assist the Board in fulfilling its responsibilities in respect of (i) the requirement to make timely and accurate disclosure of all information that is required to be disclosed to meet legal and regulatory obligations and requirements, and (ii) the requirement to take reasonable steps to establish and maintain adequate procedures, systems and controls to enable compliance with these obligations. The Disclosure Committee meets as required but at least annually to review the operation, adequacy and effectiveness of the disclosure procedures.

Activity during the year

The Disclosure Committee is comprised of the executive management only and is involved in the Corporation’s regulatory disclosure process on a day-to-day basis.

The Disclosure committee met to discuss and pre-approve the Company’s Disclosure Procedures Manual to meet the requirement of Nasdaq Main Market and to ensure that the Corporation has in place adequate procedures, controls and systems to enable compliance with its obligation to provide the market with timely, reliable, accurate and up-to-date information.

Disclosure Procedures Manual was later approved by the Board of directors of the Company on recommendation of the Committee.

The Committee’s Charter is available on the Corporation’s website www.amaroqminerals.com.

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the Corporation financial statements in accordance with applicable law and regulations.

Corporation law requires the Directors to prepare Corporation financial statements for each financial year. Under the AIM Rules for Companies of the London Stock Exchange the Directors are required to prepare the Corporation financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Under Corporation law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Corporation and of their profit or loss for that period. In preparing each of the Corporation financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRS;
- assess the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Corporation or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Corporation's transactions and disclose with reasonable accuracy at any time the financial position of the Corporation and enable them to ensure that its financial statements comply with the Canada Business Corporations Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Corporation and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Corporation's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Amaroq Minerals Ltd.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022



Independent Auditor's Report

To the Shareholders of Amaroq Minerals Ltd.

Opinion

We have audited the consolidated financial statements of Amaroq Minerals Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Determination of commencement of development stage

Description of the key audit matter

As described in Note 3.7.1, management determined that the technical feasibility and commercial viability ("TFCV") of the Nalunaq Project was established with an effective date of September 1, 2023. Once TFCV has been determined, the property is considered to be a mine under development and any development costs incurred are classified as a capital asset.



Independent Auditor's Report

This was a key audit matter due to the judgment that was required by management in assessing the TFCV of the Nalunaq Project.

Refer to Note 4.4 - Critical accounting judgments and assumptions and Note 9 - Capital assets to the consolidated financial statements.

How the key audit matter was addressed in the audit

Our approach included but was not limited to the following procedures:

- Considered the judgment made by management in determining that TFCV was reached based on available guidance, which included the following:
 - Evaluated the reasonableness of management's judgments in assessing whether the technical feasibility and commercial viability of extracting the mineral resource have been established by considering (i) the Board of Directors' minutes; (ii) technical reports; (iii) permits issued by the government; and (iv) whether management's judgments were consistent with evidence obtained in other areas of the audit.
- Reviewed supporting evidence of the financing obtained for management to pursue its development activities.

Valuation of restricted share units (RSUs)

Description of the key audit matter

On December 30, 2022, conditional awards were granted to certain participants under the Company's RSU plan, subject to a service condition and a market performance condition tied to the generation of shareholder value over a four-year performance period.

This was a key audit matter due to the assumptions that must be included in the initial fair value measurement of the RSUs, including but not limited to the estimated share price on the measurement dates and volatility.

Refer to Note 4.6 - Critical accounting judgments and assumptions and Note 13.2 Restricted share unit to the consolidated financial statements.



Independent Auditor's Report

How the key audit matter was addressed in the audit

Our approach included but was not limited to the following procedures:

- Evaluated the reasonableness of management's assumptions included in the fair value model of the RSUs;
- Performed a sensitivity analysis on key inputs; and
- Involved valuation specialists to assess appropriateness of the model used by management and to re-perform the fair value calculation.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report; and
- The information included in the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.



Independent Auditor's Report

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



Independent Auditor's Report

- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



Independent Auditor's Report

The engagement partner on the audit resulting in this independent auditor's report is Anne-Marie Henson.

BDO Canada s.r.l./S.E.N.C.R.L./LLP

¹

Montréal, Québec
March 26, 2024

¹ CPA auditor, public accountancy permit No. A129869

Amaroq Minerals Ltd.
Consolidated Statements of Financial Position

As at December 31, 2023 and 2022
(In Canadian Dollars)

	Notes	As at December 31, 2023 \$	As at December 31, 2022 \$
ASSETS			
Current assets			
Cash		21,014,633	50,137,569
Due from a related party	21.1	3,521,938	-
Sales tax receivable		69,756	95,890
Prepaid expenses and others	5	18,681,568	450,290
Inventory		680,358	-
Total current assets		43,968,253	50,683,749
Non-current assets			
Deposit		27,944	27,944
Escrow account for environmental monitoring	6	598,939	427,120
Investment in equity-accounted joint arrangement	7	23,492,811	-
Mineral properties	8	48,821	85,579
Right of use asset	11.1	574,856	655,063
Capital assets	9	38,241,559	13,216,606
Total non-current assets		62,984,930	14,412,312
TOTAL ASSETS		106,953,183	65,096,061
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,273,979	1,138,961
Convertible notes	10	35,743,127	-
Lease liabilities – current portion	11	80,206	71,797
Total current liabilities		42,097,312	1,210,758
Non-current liabilities			
Lease liabilities	11	577,234	657,440
Total non-current liabilities		577,234	657,440
Total liabilities		42,674,546	1,868,198
Equity			
Capital stock	12	132,117,971	131,708,387
Contributed surplus	13	6,725,568	5,250,865
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(74,528,130)	(73,694,617)
Total equity		64,278,637	63,227,863
TOTAL LIABILITIES AND EQUITY		106,953,183	65,096,061

Subsequent events 23

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

Approved on Behalf of the Board of Directors

(s) Eldur Ólafsson
Eldur Ólafsson
Director

(s) Line Frederiksen
Line Frederiksen
Director

Amaroq Minerals Ltd.
Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2023 and 2022
(In Canadian Dollars)

	Notes	2023 \$	2022 \$
Expenses			
Exploration and evaluation expenses	16	6,616,652	12,700,526
Site development costs		2,515,743	-
General and administrative	17	13,631,912	10,150,020
Loss on disposal of capital assets		37,791	100,536
Foreign exchange loss (gain)		(306,705)	(849,773)
Operating loss		22,495,393	22,101,309
Other expenses (income)			
Interest income		(1,069,559)	(239,869)
Project management income	21.1	(1,714,559)	-
Gain on loss of control of subsidiary	7	(31,340,880)	-
Share of net losses of joint arrangement	7	7,892,387	-
Unrealised loss on derivative liability	10	4,536,411	-
Finance costs	18	34,320	37,523
Net loss and comprehensive loss		(833,513)	(21,898,963)
Weighted average number of common shares outstanding - basic and diluted		272,623,548	191,575,781
Basic and diluted loss per common share	20	(0.003)	(0.11)

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

Amaroq Minerals Ltd.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total equity \$
Balance, 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		-	-	-	-	(21,898,963)	(21,898,963)
Share issuance under a fundraising		85,714,285	46,313,551	-	-	-	46,313,551
Share issuance costs		-	(3,331,569)	-	-	-	(3,331,569)
Options exercised		260,000	226,200	(96,200)	-	-	130,000
Stock-based compensation	13.1	-	-	2,046,342	-	-	2,046,342
Balance, December 31, 2022		263,073,022	131,708,387	5,250,865	(36,772)	(73,694,617)	63,227,863
Balance, January 1, 2023		263,073,022	131,708,387	5,250,865	(36,772)	(73,694,617)	63,227,863
Net loss and comprehensive loss		-	-	-	-	(833,513)	(833,513)
		-	-	-	-	-	-
Share issuance under a fundraising		-	-	-	-	-	-
Share issuance costs		-	-	-	-	-	-
Options exercised, net		597,029	409,584	(433,600)	-	-	(24,016)
Stock-based compensation	13.1	-	-	1,908,303	-	-	1,908,303
Balance, December 31, 2023		263,670,051	132,117,971	6,725,568	(36,772)	(74,528,130)	64,278,637

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

Amaroq Minerals Ltd.

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(In Canadian Dollars)

	Notes	2023 \$	2022 \$
Operating activities			
Net loss		(833,513)	(21,898,963)
Adjustments for:			
Depreciation	9	698,273	770,492
Amortisation of ROU asset	11.1	80,207	80,207
Stock-based compensation	13.1	1,908,303	2,046,342
Unrealized loss on derivative liability	10	4,536,411	-
Convertible note transaction cost expensed	10.2	641,528	-
Gain on loss of control of subsidiary	7	(31,340,880)	-
Share of net losses of joint arrangement	7	7,892,387	-
Other expenses		-	2,785
Loss on disposal of capital assets		37,791	100,536
Foreign exchange		(365,324)	(882,897)
		(16,744,817)	(19,781,498)
Changes in non-cash working capital items:			
Sales tax receivable		26,133	(44,640)
Due from a related party		(3,521,938)	-
Prepaid expenses and others		(19,043,990)	(183,673)
Escrow account for environmental monitoring	6	(168,140)	-
Trade and other payables		5,093,572	(864,477)
		(17,614,363)	(1,092,790)
Cash flow used in operating activities		(34,359,180)	(20,874,288)
Investing activities			
Acquisition of mineral properties	8	-	(23,335)
Acquisition of capital assets	9	(24,303,517)	(301,957)
Disposition of capital assets	9	-	63,325
Cash flow used in investing activities		(24,303,517)	(261,967)
Financing activities			
Shares issuance		-	46,313,551
Share issuance costs		-	(3,331,569)
Convertible note issue	10	30,431,180	-
Convertible note transaction costs	10.2	(1,004,030)	-
Principal repayment – lease liabilities	11	(71,797)	(50,722)
Exercise of stock options		-	130,000
Cash flow from financing activities		29,355,353	43,061,260
Net change in cash before effects of exchange rate changes on cash		(29,307,344)	21,925,005
Effects of exchange rate changes on cash		184,408	888,105
Net change in cash		(29,122,936)	22,813,110
Cash, beginning		50,137,569	27,324,459
Cash, ending		21,014,633	50,137,569
Supplemental cash flow information			
Borrowing costs capitalised to capital assets (note 9,10)		1,457,638	-
Interest received		1,069,559	239,869

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

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In Canadian Dollars, except as otherwise noted)

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the "Corporation") 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"), since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") and from November 1, 2022, on Nasdaq First North Growth Market Iceland which were transferred on September 21, 2023 on Nasdaq Main Market Iceland ("Nasdaq") under the AMRQ ticker.

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on March 26, 2024.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended accounting standards effective for the current year

In the current year, the Corporation has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that have an effective date of 1 January 2023. The adoption of these standards has not had any material impact on the disclosures and amounts reported in these financial statements.

Amendments to IAS 1 *Presentation of Financing Statements* and IFRS Practice Statement 2 *Making Materiality Judgments* – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information in the Corporation's consolidated financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. IFRS Practice Statement 2 offers additional optional guidance using a systematic four-step process to help companies make material judgments when preparing financial statements.

The Corporation has adopted the amendments to IAS 1 by disclosing material accounting policy information.

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In Canadian Dollars, except as otherwise noted)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

This amendment to IAS 8 eliminate the definition of a change in accounting estimate and replaces it with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to estimation uncertainty”.

2.2 Accounting standards issued but not yet effective

The Corporation has not yet adopted certain standards, interpretations to existing standards and amendments which have been issued but have an effective date of later than January 1, 2023. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

- Amendment to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 1 *Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*

The Corporation does not expect that the adoption of the Standards listed above will have a material impact on the financial statements except as indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

These amendments apply to situations in which there is a sale or contribution of assets between an investor and its associate or joint venture. According to the amendments, gains or losses arising from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture accounted for under the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interest in that associate or joint venture. Similarly, gains and losses resulting from the remeasurements of an investment retained in a former subsidiary are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

An effective date for these amendments has not been set yet. The Corporation anticipates that these amendments may impact the Corporation's consolidated financial statements in future periods if such transactions were to occur.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

These amendments, published in January 2020, only affect the presentation of liabilities in the statement of financial position by clarifying that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, regardless of expectations regarding the exercise of the right to defer settlement. Furthermore, the amendments explain that are rights are in existence if covenants are complied with at the end of the reporting period and define settlement as the transfer to the counter party of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024. Earlier application is permitted but requires that the 2022 IAS 1 amendments are applied early as well.

Amaroq Minerals Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Canadian Dollars, except as otherwise noted)

2. ADOPTION OF NEW AND REVISED STANDARDS (CONT'D)

The Corporations expects that the application of these amendments may have an impact on the consolidated financial statements.

Amendments to IAS 1 *Presentation of Financial Statements* – Non-current Liabilities with Covenants

These amendments, published in October 2022, indicate that only covenants that must be complied with on or before the end of the reporting period affect the right to defer settlement of a liability for at least twelve months after the reporting date and must be considered in assessing the classification of the liability as current or non-current. The right to defer settlement is not affected if the covenants must be complied with after the reporting period, however, if the right to defer settlement of a liability is subject to complying with covenants within twelve months after the reporting period, disclosures must be made to enable users to understand the risk of the liabilities becoming repayable within twelve months after the reporting period.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024. Earlier application is permitted but requires that the 2020 IAS 1 amendments are applied early as well.

The Corporations expects that the application of these amendments may have an impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of accounting

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee. (“IFRIC”).

The Financial Statements have been prepared on the historical cost basis, except for financial instruments at fair value.

3.2 Going concern

The Financial Statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation

The Financial Statements include the accounts of the Corporation and those of its subsidiary Nalunaq A/S, corporation incorporated under the *Greenland Public Companies Act*, owned at 100%.

Control is defined by the authority to direct the financial and operating policies of a business in order to obtain benefits from its activities. The amounts presented in the consolidated financial statements of subsidiary have been adjusted, if necessary, so that they meet the accounting policies adopted by the Corporation.

Profit or loss or other comprehensive loss of subsidiary set up, acquired or sold during the year are recorded from the actual date of acquisition or until the effective date of the sale, if any. All intercompany transactions, balances, income and expenses are eliminated at consolidation.

3.4 Investments in joint venture

The financial results of the Corporation's investments in its joint arrangement are included in the Corporation's results using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Corporation's share of comprehensive income or loss of the joint venture after the date of acquisition. The Corporation's share of profits or losses is recognized in the condensed interim statement of income (loss).

The Corporation assesses at each period-end whether there is any objective evidence that its investments in joint ventures are impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the joint venture is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of income (loss).

3.5 Functional and presentation currency – Foreign currency transactions

The functional and presentation currency of the Corporation is Canadian dollars ("CAD"). The functional currency of Nalunaq A/S and Gardaq A/S is CAD. The functional currency of Nalunaq A/S and Gardaq A/S is determined using the currency of the primary source of economic activity and using the currency which is more representative of the economic effect of the underlying financings, transactions, events and conditions.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the net profit or loss.

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.6 Mineral properties and exploration and evaluation expenses

Mineral properties include rights in mining properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits.

All costs incurred prior to obtaining the legal rights to undertake exploration and evaluation on an area of interest are expensed as incurred.

Mining rights are recorded at acquisition cost or at its recoverable amount in the case of a devaluation caused by an impairment of value. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production. Proceeds from the sale of mineral properties are applied as a reduction of the related carrying costs and any excess or shortfall is recorded as a gain or loss in the consolidated statement of comprehensive loss.

Exploration and evaluation expenses ("E&E expenses") also typically include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore such as topographical, geological, geochemical and geophysical studies. Generally, expenditures relating to exploration and evaluation activities are expensed as incurred.

E&E expenses include costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition. E&E include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body that is classified as either a mineral resource or a proven and probable reserve;
- determining the optimal methods of extraction and metallurgical and treatment processes, including the separation process, for Corporation' mining properties;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified.

Technical feasibility and commercial viability of an exploration and evaluation asset are demonstrated when considering the facts and circumstances relating to the asset under assessment. These facts and circumstances include, but are not limited to, the following:

- The life of mine plan and economic modeling support the economic extraction of such resources and/or reserves;
- The operating and environment permits for the area to be mined exist or are reasonably assured as obtained; and
- The Board has approved the decision to proceed to the development phase

E&E include overhead expenses directly attributable to the related activities.

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Capital assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

The intangible assets include software with a definite useful life. The assets are capitalized and amortized on a straight-line basis in the consolidated statement of comprehensive loss. The intangible assets are assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Depreciation is calculated to amortize the cost of the capital assets less their residual values over their estimated useful lives using the straight-line method and following periods by major categories:

Field equipment and infrastructure related to exploration and evaluation activities	3 to 10 years
Vehicles and rolling stock	3 to 10 years
Equipment	3 to 10 years
Software	3 to 10 years
Right-of-use assets	Lease term

Depreciation of capital assets, if related to exploration activities, is expensed consistently with the policy for exploration and evaluation expenses. For those which are not related to exploration and evaluation activities, depreciation expense is recognized directly in the consolidated statement of comprehensive loss. Assets capitalized under Construction in Progress are not depreciated as they are not available for use yet.

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Proceeds from selling items before the related item of Property, plant and equipment is available for use are recognized in profit or loss, together with the costs of producing those items. The Corporation therefore distinguishes between the costs associated with producing and selling items before the item of Property, plant and equipment (pre-production revenue) is available for use and the costs associated with making the item of Property, plant and equipment available for its intended use. For the sale of items that are not part of the Corporation's ordinary activities, the Corporation discloses separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the consolidated statement of comprehensive loss.

Amaroq Minerals Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7.1 Nalunaq mine project

Management established that effective September 1, 2023, the Nalunaq Project is in the development phase. Accordingly, all expenditures related to the restart of the Nalunaq mine and the associated development of the initial processing plant and surface infrastructure are capitalized under Construction in Progress within Capital assets (see note 9). Capitalized expenditures will be carried at cost until the Nalunaq Project is placed into commercial production, sold, abandoned, or determined by management to be impaired in value. The mine and mobile equipment, process plant building and the Nalunaq mine are not yet available for use as intended by Management as at December 31, 2023, therefore, depreciation has not yet commenced.

3.8 Leases

At the commencement date of a lease, a liability is recognized to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) is also recognized. The interest expense on the lease liability is recognized separately from the depreciation expense on the right-of-use asset.

The lease liability is remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). This remeasurement is generally recognized as an adjustment to the right-of-use asset. Leases of "low-value" assets and short-term leases (12 months or less) are recognized on a straight-line basis as an expense in the consolidated statement of comprehensive loss.

3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets. Qualifying assets are assets that take a substantial period of time until they are ready for their intended use. Borrowing costs, less any temporary investment income on those borrowings, that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset if it is probable that they will result in future economic benefits to the Corporation and the costs can be measured reliably. Borrowing costs that are incurred for general purposes are allocated to qualifying assets by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the Corporation that are outstanding during the period. Capitalisation of borrowing costs ceases when the all the activities necessary to prepare the qualifying asset for its intended use or sale are substantially complete.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Amaroq Minerals Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of non-financial assets

Mineral properties and capital assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. Assets under Construction in Progress are subject to an annual impairment test since it they are not depreciated yet. Mineral properties and capital assets are reviewed by area of interest. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the consolidated statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

3.11 Environmental monitoring provision

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The Corporation is subject to laws and regulations relating to environmental matters, including land reclamation and discharge of hazardous materials and environmental monitoring. The Corporation may be found to be responsible for damage caused by prior owners and operators of its unproven mineral interests and in relation to interests previously held by the Corporation.

On initial recognition, the estimated net present value of a provision is recorded as a liability and a corresponding amount is added to the capitalized cost of the related non-financial asset or charged to consolidated statement of comprehensive loss if the property has been written off. Discount rates using a pre-tax rate that reflects the time value of money and the risk associated with the liability are used to calculate the net present value. The provision is evaluated at the end of each reporting period for changes in the estimated amount or timing of settlement of the obligation.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.12 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the date of the consolidated statement of financial position.

Deferred income taxes are provided using the liability method on temporary differences at the date of the consolidated statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable earnings; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

3.13 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker warrants relating to financing. Options represent the charges related to stock options until they are exercised. Contributed surplus includes charges related to stock options and the warrants that are expired and not yet exercised. Contributed surplus also includes contributions from shareholders. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the year in which the shares and warrants are issued.

Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate to, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

3.14 Interest income

Interest income from financial assets is accrued, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.15 Stock-based compensation

Employees and consultants of the Corporation may receive a portion of their compensation in the form of share-based payment transactions, whereby employees or consultants render services as consideration for equity instruments ("equity-settled transactions").

The costs of equity-settled transactions with employees and others providing similar services are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Corporation's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in contributed surplus.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional amount is recognized on the same basis as the amount of the original award for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

3.16 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding options, restricted share unit and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. During 2023 and 2022, all the outstanding common share equivalents were anti-dilutive.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is an unconditional and legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

All financial instruments are required to be measured at fair value on initial recognition. The fair value is based on quoted market prices, unless the financial instruments are not traded in an active market. In this case, the fair value is determined by using valuation techniques like the Black-Scholes option pricing model or other valuation techniques.

3.17.1 Financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash, due from a related party, and escrow account for environmental monitoring are classified within this category.

Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement comprehensive loss.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17.2 Financial liabilities and equity

A financial liability is derecognized when extinguished, discharged, terminated, cancelled or expired.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities measured at amortized cost

Financial liabilities are initially measured at fair value. Transaction costs directly attributable to the issuance of the financial liability, other than financial liabilities at fair value through profit or loss, are deducted from the financial liability's fair value on initial recognition. Transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity net of its liabilities.

Compound instruments

The terms of a convertible note are evaluated to determine whether it contains both a liability and an equity component. These components are classified separately as financial liabilities, financial assets or equity instruments. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the parent company's equity instruments is an equity instrument

The fair value of the liability component of the convertible note instrument is estimated using market interest rates for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until the instrument's maturity date or conversion.

The value of the conversion option classified as equity is determined by subtracting the financial liability component's fair value from the compound instrument as a whole. The conversion option is then included in equity and is not subsequently re-measured.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds, with the transaction costs related to the equity component being allocated to equity, while the transaction costs related to the liability component are included in the carrying amount of the liability component and amortised over the life of the convertible loan note.

Embedded derivatives

Embedded derivatives are components of hybrid contracts. Hybrid contracts contain a non-derivative host and an embedded derivative which impacts the combined instrument in a way similar to a stand-alone derivative.

Derivatives that are embedded in hybrid contracts whose non-derivative host is not a financial asset (for example, a financial liability) are recognised as separate derivatives if they meet the definition of a derivative and their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss. Embedded derivatives that are separated from a financial liability host contract are measured at fair value. The residual value of the hybrid contract is then allocated to the financial liability host contract.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17.3 Impairment of financial assets

Amortized cost:

At each reporting date, the Corporation assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases.

3.18 Segment disclosures

The Corporation operates in one industry segment, being the acquisition, exploration and evaluation of mineral properties. All of the Corporation's activities are conducted in Greenland.

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

The preparation of these 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 exercised in applying accounting policies with the most significant effect on the amounts recognized in the Financial Statements are described below.

JUDGMENTS

4.1 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.

4.1.2 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.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

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' assets and earnings may occur during the next period.

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.

4.2 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.

4.3 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.

4.4 Technical Feasibility and Commercial Viability ("TFCV")

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 10), thus supporting the commercial viability of the project.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

ESTIMATES AND ASSUMPTIONS

4.5 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.

4.6 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 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.

4.7 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 significant level of estimates and Management's judgement.

Assumptions must be determined at the reporting date. Such assumptions include term, 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.

5. PREPAID EXPENSES AND OTHERS

	2023	2022
	\$	\$
Advance payments to suppliers and mining contractors	17,848,780	157,501
Prepaid credit facility costs	408,792	-
Prepaid insurance	169,416	160,876
Prepaid exploration work	87,968	87,968
Other prepayments	166,612	43,945
Total prepaid expenses and others	18,681,568	450,290

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6. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING

On behalf of Nalunaq's licence holder, an escrow account has been set up with the holder of the licence as holder of the account and the Government of Greenland as beneficiary. The funds in the escrow account have been provided in favour of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq mine. This environmental monitoring program was completed in 2020.

	2023	2022
	\$	\$
Balance beginning	427,120	424,637
Additions	168,140	
Effect of translation	3,679	2,483
Balance ending	598,939	427,120
Non-current portion – escrow account for environmental monitoring	(598,939)	(427,120)
Current portion – escrow account for environmental monitoring	-	-

7. INVESTMENT IN EQUITY-ACCOUNTED JOINT ARRANGEMENT

	As at December 31, 2023	As at December 31, 2022
	\$	\$
Balance at beginning of period	-	-
Original Investment in Gardaq ApS	7,422	-
Transfer of non-gold strategic minerals licences at cost	36,896	-
Investment at conversion of Gardaq ApS to Gardaq A/S	55,344	-
Gain on FV recognition of equity accounted investment in joint venture	31,285,536	-
Investment retained at fair value- 51% share	31,385,198	-
Share of joint venture's net losses- for the year ended December 31, 2023	(7,892,387)	-
Balance at end of period	23,492,811	-

On June 10, 2022, the Corporation announced that it had signed a non-binding head of terms with ACAM to establish a special purpose vehicle (the "SPV") and created a joint venture (the "JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of \$62.0 million (GBP 36.7 million). Subject to the final terms of the JV, ACAM invested \$30.1 million (GBP 18 million) in exchange for a 49% shareholding in the SPV, with Amaroq holding 51%. Amaroq contributed its strategic non-precious mineral (i.e., non-gold) licenses, and will be required to provide a contribution in kind over a three-year period, valued, in aggregate, at \$31.4 million (GBP 18.7 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 licenses has been approved by the Greenland Government on April 13, 2023.

The carrying value of the strategic non-precious mineral licenses transferred to Gardaq A/S is \$36,896 (Note 7).

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7. INVESTMENT IN EQUITY-ACCOUNTED JOINT ARRANGEMENT (CONT'D)

Upon execution of the Subscription and Shareholders' Agreement ("SSHA") on April 13, 2023, the Corporation has ceased the control of Gardaq on that date. As a result of the Corporation losing control over the subsidiary:

- The Corporation derecognizes the assets and liabilities of the subsidiary from the consolidated statement of financial position,
- Recognizes the fair value of the consideration received from the transaction that has resulted in the loss of control,
- Recognizes any investment retained in the former subsidiary at its fair value once control is lost and subsequently accounts for it and any amounts owed by or to the former subsidiary in accordance with the relevant IFRS. The fair value shall be regarded as a fair value of the initial recognition of the investment in the joint venture.
- Subsequently recognizes joint venture's share of net profits or losses proportionately to the retained share of investment for the reporting periods.

Given that the relevant activities of Gardaq require unanimous consent of its shareholders in accordance with the SSHA, Management has determined that it has joint control and as such the Corporation performed deconsolidation of Gardaq A/S as at April 13, 2023, the date when control was lost. The fair value of the 51% equity investment retained in Gardaq A/S was determined to be \$31,385,198 (GBP 18.7million). The fair value of Gardaq A/S was measured based on the cash consideration received in exchange for 49% of the outstanding shares.

The Corporation has determined that it has a joint control in Gardaq A/S as decisions around relevant activities require unanimous shareholder approval. Effective April 13, 2023, the Corporation's investment was accounted for as an investment in joint venture using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Corporation's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the joint venture's net assets, such as further investments or dividends. For the year ended December 31, 2023 the Corporation recorded the 51% proportion of net loss from Gardaq of \$7,892,387.

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7. INVESTMENT IN EQUITY-ACCOUNTED JOINT ARRANGEMENT (CONT'D)

The following tables summarize the financial information of Gardaq A/S as of December 31, 2023.

	As at December 31, 2023
	\$
Cash and cash equivalent	18,377,850
Prepaid expenses and other	351,752
Total current assets	18,729,602
Mineral property	92,239
Total Assets	18,821,841
Accounts payable and accrued liabilities	4,036,532
Due to related parties	13,641
Capital stock	30,246,937
Deficit	(15,475,269)
Total equity	14,771,668
Total liabilities and equity	18,821,841

	For the year ended December 31, 2023
	\$
Exploration and Evaluation expenses	13,950,672
Interest expense (income)	(2,651)
Foreign exchange loss (gain)	(187,011)
Operating loss	13,761,010
Other expenses (income)	1,714,260
Net loss and comprehensive loss	15,475,270

8. MINERAL PROPERTIES

	As at December 31, 2022	Transfers (Note 6)	As at December 31, 2023
	\$	\$	\$
Nalunaq - Au	1	-	1
Tartoq - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritooq - Au	6,389	-	6,389
Siku - Au	6,821	-	6,821
Naalagaaffiup Portornga - Strategic Minerals	6,334	(6,334)	-
Saarloq - Strategic Minerals	7,348	(7,348)	-
Sava - Strategic Minerals	6,562	(6,562)	-
Kobberminebugt - Strategic Minerals	6,840	(6,840)	-
Stendalen - Strategic Minerals	4,837	(4,837)	-
North Sava - Strategic Minerals	4,837	(4,837)	-
Total mineral properties	85,579	(36,758)	48,821

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8. MINERAL PROPERTIES (CONT'D)

	As at December 31, 2021	Additions	As at December 31, 2022
	\$	\$	\$
Nalunaq - Au	1	-	1
Tartog - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritooq - Au	6,389	-	6,389
Siku - Au	-	6,821	6,821
Naalagaaffiup Portornga - Strategic Minerals	6,334	-	6,334
Saarloq - Strategic Minerals	7,348	-	7,348
Sava - Strategic Minerals	6,562	-	6,562
Kobberminebugt - Strategic Minerals	-	6,840	6,840
Stendalen - Strategic Minerals	-	4,837	4,837
North Sava - Strategic Minerals	-	4,837	4,837
Total mineral properties	62,244	23,335	85,579

8.1 Nalunaq - Au

Nalunaq A/S holds the gold exploitation licence number 2003/05 on the Nalunaq property (the "Nalunaq Licence") located in South West Greenland. The licence expires in April 2033 with an extension possible up to 20 years.

8.1.1 Collaboration agreement and project schedule

Cyrus Capital Partners LP was the main creditor of Angel Mining PLC, the parent company of Angel Mining (Gold) A/S. Angel Mining PLC went into administration in February 2013 and as part of the Administrator's restructuring process, FBC Mining (Holdings) Ltd. ("FBC Mining") and Arctic Resources Capital S.à r.l. ("ARC") agreed to enter into a collaboration agreement ("Collaboration Agreement") (signed July 15, 2015) to progress the Nalunaq exploration project. FBC Mining is a 100% subsidiary of FBC Holdings S.à r.l which is managed by Cyrus Capital Partners LP.

In addition, ARC, FBC Mining and AEX Gold Limited (previously known as FBC Mining (Nalunaq) Limited) (a 100% subsidiary of FBC Mining) signed on July 17, 2015 the Nalunaq project schedule ("2015 Project Schedule") which was continued following the signature with Nalunaq A/S on March 31, 2017 of the 2016-2017 Nalunaq Project Schedule ("2016-2017 Project Schedule"), (collectively "Project Schedules").

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8. MINERAL PROPERTIES (CONT'D)

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:

- a) AEX Gold Limited transfers the Processing Plant to Nalunaq A/S under the following conditions:
 - i) An initial purchase price of US\$1;
 - ii) A deferred consideration of US\$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the part of the Processing Plant used.
 - iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working condition or will not be capable of doing the work for which it was designed.
 - iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to AEX Gold Limited and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
- b) Nalunaq A/S shall pay to AEX Gold Limited a 1% royalty on Nalunaq A/S' net revenue generated on the Nalunaq Licence (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US\$500. The cumulative royalty payments over the life of mine are capped at a maximum of US\$1,000,000.

8.1.2 Government of Greenland royalty

The Nalunaq Licence and subsequent Addendums does not have a royalty clause. However, according to the Addendum 3 of the *Mineral Resources Act* enacted on July 1, 2014, the Greenland Government may set terms on the licensee's payment of royalty or consideration, if the Greenland Government and the licensee agree, since the Nalunaq Licence was granted before July 1, 2014. Nalunaq A/S may have to pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals. Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.

8.1.3 Exploration commitments and exploitation milestones

After Nalunaq A/S has submitted its statements of expenses for the Nalunaq Licence for the 2017 and 2018 years, the MLSA has approved Nalunaq A/S' transition to the subsequent period (sub period 4) without a rollover of the unspent amount.

The Government of Greenland has been confirmed with Addendum No. 5 dated March 2020 which was signed by the Government of Greenland and therefore became effective on March 13, 2020, to extend the requirement dates to perform the following tasks. No later than December 31, 2022, the licensee shall prepare an environmental impact assessment, make a social impact assessment and perform an impact benefit agreement. The time limit for commencement of exploitation is January 1, 2023. As these deadlines have passed, the Government of Greenland has completed Addendum No. 6.

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8. MINERAL PROPERTIES (CONT'D)

On the 14th and 15th December 2022 the Corporation signed Addendum 6 to the Nalunaq licence which amended certain of the milestone dates pertaining to the licence including commencing exploitation by 1 January 2026; preparing an Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) by December 2023; negotiating, concluding and performing an Impact Benefit Agreement ("IBA") by 31 December 2024. Prior to commencement of exploitation and no later than December 31, 2025 the licence will be amended to include terms on royalty.

On September 21, 2023 and October 13, 2023 the Corporation signed Addendum 7 to the Nalunaq Licence which amended certain of the Milestones pertaining to the licence including preparing an Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) by 30 June 2024. . The addendum became effective on November 6, 2023, when it was signed by the Government of Greenland. Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence may result in the MLSA revoking the Nalunaq Licence without further notice.

8.2 Tartoq - Au

8.2.1 Purchase of the Tartoq Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartoq exploration licence number 2015/17 located in Southwest Greenland, for a total consideration of \$7,221. The licence originally expired December 31, 2024 with an entitlement to a 5-year extension. The renewal for a period of five years has been confirmed with Addendum No. 3 dated February 2020 which was signed by Nalunaq A/S on February 13, 2020 and became effective on March 13, 2020 when it was signed by the Government of Greenland. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

8.2.2 Exploration commitments

For the exploration licence, Nalunaq A/S 2023 obligation is DKK 2.031.600 of exploration activities in 2023, which together with the carried forward 2022 licence obligation of DKK 742,143 will result in DKK 2,773,743 (\$543,942 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 incurred expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures 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 statements of expenses for the Tartoq exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.3 Vagar - Au

8.3.1 Purchase of the Vagar Licence

Nalunaq A/S entered into a sale and purchase agreement with NunaMinerals A/S, acting through its bankruptcy receiver, on February 6, 2017 to acquire the Vagar exploration licence number 2006/10 ("Vagar Licence") located in Western Greenland, along with all mineral exploration and mining-related data, maps and reports pertaining to the Vagar Licence, studies and reports, for a purchase price of \$9,465 (DKK 50,000). Upon the approval of the Greenland authorities received on October 30, 2017, Nalunaq A/S signed the paperwork to complete the licence transfer, which became effective upon the Greenland authorities executing the document on January 18, 2018. The licence originally expired December 31, 2021 with a possible 6-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expired December 31, 2023.

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8. MINERAL PROPERTIES (CONT'D)

The Corporation has applied for an additional 3 years extension and a licence reduction to a total area of 197 km² and are awaiting final documentation from the Government.

8.3.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 16,353,000 of exploration activities in 2023. 2022 carried forward balance was DKK 5,716,001, resulting in DKK 22,069,001 (\$4,327,819 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 incurred expenditures by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Vagar Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures 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 the Vagar exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.4 Nuna Nutaaq - Au

8.4.1 Purchase of the Nuna Nutaaq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 244km² of land in an area of Itillersuaq near Narsaq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2019/113 Nuna Nutaaq. The licence application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the licence became effective on September 26, 2019 when it was signed by the Government of Greenland. The licence originally expired December 31, 2023 with an entitlement to a 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2025.

8.4.2 Exploration commitments

In 2023 Nalunaq A/S shall complete DKK 2,637,920 of exploration activities, received an approval of 2022 exploration expenses of 3,832,527 and 2022 carried forward credits of 2,344,489 which results in a total credit of DKK 3,229,826 for 2023 (credit of \$633,382 using the exchange rate as at December 31, 2023) so there is no exploration obligation in 2023 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Nuna Nutaaq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures 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 statements of expenses for the Nuna Nutaaq exploration licence for the 2023 year to the MLSA by April 1, 2024.

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8. MINERAL PROPERTIES (CONT'D)

8.5 Anoritooq - Au

8.5.1 Purchase of the Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,185km² of land in the areas of Anoritooq and Kangerluluk in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/36, referred to as Anoritooq. The licence application has been approved and all required documentation was signed by the Corporation on June 11, 2020 and the licence became effective on June 24, 2020 when it was signed by the Government of Greenland. In October 2020, the Corporation was granted an addendum to the Anoritooq Licence, increasing the size of the licence to 1,889km² and became effective November 6, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

8.5.2 Exploration commitments

In 2023 Nalunaq A/S shall complete DKK 3,421,080 of exploration activities, received an approval of 2022 exploration expenses of DKK 969,834 and carry forward of 2022 credits of DKK 738,610 which results in total of DKK 2,682,470 (\$526,043 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Anoritooq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures 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 the Anoritooq exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.6 Siku - Au

8.6.1 Purchase of the Siku Licence

The Corporation acquired the right to conduct exploration activities on approximately 251km² of land in an areas between the Nanoq and Jokum's Shear project on the east coast of South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2022/08, referred to as Siku. The licence application has been approved and all required documentation was signed by the Corporation on May 10, 2022 and the licence became effective on June 3, 2022 when it was signed by the Government of Greenland. The licence expires December 31, 2026 with a possible 5-year extension.

8.6.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 603,720 of exploration activities in 2023 and carried forward DKK 296,595 from 2022 resulting in total obligation balance of DKK 900,315 (\$176,555 using the exchange rate as at December 31, 2023). For the purpose of crediting expenditures against the amounts set forth in the Siku Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures 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 the Siku exploration licence for the 2023 year to the MLSA by April 1, 2024.

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8. MINERAL PROPERTIES (CONT'D)

8.7 Genex

On September 26, 2019, Nalunaq A/S was granted a prospecting licence number 2019/146 covering East Greenland, in this context defined as areas south of 75°N and east of 44°W. It is valid for a term of five years until December 31, 2023. Nalunaq A/S intends to reapply for the prospecting license over East Greenland. Nalunaq A/S is not obligated to spend exploration expenses regarding this licence area during this period.

On October 28, 2022, Nalunaq A/S was awarded a prospecting licence number 2022/77 covering West Greenland, in this context defined as areas south of 78°N and west of 44°W. It is valid for a term of five years until December 31, 2027. Nalunaq A/S is not obligated to spend exploration expenses regarding this licence area during this period.

9. CAPITAL ASSETS

	Field equipment and infrastructure \$	Vehicles and rolling stock \$	Equipment (including software) \$	Construction In Progress \$	Total \$
2022					
Opening net book value	1,989,114	4,304,709	156,011	7,452,668	13,902,502
Additions	-	-	179,040	69,417	248,457
Disposals	-	(123,360)	(40,501)	-	(163,861)
Adjustment	-	-	-	-	-
Depreciation	(253,362)	(438,965)	(78,165)	-	(770,492)
Closing net book value	1,735,752	3,742,384	216,385	7,522,085	13,216,606
As at December 31, 2022					
Cost	2,351,041	4,466,971	313,214	7,522,085	\$14,653,311
Accumulated depreciation	(615,289)	(724,587)	(96,829)	-	(1,436,705)
Closing net book value	1,735,752	3,742,384	216,385	7,522,085	13,216,606
2023					
Opening net book value	1,735,752	3,742,384	216,385	7,522,085	13,216,606
Additions	-	-	-	25,761,155	25,761,155
Disposals	-	-	(80,983)	-	(80,983)
Adjustment	-	-	43,054	-	43,192
Depreciation	(198,373)	(430,266)	(69,634)	-	(698,273)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559
As at December 31, 2023					
Cost	2,351,041	4,466,971	232,231	33,283,240	\$40,333,483
Accumulated depreciation	(813,662)	(1,154,853)	(123,409)	-	(2,091,786)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559

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9. 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 \$635,773 (\$721,072 – 2022) was expensed as exploration and evaluation expenses in 2023.

As of December 31, 2023, the amount of \$33,283,240 (\$7,522,085 as at December 31, 2022) 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.

As at December 31, 2023, the Corporation had capital commitments, of \$56,681,735. These commitments relate to the development of Nalunaq Project, rehabilitation of the Nalunaq mine, construction of processing plant, purchases of mobile equipment and establishment of surface infrastructure.

During 2023 the Company capitalised borrowing costs of \$1,457,638 to construction in progress, which are included in additions.

10. CONVERTIBLE NOTES

	Convertible notes loan	Embedded Derivatives at FVTPL	Total
	\$	\$	\$
Balance as at December 31, 2022	-	-	-
Gross proceeds from issue	30,431,180	-	30,431,180
Embedded derivative component	(19,443,663)	19,443,663	-
Transaction costs (note 10.2)	(362,502)	-	(362,502)
Accretion of discount	949,062	-	949,062
Accrued interest	508,576	-	508,576
Fair value change	-	4,536,411	4,536,411
Foreign exchange loss (gain)	(319,600)	-	(319,600)
Balance as at December 31, 2023	11,763,053	23,980,074	35,743,127
Non-current portion	-	-	-
Current portion	11,763,053	23,980,074	35,743,127

10.1 Revolving Credit Facility

A \$25 million (US\$18.5 million) Revolving Credit Facility (“RCF”) provided by Landsbankinn hf. and Fossar Investment Bank, with a two-year term and priced at SOFR plus 950bps. Interest is capitalized and payable at the end of the term.

The credit facility is denominated in US Dollars and the SOFR interest rate is determined with reference to the CME Term SOFR Rates published by CME Group Inc. The Landsbankinn hf. and Fossar revolving credit facility carries (i) a commitment fee of 0.40% per annum calculated on the undrawn facility amount and (ii) an arrangement fee of 2.00% on the facility amount where 1.5% is to be paid on or before the closing date of the facility and 0.50% is to be paid on or before the first draw down. The facility is not convertible into any securities of the Corporation.

The facility will be secured by (i) a bank account pledge from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and Garda A/S held by the Corporation pursuant to the terms of share pledge agreements, (iii) a proceeds loan assignment agreement, (iv) a pledge agreement in respect of owner’s mortgage deeds and (v) a licence transfer agreement. The Corporation has not yet drawn on this facility.

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10. CONVERTIBLE NOTES (CONT'D)

10.2 Convertible notes

Convertible notes represent \$30.4 million (US\$22.4 million) notes issued to ECAM LP (US\$16 million), JLE Property Ltd. (US\$4 million) and Livermore Partners LLC (US\$2.4 million) with a four-year term and a fixed interest rate of 5%. The conversion price of \$0.90 per common share is the closing Canadian market price of the Amaroq shares on the day, prior to the closing day of the Debt Financing.

The convertible notes are denominated in US Dollars and will mature on September 30, 2027, being the date that is four years from the convertible note offering closing date. The principal amount of the convertible notes will be convertible, in whole or in part, at any time from one month after issuance into common shares of the Corporation ("Common Shares") at a conversion price of \$0.90 (£0.525) per Common Share for a total of up to 33,812,401 Common Shares. The Corporation may repay the convertible notes and accrued interest at any time, in cash, subject to providing 30 days' notice to the relevant noteholders, with such noteholders having the option to convert such convertible notes into Common Shares at the conversion price up to 5 days prior to the redemption date. If the Corporation chooses to redeem some but not all of the outstanding convertible notes, the Corporation shall redeem a pro rata share of each noteholder's holding of convertible notes. The Corporation shall pay a commitment fee to the holders of the convertible notes of, in aggregate, \$5,511,293 (US\$4,484,032), which shall be paid pro rata to each noteholder's holding of convertible notes. The commitment fee is payable on the earlier of (a) the date falling 20 business days after all amounts outstanding under the Bank Revolving Credit Facility have been repaid in full, but no earlier than the date that is 24 months after the date of issuance of the notes; and (b) the date falling 30 (thirty) months after the date of the subscription agreement in respect of the notes, irrespective of whether or not notes have converted at that date or been repaid.

The convertible notes will be secured by (i) bank account pledge agreements from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and Gardaq A/S held by the Corporation pursuant to the terms of share pledge agreements, (iii) a proceeds loan assignment agreement, (iv) a pledge agreement in respect of owner's mortgage deeds and (v) a licence transfer agreement.

The convertible notes represent hybrid financial instruments with embedded derivatives requiring separation. The debt host portion (the "Host") of the instrument is classified at amortized cost, whereas the aggregate conversion and repayment options (the "Embedded Derivatives") are classified at fair value through profit and loss (FVTPL).

The fair value of the convertible notes at inception was recognized at \$30.4 million (US\$22.4 million) and \$19.4 million (US\$14.3 million) embedded derivative component was isolated and determined using a Black Scholes valuation model which required the use of significant unobservable inputs (note 22.4). As of December 31, 2023 the Corporation identified the fair value of embedded derivative associated with the early conversion option to be \$24.0 million. The change in fair value of embedded derivative in the period from September 1, 2023 to December 31, 2023 has been recognized in the statement of Income (loss) and comprehensive income (loss). The Host liability component at inception, before deducting transaction costs, was recognized to be the residual amount of \$10.9 million (US\$8.1 million) which is subsequently measured at amortized cost. Transaction costs incurred on the issuance of the convertible note amounted to \$1,004,030, of which \$362,502 was allocated to, and deducted from, the host liability component, and \$641,528 was allocated to the embedded derivative component and charged to profit and loss.

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10. CONVERTIBLE NOTES (CONT'D)

10.3 Cost Overrun Facility

\$13.5 million (US\$10 million) Revolving Cost Overrun Facility from JLE Property Ltd. on the same terms as the Bank Revolving Credit Facility.

The Overrun Facility is denominated in US Dollars with a two-year term and will bear interest at the CME Term SOFR Rates by CME Group Inc. and have a margin of 9.5% per annum. The Overrun Facility carries a stand-by fee of 2.5% on the amount of committed funds. The Overrun Facility is not convertible into any securities of the Corporation.

The Overrun Facility will be secured by (i) bank account pledge agreements from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and Gardaq A/S held by the Corporation pursuant to the terms of share pledge agreements, (iii) a proceeds loan assignment agreement, (iv) a pledge agreement in respect of owner's mortgage deeds and (v) a licence transfer agreement. The Corporation has not yet drawn on this facility.

11. LEASE LIABILITIES

	As at December 31, 2023	As at December 31, 2022
	\$	\$
Balance beginning	729,237	763,913
Lease payment	(105,894)	(88,245)
Interest	34,097	37,523
Adjustment	-	16,046
Balance ending	657,440	729,237
Non-current portion – lease liabilities	(577,234)	(657,440)
Current portion – lease liabilities	80,206	71,797

Maturity analysis:

2024	108,345
2025	108,836
2026	108,836
2027	108,836
2028	108,836
Onwards	235,809
Undiscounted lease payments	779,498
Less: unearned interest	(122,058)
	657,440

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11. LEASE LIABILITIES (CONT'D)

11.1 Right of use asset

	As at December 31, 2023	As at December 31, 2022
	\$	\$
Opening net book value	655,063	740,150
Additions	-	-
Disposals	-	-
Adjustment	-	(4,880)
Amortisation	(80,207)	(80,207)
Closing net book value	574,856	655,063
Cost	836,200	836,200
Accumulated amortisation	(261,344)	(181,137)
Closing net book value	574,856	655,063

The Corporation has one lease 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.

A right-of-use asset of \$841,080 and an equivalent long term lease liability was recorded as of October 1, 2020, with a 5% incremental borrowing rate and considering that the renewal option would be exercised. Amortisation of right-of-use assets is being recorded in general and administrative expenses in the consolidated statement of comprehensive loss, under depreciation. Amortisation of \$80,207 (\$80,207 in 2022) was expensed as general and administration expenses in 2023.

12. SHARE CAPITAL

12.1 Share Capital

The Corporation is authorized to issue an unlimited number of common voting shares and an unlimited number of preferred shares issuable in series, all without par value.

12.2 Nasdaq Main Market Listing in Iceland

Subsequent to the approval by the Central Bank of Iceland (the "FSA") and satisfaction of all Nasdaq Main Market requirements the Corporation transferred all depository receipts from the Nasdaq First North Growth Market to the Nasdaq Main Market with the first day of trading on September 21, 2023. The mainboard listing in Iceland do not affect any shares traded on AIM or the TSX-V.

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13. STOCK-BASED COMPENSATION

13.1 Stock options

An incentive stock option 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 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.

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.

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. Total stock-based compensation costs amount to \$14,844 for an estimated fair value of \$0.38 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69% expected volatility, 3.1% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On December 30, 2022, the Corporation granted its employees and consultant 1,330,000 stock options with an exercise price of \$0.70 and expiry date of December 30, 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 \$545,300 for an estimated fair value of \$0.41 per option.

On July 24, 2023, the Corporation granted an on-hire incentive stock option award to a new senior employee of Amaroq. The option award gives the employee the right to acquire up to 19,480 common shares under the Corporation's stock option Plan. The option has an exercise price of \$0.77 per share which vested on October 24, 2023. The option will expire if it remains unexercised five years from the date of the award.

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13. STOCK-BASED COMPENSATION (CONT'D)

On December 20, 2023, the Corporation granted its employees 61,490 stock options with an exercise price of \$1.09 and expiry date of December 20, 2028. 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 \$36,894 for an estimated fair value of \$0.60 per option.

The fair value of each option granted was estimated at the time of grant using the Black-Scholes option pricing model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a call or a put option based on the following assumptions at the measurement date:

	December 31, 2023	December 31, 2022
Risk free rate	3.1% - 3.7%	1.5% - 3.3%
Expected life (years)	5 years	5 years
Volatility	68.0% - 61.6%	68.9% - 69.4%
Share price at date of grant	\$0.77 - \$1.09	\$0.60 - \$0.75
Fair value per option	\$0.46 - \$0.60	\$0.35 - \$0.44

The total share-based payment expenses related to the options and the amount credited to contributed surplus were \$52,303 (\$2,046,342 for the year ended December 31, 2022). The following table outlines the activity for stock options for the years ended December 31, 2023, and 2022:

Changes in stock options are as follow:

	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning	10,717,395	\$ 0.57	6,935,000	\$ 0.51
Granted	80,970	1.01	5,542,395	0.63
Expired	-	-	(1,500,000)	0.53
Exercised	(1,610,000)	0.46	(260,000)	0.50
Balance, end	9,188,365	0.59	10,717,395	0.57
Balance, end exercisable	9,188,365	0.59	10,684,062	0.57

From the options exercised during the period ended December 31, 2023, 1,012,971 shares were withheld to cover the stock option grant price and related taxes.

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13. STOCK-BASED COMPENSATION (CONT'D)

Stock options outstanding and exercisable as at December 31, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price \$	Expiry date
1,670,000	1,670,000	0.38	December 31, 2025
1,395,000	1,395,000	0.70	December 31, 2026
100,000	100,000	0.50	September 13, 2026
3,600,000	3,600,000	0.60	January 17, 2027
73,333	73,333	0.75	April 20, 2027
39,062	39,062	0.64	July 14, 2027
1,330,000	1,330,000	0.70	December 30, 2027
900,000	900,000	0.59	December 31, 2027
19,480	19,480	0.77	July 24, 2028
61,490	61,490	1.09	December 20, 2028
9,188,365	9,188,365		

13.2 Restricted Share Unit

Conditional awards under the RSU

13.2.1 Description

Conditional awards were made in 2022 that give participants the opportunity to earn restricted share unit awards under the Corporation's Restricted Share Unit Plan ("RSU Plan") subject to the generation of shareholder value over a four-year performance period.

The awards are designed to align the interests of the Corporation's employees and shareholders, by incentivising the delivery of exceptional shareholder returns over the long-term. Participants receive a 10% share of a pool which is defined by the total shareholder value created above a 10% per annum compound hurdle.

The awards comprise three tranches, based on performance measured from January 1, 2022, to the following three measurement dates:

- First Measurement Date: December 31, 2023;
- Second Measurement Date: December 31, 2024; and
- Third Measurement Date: December 31, 2025.

Restricted share unit awards granted under the RSU Plan as a result of achievement of the total shareholder return performance conditions are subject to continued service, with vesting as follows:

- Awards granted after the First Measurement Date - 50% vest after one year, 50% vest after three years.
- Awards granted after the Second Measurement Date - 50% vest after one year, 50% vest after two years.
- RSUs granted after the Third Measurement Date - 100% vest after one year.

The maximum term of the awards is therefore four years from grant.

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13. STOCK-BASED COMPENSATION (CONT'D)

The Corporation's starting market capitalization is based on a fixed share price of \$0.552. Value created by share price growth and dividends paid at each measurement date will be calculated with reference to the average closing share price over the three months ending on that date.

- After December 31, 2023, 100% of the pool value at the First Measurement Date is delivered as restricted share units under the RSU Plan, subject to the maximum number of shares that can be allotted not being exceeded.
- After December 31, 2024, the pool value at the Second Measurement Date is reduced by the pool value from the First Measurement Date (increased in line with share price movements between the First and Second Measurement Dates). 100% of the remaining pool value, if any, is delivered as restricted share units under the RSU Plan.
- After December 31, 2025, the pool value at the Third Measurement Date is reduced by the pool value from the Second Measurement Date (increased in line with share price movements between the Second and Third Measurement Dates), and then further reduced by the pool value from the First Measurement Date (increased in line with share price movements between the First Measurement Date and the Third Measurement Date). 100% of the remaining pool value, if any, is delivered as restricted share units under the RSU Plan.

13.2.2 RSU Plan Amendment

The RSU Plan was amended by a shareholders General Meeting on June 15, 2023. As a result of the amendment the number of shares that could be issued under the RSU Plan to satisfy the conditional awards and other share awards was increased from 10% of a fixed share capital amount of 177,098,740 shares to 10% of share capital at the time of award, amounting to 10% of 263,073,022 shares, reduced by the number of outstanding options at each calculation date. As a result, an additional expense based on the difference between the fair value of the conditional awards before and after the modification will be recognised over the service period. The incremental fair value was determined and incorporated into the valuation in 12.2.2.

13.2.3 New Conditional Award under RSU Plan

On 13 October 2023, Amaroq made an award (the "Award") under the RSU Plan as detailed below. The Award consists of a conditional right to receive value if the future performance targets, applicable to the Award, are met. Any value to which the participants are eligible in respect of the Award will be granted as Restricted Share Units (each an "RSU"), with each RSU entitling a participant to receive common shares in the Corporation. Each RSU will be granted under, and governed in accordance with, the rules of the Corporation's Restricted Share Unit Plan.

Award Date	October 13, 2023
Initial Price	CAD 0.552
Hurdle Rate	10% p.a. above the Initial Price
Total Pool	10% of the growth in value above the Hurdle rate, not exceeding 10% of the Corporation's share capital. The number of shares will be determined at the Measurement Dates.
Participant proportion	Edward Wyvill, Corporate Development 10%
Performance Period	January 1, 2022 to December 31, 2025 (inclusive)
Normal Measurement Dates	First Measurement Date: December 31, 2023, 50% vesting on the first anniversary of grant, with the remaining 50% vesting on the third anniversary of grant. Second Measurement Date: December 31, 2024, 50% vesting on the first anniversary of grant, with the remaining 50% vesting on the second anniversary of grant. Third Measurement Date: December 31, 2025, vesting on the first anniversary of grant.

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13. STOCK-BASED COMPENSATION (CONT'D)

13.2.4 Valuation

The fair value of the award granted in December 2022 and modified June 2023, in addition to the award granted October 13, 2023, increased to \$7,378,000 based on 90% of the available pool being awarded. A charge of \$1,856,000 was recorded during the year ended December 31, 2023 (nil in the year ended December 31, 2022).

The fair value was obtained through the use of a Monte Carlo simulation model which calculates a fair value based on a large number of randomly generated projections of the Corporation's share price.

Assumption	Value
Grant date	December 30, 2022
Amendment date	June 15, 2023
Additional award date	October 13, 2023
Expected life (years)	2.22 – 3.00
Share price at grant date	\$0.70 - \$0.97
Exercise price	N/A
Dividend yield	0%
Risk-free rate	3.60% - 4.71%
Volatility	55% - 72%
<i>Fair value of awards - First Measurement Date</i>	<i>\$4,420,000</i>
<i>Fair value of awards - Second Measurement Date</i>	<i>\$1,946,000</i>
<i>Fair value of awards - Third Measurement Date</i>	<i>\$1,012,000</i>
Total fair value of awards (90% of pool)	\$7,378,000

Expected volatility was determined from the daily share price volatility over a historical period prior to the date of grant with length commensurate with the expected life. A zero dividend yield has been used based on the dividend yield as at the date of grant.

14. CAPITAL MANAGEMENT

The capital of the Corporation consists of the items included in equity and balances thereof and changes therein are depicted in the consolidated statement of changes in equity.

The Corporation' objectives are to safeguard the Corporation' ability to continue as a going concern in order to pursue its acquisition, exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. As the Corporation does not have cash flow from operations, to maintain or adjust the capital structure, the Corporation may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize ongoing development efforts and to continue operations, the Corporation does not pay out dividends. The Corporation is not subject to externally imposed restrictions on capital.

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15. EMPLOYEE REMUNERATION

Salaries

	2023	2022
	\$	\$
Salaries	4,635,391	3,502,513
Director's fees	631,667	628,000
Benefits	380,839	590,407
	5,647,897	4,720,920
Less: salaries and benefits presented in E&E expenses	(704,620)	(904,888)
Salaries and directors' fees disclosed in general and administrative expenses	4,943,277	3,816,032

16. EXPLORATION AND EVALUATION EXPENSES

2023	Nalunaq		Nuna		Anoritooq		Saarloq		Sava		Kobbermi		Stendalen		North		Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Geology	385,796	-	30,056	-	(1,921)	(59,660)	(16,914)	(20,202)	(34,913)	282,242								282,242
Lodging and on-site support	305,808	-	-	-	(854)	(29,413)	(5,737)	(5,676)	(8,791)	255,337								255,337
Drilling	1,354,447	-	-	-	-	(144,019)	-	-	-	1,210,428								1,210,428
Analysis	32,177	156	-	-	(87)	(25,060)	(1,035)	(173)	-	5,978								5,978
Geophysics survey	-	-	-	-	-	-	-	-	(416,177)	(416,177)								(416,177)
Transport	800,247	3,922	-	-	(442)	(37,154)	(2,450)	(2,290)	(3,256)	758,577								758,577
Supplies and equipment	1,498,097	-	-	-	(661)	(18,736)	(7,148)	(7,779)	(13,575)	1,450,198								1,450,198
Helicopter Charter	1,210,601	14,007	-	-	-	(241,390)	(13,072)	-	-	970,146								970,146
Logistic support	-	-	-	-	(3,316)	(16,275)	(12,479)	(9,796)	(9,643)	(51,509)								(51,509)
Maintenance infrastructure	1,641,203	1,569	-	-	(1,544)	(83,364)	(23,521)	(26,700)	(48,770)	1,458,873								1,458,873
Project Engineering costs	55,792	-	-	-	-	-	-	-	-	55,792								55,792
Government fees	-	994	-	-	-	-	-	-	-	994								994
Exploration and evaluation expenses before depreciation	7,284,168	20,648	30,056	-	(8,825)	(655,071)	(82,356)	(72,616)	(535,125)	5,980,879								5,980,879
Depreciation	635,773	-	-	-	-	-	-	-	-	635,773								635,773
Exploration and evaluation expenses	7,919,941	20,648	30,056	-	(8,825)	(655,071)	(82,356)	(72,616)	(535,125)	6,616,652								6,616,652

2022	Nalunaq		Nuna		Anoritooq		Saarloq		Sava		Kobbermi		Stendalen		North		Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
Geology	1,001,263	54,524	30,992	17,966	1,919	75,596	16,914	20,202	34,912	1,254,288								1,254,288
Lodging and on-site support	170,024	20,900	4,546	6,652	854	29,413	5,737	5,676	8,791	252,593								252,593
Drilling	2,962,491	611,610	-	-	-	144,019	-	-	-	3,718,120								3,718,120
Analysis	205,304	86,765	-	1,208	87	25,060	1,035	173	-	319,632								319,632
Geophysics survey	-	-	364,827	-	-	-	-	-	416,177	781,004								781,004
Transport	222,546	84,644	2,028	3,052	442	37,154	2,450	2,290	3,256	357,862								357,862
Supplies and equipment	484,461	21,247	5,211	7,178	661	20,959	7,148	7,779	13,575	568,219								568,219
Helicopter Charter	221,039	424,586	-	19,850	-	267,957	13,072	-	-	946,504								946,504
Logistic support	904,310	62,777	11,530	18,478	3,316	16,275	12,479	9,796	9,643	1,048,604								1,048,604
Maintenance infrastructure	2,401,358	62,431	16,437	21,886	1,544	83,558	23,521	26,700	48,770	2,686,205								2,686,205
Project Engineering costs	35,946	-	-	-	-	-	-	-	-	35,946								35,946
Government fees	2,584	7,893	-	-	-	-	-	-	-	10,477								10,477
Exploration and evaluation expenses before depreciation	8,611,326	1,437,377	435,571	96,270	8,823	699,991	82,356	72,616	535,124	11,979,454								11,979,454
Depreciation	721,072	-	-	-	-	-	-	-	-	721,072								721,072
Exploration and evaluation expenses	9,332,398	1,437,377	435,571	96,270	8,823	699,991	82,356	72,616	535,124	12,700,526								12,700,526

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16. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

Exploration and Evaluation expenses for the period of twelve months ended December 31, 2023 are net of \$1,353,993 of Exploration and Evaluation expenses incurred by Nalunaq A/S during the period from June 9 2022 to April 13, 2023 for the six non-gold strategic mineral licenses that have been transferred from Nalunaq A/S to Gardaq A/S (Note 21.1).

17. GENERAL AND ADMINISTRATIVE

	2023	2022
	\$	\$
Salaries and benefits	4,311,610	3,188,032
Director's fees	631,667	628,000
Professional fees	3,298,134	2,258,660
Marketing and industry involvement	713,161	598,447
Insurance	289,042	341,793
Travel and other expenses	1,383,767	746,180
Regulatory fees	953,521	212,939
General and administration before following elements	11,580,902	7,974,051
Stock-based compensation (note 13.1)	1,908,303	2,046,342
Depreciation	142,707	129,627
General and administrative	13,631,912	10,150,020

18. FINANCE COSTS

	2023	2022
	\$	\$
Lease interest (note 11)	34,097	37,523
Other finance costs	223	-
Finance costs	34,320	37,523

19. INCOME TAXES

Tax expense differs from the amount computed by applying the combined Canadian Statutory and Greenlandic income tax rates, applicable to the Corporation, to the loss before income taxes due to the following:

	2023	2022
	\$	\$
Net loss before income taxes	(833,513)	(21,898,963)
Income tax rates	26.5%	26.5%
Income tax recovery	(220,881)	(5,803,225)
Increase (decrease) attributable to:		
Non deductible expenses	1,971,160	547,829
Difference in statutory tax rate	(234,138)	213,652
Changes in unrecognized deferred tax assets	(1,516,141)	5,041,744
Tax recovery	-	-

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19. INCOME TAXES (CONT'D)

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2023 and 2022 is as follows:

	2023	2022
	\$	\$
Deferred tax assets (liabilities):		
Capital assets	(718,851)	(636,131)
Non-capital losses	718,851	636,131
	-	-

The Corporation records deferred income tax assets to the extent that it is probable that sufficient taxable income will be realized during the carry-forward period to utilize these net future tax assets.

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the consolidated statement of financial position as at December 31, 2023 are as follows:

Greenland	As at December 31, 2023
	\$
Non-capital losses carry forwards	58,120,333

As the Corporation is a mineral licence holder, the non-capital losses in Greenland have no expiration date.

Canada	As at December 31, 2023
	\$
Non-capital losses carry forwards expiring in 2038	965,032
Non-capital losses carry forwards expiring in 2039	1,272,338
Non-capital losses carry forwards expiring in 2040	1,210,348
Non-capital losses carry forwards expiring in 2041	5,622,490
Non-capital losses carry forwards expiring in 2042	8,261,231
Non-capital losses carry forwards expiring in 2043	7,680,772
Non-capital losses carry forwards expiring in 2044	10,153,386

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20. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2023, was based on the net loss attributable to shareholders of \$833,513 (\$21,898,963 for the year ended December 31, 2022) and the weighted average number of common shares outstanding for the year ended December 31, 2023 of 272,623,548 (191,575,781 for the year ended December 31, 2022). As a result of the net loss for the years ended December 31, 2023 and 2022, all potentially dilutive common shares are deemed to be antidilutive and thus diluted net loss per share is equal to the basic net loss per share for these periods.

	2023	2022
	\$	\$
Net income (loss) and comprehensive income (loss)	(833,513)	(21,898,963)
Weighted average number of common shares outstanding - basic	272,623,548	191,575,781
Weighted average number of common shares outstanding – diluted	272,623,548	191,575,781
Basic earnings (loss) per share	(0.003)	(0.11)
Diluted earnings (loss) per common share	(0.003)	(0.11)

21. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

21.1 Gardaq Joint Venture

	2023	2022
	\$	\$
Project management income	1,714,559	-
E&E expenses (Note 16)	4,352,897	-
	6,067,456	-

As at December 31, 2023, the balance receivable from Gardaq amounted to \$3,521,938 (\$nil as at December 31, 2022). This receivable balance represents the current balance of project management costs and exploration and evaluation costs incurred by the Corporation for six strategic minerals licenses transferred from Nalunaq A/S to Gardaq A/S. The exploration and evaluation costs incurred by the Corporation are transferred to Gardaq A/S from Nalunaq A/S in accordance with the respective clauses of the SSHA. (Note 16).

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21. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

21.2 Key Management Compensation

The Corporation's key management are the members of the board of directors, the President and Chief Executive Officer, the Chief Financial Officer, the Vice President Exploration and the Corporate Secretary. Key management compensation is as follows:

	2023	2022
	\$	\$
Short-term benefits		
Professional fees	-	-
Salaries and benefits	3,209,409	2,104,440
Salaries and benefits included in the E&E expenses	-	-
Director's fees	631,667	628,000
Long-term benefits		
Stock-based compensation (note 13.1)	1,716,000	1,117,000
Total compensation	5,557,076	3,849,440

Key management are subject to employment agreements which provide for payments on termination, without cause or following a change of control, providing for payments up to one base salary.

The compensation of directors is as follows:

	2023			2022		
	Short-term benefits ^(a)	Stock-based compensation	Total compensation	Short-term benefits ^(a)	Stock-based compensation	Total compensation
	\$	\$	\$	\$	\$	\$
Eldur Olafsson	1,553,155	-	1,553,155	801,935	385,000	1,186,935
Jaco Crouse	841,207	-	841,207	496,699	315,000	811,699
Graham Stewart	181,000	-	181,000	181,000	-	181,000
Sigurbjorn		-				
Thorkelsson	86,000		86,000	86,000	-	86,000
Liane Kelly	89,667	-	89,667	86,000	-	86,000
Line Frederiksen	86,000	-	86,000	86,000	-	86,000
David Neuhauser	86,000	-	86,000	86,000	-	86,000
Warwick Morley-		-				
Jepson	103,000		103,000	103,000	-	103,000
Total compensation	3,026,029	-	3,026,029	1,926,634	700,000	2,626,634

(a) Short-term benefits comprise salary, director fees as applicable, annual bonus and pension.

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21. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'D)

During 2023 certain directors acquired additional shares (net of shares withheld) by exercising their options. During 2022, the directors participated in the November 3, 2022 fundraising for \$2,700,132. The director participation is as follows:

	2023	2022
	Number of new shares	Number of new shares
Eldur Olafsson	228,571	814,162
Jaco Crouse	-	285,714
Graham Stewart	57,534	142,857
Sigurbjorn Thorkelsson	-	1,444,424
David Neuhauser	-	2,285,714
Total	286,105	4,972,871

During 2024, a director of the Company participating in the 13 February 2024 fundraiser and acquired an additional 2,700,000 new common shares in the Company as a result (Note 23).

22. FINANCIAL INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Management manages financial risks. The Corporation does not enter into financial instruments agreements, including derivative financial instruments, for speculative purposes. The Corporation's main financial risks exposure and its financial policies are described below.

22.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's cash and escrow account for environmental monitoring are exposed to credit risk. Management believes the credit risk on cash and escrow account for environmental monitoring is small because the counterparties are chartered Canadian and Greenlandic banks.

22.2 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration and operating obligations and cash on hand. The Corporation anticipates seeking additional financing in order to fund general and administrative costs and exploration and evaluation costs. The Corporation' options to enhance liquidity include the issuance of new equity instruments or debt.

The following table summarizes the carrying amounts and contractual maturities of financial liabilities:

	As at December 31, 2023			As at December 31, 2022	
	Trade and other payables	Convertible Notes	Lease liabilities	Trade and other payables	Lease liabilities
	\$	\$	\$	\$	\$
Within 1 year	6,273,978	-	108,345	1,138,961	105,894
1 to 5 years	-	35,743,127	544,178	-	434,852
5 to 10 years	-	-	126,975	-	344,646
Total	6,273,978	35,743,127	779,498	1,138,961	885,392

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22. FINANCIAL INSTRUMENTS (CONT'D)

22.3 Currency risk

As at December 31, 2023 and 2022, a portion of the Corporation's transactions are denominated in DKK, Euros, US\$ and British Pounds (GBP) to the extent such currencies are different from the relevant group entities' functional currency.

The Corporation had the following balances in currencies:

As at December 31, 2023	In DKK	In Euros	In US\$	In GBP
Cash	3,307,004	511,458	9,913,039	3,106,964
Escrow account for environmental monitoring	3,054,191	-	-	-
Prepaid expenses and others	7,868,890	7,637,896	680,855	3,092
Trade and other payables	(8,242,210)	(107,103)	(282,634)	(20,476)
Convertible notes loan (note 10)	-	-	(8,879,786)	-
	5,987,875	8,042,251	1,431,474	3,089,580
Exchange rate	0.1961	1.4620	1.3247	1.6863
Equivalent to CAD	1,174,222	11,757,771	1,896,274	5,209,959

Based on the above net exposures as at December 31, 2023, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$2,003,823.

As at December 31, 2022	In DKK	In Euros	In US\$	In GBP
Cash	1,493,645	72,577	6,372,862	5,580,141
Escrow account for environmental monitoring	2,193,001	-	-	-
Prepaid expenses and others	207,465	-	-	-
Trade and other payables	(1,440,197)	(81,970)	(112,718)	(57,639)
	2,453,914	(9,393)	6,260,144	5,522,502
Exchange rate	0.1948	1.4487	1.3541	1.6370
Equivalent to CAD	478,022	(13,608)	8,476,861	9,040,336

Based on the above net exposures as at December 31, 2022, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, US\$ and GBP by 10% would decrease/increase profit or loss by \$1,798,162.

22.4 Fair value

Financial assets and liabilities recognized or disclosed at fair value are classified in the fair value hierarchy based upon the nature of the inputs used in the determination of fair value. The levels of the fair value hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs)

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22. FINANCIAL INSTRUMENTS (CONT'D)

The following table summarizes the carrying value of the Corporation's financial instruments:

	December 31, 2023	December 31, 2022
	\$	\$
Cash	21,014,633	50,137,569
Trade and other receivables	3,521,938	-
Sales tax receivable	69,756	95,890
Deposit	27,944	27,944
Investment in equity-accounted joint arrangement	23,492,811	-
Escrow account for environmental monitoring	598,939	427,120
Accounts payable and accrued liabilities	(6,273,979)	(1,138,961)
Convertible notes	(35,743,127)	-
Lease liabilities	(657,440)	(729,237)

Due to the short-term maturities of cash, trade and other receivables, and accounts payable and accrued liabilities, the carrying amounts of these financial instruments approximate fair value at the respective balance sheet date.

The carrying value of the convertible note instrument approximates its fair value at maturity and includes the embedded derivative associated with the early conversion option and the host liability at amortized cost. The embedded derivative's valuation model uses historical volatility as an estimate of current market expectations of volatility. Volatility is an unobservable input and changes in the estimate of volatility impacts the fair value of the embedded derivative and profit and loss. The follow table displays the sensitivity of the embedded derivative's fair value to changes in the volatility estimate as of December 31, 2023:

Change in volatility	Volatility	Fair Value of Embedded Derivative	Change in Fair Value	Impact on Profit and Loss
%	%	\$	\$	\$
0	63.73%	23,980,074	-	-
+5%	66.92%	24,575,411	595,336	(595,336)
+15%	73.29%	25,741,602	1,761,527	(1,761,527)
+25%	79.67%	26,869,400	2,889,325	(2,889,325)
-5%	60.55%	23,378,006	(602,068)	602,068
-15%	54.17%	22,159,072	(1,821,003)	1,821,003
-25%	47.80%	20,931,967	(3,048,107)	3,048,107

The carrying value of lease liabilities approximate their fair value based upon a discounted cash flows method using a discount rate that reflects the Corporation's borrowing rate at the end of the period.

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23. SUBSEQUENT EVENTS

23.1 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 being conditionally placed with new and existing institutional investors at a placing price of 74 pence (CAD \$1.25 at the closing exchange rate on 9 February 2024). The placing price represents a 5.7% premium to the closing share price on 9 February 2024 on the AIM exchange. The fundraising will consist of:

- A placing of new common shares with new and existing institutional investors at the placing price (the “UK Placing”). Stifel Nicolaus Europe Limited is acting 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 fjarfestingarbanki hf. Are acting as joint bookrunners on the Icelandic Placing and Landsbankinn hf. Is acting 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”). The Director has committed to subscribe to approximately CAD \$3.4 million (equivalent to GBP 2.0 million) in the fundraising.

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 shares subscribed to, when issued, will be credited as fully paid and will 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 will consist 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.

23.1.1 Related party transaction

Amaroq director, Sigurbjorn Throkellsson, has participated in the Canadian Subscription acquiring a total of 2,700,000 new common shares representing gross proceeds of CAD 3.4 million (GBP 2.0 million) via Klettur LP (in which he is a sole beneficiary).

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23. SUBSEQUENT EVENTS (CONT'D)

23.2 Awards under Restricted Share Units Plan (“RSU”)

On 23 February 2024, in alignment with the Company’s RSU plan dated 15 June 2023, the Company granted an award (the “Award”) to directors and employees of the Company as listed in the table below.

Conditional awards were granted to participants on 30 December 2022 and 13 October 2023. The performance period runs from 1 January 2022 to 31 December 2025 with measurement dates at 31 December 2023, 31 December 2024 and 31 December 2025.

The details of the Award are as follows:

Award Date	23 February 2024		
Initial Price	CAD 0.552		
Hurdle Rate	10% p.a. above the Initial Price		
Total Pool	10% of the growth in value above the Hurdle rate, not exceeding 10% of the Company’s share capital The number of shares is determined at the Measurement Dates		
Participants, proportions and number of shares subject to RSU	Participant	Proportion (%)	Number of shares subject to RSU
	Eldur Olafsson, CEO	40%	3,805,377 shares
	Jaco Crouse, CFO	20%	1,902,688 shares
	Joan Plant, Executive VP	10%	951,344 shares
	James Gilbertson, VP Exploration	10%	951,344 shares
	Edward Wyvill, Corporate Development	10%	951,344 shares
First Measurement Date:	31 December 2023 50% of the Shares will vest on the first anniversary of grant, with the remaining 50% vesting on the third anniversary of grant.		