2023 Full Year Financial Results

26.03.2024 | GlobeNewswire

TORONTO, March 26, 2024 - ("Amaroq" or the "Corporation" or the "Company")

2023 Full Year Financial Results

Well-funded and on track to progress development of Nalunaq in 2024

TORONTO, ONTARIO - 26 March 2024 - Amaroq Minerals Ltd. (AIM, TSXV, NASDAQ Iceland: AMRQ), an independent mine development company with a substantial land package of gold and strategic mineral assets in Southern Greenland, is presents its Q4 and FY 2023 financials and provide an update on its planned operational activities for 2024. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

A remote presentation for sell-side analysts and investors will be held remotely at 14:00 GMT today, followed by an opportunity to ask questions.

Analysts and investors who wish to participate in the webcast are requested to register via the link here: https://brrmedia.news/AMRQ_FY23

Eldur Olafsson, CEO of Amaroq, commented:

"Following our successful Fundraising in February 2024, we have increased the scope of the Nalunaq gold project development to account for accelerating the transition of the process plant to nameplate capacity of 300 tonnes per day.

"We experienced some operational and procurement delays towards the end of 2023 due to adverse weather conditions, which continued into the start of 2024. This situation has now significantly improved and we are making good operational progress.

"Greenland offers significant potential for improving the security of supply of raw materials for Europe. We are particularly encouraged by recent developments following the recent signing of two new collaboration agreements to strengthen the EU-Greenland Partnership and the opening of a new EU office in Nuuk. 2024 is a crucial year for Amaroq as we focus on bringing Nalunaq into production, whilst accelerating exploration activities across our wider precious and strategic metals portfolio. We look forward to providing further updates on the Nalunaq development programme at a planned Capital Markets event in early Summer."

FY 2023 Corporate Highlights

- Amaroq group liquidity of C$78.2 million (cash (gold and strategic minerals businesses) loan and overrun facility) as of December 31, 2023
- Gold business working capital of C$37.6 million as of December 31, 2023 (C$59 million as at September 30, 2023)
- Strategic minerals business available liquidity of C$18.7 million as of December 31 (C$22.5 million as at September 30, 2023)
- Successful transfer of Icelandic listing to Iceland Nasdaq Main Market in 2023 and admission to the OMX Iceland 15 Index, effective in January 2024
- Completion of most successful drilling program at Nalunaq to date and discovery of new 75 vein, underpinning potential for faster resource growth
- Awarded two additional licences in South Greenland, increasing the Corporation's total licence holding to 9,785.56 km^2, making it the largest licence holder any mining company in Greenland

- Geological interpretation and advanced data science at the Nanoq target have expanded its potential size and have indicated a 25km corridor linking it to the Jokum's Shear project
- Promising results from 2023 Strategic Minerals exploration programme, with significant new nickel-copper discovery at Stendalen
- Post-period, in February 2024, the Company completed a Fundraising, raising net proceeds of approximately $75 million, to accelerate mining of the Target Block at the Nalunaq and associated works to enable a smoother transition of the process plant to nameplate capacity of 300 tonnes of ore processed per day.
- Amaroq achieved score of "Good" by Icelandic ratings agency Reitun it their first ESG assessment of the Company. Amaroq was placed it in category B3, with a score of 68 points. The rating is based on the Company's performance in environmental, social and governance (ESG) matters.

Q4 2023 Operational Highlights

- Contracting and Procurement: At the end of Q4 2023, 80% of the key contracts for the processing plant were concluded and procurement was 80% completed. Thyssen Schachtbau GMBH is contracted on the underground development and mining while Halyard Inc. is the engineering consultant in the staged construction of the processing plant
- Engineering: Process plant engineering was 77% complete at the end of Q4 2023 based on the updated project scope
- Construction: Two wings were added to the camp, increasing the accommodation capacity by 60 beds. The overall construction status of the processing plant was 16% at the end of Q4 2023 based on the updated project scope and 23% as at the end of February 2024
- Mining: Mine rehabilitation works were continued in Q4 2023. This work lays the foundation for safe and efficient trial mining to commence at the end of Q1 2024 or early Q2 2024
- Nalunaq Exploration: New underground samples beyond the historically mined areas of Target Block, Nalunaq's largest historic mining block, confirmed continuation of high-grade mineralisation into modelled extension area with grades of up to 48.3g/t Au over 1m. Additional intersections of the newly discovered 75 Vein provide further confidence in its thickness and continuity
- Strategic Minerals: Provisional results from Sava 2023 Drilling programme further indicate the existence of a new 120km long copper district in South Greenland. The Stendalen Drilling programme in 2023 resulted in a significant new Ni-Cu discovery at the Stendalen Project.

Nalunaq Project KPIs

- 45,384 hours worked during Q4 2023. 107,184 total hours worked during FY 2023
- Daily average of 33 people working on site at Nalunaq in Q4 2023
- One Lost Time Injury (LTI) in 2023
- Amaroq remains committed to ensuring local representation among the workforce, with the ratio of Greenlandic personnel at Nalunaq standing at 61% for 2023

2024 Outlook

- Permitting: The public consultation for the Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) for Nalunaq closed on 1st March 2024. The Company is following the process agreed with the Government of Greenland to respond to the small number of comments received
- Engineering: Engineering for the processing plant is expected to be completed in Q2 2024
- Contracting and Procurement: The remaining contracts are expected to be concluded in Q2 2024. The only outstanding major contract is the installation of the processing plant components. The quotes of different bidders are currently being evaluated and the contract will then be awarded
- Construction: Placement of the process plant foundations is nearing completion. The erection of the steel structure of the process plant building is expected to commence in April 2024 and the installation of the mechanical and electrical process plant components is scheduled for the second half of 2024
- Mining: The rehabilitation of the ramp from the 300 level portal to the Mountain Block is nearing completion and will be followed by the development of a ramp extending higher up into the Mountain Block. Rehabilitation of the mine will progress based on the location of future planned mining activities. The Company expects to mine first gold in 2024 and plans to provide a progress update with timings for guidance for the project at an investor event in June 2024. First production guidance for 2025 will be provided towards the end of 2024.
- Support Infrastructure: In 2024 additional containers will be added, which will allow Amaroq to accommodate in total up to 120 persons
- Nalunaq Exploration: Underground focused exploration will continue to target extension of the Mountain and Target Blocks as well as further delineating the newly discovered 75 Vein

- Strategic Minerals: Ni-Cu exploration will continue at the Stendalen discovery with an expanded drilling programme targeting sulphide zone. Exploration at Target West will look to further expand the identified copper mineralisation and assess high grade potential. Regional exploration will focus on additional copper targeting within the Copper belt, Ni-Cu sulphide target similar to Stendalen and rare earth element (REE) targeting at Nunarsuit

2024 Operational Workplan

Nalunaq Development Workplan

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

Gold Exploration Projects

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

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

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

Strategic Minerals Projects (Amaroq 51%)

- Sava Copper Belt (Sava/North Sava)
    - Exploration at Target West will concentrate on further defining Unit 1, which hosts observed copper mineralisation. Mapping, sampling and a limited drilling programme will look to expand the footprint of Unit 1 and test for higher grade material at depth.
    - Target generation programmes will continue across Sava, North Sava and the full extent of the Copper Belt assessing high priority porphyry and IOCG targets on the ground. The aim of this programme will be to define new areas for scout drilling.

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

- Kobberminebugt
  - Amaroq will continue to review the results of the detailed geophysical programme conducted over the Kobberminebugt licence in 2023. Specific geophysical targets will be followed up in the field with detailed mapping and surface sampling ahead of defining more definitive targets for future scout drilling.
- Nunarsuit
  - Geophysical data collected during 2023 is currently being fully assessed and Amaroq aim to conduct a targeted field programme on the licence during the summer of 2024. Initial targets will include specific geophysical anomalies as well as outcropping niobium bearing pegmatites.

Amaroq Financial Results

The following selected financial data is extracted from the Financial Statements for the three months ended December 31, 2023.

Financial Results

	Three months ended December 31		Year end Decembe
	2023 $	2022 $	2023 $
Exploration and evaluation expenses	879,326	1,697,334	6,616,65
Site development costs	690,179	-	1,825,56
General and administrative	5,616,655	3,203,588	8,015,25
(Gain) on loss of control of subsidiary	-	-	(31,340,8
Share of 3 and 12-months loss of an equity-accounted joint arrangement	2,871,156	-	5,021,23
Net income (loss) and comprehensive income (loss)	(14,259,099)	(4,426,345)	13,425,5
Basic and diluted income (loss) per common share	(0.050)	(0.020)	0.047

Financial Position

	As at Dec
	2023 $
Cash on hand	21,014,6
Total assets	106,953,1
Total current liabilities (before convertible notes liability)	6,354,18
Shareholders' equity	64,278,6
Working capital (before convertible notes liability)	37,614,0
Gold business liquidity (excludes $18.7M and $22.5M ring-fenced for strategic mineral exploration as of Dec 31, 2023 and Sept 30, 2023 respectively)	59,514,6

Ends

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For Company updates:
Follow @Amaroq_minerals on Twitter
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Further Information:

About Amaroq Minerals

Amaroq Minerals' principal business objectives are the identification, acquisition, exploration, and development of gold and strategic metal properties in Greenland. The Company's principal asset is a 100% interest in the Nalunaq Project, a development stage property with an exploitation license including the previously operating Nalunaq gold mine. The Corporation has a portfolio of gold and strategic metal assets in Southern Greenland covering the two known gold belts in the region. Amaroq Minerals is incorporated under the Canada Business Corporations Act and wholly owns Nalunaq A/S, incorporated under the Greenland Public Companies Act.

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

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Glossary

Ag	silver
Au	gold
Cu	copper

EIA	Environmental Impact Assessment
EU	European Union
g	grams
g/t	grams per tonne
IOCG	Iron Ore, Copper, Gold
km	kilometers
Koz	thousand ounces
LTI	Lost Time Injury
m	meters
Mo	molybdenum
MRE	Mineral Resource Estimate
Nb	niobium
Ni	nickel
oz	ounces
REE	Rare Earth Elements
SIA	Social Impact Assessment
t	tonnes
Ti	Titanium
t/m^3	tonne per cubic meter
U	uranium
V	Vanadium
Zn	zinc

Inside Information

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No. 596/2014 on Market Abuse ("UK MAR"), as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, and Regulation (EU) No. 596/2014 on Market Abuse ("EU MAR").

Qualified Person Statement

The technical information presented in this press release has been approved by James Gilbertson CGeol, VP Exploration for Amaroq Minerals and a Chartered Geologist with the Geological Society of London, and as such a Qualified Person as defined by NI 43-101.

[Amaroq Minerals Ltd.]

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2023 and 2022

	Notes	As at December 31, 2023	As at December 31, 2022
		$	$
ASSETS			
Current assets			
Cash		21,014,633	50,137,569
Due from a related party	21.1	3,521,938	-
Sales tax receivable		69,756	95,890
Prepaid expenses and others	5	18,681,568	450,290
Inventory		680,358	-

Total current assets		43,968,253	50,683,749
Non-current assets			
Deposit		27,944	27,944
Escrow account for environmental monitoring	6	598,939	427,120
Investment in equity-accounted joint arrangement	7	23,492,811	-
Mineral properties	8	48,821	85,579
Right of use asset	11.1	574,856	655,063
Capital assets	9	38,241,559	13,216,606
Total non-current assets		62,984,930	14,412,312
TOTAL ASSETS		106,953,183	65,096,061
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		6,273,979	1,138,961
Convertible notes	10	35,743,127	-
Lease liabilities - current portion	11	80,206	71,797
Total current liabilities		42,097,312	1,210,758
Non-current liabilities			
Lease liabilities	11	577,234	657,440
Total non-current liabilities		577,234	657,440
Total liabilities		42,674,546	1,868,198
Equity			
Capital stock	12	132,117,971	131,708,387
Contributed surplus	13	6,725,568	5,250,865
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(74,528,130)	(73,694,617)
Total equity		64,278,637	63,227,863
TOTAL LIABILITIES AND EQUITY		106,953,183	65,096,061
Subsequent events	23		

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

Approved on Behalf of the Board of Directors

(s) Eldur Ólafsson	*(s) Line Frederiksen*
Eldur Ólafsson	Line Frederiksen
Director	Director

	Notes	2023	2022
		$	$
Expenses			
Exploration and evaluation expenses	16	6,616,652	12,700,526
Site development costs		2,515,743	-
General and administrative	17	13,631,912	10,150,020
Loss on disposal of capital assets		37,791	100,536
Foreign exchange loss (gain)		(306,705)	(849,773)
Operating loss		22,495,393	22,101,309
Other expenses (income)			
Interest income		(1,069,559)	(239,869)

Project management income	21.1	(1,714,559)	-
Gain on loss of control of subsidiary	7	(31,340,880)	-
Share of net losses of joint arrangement	7	7,892,387	-
Unrealised loss on derivative liability	10	4,536,411	-
Finance costs	18	34,320	37,523
Net loss and comprehensive loss		(833,513)	(21,898,963)
Weighted average number of common shares outstanding - basic and diluted		272,623,548	191,575,781
Basic and diluted loss per common share	20	(0.003)	(0.11)

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

	Notes	Number of common shares outstanding	Capital stock	Contributed surplus	Accumulated
			$	$	$
Balance, January 1, 2022		177,098,737	88,500,205	3,300,723	(36,772)
Net loss and comprehensive loss		-	-	-	-
Share issuance under a fundraising		85,714,285	46,313,551	-	-
Share issuance costs		-	(3,331,569)	-	-
Options exercised		260,000	226,200	(96,200)	-
Stock-based compensation	13.1	-	-	2,046,342	-
Balance, December 31, 2022		263,073,022	131,708,387	5,250,865	(36,772)
Balance, January 1, 2023		263,073,022	131,708,387	5,250,865	(36,772)
Net loss and comprehensive loss		-	-	-	-
		-	-	-	-
Share issuance under a fundraising		-	-	-	-
Share issuance costs		-	-	-	-
Options exercised, net		597,029	409,584	(433,600)	-
Stock-based compensation	13.1	-	-	1,908,303	-
Balance, December 31, 2023		263,670,051	132,117,971	6,725,568	(36,772)

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

	Notes	2023	2022
		$	$
Operating activities			
Net loss		(833,513)	(21,898,963)
Adjustments for:			
Depreciation	9	698,273	770,492
Amortisation of ROU asset	11.1	80,207	80,207
Stock-based compensation	13.1	1,908,303	2,046,342
Unrealized loss on derivative liability	10	4,536,411	-
Convertible note transaction cost expensed	10.2	641,528	-
Gain on loss of control of subsidiary	7	(31,340,880)	-
Share of net losses of joint arrangement	7	7,892,387	-
Other expenses		-	2,785
Loss on disposal of capital assets		37,791	100,536
Foreign exchange		(365,324)	(882,897)

		(16,744,817)	(19,781,498)
Changes in non-cash working capital items:			
Sales tax receivable		26,133	(44,640)
Due from a related party		(3,521,938)	-
Prepaid expenses and others		(19,043,990)	(183,673)
Escrow account for environmental monitoring	6	(168,140)	-
Trade and other payables		5,093,572	(864,477)
		(17,614,363)	(1,092,790)
Cash flow used in operating activities		(34,359,180)	(20,874,288)
Investing activities			
Acquisition of mineral properties	8	-	(23,335)
Acquisition of capital assets	9	(24,303,517)	(301,957)
Disposition of capital assets	9	-	63,325
Cash flow used in investing activities		(24,303,517)	(261,967)
Financing activities			
Shares issuance		-	46,313,551
Share issuance costs		-	(3,331,569)
Convertible note issue	10	30,431,180	-
Convertible note transaction costs	10.2	(1,004,030)	-
Principal repayment - lease liabilities	11	(71,797)	(50,722)
Exercise of stock options		-	130,000
Cash flow from financing activities		29,355,353	43,061,260
Net change in cash before effects of exchange rate changes on cash		(29,307,344)	21,925,005
Effects of exchange rate changes on cash		184,408	888,105
Net change in cash		(29,122,936)	22,813,110
Cash, beginning		50,137,569	27,324,459
Cash, ending		21,014,633	50,137,569
Supplemental cash flow information			
Borrowing costs capitalised to capital assets (note 9,10)		1,457,638	-
Interest received		1,069,559	239,869

The accompanying notes are an integral part of these consolidated financial statements.
1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the "Corporation") was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 3400, One First Canadian Place, P.O. Box 130, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "TSX-V"), since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") and from November 1, 2022, on Nasdaq First North Growth Market Iceland which were transferred on September 21, 2023 on Nasdaq Main Market Iceland ("Nasdaq") under the AMRQ ticker.

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

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 New and amended accounting standards effective for the current year

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

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

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

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

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

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

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

2.2 Accounting standards issued but not yet effective

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of accounting

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

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

3.2 Going concern

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.3 Basis of consolidation

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

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

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

3.4 Investments in joint venture

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

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

3.5 Functional and presentation currency - Foreign currency transactions

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

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

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.

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Capital assets

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

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

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

Field equipment and infrastructure related to exploration and evaluation activities	3 to 10 years
Vehicles and rolling stock	3 to 10 years
Equipment	3 to 10 years

Software	3 to 10 years
Right-of-use assets	Lease term

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7.1 Nalunaq mine project

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

3.8 Leases

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

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

3.9 Borrowing costs

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.10 Impairment of non-financial assets

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

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

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

3.11 Environmental monitoring provision

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.12 Taxation

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

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

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

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

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

3.13 Equity

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

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

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

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

3.14 Interest income

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.15 Stock-based compensation

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

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

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

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

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

3.16 Loss per share

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17 Financial instruments

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

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

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

3.17.1 Financial assets

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

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

Amortized cost:
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when

material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash, due from a related party, and escrow account for environmental monitoring are classified within this category.

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17.2 Financial liabilities and equity

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

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

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

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

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

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

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICIES (CONT'D)

3.17.3 Impairment of financial assets

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

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

3.18 Segment disclosures

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

4. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

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

JUDGMENTS

4.1 Impairment of mineral properties and capital assets

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

4.1.2 Impairment of capital assets

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

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

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

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

4.2 Determination of functional currency

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

4.3 Capitalisation of borrowing costs

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

4.4 Technical Feasibility and Commercial Viability ("TFCV")

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

Based on the criteria described above, Management has concluded that sufficient evidence existed on September 1, 2023, for the Corporation to declare TFCV for the Nalunaq Project. September 1, 2023, was aligned with the date that the Board of Directors approved and closed the Financing package deal (note 10), thus supporting the commercial viability of the project.

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

ESTIMATES AND ASSUMPTIONS

4.5 Environmental monitoring costs

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

4.6 Restricted Share Units ("RSU")

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

For equity-settled awards, assumptions must be determined at the date of the grant. Such assumptions include grant calculation date, projection period, share price at grant, exercise price, risk-free rate of interest, dividends, share price volatility and forfeitures. The uncertainty related to the choice of assumptions may lead to differences between the actual value of restricted share unit awards and their estimated fair value based on the Monte-Carlo simulation run. At the date of the consolidated statement of financial position, restricted share units award and embedded derivative value represents Management's best estimate of awards fair value vesting at measurement dates stipulated under the RSU award contract.

4.7 Embedded Derivative

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

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

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

5. PREPAID EXPENSES AND OTHERS

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

6. ESCROW ACCOUNT FOR ENVIRONMENTAL MONITORING

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

	2023	2022
	$	$
Balance beginning	427,120	424,637

Additions	168,140	
Effect of translation	3,679	2,483
Balance ending	598,939	427,120
Non-current portion - escrow account for environmental monitoring	(598,939)	(427,120)
Current portion - escrow account for environmental monitoring	-	-

7. INVESTMENT IN EQUITY-ACCOUNTED JOINT ARRANGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

8. MINERAL PROPERTIES

	As at December 31, 2022	Transfers (Note 6)	As at December 31, 2023
	$	$	$
Nalunaq - Au	1	-	1
Tartoq - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritooq - Au	6,389	-	6,389
Siku - Au	6,821	-	6,821
Naalagaaffiup Portornga - Strategic Minerals	6,334	(6,334)	-
Saarloq - Strategic Minerals	7,348	(7,348)	-
Sava - Strategic Minerals	6,562	(6,562)	-

Kobberminebugt - Strategic Minerals	6,840	(6,840)	-
Stendalen - Strategic Minerals	4,837	(4,837)	-
North Sava - Strategic Minerals	4,837	(4,837)	-
Total mineral properties	85,579	(36,758)	48,821

8. MINERAL PROPERTIES (CONT'D)

	As at December 31, 2021	Additions	As at December 31, 2022
	$	$	$
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	62,244	23,335	85,579

8.1 Nalunaq - Au

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

8.1.1 Collaboration agreement and project schedule

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

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

8. MINERAL PROPERTIES (CONT'D)

Finally, the conditions relating to a processing plant located on the Nalunaq Licence ("Processing Plant") and a royalty payment were outlined in the 2015 Project Schedule and formalized in the processing plant and royalty agreement ("Processing Plant and Royalty Agreement") signed on March 31, 2017 and the conditions are as follows:
a) AEX Gold Limited transfers the Processing Plant to Nalunaq A/S under the following conditions:
i) An initial purchase price of US$1;
ii) A deferred consideration of US$1,999,999 ("Deferred Consideration") on a pay as you go basis until the Deferred Consideration is paid in full. If only part of the Processing Plant is used, then the Deferred Consideration payable shall be reduced by an amount to be agreed by the parties to reflect the value of the

part of the Processing Plant used.
iii) The Deferred Consideration may be reduced to the extent that the Processing Plant or any part which is being used requires repairs, is not in good working condition or will not be capable of doing the work for which it was designed.
iv) Nalunaq A/S may dispose or otherwise deal with the Processing Plant or any part of it at its own cost. If any disposal proceeds (defined as proceeds received minus costs of dealing with the disposal) are received, that disposal proceeds shall be paid to AEX Gold Limited and such amount shall be deemed to be Deferred Consideration. If there are any disposal proceeds remaining after the Deferred Consideration has been paid in full, the disposal proceeds remaining may be retained by Nalunaq A/S.
b) Nalunaq A/S shall pay to AEX Gold Limited a 1% royalty on Nalunaq A/S' net revenue generated on the Nalunaq Licence (total revenue minus production, transportation and refining costs), provided that in respect to the last completed calendar year, the operating profit per ounce of gold exceeded US$500. The cumulative royalty payments over the life of mine are capped at a maximum of US$1,000,000.

8.1.2 Government of Greenland royalty

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

8.1.3 Exploration commitments and exploitation milestones

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

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

8. MINERAL PROPERTIES (CONT'D)

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

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

8.2 Tartoq - Au

8.2.1 Purchase of the Tartoq Licence

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

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

8.2.2 Exploration commitments

For the exploration licence, Nalunaq A/S 2023 obligation is DKK 2.031.600 of exploration activities in 2023, which together with the carried forward 2022 licence obligation of DKK 742,143 will result in DKK 2,773,743 ($543,942 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 incurred expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Tartoq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit statements of expenses for the Tartoq exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.3 Vagar - Au

8.3.1 Purchase of the Vagar Licence

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

8. MINERAL PROPERTIES (CONT'D)

The Corporation has applied for an additional 3 years extension and a licence reduction to a total area of 197 km^2 and are awaiting final documentation from the Government.

8.3.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 16,353,000 of exploration activities in 2023. 2022 carried forward balance was DKK5,716,001, resulting in DKK 22,069,001 ($4,327,819 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 incurred expenditures by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Vagar Licence, actual expenditures are multiplied by a factor of between 1.5 and 3,
depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit its statements of expenses for the Vagar exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.4 Nuna Nutaaq - Au

8.4.1 Purchase of the Nuna Nutaaq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 244km^2 of land in an area of Itillersuaq near Narsaq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2019/113 Nuna Nutaaq. The licence application has been approved and all required documentation was signed by the Corporation on September 13, 2019 and the licence became effective on September 26, 2019 when it was signed by the Government of Greenland. The licence originally expired December 31, 2023 with an entitlement to a 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2025.

8.4.2 Exploration commitments

In 2023 Nalunaq A/S shall complete DKK 2,637,920 of exploration activities, received an approval of 2022 exploration expenses of 3,832,527 and 2022 carried forward credits of 2,344,489 which results in a total credit of DKK 3,229,826 for 2023 (credit of $633,382 using the exchange rate as at December 31, 2023) so there is no exploration obligation in 2023 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Nuna Nutaaq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit statements of expenses for the Nuna Nutaaq exploration licence for the 2023 year to the MLSA by April 1, 2024.

8. MINERAL PROPERTIES (CONT'D)

8.5 Anoritooq - Au

8.5.1 Purchase of the Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,185km^2 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 1,889km^2 and became effective November 6, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2024 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave an extension of the licence period for all exploration licences by two years, therefore the licence expires December 31, 2026.

8.5.2 Exploration commitments

In 2023 Nalunaq A/S shall complete DKK 3,421,080 of exploration activities, received an approval of 2022 exploration expenses of DKK 969,834 and carry forward of 2022 credits of DKK 738,610 which results in total of DKK 2,682,470 ($526,043 using the exchange rate as at December 31, 2023) exploration obligation in 2023 before an approval of 2023 expenses by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Anoritooq Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit its statements of expenses for the Anoritooq exploration licence for the 2023 year to the MLSA by April 1, 2024.

8.6 Siku - Au

8.6.1 Purchase of the Siku Licence

The Corporation acquired the right to conduct exploration activities on approximately 251km^2 of land in an areas between the Nanoq and Jokum's Shear project on the east coast of South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2022/08, referred to as Siku. The licence application has been approved and all required documentation was signed by the Corporation on May 10, 2022 and the licence became effective on June 3, 2022 when it was signed by the Government of Greenland. The licence expires December 31, 2026 with a possible 5-year extension.

8.6.2 Exploration commitments

For the exploration licence, Nalunaq A/S shall complete DKK 603,720 of exploration activities in 2023 and carried forward DKK 296,595 from 2022 resulting in total obligation balance of DKK 900,315 ($176,555 using the exchange rate as at December 31, 2023). For the purpose of crediting expenditures against the amounts set forth in the Siku Licence, actual expenditures are multiplied by a factor of between 1.5 and 3, depending upon the type of expenditures made. If these obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S will submit its statements of expenses for the Siku exploration licence for the 2023 year to the MLSA by April 1, 2024.

8. MINERAL PROPERTIES (CONT'D)

8.7 Genex

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

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

9. CAPITAL ASSETS

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software
	$	$	$
2022			
Opening net book value	1,989,114	4,304,709	156,011
Additions	-	-	179,040
Disposals	-	(123,360)	(40,501)
Adjustment	-	-	-
Depreciation	(253,362)	(438,965)	(78,165)
Closing net book value	1,735,752	3,742,384	216,385
As at December 31, 2022			
Cost	2,351,041	4,466,971	313,214
Accumulated depreciation	(615,289)	(724,587)	(96,829)
Closing net book value	1,735,752	3,742,384	216,385

2023					
Opening net book value	1,735,752	3,742,384	216,385	7,522,085	13,216,606
Additions	-	-	-	25,761,155	25,761,155
Disposals	-	-	(80,983)	-	(80,983)
Adjustment	-	-	43,054	-	43,192

Depreciation	(198,373)	(430,266)	(69,634)	-	(698,273)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559
As at December 31, 2023					
Cost	2,351,041	4,466,971	232,231	33,283,240	$40,333,483
Accumulated depreciation	(813,662)	(1,154,853)	(123,409)	-	(2,091,786)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559

9. CAPITAL ASSETS (CONT'D)

Depreciation of capital assets related to exploration and evaluation properties is being recorded in exploration and evaluation expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of $635,773 ($721,072 - 2022) was expensed as exploration and evaluation expenses in 2023.

As of December 31, 2023, the amount of $33,283,240 ($7,522,085 as at December 31, 2022) of construction in progress is related to equipment and infrastructure received or in storage and which will be installed at the appropriate time. Equipment and infrastructure include process plant components that are not yet available for use.

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

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

10. CONVERTIBLE NOTES

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

10.1 Revolving Credit Facility

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

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

The facility will be secured by (i) a bank account pledge from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and 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.

10. CONVERTIBLE NOTES (CONT'D)

10.2 Convertible notes

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

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

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

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

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

10. CONVERTIBLE NOTES (CONT'D)

10.3 Cost Overrun Facility

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

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

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

11. LEASE LIABILITIES

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

Maturity analysis:

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

11. LEASE LIABILITIES (CONT'D)

11.1 Right of use asset

	As at December 31, 2023	As at December 31, 2022
	$	$
Opening net book value	655,063	740,150
Additions	-	-
Disposals	-	-
Adjustment	-	(4,880)
Amortisation	(80,207)	(80,207)
Closing net book value	574,856	655,063

Cost	836,200	836,200
Accumulated amortisation	(261,344)	(181,137)
Closing net book value	574,856	655,063

The Corporation has one lease for its office. In October 2020, the Corporation started the lease for five years and five months including five free rent months during this period. The monthly rent is $8,825 until March 2024 and $9,070 for the balance of the lease. The Corporation has the option to renew the lease for an additional five-year period at $9,070 monthly rent indexed annually to the increase of the consumer price index of the previous year for the Montreal area.

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

12. SHARE CAPITAL

12.1 Share Capital

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

12.2 Nasdaq Main Market Listing in Iceland

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

13. STOCK-BASED COMPENSATION

13.1 Stock options

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 15, 2023. The Plan is a "rolling" plan whereby a maximum of 10% of the issued shares at the time of the grant are reserved for issue under the Plan to executive officers, directors, employees and consultants. The Board of directors grants the stock options and the exercise price of the options shall not be less than the closing price on the last trading day, preceding the grant date. The options have a maximum term of ten years. Options granted pursuant to the Plan shall vest and become exercisable at such time or times as may be determined by the Board, except options granted to consultants providing investor relations activities shall vest in stages over a 12-month period with a maximum of one-quarter of the options vesting in any three-month period. The Corporation has no legal or constructive obligation to repurchase or settle the options in cash.

On January 17, 2022, the Corporation granted its officers, employees and consultant 4,100,000 stock options with an exercise price of $0.60 and expiry date of January 17, 2027. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to $1,435,000 for an estimated fair value of $0.35 per option.

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

On July 14, 2022, the Corporation granted an employee 39,062 stock options with an exercise price of $0.64 and expiry date of July 14, 2027. The stock options vested 100% at the grant date. The options were granted with an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to $14,844 for an estimated fair value of $0.38 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69% expected volatility, 3.1% risk-free interest rate and a 5-year term. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On December 30, 2022, the Corporation granted its employees and consultant 1,330,000 stock options with an exercise price of $0.70 and expiry date of December 30, 2027. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to $545,300 for an estimated fair value of $0.41 per option.

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

13. STOCK-BASED COMPENSATION (CONT'D)

On December 20, 2023, the Corporation granted its employees 61,490 stock options with an exercise price of $1.09 and expiry date of December 20, 2028. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amount to $36,894 for an estimated fair value of $0.60 per option.

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

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

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

Changes in stock options are as follow:

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

Balance, end exercisable 9,188,365	0.59	10,684,062	0.57

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

13. STOCK-BASED COMPENSATION (CONT'D)

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

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

13.2 Restricted Share Unit

Conditional awards under the RSU

13.2.1 Description

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

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

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

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

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

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

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

13. STOCK-BASED COMPENSATION (CONT'D)

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

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

13.2.2 RSU Plan Amendment

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

13.2.3 New Conditional Award under RSU Plan

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

Award Date	October 13, 2023
Initial Price	CAD 0.552
Hurdle Rate	10% p.a. above the Initial Price
Total Pool	10% of the growth in value above the Hurdle rate, not exceeding 10% of the Corporation's 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 gran remaining 50% vesting on the third anniversary of grant. Second Measurement Date: December 31, 2024, 50% vesting on the first anniversary of g remaining 50% vesting on the second anniversary of grant. Third Measurement Date: December 31, 2025, vesting on the first anniversary of grant.

13. STOCK-BASED COMPENSATION (CONT'D)

13.2.4 Valuation

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

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

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

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

14. CAPITAL MANAGEMENT

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

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

15. EMPLOYEE REMUNERATION

Salaries

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

16. EXPLORATION AND EVALUATION EXPENSES

2023	Nalunaq	Vagar	Nuna Nutaaq	Anoritooq	Saarloq	Sava
	$	$	$	$	$	$
Geology	385,796	-	30,056	-	(1,921)	(59,660)
Lodging and on-site support	305,808	-	-	-	(854)	(29,413)
Drilling	1,354,447	-	-	-	-	(144,019)
Analysis	32,177	156	-	-	(87)	(25,060)
Geophysics survey	-	-	-	-	-	-
Transport	800,247	3,922	-	-	(442)	(37,154)
Supplies and equipment	1,498,097	-	-	-	(661)	(18,736)
Helicopter Charter	1,210,601	14,007	-	-	-	(241,390)
Logistic support	-	-	-	-	(3,316)	(16,275)
Maintenance infrastructure	1,641,203	1,569	-	-	(1,544)	(83,364)
Project Engineering costs	55,792	-	-	-	-	-
Government fees	-	994	-	-	-	-
Exploration and evaluation expenses before depreciation	7,284,168	20,648	30,056	-	(8,825)	(655,071)
Depreciation	635,773	-	-	-	-	-
Exploration and evaluation expenses	7,919,941	20,648	30,056	-	(8,825)	(655,071)

2022	Nalunaq	Vagar	Nuna Nutaaq	Anoritooq	Saarloq	Sava
	$	$	$	$	$	$
Geology	1,001,263	54,524	30,992	17,966	1,919	75,596
Lodging and on-site support	170,024	20,900	4,546	6,652	854	29,413
Drilling	2,962,491	611,610	-	-	-	144,01
Analysis	205,304	86,765	-	1,208	87	25,060
Geophysics survey	-	-	364,827	-	-	-
Transport	222,546	84,644	2,028	3,052	442	37,154
Supplies and equipment	484,461	21,247	5,211	7,178	661	20,959
Helicopter Charter	221,039	424,586	-	19,850	-	267,95
Logistic support	904,310	62,777	11,530	18,478	3,316	16,275
Maintenance infrastructure	2,401,358	62,431	16,437	21,886	1,544	83,558
Project Engineering costs	35,946	-	-	-	-	-
Government fees	2,584	7,893	-	-	-	-

Exploration and evaluation expenses before depreciation	8,611,326	1,437,377	435,571	96,270	8,823	699,99
Depreciation	721,072	-	-	-	-	-
Exploration and evaluation expenses	9,332,398	1,437,377	435,571	96,270	8,823	699,99

16. EXPLORATION AND EVALUATION EXPENSES (CONT'D)

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

17. GENERAL AND ADMINISTRATIVE

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

18. FINANCE COSTS

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

19. INCOME TAXES

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

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

19. INCOME TAXES (CONT'D)

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

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

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

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

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

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

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

20. NET LOSS PER SHARE

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

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

21. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

21.1 Gardaq Joint Venture

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

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

21.2 Key Management Compensation

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

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

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

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

The compensation of directors is as follows:

	2023			2022	
	Short-term benefits [a]	Stock-based compensation	Total compensation	Short-term benefits [a]	Stock-based compen
	$	$	$	$	$
Eldur Olafsson	1,553,155	-	1,553,155	805,935	385,000
Jaco Crouse	841,207	-	841,207	498,699	315,000
Graham Stewart	181,000	-	181,000	181,000	-
Sigurbjorn Thorkelsson	86,000	-	86,000	86,000	-
Liane Kelly	89,667	-	89,667	80,000	-
Line Frederiksen	86,000	-	86,000	86,000	-
David Neuhauser	86,000	-	86,000	86,000	-
Warwick Morley-Jepson	103,000	-	103,000	103,000	-
Total compensation	3,026,029	-	3,026,029	1,926,634	700,000

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

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

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

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

22. FINANCIAL INSTRUMENTS

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

22.1 Credit risk

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

22.2 Liquidity risk

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

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

		As at December 31, 2023		As at December 31, 2022	
	Trade and other payables	Convertible Notes	Lease liabilities	Trade and other payables	Lease liabilities
	$	$	$	$	
Within 1 year	6,273,978	-	108,345	1,538,961	105,494
1 to 5 years	-	35,743,127	544,178	-	434,852
5 to 10 years	-	-	126,975	-	344,646
Total	6,273,978	35,743,127	779,498	1,538,961	884,992

22. FINANCIAL INSTRUMENTS (CONT'D)

22.3 Currency risk

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

The Corporation had the following balances in currencies:

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

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

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

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

22.4 Fair value

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

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

22. FINANCIAL INSTRUMENTS (CONT'D)

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

	December 31, 2023 $	December 31, 2022 $
Cash	21,014,633	50,137,569
Trade and other receivables	3,521,938	-

Sales tax receivable	69,756	95,890
Deposit	27,944	27,944
Investment in equity-accounted joint arrangement	23,492,811	-
Escrow account for environmental monitoring	598,939	427,120
Accounts payable and accrued liabilities	(6,273,979)	(1,138,961)
Convertible notes	(35,743,127)	-
Lease liabilities	(657,440)	(729,237)

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

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

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

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

23. SUBSEQUENT EVENTS

23.1 Fundraising

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

- A placing of new common shares with new and existing institutional investors at the placing price (the "UK Placing"). Stifel Nicolaus Europe Limited is acting as the sole bookrunner and broker on the UK Placing.
- A placing of new depository receipts representing new common shares with new and existing investors at the placing price (the "Icelandic Placing"). Landsbankinn hf. And Fossar fjarfestingarbanki hf. Are acting as joint bookrunners on the Icelandic Placing and Landsbankinn hf. Is acting as underwriter.
- A private placement of new common shares by certain existing institutional investors and a director of the Company at the placing price (the "Canadian Subscription"). The Director has committed to subscribe to approximately CAD $3.4 million (equivalent to GBP 2.0 million) in the fundraising.

As a result of the subscription, net proceeds of approximately GBP 44 million (CAD 75 million) have been raised, exceeding the initial targeted amount of GBP 30 million. The shares subscribed to, when issued, will be credited as fully paid and will rank *pari passu* in all respects with the existing common shares of the

Company. Following the admission of the subscribed shares, Amaroq's total issued share capital will consist of 326,455,446 common shares.

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

The Fundraising closed on February 23, 2024.

23.1.1 Related party transaction

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

23. SUBSEQUENT EVENTS (CONT'D)

23.2 Awards under Restricted Share Units Plan ("RSU")

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

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

The details of the Award are as follows:

Award Date	23 February 2024	
Initial Price	CAD 0.552	
Hurdle Rate	10% p.a. above the Initial Price	
Total Pool	10% of the growth in value above the Hurdle rate, not e The number of shares is determined at the Measureme	
Participants, proportions and number of shares subject to RSU	Participant	Proporti
	Eldur Olafsson, CEO	40%
	Jaco Crouse, CFO	20%
	Joan Plant, Executive VP	10%
	James Gilbertson, VP Exploration	10%
	Edward Wyvill, Corporate Development	10%
First Measurement Date:	31 December 2023 50% of the Shares will vest on the first anniversary of g anniversary of grant.	