



Amaroq Minerals Ltd.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023



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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, 2024 and 2023, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board and Interpretations (collectively IFRS Accounting Standards).

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.

Assessment of Impairment Indicators on Capital Assets

Description of the key audit matter

As described in notes 4 and 10 of the Group's consolidated financial statements, the Group has capital assets with a net book value of \$161 million as at December 31, 2024, which primarily represents construction in progress related to the Nalunaq mine that is under development. Management applies significant judgement at each financial reporting date in assessing whether changes to certain factors would be considered an indicator of impairment. No impairment indicators were identified by management as at December 31, 2024.

The matter was considered a key audit matter because capital assets are a significant portion of the Group's total assets and a high degree of judgment and subjectivity is applied in the identification of indicators of impairment given the stage of development of the Nalunaq mine. Significant factors impacting this assessment included projected operating and capital costs, gold prices and estimated mineral resources.



How the key audit matter was addressed in the audit

We performed the following audit procedures, amongst others:

- Developed an understanding of management's process for identifying and evaluating the impairment indicators of capital assets;
- Evaluated the completeness of impairment indicators considered by management in their assessment; and
- Assessed management's analysis of changes in project operating and capital costs, gold prices, and estimated mineral resources by comparing them to historical projections, third party data, current industry, market or economic trends and evidence obtained in other areas of the audit.

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.

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 IFRS Accounting Standards, 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.
- 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.

The engagement partner on the audit resulting in this independent auditor's report is Michael Hawtin.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 28, 2025

Amaroq Minerals Ltd.

Consolidated Statements of Financial Position

As at December 31, 2024 and 2023

(In Canadian Dollars)

	Notes	As at December 31, 2024 \$	As at December 31, 2023 \$
ASSETS			
Current assets			
Cash		45,193,670	21,014,633
Sales tax receivable		163,611	69,756
Prepaid expenses and others	5	10,223,447	18,968,443
Interest receivable		114,064	-
Inventory	6	10,182,744	680,358
Total current assets		65,877,536	40,733,190
Non-current assets			
Deposit		181,871	27,944
Escrow account for closure obligations	7	6,799,104	598,939
Financial Asset - Related Party	8,23	6,699,179	3,521,938
Investment in equity accounted joint arrangement	8	14,902,313	23,492,811
Mineral properties	9	48,683	48,821
Right of use asset	13.1	621,826	574,856
Capital assets	10	160,846,474	38,241,559
Total non-current assets		190,099,450	66,506,868
TOTAL ASSETS		255,976,986	107,240,058
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	18,233,113	6,560,854
Convertible notes	12	-	35,743,127
Loans payable	12	28,621,732	-
Lease liabilities – current portion	13	118,908	80,206
Total current liabilities		46,973,753	42,384,187
Non-current liabilities			
Lease liabilities	13	591,805	577,234
Asset retirement obligation	14	7,253,852	-
Total non-current liabilities		7,845,657	577,234
Total liabilities		54,819,410	42,961,421
Equity			
Capital stock	15	291,169,401	132,117,971
Contributed surplus		8,009,215	6,725,568
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(97,984,268)	(74,528,130)
Total equity		201,157,576	64,278,637
TOTAL LIABILITIES AND EQUITY		255,976,986	107,240,058

Subsequent events 26

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, 2024 and 2023
(In Canadian Dollars)

	Notes	2024	2023
		\$	\$
Expenses			
Exploration and evaluation expenses	19	(2,882,092)	(6,616,652)
Site development costs		-	(2,515,743)
General and administrative	20	(17,521,730)	(13,631,912)
Loss on disposal of capital assets	10	(149,916)	(37,791)
Foreign exchange gain (loss)		907,890	306,705
Operating loss		(19,645,848)	(22,495,393)
Other income (expenses)			
Interest income		1,188,104	1,069,559
Garda Project management fees		2,453,361	1,714,559
Gain on loss of control of subsidiary	8	-	31,340,880
Share of net loss of joint arrangement	8	(8,590,498)	(7,892,387)
Unrealized gain (loss) on derivative liability	12	1,722,682	(4,536,411)
Finance costs	21	(583,939)	(34,320)
Net loss and comprehensive loss		(23,456,138)	(833,513)
Weighted average number of common shares outstanding – basic and diluted		329,948,183	272,623,548
Basic and diluted loss per common share	24	(0.071)	(0.003)

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, 2024 and 2023
(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital Stock \$	Contributed surplus \$	Accumulated other comprehensive loss \$	Deficit \$	Total Equity \$
Balance at 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)
Options exercised, net		597,029	409,584	(433,600)	-	-	(24,016)
Stock-based compensation	16	-	-	1,908,303	-	-	1,908,303
Balance at December 31, 2023		263,670,051	132,117,971	6,725,568	(36,772)	(74,528,130)	64,278,637
Balance at January 1, 2024		263,670,051	132,117,971	6,725,568	(36,772)	(74,528,130)	64,278,637
Net loss and comprehensive loss		-	-	-	-	(23,456,138)	(23,456,138)
Shares issued under a fundraising	15	94,759,422	127,679,865	-	-	-	127,679,865
Convertible note equity conversion	12	38,229,926	37,027,253	-	-	-	37,027,253
Shares issuance costs	15	-	(6,402,000)	-	-	-	(6,402,000)
Options exercised, net	16.1	1,042,931	746,312	(763,739)	-	-	(17,427)
Stock-based compensation	16	-	-	2,047,386	-	-	2,047,386
Balance at December 31, 2024		397,702,330	291,169,401	8,009,215	(36,772)	(97,984,268)	201,157,576

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, 2024 and 2023

(In Canadian Dollars)

	Notes	2024	2023
		\$	\$
Operating activities			
Net loss		(23,456,138)	(833,513)
Adjustments for:			
Depreciation	10	819,142	698,273
Amortisation of ROU asset	13.1	114,069	80,207
Stock-based compensation	16	2,047,386	1,908,303
Accretion of discount on asset retirement obligation	14	420,639	-
Gain on loss of control of subsidiary	8	-	(31,340,880)
Unrealized (gain) loss on derivative liability	12	(1,722,682)	4,536,411
Convertible note transaction cost expensed		-	641,528
Loss on disposal of capital assets		149,916	37,791
Share of net losses of joint arrangement	8	8,590,498	7,892,387
Other expenses		(17,441)	-
Foreign exchange		(913,613)	(346,822)
Finance costs		163,300	34,097
		(13,804,924)	(16,692,218)
Changes in non-cash working capital items:			
Sales tax receivable		(93,855)	26,133
Due from related party	8,23	(2,913,929)	(3,540,440)
Prepaid expenses and others		8,837,933	(18,363,632)
Inventory		(9,502,387)	(680,358)
Deposit		(153,927)	-
Accounts payable and accrued liabilities		11,605,706	5,093,572
		7,779,541	(17,464,725)
Cash flow used in operating activities		(6,025,383)	(34,156,943)
Investing activities			
Transfer to escrow account for closure obligations		(6,044,555)	(168,140)
Construction in progress and acquisition of capital assets	10	(111,417,121)	(24,303,517)
Prepayment for acquisition of ROU asset		(5,825)	-
Cash flow used in investing activities		(117,467,501)	(24,471,657)
Financing activities			
Proceeds from issuance of shares	15	127,679,865	-
Convertible note issue	12	-	30,431,180
Convertible note transaction costs	12	-	(1,004,030)
Proceeds from loan, net of transaction cost	12	24,394,364	-
Shares issuance costs	15	(6,402,000)	-
Lease payments	13	(138,356)	(105,894)
Cash flow from financing activities		145,533,873	29,321,256
Net change in cash before effects of exchange rate changes on cash		22,040,989	(29,307,344)
Effects of exchange rate changes on cash		2,138,048	184,408
Net change in cash		24,179,037	(29,122,936)
Cash, beginning		21,014,633	50,137,569
Cash, ending		45,193,670	21,014,633
Supplemental cash flow information			
Borrowing costs capitalised to capital assets	10	5,323,501	1,457,638
ROU assets acquired through lease	13.1	155,214	-
Shares issued as a result of note conversion	12.1	37,027,253	-

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, 2024 and 2023

(In Canadian Dollars, except as otherwise noted)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the "Corporation") 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 head 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. 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 28, 2025.

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 January 1, 2024. 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 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 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 adoption of these amendments by the Corporation has not had 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 adoption of these amendments by the Corporation has not had an impact on the consolidated financial statements.

Amaroq Minerals Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2024 and 2023

(In Canadian Dollars, except as otherwise noted)

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

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, 2024. Many of these updates are not expected to have any significant impact on the Corporation and are therefore not discussed herein.

- Amendment to IAS 21 *Lack of Exchangeability*
- IFRS 18 *Presentation and Disclosures in Financial Statements*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

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.

IFRS 18 *Presentation and Disclosures in Financial Statements*

IFRS 18 replaces IAS 1 and will include many of the requirements of IAS 1 in addition to new requirements. IFRS 18 introduces new requirements on that will specify categories and subtotals to be presented in the statement of profit and loss, require disclosure of certain management-defined performance measures and will require the aggregation or disaggregation of information in the financial statements based on shared characteristics or lack of shared characteristics respectively. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027. The Corporation is currently evaluating the potential impact of this new standard on the Corporation's 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 and International Accounting Standards as issued by the International Accounting Standards Board and interpretations (collectively IFRS Accounting Standards).

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. The Corporation is transitioning from development to production at its flagship Nalunaq project. While initial commissioning activities have commenced, the Corporation has not yet generated significant revenues and continues to incur development and operating costs. The ability of the Corporation to continue as a going concern is dependent upon the successful ramp-up of production and achievement of positive operating cash flows to fund ongoing operations and capital commitments. Should actual performance deviate significantly from the Corporation's expectations or commodity prices decline materially, the Corporation may need to secure additional financing to sustain operations and meet its obligations as they come due. However, management anticipates that existing working capital, expected revenues from initial production, and available credit facilities will be sufficient to meet the Corporation's obligations over the next 12 months. Based on these expectations, the financial statements have been prepared on a going concern basis.

Amaroq Minerals Ltd.
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(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%. The Financial Statements also include the Corporation's 51% equity share of Gardaq A/S, a joint venture with GCAM LP (Note 8).

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 consolidated statement of comprehensive 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 consolidated 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, 2024 and 2023

(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, 2024 and 2023

(In Canadian Dollars, except as otherwise noted)

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Inventory

Ore stockpile, gold-in-circuit and gold dore inventory are recorded at the lower of cost and net realizable value and their cost includes direct labour costs, other direct costs and production overheads based on normal operating capacity (including depreciation on property, plant and equipment).

Net realizable value is assessed at each reporting period and if it is less than the cost of inventory, then the inventory is written down to its net realizable value. If the net realizable value increases in subsequent reporting periods, the write-down is reversed.

Spare parts and supplies inventory are recorded at the lower of cost and net realizable value and their cost includes purchase, freight and other costs attributable to their acquisition and preparation.

3.8 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, 2024 and 2023
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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.8.1 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 10). 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, 2024, therefore, depreciation has not yet commenced.

3.9 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.

3.10 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.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.11 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. 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.

3.12 Asset retirement obligation

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 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.

3.13 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.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.14 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.

3.15 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.

3.16 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.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17 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 2024 and 2023, all the outstanding common share equivalents were anti-dilutive.

3.18 Financial instruments

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

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.

3.18.1 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 of comprehensive loss.

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3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.18.2 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)

3.18.3 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 financial assets. 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.

3.19 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.

3.20 Comparative figures

Certain comparative figures in the consolidated statements of cash flows have been reclassified to conform with the consolidated financial statement presentation adopted in the current year.

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4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

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

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.

With regards to the annual impairment test on the Nalunaq mine and its associated assets, Management has assessed several indicators for evidence of impairment of the mining asset. These indicators included considering whether there were adverse changes in mineral reserves and resource estimates, unanticipated increases in production or capital costs, increases in expected dismantling and restoration costs, significant or unexpected declines in the market prices of gold, and significant adverse movements in foreign exchange rates. As a result of this analysis, management has concluded that the assessed factors and indicators do not require that the Nalunaq mine should be tested for impairment as of December 31, 2024.

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.

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

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, thus supporting the commercial viability of the project.

ESTIMATES AND ASSUMPTIONS

4.5 Asset Retirement Obligation

The asset retirement obligation is 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, inflation 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, the asset retirement obligation represents 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.

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

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

	2024	2023
	\$	\$
Advance payments to suppliers and mining contractors	9,116,763	17,848,780
Other prepayments	1,106,684	1,119,663
Total prepaid expenses and others	10,223,447	18,968,443

The Corporation's prepaid expenses and others mainly consist of downpayments to vendors and contractors involved in the supply of drilling rigs and consumables, process plant equipment, infrastructure and mine development work.

6. INVENTORY

	2024	2023
	\$	\$
Ore stockpile	2,849,035	-
Supplies and spare parts	2,028,116	166,775
Purchases in transit	5,305,593	513,583
Total inventory	10,182,744	680,358

Purchases in transit include spare parts, consumables and equipment. The Corporation did not have significant amounts of gold-in-circuit or gold dore as of 31 December 2024.

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7. ESCROW ACCOUNT FOR CLOSURE OBLIGATIONS

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 closure obligations following the closure of the Nalunaq mine after operations are finished (note 14).

	2024	2023
	\$	\$
Balance beginning	598,939	427,120
Additions	6,044,555	168,140
Effect of foreign exchange	155,610	3,679
Balance ending	6,799,104	598,939
Non-current portion – escrow account for closure obligations	(6,799,104)	(598,939)
Current portion – escrow account for closure obligations	-	-

8. INVESTMENT IN EQUITY ACCOUNTED JOINT ARRANGEMENT

	As at December 31, 2024	As at December 31, 2023
	\$	\$
Balance at beginning of period	23,492,811	-
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
Share of joint venture's net losses	(8,590,498)	(7,892,387)
Balance at end of period	14,902,313	23,492,811
Original investment in Gardaq ApS	7,422	7,422
Transfer of non-gold strategic minerals licences at cost	36,896	36,896
Investment at conversion of Gardaq ApS to Gardaq A/S	55,344	55,344
Gain on FV recognition of equity accounted investment in joint venture	31,285,536	31,285,536
Investment retained at fair value- 51% share	31,385,198	31,385,198
Share of joint venture's cumulative net losses	(16,482,885)	(7,892,387)
Balance at end of period	14,902,313	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 was approved by the Greenland Government on April 13, 2023.

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

The carrying value of the strategic non-precious mineral licenses transferred to Gardaq A/S is \$36,896 (Note 9).

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, 2024 the Corporation recorded the 51% proportion of net loss from Gardaq of \$8,590,498 (\$7,892,387 as at 31 December 2023).

The following tables summarize the financial information of Gardaq A/S.

	As at December 31, 2024	As at December 31, 2023
	\$	\$
Cash and cash equivalent	4,819,296	18,377,850
Prepaid expenses and other	105,054	351,752
Total current assets	4,924,350	18,729,602
Mineral property	117,576	92,239
Total assets	5,041,926	18,821,841
Accounts payable and accrued liabilities	415,194	528,235
Financial liability - related party	6,699,179	3,521,938
Total liabilities	7,114,373	4,050,173
Capital stock	30,246,937	30,246,937
Deficit	(32,319,384)	(15,475,269)
Total equity	(2,072,447)	14,771,668
Total liabilities and equity	5,041,926	18,821,841

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

	For the year ended December 31, 2024	For the year ended December 31, 2023
	\$	\$
Exploration and Evaluation expenses	(14,850,343)	(13,950,672)
Interest income	7,368	2,651
Foreign exchange gain	587,591	187,011
Operating loss	(14,255,384)	(13,761,010)
Other expenses	(2,588,730)	(1,714,260)
Net loss and comprehensive loss	(16,844,114)	(15,475,270)

8.1 Financial Asset – Related Party

Subject to a Subscription and Shareholder Agreement dated 13 April 2023, the Corporation undertakes to subscribe to two ordinary shares in Gardaq (the “Amaroq shares”) at a subscription price of GBP 5,000,000 no later than 10 business days after the third anniversary of the completion of the subscription agreement.

Amaroq’s subscription will be completed by the conversion of Gardaq’s related party balance into equity shares. Gardaq’s related party payable balance consists of overhead, management, general and administrative expenses payable to the Corporation. In the event that the related party payable balance is less than GBP 5,000,000, the Corporation shall, no later than 10 business days after the third anniversary of Completion:

- a) subscribe to one Amaroq share by conversion of the amount payable to the Corporation,
- b) subscribe to one Amaroq share at a subscription price equal to GBP 5,000,000 less the amount payable to the Corporation

In the event that the amount payable to the Corporation exceeds GBP 5,000,000, the Corporation shall subscribe to the Amaroq shares at a subscription price equal to GBP 5,000,000 by conversion of GBP 5,000,000 of the amount due from Gardaq. Gardaq shall not be liable to repay any of the balance payable to the Corporation that exceeds GBP 5,000,000 (equivalent to CAD 9,009,009 as at 31 December 2024).

During the year ended 31 December 2024, the Corporation determined that the financial asset should be reclassified to the non-current asset category since the amount will be settled during April 2026. As a result, an amount of \$6,699,179 has been reclassified to non-current assets as at 31 December 2024 (\$3,521,938 reclassified as at 31 December 2023).

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9. MINERAL PROPERTIES

	As at December 31, 2023	Transfer	As at December 31, 2024
	\$	\$	\$
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	(138)	6,683
Total mineral properties	48,821	(138)	48,683

	As at December 31, 2022	Transfers	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

9. MINERAL PROPERTIES (CONT'D)

9.1 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.

9.1.1 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.

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9. MINERAL PROPERTIES (CONT'D)

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").

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.

9.1.2 Government of Greenland royalty

On November 26, 2024 Nalunaq A/S received an approved Addendum 9 which now includes conditions on Preliminary Royalty Payments. According to the clauses of Addendum 9 preliminary royalty payments are to be calculated and paid in accordance with the below specified schedule:

- In Calendar Year 1 of sales of exploited minerals the Royalty shall be 1% of the gross sales value before transportation and refining costs
- In Calendar Year 2 of sales of exploited minerals the Royalty shall be 2% of the gross sales value before transportation and refining costs
- In Calendar Year 3 and all subsequent years of the sales of exploited minerals the Royalty shall be 2.5% of the gross sales value before transportation and refining costs

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.

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9. MINERAL PROPERTIES (CONT'D)

9.1.3 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.

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.

On April 23, 2024 the Corporation signed Addendum 8 to the Nalunaq Licence which expanded the licence area to include certain mining and camp logistics areas required for the mining of the project.

On November 26, 2024 the Corporation signed Addendum 9 to the Nalunaq Licence which now includes Royalty clauses as well as a temporary approvals of Mining and Closure Plans under sections 77 and 80 of the Act on Mineral Activities and Exclusive Licence 2003/05. The temporary approval period of above-mentioned temporary approval runs until August 31, 2025 and approval terms now include export and sales process of gold dore.

The Corporation provides an update on the progress of the Impact Benefit Agreement (IBA). The Corporation has been actively working in collaboration with the Government of Greenland and Kommune Kujalleq to advance the IBA. However, due to the Government of Greenland's need to address competing priorities, the IBA was not formalized by 31 December 2024, as was previously announced. In recognition of these circumstances, the potential for an extension of the deadline to 30 June 2025 has been indicated by the Government of Greenland. Amaroq remains fully committed to its collaborative approach to ensure the IBA reflects the shared objectives of all parties.

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9. MINERAL PROPERTIES (CONT'D)

9.2 Tartog - Au

9.2.1 Purchase of the Tartog Licence

Nalunaq A/S signed on July 6, 2016 a sale and purchase agreement, to purchase from Nanoq Resources Ltd. the Tartog 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.

9.2.2 Exploration commitments

For the exploration licence, Nalunaq A/S 2024 obligation is DKK 2,087,600 of exploration activities in 2024, which together with the carried forward 2023 licence obligation of DKK 2,773,743 will result in DKK 4,861,343 (\$972,969 using the exchange rate as at December 31, 2024) exploration obligation in 2024 before an approval of 2024 incurred expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Tartog 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 Tartog exploration licence for the 2024 year to the MLSA by April 1, 2025.

9.3 Vagar - Au

9.3.1 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.

The Corporation has applied for an additional 3 years extension and a licence reduction to a total area of 220 km². The Government of Greenland agreed on May 2024 and gave an extension of the licence period by 3 years, therefore the licence expires December 31, 2026.

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9. MINERAL PROPERTIES (CONT'D)

9.3.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 36,651,318 of exploration activities in 2024. 2023 carried forward balance was DKK 20,437,644, resulting in DKK 57,088,962 (\$11,426,013 using the exchange rate as at December 31, 2024) exploration obligation in 2024 before an approval of 2024 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 2024 year to the MLSA by April 1, 2025.

9.4 Nuna Nutaaq - Au

9.4.1 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.

9.4.2 Exploration commitments

In 2024 Nalunaq A/S shall complete DKK 2,513,969 of exploration activities, received an approval of 2023 exploration expenses of DKK 367,817 and 2023 carried forward credits balance of DKK 3,597,639 which results in a total credit of DKK 1,083,670 for 2024 (credit of \$216,890 using the exchange rate as at December 31, 2024) so there is no exploration obligation in 2024 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 2024 year to the MLSA by April 1, 2025.

9.5 Anoritooq - Au

9.5.1 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.

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9. MINERAL PROPERTIES (CONT'D)

9.5.2 Exploration commitments

In 2024 Nalunaq A/S shall complete DKK 10,827,793 of exploration activities and carry forward balance of 2023 was DKK 2,682,472 which results in total of DKK 13,510,265 (\$2,703,999 using the exchange rate as at December 31, 2024) exploration obligation in 2024 before an approval of 2024 expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Anoritoq 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 Anoritoq exploration licence for the 2024 year to the MLSA by April 1, 2025.

9.6 Siku - Au

9.6.1 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.

9.6.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 2,571,840 of exploration activities in 2024 and carried forward DKK 900,315 from 2023 resulting in total obligation balance of DKK 3,472,155 (\$694,931 using the exchange rate as at December 31, 2024). 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 2024 year to the MLSA by April 1, 2025.

9.7 Genex

On May 2024, Nalunaq A/S was granted a prospecting licence number 2024/62 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, 2028. 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.

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10. CAPITAL ASSETS

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction in progress	Total
	\$	\$	\$	\$	\$
December 31, 2024					
Opening net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559
Additions	-	1,941,750	138	121,632,085	123,573,973
Disposals	-	(149,916)	-	-	(149,916)
Depreciation	(198,373)	(558,380)	(62,389)	-	(819,142)
Closing net book value	1,339,006	4,545,572	46,571	154,915,325	160,846,474

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction in progress	Total
	\$	\$	\$	\$	\$
As at December 31, 2024					
Cost	2,351,042	6,197,074	232,231	154,915,325	163,695,672
Accumulated depreciation	(1,012,036)	(1,651,502)	(185,660)	-	(2,849,198)
Closing net book value	1,339,006	4,545,572	46,571	154,915,325	160,846,474

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In progress	Total
	\$	\$	\$	\$	\$
December 31, 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	-	43,054
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

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In progress	Total
	\$	\$	\$	\$	\$
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)	-	(2,091,924)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559

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10. 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 \$682,661 (\$635,773 in 2023) was expensed as exploration and evaluation expenses in 2024. During 2024, Vehicles and rolling stock depreciation of \$74,477 (\$0 in 2023) was capitalized to construction in progress.

As at December 31, 2024, the Corporation had capital commitments, of \$16,232,290 (\$56,681,735 as at December 31, 2023). These commitments relate to the continued development of the mine, construction and commissioning of the processing plant, purchases of mobile equipment and establishment of surface infrastructure.

During 2024 the Corporation capitalised borrowing costs of \$5,323,501 (\$1,457,638 in 2023) to construction in progress, which are included in additions. Borrowing costs included in the cost of construction in progress arose on the Company's convertible note and loan payables. Refer to note 12 for details with respect to the interest rates on these loans.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
	\$	\$
Suppliers and mining contractors payable	17,176,818	6,202,528
Employee benefits payable	707,211	299,512
Other liabilities	349,084	58,814
Total accounts payable and accrued liabilities	18,233,113	6,560,854

The Corporation's accounts payable and accrued liabilities mainly consist of amounts due to vendors and contractors involved in mine development work as well as process plant construction and commissioning activities.

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12. CONVERTIBLE NOTES AND LOANS PAYABLE

CONVERTIBLE NOTES	Convertible notes loan	Embedded Derivatives at FVTPL	Total
	\$	\$	\$
Balance as at December 31, 2023	11,763,053	23,980,074	35,743,127
Accretion of discount	2,962,438	-	2,962,438
Accrued interest	1,158,887	-	1,158,887
Fair value change	-	(1,722,682)	(1,722,682)
Foreign exchange loss	172,268	-	172,268
Conversion of note to equity	(14,769,861)	(22,257,392)	(37,027,253)
Commitment fee payable reclassified to loans payable	(1,286,785)	-	(1,286,785)
Balance as at December 31, 2024	-	-	-

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	(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 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

LOANS PAYABLE	As at December 31, 2024	As at December 31, 2023
	\$	\$
Balance, beginning	-	-
Gross proceeds from issue	25,087,636	-
Recognition of loan after note conversion (note 12.1)	1,286,785	-
Transaction costs	(693,272)	-
Accretion of discount	318,238	-
Accrued interest	1,010,823	-
Foreign exchange gain	1,611,522	-
Balance, ending	28,621,732	-
Non-current portion	-	-
Current portion	28,621,732	-

12.1 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) on September 1, 2023 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.

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12. CONVERTIBLE NOTES AND LOANS PAYABLE (CONT'D)

The convertible notes are denominated in US Dollars with a maturity date of September 1, 2027, being the date that is four years from the convertible note offering closing date. The principal amount of the convertible notes is 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 33,629,068 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 are 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 was initially recognised at fair value and subsequently measured 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. As of October 4, 2024, immediately prior to the note's conversion to equity, the Corporation identified the fair value of embedded derivative associated with the early conversion option to be \$22.3 million (\$24.0 million as of December 31, 2023). The change in fair value of embedded derivative in the period from January 1, 2024, to December 31, 2024 has been recognized in the consolidated statement of comprehensive 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 was 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.

Amendments and conversion of convertible notes

On October 4, 2024, the Corporation entered into an agreement with the holders of its US \$22.4M convertible notes, due in 2027, to convert the notes into new common shares.

The Corporation has amended the convertible notes to permit the payment of the outstanding interest and commitment fees in common shares of the Corporation at a conversion price equal to the closing price of the common shares on the TSX-V on the trading day immediately prior to such conversion. These amendments were approved by the TSX-V on October 10, 2024.

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12. CONVERTIBLE NOTES AND LOAN PAYABLE (CONT'D)

The holders of the convertible notes have elected to convert all of the outstanding principal of the convertible notes into 33,629,068 Common Shares (the "Principal Conversion Shares") at a conversion price of CAD 0.90 (£0.525) per Principal Conversion Share and all of the outstanding interest of the convertible notes in 1,293,356 Common Shares (the "Interest Conversion Shares") at a conversion price of CAD \$1.30 (£0.73) per Interest Conversion Share. The Corporation and the holders of the convertible notes also agreed to make 70% of the total amount of the outstanding commitment fee immediately payable. The holders of the convertible notes have elected to convert such commitment fee payable into 3,307,502 Common Shares (the "Commitment Fee Conversion Shares") in aggregate, at a conversion price of CAD \$1.30 (£0.73) per Commitment Fee Conversion Share. The remaining commitment fee was recognised as a new loan and reclassified to loans payable (note 12).

Following the consent of the TSX-V, and their approval of the amendments to the convertible notes, the 33,629,068 Principal Conversion Shares, 1,293,356 Interest Conversion Shares and 3,307,502 Commitment Fee Conversion Shares were admitted to trading on AIM, and TSX-V and Nasdaq Iceland's main market.

12.2 Revolving Credit Facility

A \$25 million (US\$18.5 million) Revolving Credit Facility ("RCF") was entered into with Landsbankinn hf. and Fossar Investment Bank on September 1, 2023, with a two-year term expiring on September 1, 2025 and priced at the Secured Overnight Financing Rate ("SOFR") plus 950bps. Interest is capitalized and payable at the end of the term.

The RCF 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 RCF 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% has been paid on the closing date of the facility and 0.50% was paid at the first draw down. The facility is not convertible into any securities of the Corporation.

The facility is 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 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. During September 2024, the Corporation has drawn on this facility and the loan payable amount as of December 31, 2024, is \$28,621,732.

12.3 Cost Overrun Facility

\$13.5 million (US\$10 million) Revolving Cost Overrun Facility was entered into with JLE Property Ltd. on September 1, 2023, on the same terms as the Bank Revolving Credit Facility.

The Overrun Facility is denominated in US Dollars with a two-year term, expiring on September 1, 2025, 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.

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12. CONVERTIBLE NOTES AND LOANS PAYABLE (CONT'D)

12.4 US\$35 million Revolving Credit Facility Heads of Terms

On December 30, 2024, the Corporation closed a US\$35 million debt financing package with Landsbankinn hf. in three Revolving Credit Facilities, securing a substantial increase and extension to its existing debt facilities.

- The financing package, upon its utilization, will replace the existing credit and cost overrun facilities.
- The US\$35 million debt financing package with Landsbankinn consists of:
 - US\$18.5 million Facility A with a margin of 9.5% per annum, reduced to 7.5% once Facility C has become available.
 - US\$10 million Facility B with a margin of 9.5% per annum, reduced to 7.5% once Facility C has become available
 - US \$6.5 million Facility C with a margin of 7.5%, which becomes available once all other facilities have been fully drawn and the Company's cumulative EBITDA over the preceding three-month period exceeds CAD 6 million
 - Facility A will be utilized to refinance the Company's existing revolving credit facilities entered into on 1 September 2023 (note 12.2)
 - Facilities B and C will be applied towards working capital and general corporate purposes. These facilities involve covenants relating to EBITDA and the Company's equity ratio.
 - The new facilities will have a 1.5% arrangement fee, a 0.4% commitment fee on unutilised amounts, and a termination date of December 1, 2026.
 - The facilities are secured by a combination of a property and operational equipment mortgage, share pledge over subsidiaries, certain bank account pledges and a license transfer agreement.
- The use of this debt financing package is conditional upon the Corporation fulfilling certain conditions including providing security that is appropriate to the lender, discharging its existing debt under the Revolving Credit Facility (note 12.2) and cancelling its Cost Overrun Facility (note 12.3) As of December 31, 2024 the Corporation's undrawn US\$10.0 million debt facilities dated September 1, 2023, has not been cancelled and so this debt financing package is not yet available for use by the Corporation.

13. LEASE LIABILITIES

	As at December 31, 2024	As at December 31, 2023
Balance beginning	\$ 657,440	\$ 729,237
Lease additions	155,214	-
Lease payment	(138,356)	(105,894)
Interest	36,415	34,097
Balance ending	710,713	657,440
Non-current portion – lease liabilities	(591,805)	(577,234)
Current portion – lease liabilities	118,908	80,206

The Corporation has two leases for its offices. In October 2020, the Corporation started a 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. In March 2024, the Corporation started a new lease for a two-year term with the option to extend for two more years. The monthly rent is \$5,825 until March 2025 after which the monthly rent may increase as per the lease terms.

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13. LEASE LIABILITIES (CONT'D)

Maturity analysis:	
	\$
2025	150,850
2026	153,371
2027	156,043
2028	116,778
2029	108,836
Onwards	126,975
Undiscounted lease payments	812,853
Less: unearned interest	(102,140)
	710,713

13.1 Right of use asset

	As at December 31, 2024	As at December 31, 2023
	\$	\$
Opening net book value	574,856	655,063
Additions	161,039	-
Amortisation	(114,069)	(80,207)
Closing net book value	621,826	574,856
Cost	997,239	836,200
Accumulated amortisation	(375,413)	(261,344)
Closing net book value	621,826	574,856

For the first lease, 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. For the second lease, a right-of-use asset of \$161,039 and an equivalent long term lease liability was recorded as of March 1, 2024, 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 \$114,069 (\$80,207 in 2023) was expensed as general and administration expenses in 2024.

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14. ASSET RETIREMENT OBLIGATION

	As at December 31, 2024
	\$
Balance beginning	-
Additions	6,833,213
Accretion	420,639
Balance as at December 31, 2024	7,253,852

The asset retirement obligation represents the present value of the costs associated with the Corporation's mine decommissioning, cleanup, removal, de-contamination and closure plan ("the closure plan"). The closure plan has been developed in accordance with the guidelines of Section 43(2) of the Mineral Resources Act of Greenland. This obligation will be settled towards the end of the mine's life, which is estimated to be during the year 2032. The Corporation has set up an escrow account with the Government of Greenland as beneficiary as security for fulfilling the closure obligations (note 7).

The Corporation has determined that the obligation's costs will be incurred mainly in Danish Krone (DKK) and has utilized DKK foreign exchange rates and risk-free rates on government bonds to measure the obligation. Accretion of discount for the year ended December 31, 2024 of \$420,639 includes both the foreign exchange impact and accretion of the obligation as they both affect estimated future cash flows.

15. SHARE CAPITAL

15.1 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.

15.2 Fundraising February 23, 2024

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

As a result of the subscription, net proceeds of approximately GBP 44 million (CAD \$75.6 million) have been raised. The shares subscribed to were credited as fully paid and rank pari passu in all respects with the existing common shares of the Corporation.

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15. SHARE CAPITAL (CONT'D)

15.3 Fundraising December 17, 2024

On December 17, 2024, the Corporation closed its fundraising pursuant to which it raised gross proceeds of approximately GBP 27.5 million (CAD \$49.0 million, ISK 4.8 billion) through a placing of 9,150,927 common shares of the Corporation pursuant to the UK Placing, 20,100,648 common shares of the Corporation pursuant to the Icelandic Placing, and 2,783,089 common shares of the Corporation pursuant to the Canadian Subscription, which have been issued at a price of 86 pence (CAD \$1.53, ISK 151 at the closing exchange rate on December 2, 2024) per new common share and will be admitted to trading on AIM, Nasdaq Iceland's main market, and the TSX-V. A total of 32,034,664 new common shares have been placed as part of the Fundraising.

Certain officers and directors of the Corporation purchased an aggregate of 1,864,610 common shares for gross proceeds of approximately GBP 1.6 million (CAD \$2.85 million, ISK 282.2 million). The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

16. STOCK-BASED COMPENSATION

16.1 Stock options

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders 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 that 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 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 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.

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.

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16. STOCK-BASED COMPENSATION (CONT'D)

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, 2024	December 31, 2023
Risk free rate	3.49% - 3.66%	3.1% - 3.7%
Expected life (years)	5 years	5 years
Volatility	61.4% - 61.8%	61.6% - 68.0%
Share price at date of grant	\$1.30 - \$1.31	\$0.77 - \$1.09
Fair value per option	\$0.72	\$0.46 - \$0.60

The total share-based payment expenses related to the options and the amount credited to contributed surplus were \$18,694 (\$52,303 for the year ended December 31, 2023).

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. On October 9, 2024, an employee of the Corporation exercised his options. As a result, 31,278 options were exercised which resulted in the employee receiving 11,090 shares net of applicable withholdings. On December 13, 2024, an employee of the Corporation exercised his options. As a result, 10,000 options were exercised which resulted in the employee receiving 7,923 shares net of applicable withholdings.

Changes in stock options are as follows:

	December 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning	9,188,365	0.59	10,717,395	0.57
Granted	22,988	1.30	80,970	1.01
Exercised	(1,991,278)	0.61	(1,610,000)	0.46
Balance, end	7,220,075	0.59	9,188,365	0.59
Balance, end exercisable	7,220,075	0.59	9,188,365	0.59

From the options exercised during the year ended December 31, 2024, 948,347 shares (1,012,971 for the year ended December 31, 2023) were withheld to cover the stock option grant price and related taxes.

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16. STOCK-BASED COMPENSATION (CONT'D)

Stock options outstanding and exercisable as at December 31, 2024 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
1,660,000	1,660,000	0.38	December 31, 2025
100,000	100,000	0.50	September 13, 2026
1,245,000	1,245,000	0.70	December 31, 2026
2,700,000	2,700,000	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
49,692	49,692	1.09	December 20, 2028
11,538	11,538	1.30	May 14, 2029
11,450	11,450	1.31	June 3, 2029
7,220,075	7,220,075		

16.2 Restricted Share Unit

16.2.1 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.
- Awards 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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16. 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.

On August 14, 2024, the Corporation granted a new conditional award under a separate RSU plan to the Corporation's newly appointed Chief Financial Officer. This award entitles the participant to receive a 12% share of a pool defined by the total shareholder value created above a 10% per annum compound hurdle rate. Performance is measured from August 6, 2024, to the measurement date on December 31, 2025 (note 16.2.4).

On December 19, 2024, the Corporation granted new RSUs to its employees. The awards will vest on December 19, 2025, the one-year anniversary of the grant, with all other terms governed by the RSU Plan.

16.2.2 RSU Plan Amendment

The RSU Plan was amended by the Annual General Shareholders' meeting on June 14, 2024. The approved amendments to the RSU Plan indicated that Investor Relations Service Providers (as defined in the RSU Plan) cannot be granted any RSUs. In addition, as the RSU Plan is a "rolling" plan, under Policy 4.4 of the TSXV, a listed company on the TSXV is required to obtain the approval of its Shareholders for a "rolling" plan at each annual meeting of Shareholders.

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16. STOCK-BASED COMPENSATION (CONT'D)

16.2.3 Conditional Award under RSU Plan 2023

On October 13, 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.

16.2.4 Conditional Award under RSU Plan 2024

On August 14, 2024, 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	August 14, 2024
Initial Price	CAD 1.04
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 Date.
Participant proportion	Ellert Arnarson, Chief Financial Officer, 12%
Performance Period	August 6, 2024, to December 31, 2025 (inclusive)
Measurement Date	December 31, 2025, vesting on the first anniversary of grant.
RSU Grant Date	First quarter of 2026
RSU Vesting Date	100% of the shares will vest on the first anniversary of grant (first quarter of 2027)

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16. STOCK-BASED COMPENSATION (CONT'D)

16.2.4 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.

During June 2024, some of the awards were forfeited due to the departure of Jaco Crouse, CFO of the Corporation, effective June 3, 2024 (see note 16.2.5). As a result of the departure, previously recognised RSU award vesting charges of \$566,875 were reversed and the percentage of the pool that was allocated was reduced to 70%.

During August 2024, new awards granted to the CFO increased the percentage of the pool that was allocated to 82%.

A charge of \$2,028,692 was recorded during the year ended December 31, 2024, including the reduction of \$566,875 of previously recognized RSU vesting charges which were reversed during the period as a result of the forfeiture of the RSU awards (a charge of \$1,856,000 was recorded during the year ended December 31, 2023).

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
Forfeiture of 20% of the awards date	June 3, 2024
Additional award date	August 14, 2024
Expected life (years)	1.38 – 3.00
Share price at grant date	\$0.70 - \$1.02
Exercise price	N/A
Dividend yield	0%
Risk-free rate	3.44% - 4.71%
Volatility	49.5% - 72%
Total fair value of awards (82% of pool)	\$6,161,238

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.

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16. STOCK-BASED COMPENSATION (CONT'D)

16.2.5 Awards under Restricted Share Unit Plan (the "RSU")

Based on the results of the performance period ending on the First Measurement Date pertaining to the 2022 and 2023 conditional RSU awards granted, and in alignment with the RSU Plan dated 15 June 2023 (note 16.2), the Corporation granted an award (the "Award") on February 23, 2024 to directors and employees of the Corporation as listed below.

Award Date	February 23, 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 Corporation's share capital		
	The number of shares is determined at the Measurement Dates		
Participant	Eldur Olafsson, CEO	40%	3,805,377 shares
proportions and	Jaco Crouse ¹ , CFO	20%	1,902,688 shares
Number of shares	Joan Plant, Executive VP	10%	951,344 shares
subject to RSU	James Gilbertson, VP Exploration	10%	951,344 shares
	Edward Wyvill, Corporate Development	10%	951,344 shares
First Measurement	31 December 2023		
Date:	50% of the Shares will vest on the first anniversary of grant, with the remaining 50% vesting on the third anniversary of grant.		

¹The shares awarded under the RSU to Jaco Crouse, CFO, have been forfeited as a result of his departure effective June 3, 2024.

On February 12, 2025 the Corporation granted additional awards to directors and employees of the Corporation (note 26).

17. 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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18. EMPLOYEE REMUNERATION

Salaries

	2024	2023
	\$	\$
Salaries	6,885,184	4,635,391
Director's fees	636,000	631,667
Benefits	413,824	380,839
	7,935,008	5,647,897
Less: salaries and benefits presented in E&E expenses	(700,122)	(704,620)
Salaries and directors' fees disclosed in general and administrative expenses	7,234,886	4,943,277

19. EXPLORATION AND EVALUATION EXPENSES (RECOVERY)

2024	Nalunaq	Vagar	Nuna Nutaq	Tartoq	Siku	Anoritoq	Total
	\$	\$	\$	\$	\$	\$	\$
Geology	685,994	-	-	-	-	-	685,994
Lodging and on-site support	286,019	-	-	-	-	-	286,019
Drilling	60,000	-	114,209	-	-	-	174,209
Analysis	141,466	-	43,641	-	-	-	185,107
Transport	(60,296)	(3,922)	143,675	-	-	-	79,457
Supplies and equipment	229,179	-	2,344	-	-	-	231,523
Helicopter Charter	-	-	147,894	-	-	-	147,894
Maintenance infrastructure	363,333	4,131	187	189	189	189	368,218
Government fees	15,976	16,312	-	8,722	-	-	41,010
Exploration and evaluation expenses before depreciation	1,721,671	16,521	451,950	8,911	189	189	2,199,431
Depreciation	682,661	-	-	-	-	-	682,661
Exploration and evaluation expenses	2,404,332	16,521	451,950	8,911	189	189	2,882,092

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

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 23.1).

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20. GENERAL AND ADMINISTRATION

	2024	2023
	\$	\$
Salaries and benefits	6,598,886	4,311,610
Director's fees	636,000	631,667
Professional fees	3,665,043	3,298,134
Marketing and investor relations	724,012	713,161
Insurance	319,988	289,042
Travel and other expenses	2,286,142	1,383,767
Regulatory fees	1,068,200	953,521
General and administration before following elements	15,298,271	11,580,902
Stock-based compensation (note 16.1)	2,047,386	1,908,303
Depreciation	176,073	142,707
General and administration	17,521,730	13,631,912

21. FINANCE COSTS

	2024	2023
	\$	\$
Lease interest (note 13)	36,415	34,097
Accretion of discount on asset retirement obligation	420,639	-
Other finance costs	126,885	223
	583,939	34,320

22. 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:

	2024	2023
	\$	\$
Net loss before income taxes	(23,456,138)	(833,513)
Income tax rates	26.5%	26.5%
Income tax recovery	(6,215,877)	(220,881)
Increase (decrease) attributable to:		
Non deductible expenses	912,065	1,971,160
Difference in statutory tax rate	347,016	(234,138)
Changes in unrecognized deferred tax assets	4,956,796	(1,516,141)
Tax recovery	-	-

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2024 and 2023 is as follows:

	2024	2023
	\$	\$
Deferred tax assets (liabilities):		
Capital assets	(858,690)	(718,851)
Non-capital losses	858,690	718,851
	-	-

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22. INCOME TAXES (CONT'D)

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, 2024 are as follows:

Greenland	As at December 31, 2024
	\$
Non-capital losses carry forwards	82,516,864

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

Canada	As at December 31, 2024
	\$
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	10,256,297
Non-capital losses carry forwards expiring in 2045	194,346

23. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

23.1 Gardaq Joint Venture

	2024	2023
	\$	\$
Gardaq management fees and allocated cost	2,453,361	1,714,559
Other allocated costs	460,568	1,825,881
Foreign exchange revaluation	263,312	(18,502)
	3,177,241	3,521,938

As at December 31, 2024, the balance receivable from Gardaq amounted to \$6,699,179 (\$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 (See note 8.1).

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

23.2 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 Executive Vice President. Key management compensation is as follows:

	2024	2023
	\$	\$
Short-term benefits		
Salaries and benefits	3,027,102	3,209,409
Director's fees	636,000	631,667
Long-term benefits		
Stock-based compensation	2,143	-
Stock-based compensation - RSU	1,333,500	1,716,000
Total compensation	4,998,745	5,557,076

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:

	2024			2023		
	Short-term benefits ^(a)	Stock-based compensation	Total compensation	Short-term benefits ^(a)	Stock-based compensation	Total compensation
	\$	\$	\$	\$	\$	\$
Eldur Olafsson	1,427,372	-	1,427,372	1,553,155	-	1,553,155
Jaco Crouse	206,612	-	206,612	841,207	-	841,207
Graham Stewart	181,000	-	181,000	181,000	-	181,000
Sigurbjorn Thorkelsson	86,000	-	86,000	86,000	-	86,000
Liane Kelly	94,000	-	94,000	89,667	-	89,667
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	2,269,984	-	2,269,984	3,026,029	-	3,026,029

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

During 2024 and 2023 certain directors acquired additional shares (net of shares withheld) by exercising their options. During 2024, the directors participated in the February 23, 2024 and December 4, 2024 fundraising for \$6,250,000. The director participation is as follows:

	2024	2023
	Number of new shares	Number of new shares
Eldur Olafsson	582,690	228,571
Graham Stewart	-	57,534
Sigurbjorn Thorkelsson	3,865,382	-
David Neuhauser	116,538	-
Total	4,564,610	286,105

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24. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended December 31, 2024, was based on the loss attributable to shareholders of \$23,456,138 (\$833,513 for the year ended December 31, 2023) and the weighted average number of common shares outstanding for the year ended December 31, 2024 of 329,948,183 (272,623,548 for the year ended December 31, 2023). As a result of the loss for the years ended December 31, 2024, and 2023, all potentially dilutive common shares are deemed to be antidilutive and thus diluted loss per share is equal to the basic loss per share for these periods.

The calculation of loss per share is shown in the table below.

	2024	2023
	\$	\$
Net loss and comprehensive loss	(23,456,138)	(833,513)
Weighted average number of common shares outstanding - basic	329,948,183	272,623,548
Weighted average number of common shares outstanding – diluted	329,948,183	272,623,548
Basic loss per share	(0.071)	(0.003)
Diluted loss per common share	(0.071)	(0.003)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a summary of the Corporation's exposure to and concentrations of risk at December 31, 2024:

25.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to its prepaid amounts to suppliers for placing orders, manufacturing and delivery of process plant equipment, as well as an advance payment to a mining contractor. The Corporation performed expected credit loss assessment and assessed the amounts to be fully recoverable.

25.2 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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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

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

	December 31, 2024	December 31, 2023
	\$	\$
Cash	45,193,670	21,014,633
Deposit	181,871	27,944
Interest receivable	114,064	-
Financial Asset – Related Party	6,699,179	3,521,938
Accounts payable and accrued liabilities	(18,233,113)	(6,560,854)
Convertible notes	-	(35,743,127)
Loans payable	(28,621,732)	-
Lease liabilities	(710,713)	(657,440)

Due to the short-term maturities of cash, financial asset – related party, 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 loans payable approximate its fair value as the loans were entered into towards the end of the financial year.

The carrying value of lease liabilities approximate its 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.

25.3 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. On December 30, 2024, the Corporation closed a new USD\$35 million revolving credit facility with Landsbankinn that will eventually refinance its existing loans payable, fund general and administrative costs, exploration and evaluation costs and Nalunaq project development costs (note 12.4). The Corporation's 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, 2024			As at December 31, 2023		
	Accounts payable and accrued liabilities	Loan payable	Lease liabilities	Trade and other payables	Convertible Notes	Lease liabilities
	\$	\$	\$	\$	\$	\$
Within 1 year	18,233,113	28,621,732	150,850	6,560,854	-	108,345
1 to 5 years	-	-	535,028	-	35,743,127	544,178
5 to 10 years	-	-	126,975	-	-	126,975
Total	18,233,113	28,621,732	812,853	6,560,854	35,743,127	779,498

The Corporation has assessed that it is not exposed to significant liquidity risk due to its cash balance in the amount of \$45,193,670 and the availability of undrawn credit facilities at the end of the period.

25.4 Currency risk

As at December 31, 2024 and 2023, a portion of the Corporation's transactions are denominated in DKK, Euros, US\$, ISK and British Pounds (GBP) to the extent such currencies are different from the relevant group entities' functional currency.

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25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'D)

The Corporation had the following balances in currencies:

As at December 31, 2024	In DKK	In Euros	In ISK	In US\$	In GBP
Cash	1,500,506	2,308,132	1,632,691,509	3,847,696	7,677,255
Escrow account for closure obligations	33,971,059	-	-	-	-
Prepaid expenses and others	2,309,594	1,454,263	-	2,934,987	29,235
Trade and other payables	(15,593,843)	(4,971,848)	(48,344,215)	(298,509)	(166,732)
Loans payable	-	-	-	(19,896,168)	-
	22,187,316	(1,209,453)	1,584,347,294	(13,411,994)	7,539,758
Exchange rate	0.2009	1.4986	0.0104	1.4386	1.8079
Equivalent to CAD	4,458,131	(1,812,457)	16,505,578	(19,293,891)	13,630,856

Based on the above net exposures as at December 31, 2024, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the DKK, Euro, ISK, US\$ and GBP by 10% would decrease/increase profit or loss by \$1,271,588.

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 closure obligations	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 12)	-	-	(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.

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26. SUBSEQUENT EVENTS

Based on the results of the performance period ending on the Second Measurement Date, pertaining to the 2022 and 2023 conditional RSU awards granted, and in alignment with the RSU Plan dated 14 June 2024 (note 16.2), the Corporation granted an award (the "Award") on February 12, 2025, to directors and employees of the Corporation as listed below.

Award Date	February 12, 2025		
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 is determined at the Measurement Dates		
Participant	Eldur Olafsson, CEO	40%	2,048,268 shares
proportions and	Joan Plant, Executive VP	10%	512,067 shares
Number of shares	James Gilbertson, VP Exploration	10%	512,067 shares
subject to RSU	Edward Wyvill, Corporate Development	10%	512,067 shares
First Measurement	31 December 2024		
Date:	50% of the Shares will vest on the first anniversary of grant, with the remaining 50% vesting on the third anniversary of grant.		