



# **Amaroq Minerals Ltd.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**QUARTERLY HIGHLIGHTS**

Three and six months ended June 30, 2024

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

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# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

This Management’s Discussion and Analysis (“MD&A”) of Amaroq Minerals Ltd. (the “Corporation”), and its subsidiary companies and joint arrangements provide a detailed analysis of the Corporation’s business and compare its financial results with those of the previous periods. This MD&A is dated as of August 14, 2024 and should be read in conjunction with the Corporation’s unaudited condensed interim consolidated financial statements and related notes for three months and six months ended June 30, 2024 (the “Financial Statements”), as well as with the MD&A and audited consolidated financial statements for the year ended December 31, 2023. The unaudited condensed interim consolidated financial statements for the three months and six months ended June 30, 2024 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise noted.

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

Abbreviation	Period
Q4-22	October 1, 2022 to December 31, 2022
2022	January 1, 2022 to December 31, 2022
Q1-23	January 1, 2023 to March 31, 2023
Q2-23	April 1, 2023 to June 30, 2023
Q3-23	July 1, 2023 to September 30, 2023
Q4-23	October 1, 2023 to December 31, 2023
2023	January 1, 2023 to December 31, 2023
Q1-24	January 1, 2024 to March 31, 2024
Q2-24	April 1, 2024 to June 30, 2024
Q3-24	July 1, 2024 to September 30, 2024
Q4-24	October 1, 2024 to December 31, 2024
2024	January 1, 2024 to December 31, 2024

## 1. NATURE OF ACTIVITIES

Amaroq was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. As of June 19, 2024, the Corporation completed its continuance from the *Canada Business Corporations Act* into the Province of Ontario under the *Business Corporations Act (Ontario)*. The Corporation’s registered office is situated at 100 King Street West, Suite 3400, First Canadian Place, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties and it owns interests in properties located in Greenland. The Corporation’s shares are listed (under the AMRQ ticker) on the TSX Venture Exchange (the “TSX- V”) since July 2017; also, on the AIM market of the London Stock Exchange (“AIM”) since July 2020 and from November 1, 2022, on Nasdaq First North Growth Market Iceland which were transferred to the Nasdaq Main Market Iceland (“Nasdaq”) on September 21, 2023.

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

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

## 2. OPERATIONAL PERFORMANCE HIGHLIGHTS

For the three months ended June 30, 2024, the Corporation's continued focus was on the trial mining development of the Nalunaq Underground Mine in Mountain Block with 171 total development meters whilst concurrently constructing a 300 tonne per day process plant and associated infrastructure that will produce gold dore on site. The mining team was also focused on optimizing the mine development in the Mountain Block, as new equipment has arrived on site. The ramp has been completed to 735 level. The first ore was blasted June 30, 2024 at 732 level. The contractor's main maintenance shop was completed and both Mine Arc refuge stations commissioned. The exhaust raise fans for Target Block has been commissioned in preparation for the exploration drift. Nalunaq Project team completed the vehicle maintenance workshop and installation of radio link communication system. South part of the process plant building is 97% complete except for some areas of cladding and roller doors, primary and secondary crushers mechanical installation is finalized and awaiting electrical installation in Q3-24.

The Corporation has completed the detailed plans for the 2024 season but continues to assess a number of new opportunities arising from the continuing interpretation of the 2023 data.

At Nalunaq, the exploration camp has been constructed and the surface drilling teams mobilised to commence pad preparation and drilling on the Target Block extensions.

Across the Copper Belt, field mapping and assessment of targets has been ongoing across the Sava, North Sava, Kobberminebugt and Nunarsuit licences and the Johan Dahl Land area.

At Stendalen, the ground geophysics programme and mobilisation of goods and rigs from Iceland have commenced.

### 2.1 Q2-24 Consolidated Financial Results

Period ended June 30, 2024	Three months		Six months	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Financial Results</b>				
Exploration and evaluation expenses	127,173	(2,278,193)	(748,040)	(3,459,846)
Site development costs	-	(1,825,564)	-	(1,825,564)
General and administrative expenses	(4,335,691)	(2,806,181)	(8,294,917)	(5,383,216)
Gain on loss of control of subsidiary	-	31,340,880	-	31,340,880
Loss on disposal of capital assets	-	-	-	(37,791)
Foreign exchange gain (loss)	514,521	(171,828)	435,012	25,175
Interest income	25,866	240,268	41,192	471,588
Garda management income and allocated cost	578,568	506,640	1,214,894	506,640
Share of net losses of joint arrangement	(1,263,385)	(1,639,482)	(1,909,817)	(1,639,482)
Unrealized gain on derivative liability	9,591,828	-	5,291,615	-
Finance costs	(9,558)	(8,839)	(18,132)	(17,576)
Net income (loss) and comprehensive income (loss)	<b>5,229,322</b>	<b>23,357,701</b>	<b>(3,988,193)</b>	<b>19,980,808</b>
Net earnings (loss) per share, basic	0.016	0.09	(0.013)	0.08
Net earnings (loss) per share, diluted	0.014	0.09	(0.013)	0.07

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

Financial Position	As at	
	Jun 30, 2024	Jun 30, 2023
<b>Financial Position</b>		
Cash	31,663,204	39,669,852
Investment in equity-accounted joint arrangement	21,582,994	29,745,716
Total assets	177,950,773	87,686,844
Total current liabilities	41,932,965	2,980,657
Shareholders' equity	135,365,745	84,089,457
Working capital (before convertible notes liability) <sup>1</sup>	50,534,953	41,017,725
Working capital (convertible notes liability included) <sup>1</sup>	17,092,095	41,017,725

## 2.2 2024 Financial Performance Highlights

	Q2-24	Q1-24	Q4-23	Q3-23
	\$	\$	\$	\$
Exploration and evaluation expenses	127,173	(875,213)	(879,266)	(2,277,540)
Site development costs	-	-	(690,179)	1,825,564
General and administrative expenses	(4,335,691)	(3,959,226)	(5,616,655)	(2,632,041)
Gain on loss of control of subsidiary	-	-	-	-
Share of net losses of joint arrangement	(1,263,385)	(646,432)	(2,871,156)	(3,381,749)
Net income (loss)	5,229,322	(9,217,515)	(14,259,099)	(6,555,222)
Net income (loss) per share, basic	0.016	(0.03)	(0.05)	(0.02)
Net income (loss) per share, diluted	0.014	(0.03)	(0.05)	(0.02)
Cash	31,663,204	65,086,851	21,014,633	53,655,954
Investment in equity-accounted joint arrangement	21,582,994	22,846,379	23,492,811	26,363,967
Total assets	177,950,773	179,887,713	106,953,183	111,193,232
Total current liabilities	41,932,965	48,922,487	42,097,312	32,613,568
Shareholders' equity	135,365,745	130,283,503	64,278,637	77,982,519
Working capital (before convertible notes liability) <sup>1</sup>	50,534,953	78,210,475	37,614,068	58,690,733
Working Capital (convertible notes liability included) <sup>1</sup>	17,092,095	36,659,134	1,870,941	28,895,835

<sup>1</sup> Working Capital as per the Consolidated Statement of Financial Position as at June 30 2024 is \$17,092,095 and includes \$33,442,858 of Convertible Notes liability- hybrid instrument with complex embedded derivatives due to its early conversion and repayment feature components. According to the Corporation's Financial Instruments accounting policy (Note 6 of the Financial Statements), host liability and embedded derivative liability are to be classified as current due to its early conversion feature (Note 6.2 of the Financial Statements).

## Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

	Q2-23	Q1-23	Q4-22	Q3-22
	\$	\$	\$	\$
Exploration and evaluation expenses	(2,278,193)	(1,181,653)	(1,697,334)	(5,567,361)
Site development costs	(1,825,564)	-	-	-
General and administrative expenses	(2,806,181)	(2,577,035)	(3,203,588)	(1,859,725)
Gain on loss of control of subsidiary	31,340,880	-	-	-
Share of loss of joint arrangement	(1,639,482)	-	-	-
Net income (loss)	23,357,701	(3,376,893)	(4,426,345)	(7,012,481)
Net income (loss) per share, diluted	0.09	(0.01)	(0.02)	(0.04)
Cash	39,669,852	46,784,407	50,137,569	11,032,487
Investment in equity-accounted joint arrangement	29,745,716	-	-	-
Total assets	87,686,844	62,010,593	65,096,061	26,028,307
Total current liabilities	2,980,657	1,091,187	1,210,758	1,227,741
Shareholders' equity	84,089,457	60,280,742	63,227,863	24,124,912
Working Capital	41,017,725	46,738,567	49,472,991	10,065,234

The Corporation reported a net income of \$5,229,322 and (loss) of (\$3,988,193) respectively for the three and six months ended June 30, 2024 compared to the net income of \$23,357,701 and \$19,980,808 for the three and six months ended June 30, 2023. The main variations are as follows:

- Exploration and evaluation expenses recovery of (\$127,173) for three months and expense of \$748,040 for six months ended June 30, 2024 (expense of \$2,278,193 for three months and \$3,459,846 for six months ended June 30, 2023). (\$127,173) expense recovery during the three months ended June 30, 2024 represent the allocation of camp costs incurred in six month of 2024 to Nalunaq Capital Project and are capitalized to Construction in Progress. \$748,040 of expenses for six month ended June 30, 2024 mainly represent the costs associated with continual review work upon a number of the Corporation's targets and the preparation for the 2024 field programmes. Furthermore, during 2024 the drilling and exploration campaign in Nalunaq started in July, whereas during 2023 exploration activities began in May. The 2024 field programmes included:
  - Detailed exploration design for 2024/2025 programmes across Nalunaq, Vagar, Nanoq gold targets
- General and administrative costs of \$4,335,691 and \$8,294,917 respectively for the three and six months ended June 30, 2024 (\$2,806,181 and \$5,383,216 for the three and six months ended June 30, 2023).
  - Salaries and benefits of \$2,121,857 and \$2,991,272 for the three and six months ended June 30, 2024 (\$620,073 and \$1,237,662 for the three and six months ended June 30, 2023). Salaries and benefits have increased and are expected to increase over the next couple of quarters due to an increase in manpower to complete the construction of the processing plant, manage on-site stores and warehousing, coordinate site rotations and logistics and collection of ESG related data. This cost is also expected to increase as Nalunaq transitions from construction to commissioning and operations.
  - Stock-based compensation of \$24,107 and \$736,413 for the three and six months ended June 30, 2024 (\$451,014 and \$902,028 for the three and six months ended June 30, 2023). The Corporation has implemented a Restricted Share Unit Plan ("RSU") to incentivize delivery of the exceptional shareholder returns over the longer-term and to align the interests of Senior Executives with those of shareholders. Under the RSU, participants share in a "RSU pool" of up to 10% in excess of the growth in the Corporation's value. The Corporation's value for purposes of the "RSU pool" is determined using a hurdle rate of 10% pa over a performance period commencing on January 1, 2022. Part of the RSU pool will be reserved for future participants. Growth in value is based on the change in share price, with an adjustment for any dividends paid during the period (to the extent such distributions are made), based on the same

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number of shares in issue at the start of the performance period. Awards were granted to participants on December 31, 2022 and October 13, 2023. \$711,500 recorded in three months ended March 31, 2023 represents the recognition of the three-month expense based on the fair valuation of the RSU pool for current participants which increased from four to five members of the Executive team, as well as RSU plan amendment that increased the number of shares available for the conditional award to be 10% of the issued share capital at the time of the award instead of 10% of a fixed share capital amount of 177,098,740. During the three months ended June 30, 2024 the RSU share based expense declined as a result of the departure of the Corporation's CFO. This resulted in a reduction of the allocated restricted shares from 90% to 70% of the available pool due to a reversal of previously recognized share-based compensation expense as a result of the forfeiture of the former CFO's awards. This resulted in the recognition of \$6,750 share-based compensation expense on RSUs for the three months ended June 30, 2024 (\$573,625 share-based compensation expense related to remaining RSU plan participants, less \$566,875 of the reversed expense due to RSU forfeiture). Further details on the RSU description and valuation are provided under Note 9.2 of June 30, 2024 Financial Statements.

- Director's fees of \$159,000 and \$318,000 for the three and six months ended June 30, 2024 (\$157,000 and \$314,000 for the three and six months ended June 30, 2023).
- Professional fees of \$912,159 and \$1,851,968 for the three and six months ended June 30, 2024 (\$910,879 and \$1,522,757 for the three and six months ended June 30, 2023). Increase in professional fees is mainly due to additional advisory costs related to the measurement and valuation of complex financial instruments and associated disclosures. The increase was also impacted by the expenses related to the implementation of new social programs in Greenland as part of the Company's ESG activities.
- Investor Relations and Communication of \$147,134 and \$313,171 for the three and six months ended June 30, 2024 (\$164,719 and \$306,686 for the three and six months ended June 30, 2023) is slightly higher than for the same period of 2023 mainly driven by increased interaction with investors due to the equity raise in February 2024.
- Insurance of \$93,917 and \$172,833 for the three and six months ended June 30, 2024 (\$67,602 and \$135,204 for the three and six months ended June 30, 2023). The increase is mainly driven by slightly higher market rates for general liability insurance and increase in coverage given the progress in construction at Nalunaq.
- Regulatory fees of \$188,726 and \$582,459 for the three and six months ended June 30, 2024 (\$179,614 and \$372,554 for the three and six months ended June 30, 2023). The increase in costs reflect the third listing by the Corporation together with the subsequent upgrade from the Nasdaq First North Growth (Iceland) listing to the Main Market an includes the associated increase in market making fees.
- Foreign exchange gain of \$514,521 and \$435,012 for the three and six months ended June 30, 2024 (loss \$171,828 in three months ended June 30, 2023 and gain of \$25,175 in six months ended June 30, 2023) represents the revaluation of USD and EUR denominated balances against a weakening Canadian dollar. In the 6-months of 2024 USD strengthened from 1.32 to 1.367 against the Canadian Dollar and the EUR strengthened from 1.462 to 1.468. The gain was mainly due to the FX gain on foreign currency denominated cash and receivables balances, which was partially offset by the FX loss on payables and the convertible note financial liability.
- A \$31,340,880 gain on loss of control of Gardaq was recognised in the three and six months ended June 30, 2023, representing the Corporation's 51% share of fair value of Gardaq's non-gold strategic mineral licenses on April 13, 2023 – Joint Venture deal closing date with ACAM.
- Share of net loss in joint arrangement of \$1,263,385 and \$1,909,817 for the three and six months ended June 30, 2024 (\$1,639,482 in three and six months ended June 30, 2023) representing the 51% share of exploration costs incurred by Gardaq A/S which increased during the current period.
- Gardaq management income and allocated cost of \$578,568 and \$1,214,894 for the three and six months ended June 30, 2024 (\$506,640 for the three and six months ended June 30, 2023) representing corporate overhead costs charged by Nalunaq A/S to Gardaq A/S. The \$506,640 reported in three and six months ended June 30, 2023 represent management fee for the period from April 13 to June 30, 2023. Gardaq's exploration activities commenced subsequent to April 2023, representing 1.5 months of activity during the six months ended June 30, 2023, compared to a full six months of activity during the six months ended June 30, 2024.

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## 2.3 Cash Flow and Liquidity

Cash used in operating activities in the six months ended June 30, 2024, totalled to \$14,352,781 compared to \$10,467,556 in the six months ended June 30, 2023. Cash used in six months of operations reflects the increased activities on the Nalunaq Project as well as camp operations costs as discussed under section 2.2. Cash used in operations in H1-2023 was mostly directed at preparing for 2023 exploration season as well as Nalunaq project supplier downpayments, camp maintenance and corporate overheads.

Cash used in investing activities in the six months ended June 30, 2024, was \$ 50,300,401 (H1-2023: \$Nil) representing cash spent on trial mining development in Mountain Block and advancing the construction of the 300 tonne per day processing plant, as well as associated surface infrastructure such as the vehicles maintenance workshop and communications system installation.

Cash received from financing activities in the six months ended June 30, 2024, was \$74,310,516, compared to cash used in financing activities of \$53,172, during the six months ended June 30, 2023. Cash inflow in H1-24 is mainly driven by the capital raise of GBP 44 million or \$75.6 million of gross proceeds which closed on February 23, 2024. As at June 30, 2024, aside from \$31.7 million available cash, the Corporation had undrawn revolving credit facilities of \$38.9 million, representing total net liquidity of \$62.2 million.

As at June 30, 2024, the Corporation has working capital (before convertible note liability) of \$50,534,953 compared to \$37,614,068 as of December 31, 2023.

## 3. CORPORATE UPDATE

### 3.1 GBP 44 million Fundraising

On February 23, 2024, the Corporation successfully completed its oversubscribed fundraising which resulted in a total of 62,724,758 new common shares placed with new and existing institutional investors at a placing price of 74 pence (CAD \$1.25, ISK 127 at the closing exchange rate on 9 February 2024). The placing price represented a 5.7% premium to the closing share price on 9 February 2024 on the AIM exchange. The fundraising consisted of:

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

As a result of the subscription, net proceeds of approximately GBP 44 million (CAD 75.6 million) have been raised, exceeding the initial targeted amount of GBP 30 million. The issued shares were credited as fully paid and rank *pari passu* in all respects with the existing common shares of the Corporation. Following the admission of the subscribed shares, Amaroq's total issued share capital consisted of 326,455,446 common shares.

The proceeds of the fundraising will be used to further advance exploration at the Corporation's Vagar and Nanoq licenses and to fund an additional capital injection into its Gardaq joint venture, as well as to accelerate mining and development of the Corporation's Nalunaq gold project.

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## 3.2 Directorate Change

The Corporation's Chief Financial Officer and Director Jaco Crouse stepped down from his position as CFO and Director effective June 3, 2024. The Corporation initiated a process to appoint a new Chief Financial Officer and on July 5, 2024, announced that Ellert Arnarson was appointed as Chief Financial Officer. Mr. Arnarson joined Amaroq on August 6, 2024, from Landsbankinn where he was the Head of Corporate Finance. Prior to this, Mr. Arnarson held senior positions at the Pension Fund of Commerce, Iceland's second-largest pension fund, and at GAMM Capital Management. Mr. Arnarson has extensive experience in financial management and analysis, capital raising as well as mergers and acquisitions.

## 3.3 Sustainability Report

The Corporation is targeting to issue its inaugural Sustainability Report for 2023 in Q4-24.

## 3.4 Approval of Environmental and Social Impact Assessments

On June 28, 2024 the Corporation announced that the Government of Greenland has approved the Environmental and Social Impact Assessments for Nalunaq Project.

The purpose of the Environmental Impact Assessment (EIA) was to identify, predict and communicate the potential environmental impacts of the Nalunaq project in all of its phases - construction, operations, closure and post-closure. The assessment also identified mitigation and monitoring measures designed to eliminate or minimize negative environmental effects which we are including in our project design and implementation activities.

The purpose of the Social Impact Assessment (SIA) was to assess the project's impact on existing social conditions. Positive social impacts that were identified included:

- Creating job opportunities
- Providing training and skill upgrading opportunities
- Creating opportunities for Greenlandic companies to provide goods and services
- Generation of public revenue through the payment of royalties, corporate and income taxes

## 3.5 US\$35 million Revolving Credit Facility Heads of Terms

On July 2, 2024, the Corporation announced that it agreed a Head of Terms, subject to final approval and documentation, with Landsbankinn for US\$35 million in three Revolving Credit Facilities, securing a substantial increase and extension to its existing debt facilities.

- The financing package will replace the existing undrawn credit and cost overrun facilities, simplifying the structure of the debt package and increasing financial flexibility and liquidity for the Company.
- Amaroq has signed term sheets for a US\$35 million debt financing package with Landsbankinn consisting of:
  - US\$28.5 million facility with a margin of 9.5% per annum, reducing to 7.5% once the full amount has been drawn and the Company's cumulative EBITDA over a three-month period exceeds CAD 6 million. This facility will replace the Company's existing revolving credit and cost overrun facilities entered into on September 1, 2023, but not the convertible debt facilities. US\$18.5 million of the facility is to be used towards the completion of the Nalunaq development with the balance available for general corporate purposes.
  - US\$6.5 million facility with a margin of 7.5% per annum, available for general corporate purposes once all other facilities have been fully drawn.
  - The new facilities will have a 1.5% arrangement fee, a 0.4% commitment fee on unutilised amounts, and an expected maturity date of October 1, 2026.
  - The new facilities will be subject to certain ongoing covenant tests, further detail of which will be provided on closing of definitive documentation.

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- Amaroq will finalise the new facilities' legally binding documentation and expects to be in a position to sign binding documents before the end of the year. The Corporation's currently undrawn US\$28.5 million debt facilities will remain in place until this time.
- The financing package with Landsbankinn will be finalised in agreement with current debt holders, which include Fossar Investment Bank, GCAM LP, JLE Property Ltd., First Pecos LLC and Linda Investments Limited.

## 4. OPERATIONAL UPDATES

### 4.1 Nalunaq Project Development

1. **Engineering:** Process plant detail design and engineering is 96% complete with all packages issued to the market.
2. **Contracting and Procurement:** Procurement of all key contract packages is 92 % complete and procurement packages have been issued to the market for obtaining bids with most in final review. Most of the critical path items have been procured and are either nearing production completion, already in transit or on site.
3. **Construction:** Plant pad earthworks and civil construction is 100% complete. The plant building structural steel is 100% complete and cladding is 94% complete. Mechanical installation of the crushing circuit is 68% complete and the installation of the civil foundations for the retaining walls, stockpile reclaimer and stacker conveyor were started in the beginning of July, 2024. The installation of the grinding and gold room section started in the week of 22 July 2024. The trackless mining machines (TMM) and light vehicle workshop construction is complete and electrical installation is at 78% complete. Foundations for the new accommodation unit is at 25% complete.
4. **Mining:** Following the completion of mine rehabilitation in Q1 2024, optimizing the mine development in the Mountain Block has continued to be the focus, as new equipment has arrived on site, which consisted of 2 new ST7 scoops and 1 new Jumbo drill. The ramp has been completed to 735 level and the first ore round was blasted on June 30th. Mining team continued the sump development and is 75% completed. Both Mine Arc refuge stations have been commissioned. The leaky feeder communication system was installed from 300 to the 720 level. Started the construction of the underground main heating system on 300L portal. The exhaust raise fans for Target Block has been commissioned in preparation for the development of the exploration drift.

### 4.2 Gold Exploration Projects

- **Nalunaq**
  - All additional 75 vein sampling from historical core housed at Nalunaq has been completed and submitted to ALS for assaying.
  - The exploration camp has been constructed. Drill crews and equipment for surface exploration drilling to enlarge the mineralised zone at the Target Block have mobilised on site.

### 4.3 Strategic Minerals Projects (Amaroq 51%)

- **Sava Copper Belt (Sava/North Sava)**
  - Geological field team have commenced a programme of mapping and sampling across the copper belt area assessing both potential porphyry and magmatic Cu-Ni targets.
  - The team have been supplemented by an external copper subject matter expert, Steve Garwin

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

- **Stendalen**

- Further geophysical data reviews have been ongoing which have fed into a further ground geophysics programme being conducted by Quantec Geoscience.
- All drill rigs and camp equipment have been received in Iceland and are being transported directly to Stendalen by cargo vessels.

## 5. EXPLORATION AND EVALUATION EXPENSES

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

The Corporation incurred the following exploration and evaluation expenses:

	Q2-24	Q2-23	Q2-24 YTD	Q2-23 YTD
	\$	\$	\$	\$
<b>Nalunaq - Au</b>				
Geology	119,346	22,428	133,343	90,620
Lodging and on-site support	(184,469)	102,185	-	102,185
Drilling	-	1,180,672	-	1,180,672
Analysis	127,877	-	132,910	-
Transport	8,112	501,143	8,831	670,345
Helicopter charter	-	882,844	-	936,144
Maintenance infrastructure	(468,803)	468,864	11,945	762,788
Supplies and equipment	79,522	482,582	110,511	650,917
Project engineering	-	-	-	55,792
Government fees	5,839	25,615	7,815	25,615
Depreciation	159,424	157,254	316,686	321,265
	(153,152)	3,823,587	722,041	4,796,343
<b>Vagar - Au</b>				
Transport	-	-	(3,922)	-
Maintenance infrastructure	4,125	-	4,131	-
Supplies and equipment	(3,936)	-	-	-
Government fees	16,312	-	16,312	-
	16,501	-	16,521	-
<b>Tartoq - Au</b>				
Maintenance infrastructure	189	-	189	-
Government fees	8,722	-	8,722	-
	8,911	-	8,911	-
<b>Siku - Au</b>				
Maintenance infrastructure	189	-	189	-
	189	-	189	-
<b>Nuna Nutaaq - Au</b>				
Geology	-	17,496	-	17,496
Maintenance infrastructure	189	-	189	-
	189	17,496	189	17,496

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

	Q2-24	Q2-23	Q2-24 YTD	Q2-23 YTD
	\$	\$	\$	\$
<b>Anoritooq - Au</b>				
Maintenance infrastructure	189	-	189	-
	189	-	189	-
<b>Sava – Strategic Minerals</b>				
Geology	-	(104,573)	-	(59,660)
Lodging and on-site support	-	(29,413)	-	(29,413)
Drilling	-	(144,019)	-	(144,019)
Analysis	-	(25,060)	-	(25,060)
Transport	-	(172,154)	-	(37,154)
Helicopter charter	-	(267,957)	-	(241,390)
Logistic support	-	(16,275)	-	(16,275)
Maintenance infrastructure	-	(83,558)	-	(83,363)
Supplies and equipment	-	(20,959)	-	(18,736)
	-	(863,968)	-	(655,070)
<b>North Sava - Strategic Minerals</b>				
Geology	-	(34,913)	-	(34,913)
Lodging and on-site support	-	(8,791)	-	(8,791)
Transport	-	(3,256)	-	(3,256)
Geological Survey	-	(416,177)	-	(416,177)
Logistic support	-	(9,643)	-	(9,643)
Maintenance infrastructure	-	(48,770)	-	(48,770)
Supplies and equipment	-	(13,575)	-	(13,575)
	-	(535,125)	-	(535,125)
<b>Stendalen - Strategic Minerals</b>				
Geology	-	(20,202)	-	(20,202)
Lodging and on-site support	-	(5,676)	-	(5,676)
Analysis	-	(173)	-	(173)
Transport	-	(2,290)	-	(2,290)
Logistic support	-	(9,796)	-	(9,796)
Maintenance infrastructure	-	(26,700)	-	(26,700)
Supplies and equipment	-	(7,779)	-	(7,779)
	-	(72,616)	-	(72,616)
<b>Kobberminebugt - Strategic Minerals</b>				
Geology	-	(16,914)	-	(16,914)
Lodging and on-site support	-	(5,737)	-	(5,737)
Analysis	-	(1,035)	-	(1,035)
Transport	-	(2,450)	-	(2,450)
Helicopter charter	-	(13,072)	-	(13,072)
Logistic support	-	(12,479)	-	(12,479)
Maintenance infrastructure	-	(23,521)	-	(23,521)
Supplies and equipment	-	(7,148)	-	(7,148)
	-	(82,356)	-	(82,356)
<b>Saarloq - Strategic Minerals</b>				
Geology	-	(1,921)	-	(1,921)
Lodging and on-site support	-	(854)	-	(854)
Analysis	-	(87)	-	(87)
Transport	-	(442)	-	(442)
Logistic support	-	(3,316)	-	(3,316)
Maintenance infrastructure	-	(1,544)	-	(1,544)
Supplies and equipment	-	(661)	-	(661)
	-	(8,825)	-	(8,825)

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

	Q2-24	Q2-23	Q2-24 YTD	Q2-23 YTD
	\$	\$	\$	\$
<b>Total</b>				
Geology	119,346	(138,599)	133,343	(25,494)
Lodging and on-site support	(184,469)	51,714	-	51,714
Drilling	-	1,036,653	-	1,036,653
Analysis	127,877	(26,355)	132,910	(26,355)
Geological Survey	-	(416,177)	-	(416,177)
Transport	8,112	320,553	4,909	624,753
Supplies and equipment	75,586	432,460	110,511	603,018
Helicopter charter	-	601,815	-	681,682
Logistic support	-	(51,509)	-	(51,509)
Maintenance infrastructure	(463,922)	284,769	16,832	578,889
Project Engineering costs	-	-	-	55,792
Government fees	30,873	25,615	32,849	25,615
Depreciation	159,424	157,254	316,686	321,265
<b>Total exploration and evaluation expenses</b>	<b>(127,173)</b>	<b>2,278,193</b>	<b>748,040</b>	<b>3,459,846</b>

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

## 6. 2024 OUTLOOK

- **Permitting:** The Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) for Nalunaq were approved by the Government of Greenland on June 27, 2024.
- **Engineering:** Engineering for phase two of the process plant flotation circuit building has started and will be completed by the end of Q3 2024.
- **Procurement and Contracting:** The remaining contracts are expected to be concluded in Q3 2024. Contracts for the phase two building and equipment has already started and will be completed by the end of Q4 2024.
- **Construction of the Process Plant:** The installation of the mechanical and electrical process plant components is scheduled for Q3-24. Tailings Thickener is on site and being assembled, Filter Press is due to arrive at site in September and commissioning is planned for the end of Q3-24. The installation of the mechanical and structural portions of the process plant has started and is targeted to be completed by the end of Q3 2024. The electrical and control and instrumentation installations will start in August 2024 and targeted to be completed by early October 2024. The civil foundations and structural steel of phase two of the process plant building will commence in August and will be targeted to be completed in Q4 2024.
- **Mining:** Two significant safety milestones have been achieved: the commissioning of two refuge chambers and the installation of an underground radio communication system. Underground development has progressed to sublevel 735L, where the vein structure has been identified. While the primary focus remains on inclining the main ramp to the next sublevel at 740L, development at sublevel 735L will proceed simultaneously in both the east and west directions. A fan has been installed to ventilate development activities in the 570L target block diamond drill access area. The next steps include rehabilitating and accessing the starting point for diamond drill access development, scheduled for the near future.
- **Support Infrastructure:** In Q3-24 an additional accommodation wing will be added which will allow Amaroq to accommodate in total up to 120 persons and allow main contractors responsible for equipment mechanical, electrical and instrumentation works to be performed in parallel with construction concrete and structural works. This will allow to compensate for delays during the winter months due to the adverse weather conditions. The construction of wing E, the new accommodation unit will be completed during Q3 2024.

# Amaroq Minerals Ltd. Management Discussion & Analysis

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- **Nalunaq Exploration:** Both surface and underground exploration will continue to target extension of the Mountain and Target Blocks as well as further delineating the newly discovered 75 Vein. The Corporation plans to publish an updated resource statement for Nalunaq in Q1 2025.
- **Strategic Minerals:** Ni-Cu exploration will continue at the Stendalen discovery with an expanded drilling programme targeting sulphide zone. Exploration at Target West and across the Copper belt will look to further expand the identified copper mineralisation. Regional exploration will focus on additional copper targets within the Copperbelt, Ni-Cu sulphide target similar to Stendalen and REE targeting at Nunarsuit.

## 6.1 2024 Operational Workplan

### Nalunaq Development Workplan

#### Nalunaq

- The mountain block incline development initiated at 724L on April 11, 2024. After advancing 60 meters, the first sill was accessed at 732L. The incline is now beyond the access of 732L and halfway up to the next level, 740L. The main focus is on ramp development while also extending 732L to the east and west.
- The diamond drilling exploration of the Target Block depends on rehabilitating 570L. Following rehabilitation, diamond drill chamber development will occur, followed by drilling on the 75- and target block veins. Data collected from this exploration program will guide future mining strategies in the area.

### Gold Exploration Projects

#### Nalunaq

- Following the completion of the underground rehabilitation, exploration will now be conducted from underground as well as surface. The 2024 exploration programme aims to provide additional information and data on the Mountain Block and Target Block extensions to the Main Vein as well as assessing continuity and form of the 75 Vein. This will be conducted through underground and surface core drilling, mountain outcrop channel sampling, historical core re-sampling and detailed underground mapping and channel sampling. The core re-sampling has now been completed, and the mobilisation of drilling teams and two rigs to Nalunaq is underway to commence the surface drilling. Underground drilling location have been designed and a rig is to be mobilised for operations in Q4 2024.

#### Nanoq

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

#### Vagar and Surrounding Areas

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

### Strategic Minerals Projects (Amaroq 51%)

#### • Sava Copper Belt (Sava/North Sava)

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

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

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- **Stendalen**

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

- **Kobberminebugt**

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

- **Nunarsuit**

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

## 6.2 Environmental Monitoring Expenses

When Nalunaq A/S purchased the Nalunaq Property on October 15, 2015, it came with an escrow account for environmental monitoring and an environmental monitoring provision. This escrow account was set up in favor of the Government of Greenland as security for fulfilling the environmental monitoring expenses following the closure of the Nalunaq Gold Mine. This environmental monitoring program was completed in 2020. In 2024 closure costs associated with the remediation plan and environmental monitoring expenses were further updated to incorporate responsible removal of Nalunaq Project related new infrastructure, process plant building construction and internal workings installation and underground equipment as well as remediation of the site to its original condition and the balance of the escrow account was increased to CAD5,716,288 as at June 30, 2024 and further increased to CAD 6,675,007 on July 17, 2024.

## 7. OFF BALANCE SHEET ARRANGEMENTS

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

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

## 8. TRANSACTIONS BETWEEN RELATED PARTIES

### 8.1 Gardaq Joint Venture

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Gardaq management fees and allocated cost	578,568	506,640	1,214,894	506,640
Other allocated costs	139,765	1,712,863	175,663	1,712,863
Foreign exchange revaluation	56,710	(899)	62,927	(899)
	<b>775,043</b>	<b>2,218,604</b>	<b>1,453,484</b>	<b>2,218,604</b>

As at June 30, 2024, the balance receivable from Gardaq amounted to \$4,975,422 (\$3,521,938 as at December 31, 2023). This receivable balance represents allocated overhead and general administration costs to manage the exploration work programmes and day-to-day activities of the joint venture. This balance will be converted to shares in Gardaq within 10 business days after the third anniversary of the completion of the Subscription and Shareholder Agreement dated April 13, 2023

## 9. CRITICAL ACCOUNTING POLICIES, ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Financial Statements requires Management to make judgments and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, Management evaluates its judgments in relation to assets, liabilities and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments. Actual outcomes may differ from these estimates under different assumptions and conditions. Critical judgments, estimates and assumptions exercised in applying accounting policies with the most significant effect on the amounts recognized in the financial statements are described below.

### JUDGMENTS

#### 9.1 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.

#### 9.1.2 Impairment of capital assets

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

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

# **Amaroq Minerals Ltd. Management Discussion & Analysis**

For the three months and six months ended June 30, 2024

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

## **9.2 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.

## **9.3 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.

## **9.4 Technical Feasibility and Commercial Viability (“TCFV”)**

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

Based on the criteria described above, Management has concluded that sufficient evidence existed on September 1, 2023, for the Corporation to declare TFCV for the Nalunaq Project. September 1, 2023, was aligned with the date that the Board of Directors approved and closed the Financing package deal (note 6 of June 30, 2024 Financial Statements), thus supporting the commercial viability of the project.

## ESTIMATES AND ASSUMPTIONS

### 9.5 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.

### 9.6 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.

### 9.7 Embedded Derivative

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

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

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

## 10. CHANGES IN ACCOUNTING POLICIES

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

## 11. FINANCIAL INSTRUMENTS

Financial instruments are described in notes 3.18 and 22 of the 2023 Financial Statements.

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

## 12. CONTRACTUAL COMMITMENTS AND OBLIGATIONS

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

The Corporation has capital asset purchase commitments, of \$50,977,087 as at June 30, 2024. These commitments relate to contracts and purchase orders for Nalunaq mine development, process plant and support infrastructure construction, as well as camp major upgrades and expansion.

The Corporation has presently two leases for its office. In October 2020, the Corporation started the lease for five years and five months including five free rent months during this period. The monthly rent is \$8,825 until March 2024 and \$9,070 for the balance of the lease. The Corporation has the option to renew the lease for an additional five-year period at \$9,070 monthly rent indexed annually to the increase of the consumer price index of the previous year for the Montreal area. On March 1, 2024, the Corporation started two-year lease in Toronto for its Finance, IT and Procurement teams with the option to extend for two more years. The monthly rent is \$5,825 until March 1, 2025, after which the monthly rent may increase as per lease terms. The total amount of lease liabilities as at June 30, 2024 is \$766,854.

## 13. OUTSTANDING SHARES DATA

	August 14, 2024	December 31, 2023
	Number	Number
Capital stock	327,418,727	263,670,051
Stocks options	7,261,353	9,188,365
<b>Fully diluted</b>	<b>335,493,811</b>	<b>272,858,416</b>

## 14. STOCK OPTION PLAN AND RESTRICTED SHARE UNIT PLAN

### 14.1 Stock option Plan

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

The Plan was approved initially in 2017 and is renewed by shareholders annually, last on June 14, 2024. The Plan is a “rolling” plan whereby a maximum of 10% of the issued shares at the time of the grant are reserved for issue under the Plan to executive officers, directors, employees and consultants. The Board of directors attributes the stock options, and the exercise price of the options shall not be less than the closing price on the last trading day preceding the grant date. The options have a maximum term of ten years. Options granted pursuant to the Plan shall vest and become exercisable at such time or times as may be determined by the Board, except options granted to consultants providing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

# **Amaroq Minerals Ltd. Management Discussion & Analysis**

For the three months and six months ended June 30, 2024

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On May 14, 2024, and June 3, 2024, the Corporation granted its employees 22,988 stock options with an exercise price ranging from \$1.30 to \$1.31 per share. 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 amounted to \$18,163 for an estimated fair value of \$0.72 per share.

On January 5, 2024, a former director of the Corporation exercised his options. As a result, 150,000 options were exercised which resulted in the former director receiving 60,637 shares net of applicable withholdings. On May 23, 2024, the former Chief Financial Officer (“CFO”) of the Corporation exercised his options. As a result, 1,800,000 options were exercised which resulted in the former CFO receiving 963,281 shares net of applicable withholdings.

## **14.2 Restricted Share Unit Plan**

The success of the Corporation will depend to a high degree on the future performance of the Senior Executives in executing the Corporation's growth strategy. The Restricted Share Unit Plan (“RSU”) was approved initially in 2022 and an amendment to the rules of the RSU Plan was approved by shareholders on June 15, 2023 and on June 14, 2024. The Corporation has implemented an RSU to incentivize delivery of this strategy and to align the interests of Senior Executives with those of shareholders.

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

## **15. RISK FACTORS**

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

## **16. DISCLOSURE CONTROLS AND PROCEDURES**

The President and Chief Executive Officer (the “CEO”) and the Chief Financial Officer (the “CFO”) of the Corporation are responsible for establishing and maintaining the Corporation's disclosure controls and procedures (“DCP”) including adherence to the Disclosure Procedures Manual adopted by the Corporation. The Disclosure manual requires all staff to keep senior management fully apprised of all material information affecting the Corporation so that they may evaluate and discuss this information and determine the appropriateness and timing for public disclosure.

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

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

The CEO and CFO have evaluated whether there were changes to the DCP during the six months ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the DCP. No such changes were identified through their evaluation.

# Amaroq Minerals Ltd. Management Discussion & Analysis

For the three months and six months ended June 30, 2024

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## 17. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

The CEO and CFO have evaluated whether there were changes to the ICFR during the six months ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, the ICFR. No such changes were identified through their evaluation.

## 18. FORWARD LOOKING INFORMATION

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

Forward-looking statements and information involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements or information, including, but not limited to: material adverse changes, unexpected changes in laws, rules or regulations, or their enforcement by applicable authorities; the failure of parties to contracts with the company to perform as agreed; social or labor unrest; changes in commodity prices; and the failure of exploration, refurbishment, development or mining programs or studies to deliver anticipated results or results that would justify and support continued exploration, studies, development or operations.

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

August 14, 2024

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

(s) "Ellert Arnarson"  
Ellert Arnarson  
CFO