Amaroq Minerals

Amaroq Minerals Ltd.

ANNUAL REPORT AND FINANCIAL STATEMENTS 2022

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Strategic report

Business model and Strategy
Unless otherwise indicated, all references in this Annual report to "**$**" refer to Canadian dollars.

Amaroq Minerals Ltd. ("**Amaroq**", the "**Corporation**" or the "**Company**") is an independent mining corporation engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland.

Amaroq is focused on the development of the cornerstone Nalunaq Project as the means to become self-funded, unlock the true mineral potential of its large licence holdings in Greenland and deliver significant value to all stakeholders.

The Corporation is actively exploring what we believe to be world class gold deposits in Vagar and Nanoq and through the recently announced joint venture with ACAM LP, will expand its focus on exploring for strategic minerals in Sava, Stendalen, Paatusoq and Kobberminebugt to potentially fill the growing supply gap.

Strategic Review of 2022

Nalunaq
The 2022 Nalunaq drilling programme consisted of 9,119 m of diamond core drilling across 46 drillholes. The objectives of the drill programme were to infill the existing resource and test an up-dip extension of the Valley Block ore-shoot. Of these drillholes, 42 or 92% intersected the Main Vein, and 9 of these intersections contained visible gold. The 2022 drill results extend the high-grade core of Valley Block up-dip by around 300 m. In addition to this drilling, surface channel samples confirmed thick high-grade Main Vein intersections up to 1.05 m @ 98.6 g/t Au around 100 m vertically up-dip of historic underground workings in Mountain Block.

In addition to the Main Vein drillhole intersections at the Valley Block, additional mineralised vein structures were encountered in the hanging wall. One of these veins, termed the JLP Vein, was identified in multiple drillholes and graded up to 50 cm at 3.85 g/t Au. The extent and potential of additional veins series will be assessed further during 2023, including by drilling.

Alongside the drilling, Amaroq have been assessing all areas of the mine to further the understanding of the geological model and while working with SRK Consulting, the Corporation has produced a Mineral Resource estimate (MRE) update, as of 3 September 2022, for the project resulting in 355 kt @ 28 g/t Au for 320 koz contained gold in the Inferred category which is a 30% increase in resources and 50% increase in grade from the previous estimate produced in 2020. This estimate incorporates all drilling up to and including results from the 2021 field season.

Following the completion of this new MRE, Amaroq have commenced a bulk sample option study to assess the most technically- and cost-effective location and technique for constructing a new access to the orebody. The objective is to sample the mineralisation at a mine scale in order to allow the Corporation to update the confidence and allow for Ore Reserve estimation. This would have the additional benefit of producing a bulk sample that can be third party treated toward cashflow generation, as well as establishing infrastructure to facilitate the transition to full scale mining.

Vagar Ridge
At Vagar Ridge, four diamond drillholes were completed for a total of 1,445 m. Anomalous gold concentrations were intersected in all holes, and along with surface mapping and sampling, this programme has enhanced Amaroq's understanding of gold mineralisation in the licence, which will inform field work within the Vagar licence in 2023, and future drilling campaigns.

Sava
At Sava, two scout diamond drillholes were completed for a total of 382 m. One hole drilled at Target West intersected 21 metres of continuous low-grade copper sulphide mineralisation from surface. Surface sampling around Target West returned anomalous grades of copper and high grades of molybdenum in quartz veins and altered granites. Molybdenite in quartz veins was dated and placed at the end of the Ketilidian orogeny which is considered an important time period for ore formation. Results suggest the potential for a large IOCG (Iron Ore, Copper Gold) or Copper porphyry mineral system to be located within the licence. A significant surface sampling programme is planned for the 2023 field season, along with up to 3,000 m of diamond drilling at Target West and other targets in the licence area. A remote sensing study identified an additional 33 targets with IOCG and porphyry mineralisation signatures across licences held or under application by Amaroq.

Kobberminebugt

In the Kobberminebugt licence, the historic mine workings at Josva and Lilian were visited in 2022. A detailed drone survey was flown at Josva to map geological contacts and surface mineralisation. Samples of the main Josva vein returned up to 11.6 % Cu over 0.5 m. Minor gold and silver grades were also reported. Copper mineralisation was confirmed to be skarn related which increases the potential for greater tonnages to be found along strike of Josva or related to the regional granite contact zone which will be further explored in 2023.

High resolution geophysical surveys (magnetics, radiometrics and gravity) were flown by New Resolution Geophysics (NRG) at the North Sava and Siku licences. Results are currently being interpreted by the Amaroq geology team and external consultants and conclusions are expected to be announced in Q2-23.

Strategic Mineral Targets

On 12 May 2022, the Corporation announced that it had acquired mineral exploration licences No. 2020/41 and 2021/11 covering areas in South Greenland from Orano Group for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on sales of minerals exploited on the licences. The GRR is paid annually and capped at US$10 million, subject to an annual inflation adjustment, with an ultimate cap limited to the market capitalisation of the Corporation at the time of signature. Orano Group has the right of first refusal on any sales or transfer of licences. The Government of Greenland approved the transfer of licences to Nalunaq A/S on November 14, 2022.

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

ACAM, through its affiliate company GCAM LP, agreed to invest an initial amount £18 million under a subscription and shareholders' agreement in return for shares in the joint venture subsidiary Gardaq A/S representing 49%, to solely fund exploration work programmes. The Corporation will invest $7.7 million (£5 million), with such amount to be set-off against corporate overhead costs incurred by Nalunaq A/S as the subsidiary's project manager.

The Subscription and Shareholders' Agreement became effective and completion occurred on 14 April 2023. GCAM LP subscribed £18,000,000 and was issued with 490,000 ordinary shares in Gardaq A/S, representing 49% of the issued shares in Gardaq A/S, with Amaroq holding 51%.

Through the joint venture company Gardaq A/S, Amaroq will focus on exploring for significant strategic minerals deposits in the Sava Copper Belt, Stendalen, Paatusoq and Kobberminebugt.

Capital Fundraising and First North Listing

On 3 November 2022, the Corporation successfully completed a capital fundraising (the "**Fundraising**") and listing on the Nasdaq First North Growth Market in Iceland. Net proceeds of $42,981,982 from the fundraising are being used to expand and delineate the resource base at the Corporation's cornerstone Nalunaq gold project in south Greenland and progress the asset towards mine construction, as well as provide funding to accelerate exploration across the Corporation's significant portfolio of gold assets and other corporate purposes and sits alongside ACAM's Joint Venture investment.

As a result of the raise, a total of 85,714,285 new common shares were placed with new and existing investors at a price of £0.35 per share for subscriptions made in British pounds sterling, $0.54 per share for subscriptions made in Canadian dollars and ISK 56.77 per share for subscriptions made in Icelandic Krona, raising gross proceeds of $47 million (£30 million, ISK 4.9 billion). The total Fundraising comprised 53,734,633 Icelandic Depositary Receipts placed as part of the Icelandic Placing, 18,493,925 common shares pursuant to the UK Placing and 13,485,727 common shares of the Corporation pursuant to the Canadian Subscription, which have been issued and admitted to trading on AIM and the TSX-V. Arion Bank hf. and Landsbankinn hf. acted as agents in connection with the Icelandic Fundraising. Stifel Nicolaus Europe Limited acted as sole bookrunner, nominated adviser and broker on the UK Placing and Panmure Gordon (UK) Limited; together with Stifel, acted as manager and broker in relation to the UK Placing.

Certain officers and directors of the Corporation purchased an aggregate of 4,972,871 common shares for gross proceeds of $2,700,132. The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

The total Fundraising Shares represent approximately 33 per cent of the Corporation's enlarged share capital after the completion of the Fundraising. The first day of trading on First North Iceland was 1 November 2022.

US$49.5M Debt Financing and Potential Main Market Listing in Iceland

On 28 March 2023, the Corporation signed non-binding term sheets for a US$49.5 million senior secured financing package consisting of:

- US$18.5 million Senior Debt Revolving Credit Facility with Icelandic banks Landsbankinn and Fossar Investment Bank, with a two-year term and interest at the Secured Overnight Financing Rate (SOFR) plus 950bps. The facility has a 2% arrangement fee and a 0.4% commitment fee on unutilized amounts.
- Up to US$21 million Syndicated Convertible Notes with an affiliate of ACAM LP, JLE Property Ltd, Livermore Partners and First Pecos with a four-year term, payment-in-kind interest of 5% per annum and a conversion price of 42 pence/share.
  - ACAM LP's main investors are the majority ultimate beneficial owners of GCAM LP.
- US$10 million, two-year Cost Overrun loan by JLE Property Limited on the same terms as the Convertible Note, plus a 2.5% commitment fee on unutilized amounts, to insure against any potential unexpected cost increases.

The financing, together with existing capital, is expected to enable the transition from bulk sample stage to trial mining, processing and production of gold doré on site at Nalunaq in a staged approach, ahead of full-scale production. The Corporation will finalise the Financing's legally binding documentation and expects to be in a position to sign binding documents within the next three months.

Alongside the financing, with a defined path to cashflow, and strong Icelandic investor support, the Corporation intends to explore the possibility of a main market listing on Iceland's Nasdaq Exchange and will update on progress and timing in due course.

2023 Strategic Goals

The main focus for the Corporation will be:

<u>Nalunaq Project Development</u>

1. **Resource Drilling** – a series of drillholes will be conducted at the Mountain Block up-dip from the proposed new mine development in order to increase resources and confidence and ahead of future mine operations.
2. **Site Preparation** – subject to Government approval, the site will undergo logistical planning, detailed engineering design, mobilisation of equipment and project teams in preparation for underground development as well as construction of associated infrastructure.
3. **Mine Preparation** – following the mobilisation of equipment and personnel, the existing developments in the Mountain Block will be re-opened and rehabilitated with all required mining services installed.
4. **Mine Operation** – the Corporation intends to commence new operations within the Mountain Block with trial mining an ore production feeding an initial stage (gravity circuit) trial processing facility constructed on the valley floor.
5. In addition to this programme, surface and underground exploration will continue across the three other mine areas in order to define further future mine headings.

<u>Gold Projects Exploration</u>

1. **Vagar Ridge** – the Corporation aims to collect further data and conduct a further ground exploration programme as well as drill preparation at Vagar Ridge to construct a geological model in readiness for a more substantial drill programme in 2024.
2. **Nanoq** – following the review of the 2022 results, the Corporation intends to review a number of further structural target areas and conduct surface exploration in order to characterize the mineralization. A programme of a drill preparation is also intended to assist with site readiness for initial drilling during 2024.

Strategic Minerals Exploration

1. **Sava Copper Belt** – the successful 2022 scout drilling and geological mapping programme at Sava will be expanded to two drill rigs assessing mineralisation style and extend across the observed mineralisation, guided by a number of external Iron Ore Copper Gold (IOCG) experts. This 2023 programme will also incorporate the North Sava licence and the targets developed there from the 2022 geophysical and remote sensing surveys. In parallel and detailed airborne geophysical survey will be conducted across the Kobberminebugt licence area aimed to develop further skarn targets following the characterisation of the mineralisation seen at Josva completed in 2022. These programmes will be continued or expanded into the 2024 season.

2. **Stendalen** – a detailed magnetotellurics (MT) geophysical survey will be conducted across the extent of the layered intrusion hosted at Stendalen in ordered to signature sulphide mineralisation at depth. Following the completion of this programme a deep stratigraphic drillhole will be conducted in August/September 2023 to intersect the known Titanium / Vanadium mineralisation as well as any potential Nickel sulphide mineralisation observed in the MT survey. The 2024 objectives will then be to built upon these intersections in order to understand the true extend of the mineralisation hosted.

3. **Paatasoq** – utilising external expertise in Gardar geology, the Corporation will conduct a reconnaissance exploration programme across Paatasoq and the previously identified targets developed from the 2022 desk-based research. The objective will be to identify areas of potential economic Rare Earth and Niobium mineralisation within the intrusion complex.

4. **Saqqaa Dyke** – located within the Nalunaq Valley, the Corporation intends to complete a small drilling campaign from the valley floor to intersect the PGE/Au hosting ultramafic dyke along strike from the outcropping mineralisation guided by the previously completed ground geophysical survey.

Renewable Energy Potential in Greenland

The Corporation will conduct prefeasibility studies to determine South Greenland hydro power potential of supplying that energy to Nalunaq mine and South Greenland community.

Subsidiaries

The Corporation has two subsidiaries, Nalunaq A/S (100%) and Gardaq A/S (51%). There are no additional reporting requirements for these subsidiaries at present.

Eldur Olafsson
Chief Executive Officer

11 May, 2023

Principal risks and uncertainties facing the business

Overview

The mining and mineral exploration industry is risky in nature as companies have to deal with various local and global risks associated with, but not limited to: environmental and social, political, regulatory, health and safety, logistical, financial, and operational.

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

The major risks facing the Corporation are detailed in the section below.

Environmental and Social

The Corporation's operations are subject to environmental and social regulations as a result of increased societal and local communities' pressure in the jurisdictions in which it operates. Environmental and social legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental and social regulations, if any, will not adversely affect the Corporation's operations. The Corporation recognizes the importance of social and environment responsibility, close co-operation and building long-lasting partnership with the host communities. Therefore, the Corporation has adopted a Greenlandic procurement policy to encourage the host community suppliers participating in local operations and contributing to the economy of Greenlandic society. The Corporation is committed to maintaining high standards of environmental stewardship and incorporating environmental protection as part of its strategy and decision-making process. Amaroq recognizes that appropriate environmental management is essential to the proper conduct of its mining operations and activities. Accordingly, our goal is to minimize the environmental impacts of our projects and activities.

Regulatory

The Corporation's future operations on the properties, including exploration and any development activities or commencement of production on its properties, require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, protection of endangered and protected species, treatment of indigenous people, mine safety and other matters. To the extent that such permits are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws may have a material adverse effect on the operations, financial conditions and results of the Corporation.

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

Political

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

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

Dependence on key individuals

The Corporation's success depends to a certain degree upon key members of the management. Those individuals have developed important government and industry relationships; they have historic knowledge of the Properties which is not recorded in tangible form or shared through data rooms; and they have extensive experience of operating in Greenland. These individuals are a significant factor in the Corporation's growth and success and the Corporation does not have key man insurance in place in respect of any of its directors, management or employees. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

Additionally, the Corporation's prospects depend in part on the ability of its executive officers and senior management to operate effectively, both independently and as a group. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors.

Difficulty attracting and retaining qualified staff

Recruiting and retaining qualified personnel is critical to the Corporation's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. To manage its growth, the Corporation may have to attract, develop and retain additional highly qualified management, financial and technical personnel and continue to implement and improve operational, financial and management information systems. Although the Corporation believes that it will be successful in attracting and retaining qualified personnel, through the development of comprehensive multi-year talent management and succession planning measures to ensure continuity and minimum interruptions to the operations of the Corporation there can be no assurance of such success.

Dependence on third party services

The Company relies in part on products and services provided by third parties in the ordinary course of business. As part of its internal risk assessment, the Company conducts counterparty risk assessments to ensure that the third parties can supply the necessary services or products in a responsible manner that aligns with the Company values.

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

The foregoing as well as substitution on similar terms, may have a material adverse effect on the annual work plan and subsequently the financial condition of the Company.

External contractors and sub-contractors

When the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

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

Access to properties and renewal of licences

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

The Properties are the only material properties of the Corporation. Any material adverse development affecting the progress of the Properties, or both, will have a material adverse effect on the Corporation's financial condition and results of operations. If the Corporation loses or abandons its interest in its Properties, there is no assurance that it will be able to acquire another mineral property of merit.

Interests in licences in Greenland are for specific terms and carry with them estimated annual expenditure and reporting commitments, as well as other conditions requiring compliance. The MLSA is largely focused on the activities completed by an exploitation licence holder and ensuring that a project is advancing towards production. The Corporation could lose title to or its interest in licences relating to the Properties if licence conditions are not met.

In particular, the Nalunaq Exploration Project is currently within the Nalunaq Licence. Under the current terms of this licence, Nalunaq A/S is required to commence mine production by January 1, 2026, although the scale of this production is not specified. There is no guarantee that this will be possible within this timeframe, and the government has reserved the right to revoke the licence if these conditions are not met.

Failure to satisfy any of the conditions set forth in the addendums to the Nalunaq Licence for example, the commitment to perform specific activities for sub period 4 as set out in Addendum No. 6, may result in the MLSA revoking the Nalunaq Licence, however the MLSA has stated as an objective that there is no automatic revocation of a licence when a condition has not been achieved, rather they have committed to, at all times, act reasonably and in accordance with the general rules and regulations of Greenlandic administrative law, including the principles of objectiveness, proportionality and equal treatment.

In response to COVID 19 pandemic, the Government of Greenland approved a proposal (i) adjusting required exploration expenses in years 2020 and 2021 for all mineral exploration licences to zero (0 DKK) and reduced by 50% for the year 2022, (ii) postponing of the transferred unfulfilled exploration obligations by two years, and (iii) extending of the licence period for all mineral exploration licences by two years.

The Corporation's dependence on permits and government regulations

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

There is no guarantee that such permits or approvals will be granted. To the extent that such permits or approvals are required and not obtained, the Corporation may be delayed or prohibited from proceeding with planned exploration or development of its mineral Properties. The costs and delays associated with obtaining necessary permits or approvals and complying with their terms and applicable laws may have a material adverse effect on the operations, financial condition and results of the Corporation.

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

The Government of Greenland may from time to time change the Greenland Exploration Standard Terms and the royalties imposed on proceeds from mineral exploitation. In particular, Addendum No. 3 of 1 July 2014 to the Greenland Exploration Standard Terms provides that, for licences granted on 1 July 2014 or later, new rules and regulations may be made which amend the terms of such licence (with prospective effect) in accordance with the terms of such Addendum.

Exploration

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

The Nalunaq Gold Mine and areas of exploration potential lie within a steep mountainous terrain. Surface diamond drilling for structure can therefore be impractical in many parts, resulting in a greater reliance on underground exploration.

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Corporation, the Corporation may be unable to acquire attractive mineral properties on terms it considers acceptable. The Corporation also competes with other companies for the recruitment and retention of qualified employees and other personnel.

Development risks and substantial funding requirements to assess commercial mineral deposits

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

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

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

The Company has prepared cost estimates, including contingency, supporting the decision to raise the net proceeds of the Fundraising in November 2022 in order to produce a Bulk Sample from the Nalunaq Property, and to conduct exploration activities on the Nalunaq Licence and its other licences. However, there can be no certainty that these funds will be sufficient. Subsequent development of the Nalunaq Property, including future phases of production and processing, and future exploration and development of the Company's other licences, will depend on the Company's ability to obtain financing through joint ventures, offerings of equity securities or offerings of debt securities, or by obtaining financing through a bank or other entity. The Company has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Company needs to obtain additional financing, there is no assurance that financing will be available from any source, on terms acceptable to the Company, or that any future offering of securities will be successful. Volatile markets for precious metals may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms or at all. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the Company's outstanding Common Shares. The Company could suffer adverse consequences if it is unable to obtain additional capital, which would cast substantial doubt on its ability to continue its operations and growth.

In addition, the Corporation does not expect to generate material revenue or achieve self-sustaining operations in the near future. To the extent the Corporation has negative cash flows in future periods, the Company may use a portion of its general working capital to fund such negative cash flow.

Resource Estimate

The Corporation is an exploration stage company and cannot give assurance that a commercially viable deposit, or "**reserve**", exists on any properties for which the Corporation currently has or may have (through potential future joint venture agreements or acquisitions) an interest. Therefore, determination of the existence of a reserve depends on appropriate and sufficient exploration work and the evaluation of legal, economic and environmental factors. If the Corporation fails to find a commercially viable deposit on any of its Properties, its operations, financial condition and results of operations will be materially adversely affected.

Market Conditions

If the Corporation commences production, profitability will be dependent upon the market price of gold. Gold prices historically have fluctuated widely and are affected by numerous external factors beyond the Corporation's control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the U.S. dollar (the currency in which the price of gold is generally quoted), interest rates, terrorism and war, and other global or regional political or economic events.

Additionally, the Corporation is exposed to foreign exchange fluctuations as its undertakings are in Greenland and is serviced through a web of international service providers in various currencies. As a result, expenses, capital expenditure and commitments are primarily denominated in Danish Krone, Euros, Canadian dollars, U.S. dollars and U.K. Pound Sterling. This results in the expenditure and cash flows of the Corporation being exposed to fluctuations and volatilities in exchange rates, as determined in international markets. Furthermore, as the Corporation reports its financial results in Canadian dollars, the Corporation is exposed to translation risk, and its financial results, as well as the amount of funds available to pay future dividends should a dividend be proposed, will fluctuate with changes in exchange rates. Changes in exchange rates are outside the Company's control.

Insurance Risks
The Corporation has adequately insured the assets at Nalunaq. However, exploration, development and production operations on mineral properties may involve numerous other risks, including:

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

It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against certain risks may not be available to the Company or to other companies in the mining industry on acceptable terms. If such liabilities arise and are not covered by insurance, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

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

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

Risk mitigation
In order to mitigate those risks, the Corporation has put in place a number of policies and processes detailed in the Corporate Governance section below.

Approved on behalf of the Board

Eldur Olafsson
Chief Executive Officer

on May 11, 2023

Directors' report

the Directors present their report with the financial statements of the Corporation for the period from 1 January 2022 to 31 December 2022.

Incorporation and listings

Amaroq Minerals Ltd. (before 11 July 2022 – AEX Gold Inc.) was incorporated and registered under the Canada Business Corporations Act on February 22, 2017. The Corporation's shares have been listed on the TSX-V in Canada since July 13, 2017, on the UK's AIM Market of the London Stock Exchange since July 31, 2020 and on NASDAQ First North, Iceland, since November 01, 2022. The Corporation's assets are located in Southern Greenland.

Directors

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

- **Graham Duncan Stewart** – *Chairman and Non-Executive Director (63)*

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

- **Eldur Olafsson** – *Founder, Director and Chief Executive Officer (37)*

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

- **Jaco Crouse** – *Chief Financial Officer (46)*

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

- **Sigurbjorn ('Siggi') Thorkelsson** – *Non-Executive Director (56)*

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

- **Line Frederiksen** - *Non-executive Director (43)*

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

- **David Neuhauser** - *Non-executive Director (52)*

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

- **Liane Kelly** – *Senior Independent Director (59)*

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

- **Warwick Morley-Jepson** - *Non-executive Director (65)*

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

There were no changes in the Board of Director´s composition during 2022.

Status and activities

Amaroq is independent mine development company with a substantial land package of gold and strategic mineral assets covering an area of 7,866.85 km2 in Southern Greenland an independent gold mining corporation engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland.

Amaroq is leveraging first mover advantage to deliver shareholder value by redeveloping the past-producing Nalunaq mine and is generating significant upside from the Corporation's portfolio of high-impact exploration assets in Southern Greenland.

Amaroq is committed to operating to the highest international standards and to leading responsible mining in Greenland.

Results and Dividend

The Corporation has not paid any dividends since its incorporation.

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

Future developments
The Directors continue to identify opportunities which meet the Corporation's strategy, which is set out on pages 4 to 7.

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

Directors' interests in shares

Director interests in the shares of the Corporation, including those of connected parties and those indirectly held at the 31 December 2022:

	Ordinary shares
David Neuhauser[1]	14,481,924
Graham Stewart	2,185,915
Eldur Olafsson[2]	8,820,547
Jaco Crouse	385,714
Sigurbjorn Thorkelsson[3]	8,172,258

(1) This holding is held through Livermore Partners LLC, a company in which David Neuhauser is Managing Director

(2) Eldur Olafsson´s holding is held through Vatnar Sarl and Vatnar EHF

(3) Sigurbjorn Thorkelsson's holding is held through Fossar Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse (the holding company for Fossar Ltd and Klettar Investments ehf).

Directors' Compensation
Details of the compensation of each Director are provided in the Compensation Committee Report on pages 31 to 41.

Substantial shareholdings
At 31 December 2022, the Company's substantial shareholders are as follows:

Shareholder	**Shareholding (%)**
JLE Property Ltd	7.37
First Pecos, LLC	6.02
Livermore Partners LLC (1)	5.50
Akta Sjóðir hf.	3.68
Chelverton Asset Management	3.65
Amati Global Investors	3.38
Eldur Ólafsson (2)	3.35
Sigurbjorn Thorkelsson (3)	3.10

(1) Livermore Partners LLC is a company in which David Neuhauser, Non-Executive Director of Amaroq Minerals, is Managing Director

(2) Eldur Olafsson´s holding is held through Vatnar Sarl and Vatnar ehf

(3) Sigurbjorn Thorkelsson's holding is held through Fossar Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse (the holding company for Fossar Ltd and Klettar Investments ehf)

Engagement with Employees Statement
The employees are fundamental to the delivery of the Corporation's operating plans. Amaroq aims to be a responsible employer in our approach to pay and benefits whilst the health safety and wellbeing of our employees is one of the primary considerations in the way in which we undertake our business.

A large part of the Corporation's activities are centred upon what needs to be an open and respectful dialogue with employees. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Corporation to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Corporation does. The Directors consider that at present the Corporation has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Engagement with Stakeholders Statement

The Corporation continuously interacts with a variety of stakeholders important to its success, such as equity investors, workforce, government bodies, local community & vendor partners. The Corporation strives to strike the right balance between engagement and communication. Furthermore, the Corporation works within the limitations of what can be disclosed to the various stakeholders with regards to maintaining confidentiality of market and/or commercially sensitive information.

Political donations

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

Independent Auditors

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

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

Directors' indemnities

As permitted by the Corporation By-laws and subject to the Canada Business Corporations Act, the Directors and Officers have the benefit of an indemnity. Each Director and Officer has signed a Director and Officer Indemnification Agreement, which came into effect at the date of listing on AIM on 31 July 2020 or, their appointment, if after listing. The indemnity is currently in force. The Corporation also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors as well as Public Offering Securities Insurance put in place at the date of listing.

Corporate social responsibility

Amaroq Values

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

- Leading through professionalism - an experienced board and management team with diverse backgrounds delivering on commitments to all stakeholders.
- Collaborative and caring - building strong, long-term relationships to allow sustainable mining practices and an empowered local community.
- Innovative and agile - finding creative solutions for the redevelopment of the past-producing Nalunaq mine and further resource growth.
- Long term perspective - the largest licence holder in Southern Greenland with a substantial land package of gold and strategic mineral assets covering an area of 7,866.85 km2 in Southern Greenland, engaged in the identification, acquisition, exploration and development of gold properties and other strategic mineral assets in Greenland.
- Execute and deliver - Nalunaq development plan and exploration programme on wider portfolio are both well underway with regular updates planned.

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

SOCIAL RESPONSIBILITY

Wider ESG concerns are at the forefront of the Corporation's strategy, with a particular focus on the social aspect, which considers the wellbeing of Amaroq employees, the communities in which we operate, and our suppliers. Amaroq is committed to building a sustainable business and empowering the communities in which we operate to play a leading role in their own development.

From a more local perspective, the Corporation is committed to contributing to the continuous development of the communities in which it operates, ensuring a continuous dialog with both local leaders and the Greenlandic government to provide the highest level of care and security. Additionally, Amaroq is committed to responsible business practices in terms of quality management, environmental responsibility, community giving and care of its professionals both within the Corporation and throughout its partners and consultants.

People and equal opportunities and discrimination

The Corporation is an equal opportunities employer and will recruit, employ and develop employees in line with best practice and based on the qualifications, experience and skills required for the work. Over 50% of staff employed by the Corporation during 2022 field season were Greenlandic. We consider applications for employment from people regardless of gender, race, age, disability, marital status, sexual orientation or religious belief. We have respect for human dignity and the rights of the individual. We support the principles of, and promote respect for, the Universal Declaration of Human Rights.

Societal contribution

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

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

- **Feeding the Global Green Transition**
  Meeting the universal critical and strategic materials supply gap required for the energy transition.

  Responsible operator committed to reducing environmental footprint through sustainable management.

- **Bringing Long-term Value to Greenland**
  Investing in and empowering local communities to maximise society growth.

  Facilitating economic development with gold operations through employment, tax receipts and infrastructure support.

- **Building a Responsible Future**
  Promoting Greenlandic values, culture, legislation and practices.

  Safe operating jurisdiction and growing region for mining investment.

As part of the Social Impact Assessment (SIA) process which the Corporation is currently undertaking, it is required to describe and assess the direct and indirect impacts of the Nalunaq Project on social conditions. The process includes a period of eight week public consultation hearings so local stakeholders have an opportunity to contribute to the process and make sure their opinions are taken into consideration.

Once the SIA report is approved, an Impact Benefit Agreement will be negotiated between the Corporation, the relevant local stakeholders and the Greenland Government to ensure the greatest possible Greenlandic involvement in the Nalunaq Project going forward.

ENVIRONMENTAL STEWARDSHIP

The Corporation is committed to maintaining high standards of environmental stewardship and incorporating environmental protection as part of its strategy and decision-making process. Amaroq recognizes that appropriate environmental management is essential to the proper conduct of its mining operations and activities. Accordingly, our goal is to minimize the environmental impacts of our projects and activities.

The Corporation's Environmental Policy is integrated into the design of its projects, including exploration, development and construction. Amaroq employees are trained to comply with environmental regulations and provided the tools to apply the Corporation's policies to all areas of their work. Amaroq will continue to explore options to reduce its environmental impact, such as rehabilitation, impact on wildlife, energy alternatives (local wind and hydro potential to support the mine and reduce the project's environmental footprint), or responsible suppliers. Nalunaq gold mine is a significant distance from local communities.

The board and management team have set measurable targets for environmental practice, which include limiting the disposal of waste, implementing rigorous reuse and recycle programmes and encouraging the prudent use of natural resources such as water and power.

The Environmental Policy is available on our website.

Greenhouse gas emissions

The Corporation recognises the effects greenhouse gas emissions are having on the environment and is therefore committed to reducing emissions throughout every aspect of the organisation. Amaroq is reviewing its pollution, greenhouse gas and other emissions disclosure and exploring how this can be improved to increase transparency. The board and management team are committed to working with stakeholders to promote increased energy efficiency and are continually exploring new ways for the Corporation to reduce its emissions. We have seen a positive momentum on the topic of the global climate and growing scrutiny on businesses to play their part in reducing the world's emissions. Amaroq's goal is to ensure it is playing its part in reducing the world's carbon footprint and it is evaluating practical ways it can do this.

The Corporation is committed to working with stakeholders to promote actions that contribute to increased energy efficiencies, including monitoring and adopting management processes to reduce greenhouse gas emissions. The Corporation's Environmental Policy benefits all the Corporation's employees, suppliers, shareholders and the communities in which it operates.

One of the Corporation's guiding principles is to implement an effective environmental management system by establishing measurable targets for environmental practices, in particular limiting pollution, greenhouse gases and other emissions.

Corporate governance

Chairman's Governance Statement

As Chairman of the Board of Directors of the Corporation, it is my responsibility to ensure that Amaroq has both sound corporate governance and an effective Board. I continue to provide leadership and to ensure that the Board is performing its role effectively and has the capacity, ability, structures, corporate governance systems and support to enable it to function effectively and continue to do so.

The Corporation operates to the highest applicable regulatory standards; the Board recognises the value and importance of high standards of corporate governance and believes that our systems provide the most appropriate framework for a corporation of our size and stage of development.

The Corporation is subject, among other laws and regulations, to instruments published by relevant Canadian securities regulators. One such instrument, NI 58-101 Disclosure of Corporate Governance Practices, prescribes certain disclosure by the Corporation of its corporate governance practices and NP 58-201 Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation.

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

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

On 3 November 2022, the Corporation successfully completed a Capital fundraising and listing on the Nasdaq First North Growth Market in Iceland. With a defined path to cashflow and strong Icelandic investor support, the Corporation is exploring the possibility of a Main Market listing on Iceland's Nasdaq Exchange and will also comply with Guidelines on Corporate Governance published by the Iceland Chamber of Commerce, Nasdaq Iceland and SA Confederation of Icelandic Enterprise.

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

The disclosures required to be included in the Corporation's website in respect of the QCA Corporate Governance Code can be found at www.amaroqminerals.com/about/qca-code-disclosures/. There have been no significant changes to the Corporation's corporate governance arrangements over the past year.

Ultimate responsibility for the quality of, and approach to, corporate governance lies with me as Chairman of the Board, and an effective Board is at the heart of the governance structure. Sound corporate governance begins with engaged, capable, and experienced directors; and I believe that outstanding professionals on the Board of Amaroq mean we are a well-functioning and balanced team.

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

The board has a shared view of the Corporation's purpose, business model and strategy which are stated and explained on pages 4 to 7 of this Annual Report.

The Corporation has established an unrivalled footprint and large gold and strategic minerals licence portfolio in Greenland.

The Corporation maintains a Risk Matrix which focuses on the risks facing the business both from an operational and corporate perspective. As a result of the revised strategy and business model, the risks facing the Corporation were also reviewed to ensure the Corporation continued to be positioned to promote long-term value for its shareholders.

The Board takes steps to mitigate the risks. Various challenges to the execution of the Corporation's strategy are highlighted in the section covering principal risks and uncertainties facing the business.

The Corporation has implemented remuneration policies that reinforce this strategy, by rewarding Executive directors and senior management in a manner that ensures that they are properly incentivised and motivated to perform in the best interests of shareholders.

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

Directors put much effort into developing a good understanding of the needs and expectations of the shareholders to form a clear view of the motivations behind their voting decisions.

The Corporation has engaged corporate brokers, in-house investor relations adviser, and an external PR firm. The Corporation believes these appointments facilitate regular dialogue with shareholders to provide a good awareness and understanding of shareholders and their expectations. The Corporation's Nominated Advisor and Broker, Stifel Europe, is briefed regularly and updates the directors during the year on shareholder expectations.

The Board is committed to maintaining good communication and having constructive dialogue with shareholders by providing effective communication through our Annual Reports along with Regulatory News Service announcements.

All shareholders have the opportunity to attend the Annual and Special Meetings of Shareholders and participate in a question-and-answer session to allow direct access to the Board members in attendance and provide an opportunity to ask questions directly to the Corporation. The Annual General Meeting is regarded as an opportunity to meet, listen and present to shareholders, and shareholders are encouraged to attend and ask questions. The results are subsequently published on the Corporation's website.

To ensure convenience, cost savings, accessibility and environmental benefits, and to mitigate risks to the health and safety of our community, shareholders, employees and other stakeholders, in 2022 Amaroq conducted an online only shareholders' meeting. Registered Shareholders and duly appointed proxyholders attended the meeting online and were able to participate, vote, or submit questions during the meeting's live webcast. The AGM in 2023 will also be held online.

The Corporation has included a contact section on the website including a form and email address which shareholders can use to make contact, and these questions are passed on to the most appropriate member of the team to ensure a fast and accurate response to stakeholder questions.

The Corporation continues to have regular communications with its investor base through investor roadshows, conferences, and direct conversations as appropriate, as well as ensuring regular communication with its broker and PR firms, to ensure it is aware of shareholder views in a timely and accurate manner.

The Corporation issues regular press releases, and quarterly financial statements alongside management discussion and analysis, to ensure that shareholders are informed of the latest operational and corporate developments.

We also use the Corporation's website, www.amaroqminerals.com, for both financial and general news relevant to shareholders. The Corporation has established an AIM Rule 26 website page which includes the details of all its key advisors, providing shareholders with a point of contact in addition to the website form for communications.

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

The Board recognises that the long-term success of the Corporation is reliant upon the efforts of all its stakeholders, both internal and external. The Corporation's main stakeholder groups are the Government of Greenland, the local communities surrounding licence areas, and the Corporation's employees, contractors, suppliers and customers.

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

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

The Corporation has an excellent relationship with various departments of the Government of Greenland, including Licencing, Inspection and Technical, Geology and the Environment Agency for Mineral Resource Activities.

The Corporation adheres to the published government process for executing activities in the field in an environmental and socially responsible manner.

There is a published process for Environmental Impact Assessment, Social Impact Assessment and negotiating an Impact Benefit Agreement in Greenland, which the Corporation is following.

In the longer term, the Corporation is looking at opportunities to utilise green energy (for example, hydroelectricity) to provide power for its projects. Should this be successful, excess renewable energy could be provided to the local communities.

Amaroq has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback which is an essential part of all control mechanisms. The Corporation holds information meetings with the local communities each year to provide updates about the project and take questions. It also meets monthly with representatives from the local business associations.

The Corporation targets significant local employment and in the 2022 field season, over 50% of the workforce were local. It uses local contractors wherever possible and has agreed a Greenlandic procurement policy to ensure transparency of process. No discrimination is tolerated and the Corporation endeavours to give all employees the opportunity to develop their capabilities. Everyone within the Corporation is a valued member of the team and our aim is to help every individual achieve his/her full potential. Weekly team meetings are held where members of the team can raise issues as required with colleagues and the CEO.

The Corporation has a Code of Business Conduct and Ethics and an Integrity Program for directors, officers, employees, consultants and agents which sets out standards and processes for ethical behaviour, as well as the process for raising concerns confidentially.

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

The Board recognises the need for an effective and well-defined risk management process. Risk management is integral to the ability of the Corporation to deliver on its strategic objectives. The key risks to the business are outlined on pages 8 to 13 of this Annual Report. The Corporation has embedded in its organization various risk management schemes and procedures.

First and foremost, the Corporation maintains a Risk Matrix which covers the principal risks of the business both from an operational and corporate perspective, and which also provides mitigation measures to attenuate such risks to the extent possible. The Risk Matrix is presented to the Audit and Risk Management Committee and/or the full Board on a quarterly basis. Additionally, the Corporation develops its projects according to the industry standards regarding project controls. As such, any development project is supported by a specific Risk Register. The Risk Register is used to identify threats by qualifying the probability of occurrence of each risk, as well as quantifying its adverse consequence. The Risk Matrix and Risk Register are periodically reviewed internally.

Both the Risk Matrix and the Risk Register are maintained to support the decisions of the Corporation to recruit key individuals and strategic advisors at various levels to assist Amaroq in mitigating the principal risks as effectively as possible.

The Board is also responsible for developing and adopting policies and procedures to ensure the integrity of the internal controls and management information systems.

The Corporation currently has a relatively simple control environment given its size and stage of development. As it moves towards development and production, the Board will continue to strengthen and build on the existing control environment.

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

During 2022 and currently, the Board is comprised of two executive officers (Eldur Olafsson and Jaco Crouse) and six non-executive directors. Of the non-executive directors, the Board considers that Line Frederiksen, Liane Kelly, Warwick Morley-Jepson and Sigurbjorn Thorkelsson are "**independent**" in accordance with Canadian corporate governance standards, but Graham Stewart and David Neuhauser are not (as a result of being the chairman of the Corporation and as a result of David's interest in Common Shares, held through Livermore Partners, being over three percent of the Corporation). The Board considers that Graham Stewart, Line Frederiksen, Liane Kelly, Warwick Morley-Jepson and Sigurbjorn Thorkelsson are "**independent**" from a UK corporate governance perspective, notwithstanding the interests in Common Shares held by Graham Stewart and Sigurbjorn Thorkelsson (through Fossar Holdings Ltd, a company that is jointly owned by Sigurbjorn Thorkelsson and his spouse and is the holding company for Fossar Ltd and Klettar Investments ehf.) but David Neuhauser is not (as a result of his interest in Common Shares, held through Livermore Partners, being over five percent of the Corporation). The Directors' interests in shares can be found on page 16.

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

Director Name	Independent in the UK	Independent in Canada	Date of Appointment to the Corporation	Length of Service
Graham Stewart	Yes	No	14th April 2017	6 years
Eldur Olafsson	No	No	14th April 2017	6 years
Jaco Crouse	No	No	27 April 2021	2 years
Sigurbjorn Thorkelsson	Yes	Yes	27th July 2020	2.5 years
Line Frederiksen	Yes	Yes	9th June 2021	2 years
David Neuhauser	No	No	9th June 2021	2 years
Liane Kelly	Yes	Yes	26th August 2021	1.5 years
Warwick Morley-Jepson	Yes	Yes	26th August 2021	1.5 years

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

The following is a table of Board and Committee meetings held during the year to December 31, 2022 and Directors' attendance[1]:

	Board Meetings	Audit and Risk Management Committee	Compensation Committee	Corporate Governance and Nomination Committee	Technical, Safety and Sustainability Committee
Total meetings held during the year	13	7	5	4	5
Member Attendance:					
Executive Directors					
Eldur Olafsson	13 / 13				
Jaco Crouse	13 / 13				
Non-Executive Directors					
Graham Stewart	13 / 13		5 / 5	4 / 4	
Sigurbjorn Thorkelsson	13 / 13	7 / 7	5 / 5		
David Neuhauser	13 / 13	7 / 7		4 / 4	
Line Frederiksen	13 / 13	7 / 7			5 / 5
Liane Kelly	13 / 13			4 / 4	5 / 5
Warwick Morley-Jepson	11 / 13		5 / 5		5 / 5

1. Does not include directors attending as invitees.

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

The Directors have both a breadth and depth of skills and experience to fulfil their roles. The Corporation believes that the current balance of skills in the Board as a whole reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

An annual review of the skills among the Board was conducted by the Corporate Governance and Nomination Committee (the 'Committee'). The Committee identified that the Board has a competent mix of industry experience, change management, regulatory, legal, risk management, ESG and financial experience.

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

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

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

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

The Board are able to seek external advice should it be required to enable them to appropriately perform their duties. The Board have access to Joan Plant, Corporate Secretary who is also a Director of Nalunaq A/S, the wholly owned subsidiary of the Corporation; she has 13 years of experience operating in Greenland and advises and supports the Board and Management on any matter involving Government liaison or Greenland matters in general.

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

The biographies of the Board can be found on pages 14 to 15, and details of the experienced management team can be found on "**Team**" section of the website https://www.amaroqminerals.com/about/the-team/#management.

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

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

Considering that five of the eight directors joined the Board during 2021, the Committee recommended carrying out internal evaluation to review 2022 performance. Rationale for external Board performance evaluation will be considered in 2024.

The performance evaluation took the form of questionnaires that were completed by the Board and committee members. The areas covered were: Board organization, managing the affairs of the Board, strategy and planning, management and human resources, business and risk management, financial and corporate issues, shareholder and corporate communications, policies and procedures. Each Board Committee was evaluated separately.

The performance evaluation results demonstrated that overall, the Board and its Committees are effectively organised and perform well as a whole with each Director contributing well. Respondents highly rated the Board's performance for 2021-22 as 7.8 out of 10 (with 1 being very poor and 10 being excellent). The Board understands the vision for the future and the Corporation's long-term strategic direction, cooperation with the management is viewed as excellent. It was concluded that overall, effectiveness and performance of the Board had improved during the past year, with the Board being more diverse, with a competent mix of industry experience, regulatory, risk management, ESG and financial expertise.

The directors identified certain areas for improvement and recommended further steps to enhance the Board performance, such increasing the number of in-person meetings to ensure higher quality discussions, enhancing the Corporation's KPI system and Risk metrics and developing an ESG-focused training program for the Board members.

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

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

One of our values is leading through professionalism and we encourage employees, officers, consultants and directors to show this through the quality of their work, behaving in an ethical manner and always seeking to be a positive ambassador of the organization.

The Corporate Governance and Nomination Committee is responsible for ensuring the "**right tone at the top**" and that the ethical and compliance commitments of management and employees are understood throughout the Corporation. This is achieved through written Codes of Business Conduct and Ethics addressing such matters as the group's policy on bribery, political contributions, conflicts of interest and unauthorised payments and the ability to report violations without fear of reprisal.

The Integrity Program provides guidance for every director, officer, consultant and employee of Amaroq to maintain the highest integrity and it provides procedures to follow when the integrity of any person's actions or perceived actions are not in accordance with the responsibilities outlined in the Corporation's Code of Business Conduct and Ethics, Insider Trading and Share Dealing Policy, or other policies and procedures as outlined to directors, officers, consultants and employees. For many companies this program is called a Whistleblower Policy. For the Corporation it is more encompassing and is called the Integrity Program.

Every director, officer, consultant and employee of Amaroq and its subsidiaries has an ongoing responsibility to report any activity or suspected activity of which he or she may have knowledge relating to the integrity of the Corporation's financial reporting or which might otherwise be considered sensitive in preserving the reputation of the Corporation.

It is the responsibility of each employee, officer, consultant and director to report such activities whenever he or she has reasonable and bona fide grounds to believe that such an incident has occurred, is occurring or is likely to occur.

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

The role of the Board is to focus on governance and stewardship of the business as a whole. The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Corporation as a whole and that this will impact the performance of the Corporation. Good governance requires the Board to be involved in strategic planning, risk management, internal control integrity and external financial and regulatory reporting and compliance. The Board is responsible for the supervision of management and must act in the best interests of the Corporation, its shareholders and greater stakeholders. The Board acts in accordance with the laws of Canada, the articles and by-laws of the Corporation, and the specific terms of reference as laid out for each committee and the Board as a whole.

The Corporate Governance and Nomination Committee establishes and monitors the application of the corporate governance principles and practices of the Corporation and ensures that it adheres to best practices, as well as the laws and regulations on corporate governance.

The Corporate Governance and Nomination Committee ensures that the Corporation, its management, directors and members serve in the best interest of its shareholders as detailed in the Integrity Program and that actions are conducted in a professional and transparent manner and in conformity with applicable laws and regulations, as well as internal policies.

The Board meets quarterly with additional meetings as required, and the Board has five committees, as detailed below, which meet during the year at different frequencies.

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

A report from the Audit and Risk Management Committee can be found on page 28.

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

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

A report from the Compensation Committee can be found on page 31.

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

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

A report from the Corporate Governance and Nomination Committee can be found on page 29.

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

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

A report from the Technical, Safety and Sustainability Committee can be found on page 30.

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

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

A report from the Disclosure Committee can be found on page 42.

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

The Board believes that a healthy dialogue exists between the board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Corporation. The Board is committed to maintaining effective communication and having constructive dialogue with its shareholders.

The website of the Corporation is regularly updated to include all relevant reports and information required under AIM Rule 26.

The Corporation holds an Annual and Special Meeting of Shareholders where annual results are presented. A Management Information Circular is distributed to shareholders to notify them of this annual event. The results of voting on all resolutions at general meetings are posted to the Corporation's website on a timely basis, including any actions to be taken as a result of resolutions which receive a high percentage of votes against from shareholders (which has not yet been the case).

The Corporation's website provides access to historic press releases, financial information, and other corporate documents including quarterly unaudited interim accounts and MDA and audited annual financial information.

Investors can request to join the Corporation's mailing list to provide direct access to press releases, updates of the corporate presentation and other information.

The Corporation regularly engages with its shareholders through roadshows, calls and meetings, has various contact methods published on its website, and maintains a presence on LinkedIn, Twitter and Instagram. One of the Corporations' subsidiaries in Greenland, Nalunaq A/S, maintains a Facebook page.

As required by the QCA Code, the Corporation has implemented additional reporting in its annual reporting cycle in relation to the governance of the Corporation, which will continue to evolve over time.

Share Dealing

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

Relations with shareholders

The Chief Executive Officer and the Chairman are available for communication with shareholders and all shareholders have the opportunity, and are encouraged, to attend and vote at the Annual and Special Meeting of Shareholders of the Corporation during which the Board will be available to discuss issues affecting the Corporation. The Board stays informed of shareholders' views via regular meetings and other communications with shareholders.

Business Principles Ethics

The Corporation has implemented Code of Business Conduct and Ethics and Integrity Program that apply to all employees and contractors and which provide a framework for conducting business, dealing with other employees, clients and suppliers, and reflect the Corporation's commitment to a culture of honesty, integrity and accountability.

The Corporation is committed to conduct all activities with the highest standards of fairness, honesty and integrity and in compliance with all legal and regulatory requirements. The Corporation expects all directors, officers, employees, consultants and agents of the Corporation to conduct dealings in accordance with the Code of Business Conduct and Ethics.

The Code of Business Conduct and Ethics policy is available on our website.

Internal control

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

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

Report of the Audit and Risk Management Committee

Audit and Risk Management Committee Members:
Line Frederiksen (Chair)
Sigurbjorn Thorkelsson
David Neuhauser

The Audit and Risk Management Committee (‘**the Committee**’) is pleased to present its 2022 report to shareholders. There were no changes to the Committee´s membership during the year.

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

During the year, the Committee met seven times and the external auditors attended one of these meetings. The Committee’s Charter is available on the Corporation’s website www.amaroqminerals.com.

Activity during the year

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

After the external auditor PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l (“**PWC**”) tendered their resignation in late 2021, BDO Canada LLP (“**BDO**”) tendered their Audit Proposal on January 14, 2022. It was reviewed by the Committee and the Committee on January 21, 2022 recommended the Board to approve the change in auditor from PwC to BDO.

The resolution of appointment of a new external auditor was passed by the Board on February 02, 2022.

The external auditor BDO Canada LLP (“**BDO**”) attended one Committee meeting which covered the year end approval process where the meeting considered reports from the external auditor in respect of their audit approach, independence and subsequent findings in respect of the audit of the year end results.

External audit

The Committee is responsible for managing the relationship with the external auditor, which the Corporation renews annually. The objectivity and independence of the external auditors is safeguarded by reviewing the auditors’ formal declarations, monitoring relationships between key audit staff and the Corporation and reviewing the non-audit fees payable to the auditor. Non-audit services are not performed by the auditor if such services would impair their independence under relevant professional standards.

During the year, amounts billed by BDO for audit fees totaled CAD 135,000, for tax related services (tax compliance, tax advice and tax planning, including reviewing tax returns and assisting in responses to government tax authorities) totaled CAD 10,400, and CAD 1,250 for other fees in relation to professional services which included accounting advice, advice related to relocating employees and assistance with stock option questions. These services were performed by a team separate from the audit team and did not involve any subjective judgements impacting the Corporation’s financial reporting.

Internal audit

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

Report of the Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee (the "**Committee**") is pleased to present its 2022 report to shareholders.

Corporate Governance and Nomination Committee Members:
Liane Kelly, Chair, Senior Independent Director
Graham Stewart
David Neuhauser

The Committee's members are Liane Kelly, Senior Independent Director who chairs the Committee, and Graham Stewart and David Neuhauser who are both Non-Executive Directors. In line with the corporate governance guidelines for smaller quoted companies published by the Quoted Companies Alliance ('QCA') Liane Kelly and Graham Stewart are considered independent but David Neuhauser is not considered independent. There were no changes to the Committee´s membership during the year.

The Committee shall meet at least once a year, and it met four times during 2022. The Committee's Charter is available on the Corporation's website www.amaroqminerals.com.

Activity during the year
In April 2022 the Board, upon recommendation of the Committee, appointed Liane Kelly as the Senior Independent Director, taking into consideration her extensive experience in working on boards in areas of governance, strategy and ESG.

During the year the Committee carried out the Board performance evaluation for 2021-2022. The performance evaluation considered: Board structure and skill set; strategy, business and risk management; oversight of management, corporate and financial issues; shareholder and corporate communications; and governance policies and procedures.

The performance evaluation results demonstrated that overall, the Board, its Committees and members are effectively organised and well positioned to perform its governance role for the Corporation.

In November 2022 the Committee met to review Amaroq corporate policies. The committee analysed the policies inventory and compared the findings against the peer group. The Committee agreed to work further on some identified areas for improvement in the policy framework and reassess implementation and revision procedures for different levels of policies.

Report of the Technical Safety and Sustainability Committee

The Technical Safety and Sustainability Committee (the "**Committee**") is pleased to present its 2022 report to shareholders. The period covered by this report is January 1 to December 31, 2022.

Technical Safety and Sustainability Committee Members:
Warwick Morley-Jepson, Chair
Liane Kelly
Line Frederiksen

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

Activity during the year

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

In accordance with the Charter, the Committee shall meet four times a year. The Committee met five times during 2022. It reviewed the preliminary economic assessment of the Nalunaq process plant, looked and health and safety reporting, MRE and bulk sample project plan.

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

Report of the Compensation Committee. Directors' Compensation Report

The Compensation Committee (the 'Committee') is pleased to present its 2022 report to shareholders. The period covered by this report is January 1 to December 31, 2022.

Compensation Committee Members:
Sigurbjorn Thorkelsson, Chair
Graham Stewart
Warwick Morley-Jepson

All of Committee members are Non-Executive Directors. Each of its members are considered "**independent**" within the meaning of the QCA and Sigurbjorn Thorkelsson and Warwick Morley-Jepson also within the meaning of NI 52-110.

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

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

The summary of compensation for the Board members in 2022 is in the table below:

Name Principal Position	**Salary, Consulting Fee, Retainer or Commission ($)**	**Bonus ($) [1]**	**Committee or Meeting Fees ($)**	**Value of All Other Compensation ($)**	**Total Compensation ($)**
Eldur Ólafsson *Director, President and CEO*	$345,000	$345,000	–	$111,935	$801,935
Jaco Crouse *Director, CFO*	$288,200	$204,622	–	$3,877	$496,699
Graham Stewart *Chairman of the Board and Non-Executive Director*	–	–	$181,000	–	$181,000
Sigurbjorn Thorkelsson *Non-Executive Director*	–	–	$86,000	–	$86,000
Liane Kelly *Non-Executive Director*	–	–	$86,000	–	$86,000
Line Frederiksen *Non-Executive Director*	–	–	$86,000	–	$86,000
David Neuhauser *Non-Executive Director*	–	–	$86,000	–	$86,000
Warwick Morley-Jepson *Non-Executive Director*	–	–	$103,000	–	$103,000

Notes:

1. Bonuses were paid in December 2022 at the discretion of the Board based on the delivery of operational and financial targets during 2022 which were agreed by the Board at the beginning of the performance period.

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

In determining the compensation to be paid or awarded to the Executive Directors, the Committee will seek to encourage the advancement of the Corporation's projects and the growth of its resource base, with a view to enhancing shareholder value. To achieve these objectives, the Committee believes it is critical to maintain a compensation programme that has the appropriate balance of fixed and variable elements to attract and retain committed, highly qualified executives that both align the interests of the executives with those of its shareholders and encourage executives to operate within the risk parameters set by the Board. At the request of the Committee, PricewaterhouseCoopers LLP[1] prepared high-level remuneration benchmarking data for specific roles based across Canada, Iceland, and the UK. The Committee reviewed the findings and recommendations, and approved annual bonus payment proposals, option grants, and specific below-executive roles salary adjustments, as well as appropriate response to the cost-of-living crisis. Overall, the Committee believes that executive directors´ compensation package is appropriate for the Corporation given its stage of development, in particular, the use of market priced share options, value creation plan and cash bonuses which are only awarded if performance metrics are met to focus the executives on achieving long-term growth.

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

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

Directors' compensation policy

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

Executive Directors

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

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

The current terms and conditions of the Directors' service contracts and letters of appointment have been set to reflect the Corporation's strategy and operations and are detailed on page 5 of this report. The main components of the compensation policy and how they are linked to and support the Corporation's business strategy are summarised on the following pages.

Objective and link to strategy	**Operation**	**Maximum opportunity**	**Performance assessment**
Base salary			
Core element of compensation, set at a level which is sufficiently competitive to recruit and retain individuals of the appropriate calibre and experience.	Salaries will be reviewed annually, with any changes being effective from January 1 each year. When determining salaries for the Executive Directors the Committee takes into consideration: Corporate performance; – the performance of the individual Executive Director; – the individual Executive Director's experience and responsibilities; – pay and conditions throughout the Corporation. Salaries together with other fixed benefits including pension will be benchmarked periodically against comparable roles at companies of a similar size, complexity and in the Exploration & Development sector with the objective that total fixed compensation will be in line with other companies considered by the Committee to be comparable to the Corporation.	When determining salary increases of the Executive Directors, the Committee takes into account the employment conditions and salary increases awarded to employees throughout the Corporation. There is no maximum salary opportunity.	Salary increases will be determined in accordance with the rationale set out under the column entitled 'Operation'.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Benefits			
Support individuals in carrying out their roles including in different locations as may be required.	Benefits will be reviewed periodically to reflect the Directors' individual circumstances and to ensure they remain market competitive. Benefits are similar to those of other employees and typically include life assurance cover, private health care arrangements, car allowance in lieu of a Corporation car, housing allowance, relocation and expatriate benefits and reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties.	Benefit values vary year on year depending on their cost and the maximum potential value is the cost of the provision of these benefits.	Not applicable.
Annual bonus			
Incentivises the achievement of a range of short-term performance targets that are key to the success of the Corporation.	Executive Directors participate in a discretionary annual performance related bonus scheme which can be payable in cash, shares or share options. Bonus scheme awards are made annually at the year-end (and will be pro-rated for time served). Performance period is one financial year with payment determined by the Committee following the year end. There is no provision for malus and clawback of bonus payments however if a recipient of stock options ceases to be employed for cause then the options terminate.	The maximum bonus potential is 100% of base salary and the minimum payment is nil. Executive Director Bonus opportunity, as a percentage of base salary is outlined above on page 39. There is no contractual obligation to pay bonuses.	A performance scorecard has been devised and will be used by the Committee to determine the bonus payment. The Committee reserves the right to override the formulaic outturn based on a broader assessment of overall Corporation performance. Performance targets are based on a range of corporate, operational, financial and personal and executive team performance measures. The precise allocation between measures (as well as the weightings within these measures) will be determined by the Committee at the start of each year.

Objective and link to strategy	Operation	Maximum opportunity	Performance assessment
Long-term incentives			
Incentivises the achievement of long-term financial performance and sustainable returns to shareholders in a way that aligns the interests of Executive Directors and shareholders.	Executive Directors can participate in share based long-term incentive plans: *Amaroq Stock Option Plan* The Share Option Plan is a share-based plan and options are granted annually. The exercise price of the option is not less than the closing price of shares on the last trading day preceding the grant date. Options granted under the plan vest and become exercisable at such time or times as determined by the Committee but typically vest immediately on the date of grant and are subject to a maximum term of ten years. There is no provision for malus or clawback of the options however if a recipient of stock options ceases to be employed for Cause then the options terminate. *Amaroq Restricted Share Unit Plan (RSUP or VCP)* Under the RSUP, participants will share in a ‘‘**RSU pool**’’ of up to 10% in excess of the growth in the Corporation’s value. The Corporation’s value for purposes of the “RSUP pool” will be determined using a hurdle rate of 10% pa over a performance period commencing on January 1, 2022. Part of the RSU pool will be reserved for future participants. Growth in value will be based on the change in share price, with an adjustment for any dividends paid during the period (to the extent such distributions are made), based on the same number of shares in issue at the start of the performance period.	The maximum potential grant is 200% of salary and the minimum potential grant is nil and the grant will depend on the Executive Directors’ performance in the previous year. There is no contractual obligation to grant options. The maximum number of Common Shares made available for issuance from treasury under the RSU Plan, subject to certain adjustments described in the RSU Plan, shall not exceed 17,709,874 Common Shares. The number of Common Shares reserved for issuance from treasury under the RSU Plan shall not exceed 10% of the number of Common Shares then issued and outstanding.	There are no specific performance conditions attached to the options however the Committee considers annual performance against the corporation’s objectives in making option awards. The Committee considers that granting market priced options aligns the interests of Executive Directors and shareholders since the options only deliver value if the share price rises. There are no specific performance conditions attached to the plan. RSUP Participants are designated by the directors or a committee of directors authorized to oversee the RSU Plan, at the sole discretion and upon recommendation from the President and/or Chief Executive Officer. Restricted share units are granted to RSUP Participants at the discretion of the Compensation Committee.

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

New appointments

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

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

Non-Executive Directors

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

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

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

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

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

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

The relationship between the Chief Executive's, Chief Financial Officer's and all employees' compensation
The Committee was mindful of the alignment of executive compensation arrangements with those of the wider workforce when reviewing salaries and assessing bonus outcomes for the Executive Directors. The table below shows how the Chief Executive's and Chief Financial Officer's salary in the year to December 31, 2022 compares with the salary earned by the average employee of the Corporation in the year to December 31, 2022.

	Chief Executive	Chief Financial Officer	Average employee[1]
Salary/fees	CA$345,000	CA$288,200	CA$126,322

Note

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

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

Annual report on compensation

Executive Directors

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

Compensation table

Executive Director	Salary and fees	Taxable benefits	Annual bonus[2]	Long-term incentives[3]	Pension	Total
Eldur Olafsson	CA$345,000	–	CA$345,000	–	CA$111,935	CA$801,935
Jaco Crouse1	CA$288,200	CA$3,877	CA204,622	–	–	CA$496,699

Notes

1. The taxable benefits received by Mr Crouse was pension/medical/health insurance.
2. More details on the annual bonus that was paid in respect of the year ended December 31, 2022 are set out below.
3. No share options were exercised by the Directors during the year to December 31, 2022.

Annual bonus scheme

Bonuses were paid in December 2022 at the discretion of the Board based on the delivery of operational and financial targets during 2022.

At the request of the Compensation Committee, PricewaterhouseCoopers LLP ("**PwC**") prepared high-level remuneration benchmarking data for specific roles based across Canada, Iceland and the UK. The Committee then met on December 12, 2022 to discuss management considerations and proposals based on PwC findings and recommendations, including annual bonus payment proposals and appropriate response to the cost of living crisis. The bonus amount was approved at the 80% level of 2022 pro-rata bonus entitlement based on performance score.

A total of $888,169 in bonuses was paid (including one off lump sum payment of the equivalent of £1,000 to mitigate the cost-of-living crisis agreed by the Compensation committee) and 1,330,000 options were issued for 2022 performance.

There is no deferral period associated with the 2022 bonus payments.

Non-Executive Directors

The fees received by the Non-Executive Directors during the year or as otherwise indicated, are shown on page 31. Details of the options that were granted during the year are also set out in the table below.

Share options granted during the year table

Details of the share options granted to the Directors during the year are shown below. No options were granted to Non-Executive directors.

Director	Date of grant	Number of shares under option	Exercise price of option	Date from which exercisable	Expiry date of option
Eldur Olafsson	17/01/2022	1,100,000	CA$0.60	17/01/2022	17/01/2027
Jaco Crouse	17/01/2022	900,000	CA$0.60	17/01/2022	17/01/2027

Directors' shareholding and interests' table
Directors' shareholding as at December 31, 2022 can be found on page 16.

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

Director	**Number of outstanding share options[1]**	**Exercise prices of outstanding share options[1]**	**Expiry dates of outstanding share options[1]**
Eldur Olafsson	550,000	CAN$0.45	08/22/2023
	1,500,000	CAN$0.38	12/31/2025
	450,000	CAN$0.70	12/31/2026
	1,100,000	CAN$0.60	01/17/2027
Graham Stewart	150,000	CAN$0.45	08/22/2023
	100,000	CAN$0.38	12/31/2025
	400,000	CAN$0.70	12/31/2026
Jaco Crouse	900,000	CAN$0.59	12/31/2027
	900,000	CAN$0.60	01/17/2027

Notes

1. All the options have vested and are therefore exercisable.

The implementation of the Directors' compensation policy in 2022
The policy was implemented consistently with the approach used in 2020 and 2021. All the Executive Directors will be eligible for an annual bonus and the payment of this bonus will depend on Corporation and personal performance during 2021. The Compensation Committee initiated the bi-annual benchmarking of Non-Executive Directors´ fees in early 2023 and determined that there would be no change in the salary and the fees paid to each of the Directors in 2023.

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

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

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

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

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

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

Report of the Disclosure Committee

The Disclosure Committee (the "**Committee**") is pleased to present its 2022 report to shareholders.

Disclosure Committee Members:
Eldur Olafsson, CEO
Jaco Crouse, CFO

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

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

Activity during the year
The Disclosure Committee is comprised of the executive management only and is involved in the Corporation's regulatory disclosure process on a day-to-day basis. The disclosure committee met to discuss the effectiveness of the Corporation's disclosure procedures in 2022 prior to the AGM and agreed that the procedures were adequate and appropriate to the Corporation's size and complexity.

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

Statement of Directors' responsibilities

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

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

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

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

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

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

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

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Independent Auditor's Report

To the Shareholders of Amaroq Minerals Ltd.

Opinion

We have audited the consolidated financial statements of Amaroq Minerals Ltd. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Key Audit Matters

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

Impairment of Capital Assets and Construction in Progress (CIP)

Description of the key audit matter

Capital assets and CIP are the most significant non-cash item on the Company's consolidated financial statements. The net book value of these items is $13.9M for the year ended December 31, 2022. The amount is material and the assessment of whether there are indicators of impairment is subject to professional judgment. CIP is subject to an annual impairment test since the assets are not yet available for use. Determination as to whether or not there is an impairment relating to an asset involves significant judgement about the estimated replacement cost and future plans for these assets.

The Group's accounting policy on impairment of non-financial assets is disclosed in Note 2.7 to the consolidated financial statements.

How the key audit matter was addressed in the audit

Our approach in addressing this matter included the following procedures, among others:

- Assessing management's determination of whether indicators of impairment exist.
- Evaluating evidence regarding management's conclusion over the impairment indicators.
- Testing the impairment calculations including the replacement cost of CIP. We assessed the reasonableness of the replacement cost estimates used in the impairment models. We also performed sensitivity analysis around the key drivers of the replacement cost.
- Reviewing the adequacy of the disclosures in the financial statements, including disclosures related to significant judgments and estimates.

Other Information

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

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

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

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

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

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

Independent Auditor's Report

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

BDO Canada s.r.l./S.E.N.C.R.L./LLP [1]

Montréal, Québec
March 30, 2023

[1] CPA auditor, public accountancy permit No. A129869

Amaroq Minerals Ltd.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

Amaroq Minerals Ltd.
Consolidated Statements of Financial Position
As at December 31, 2022 and 2021
(In Canadian Dollars)

	Notes	As at December 31, 2022	As at December 31, 2021
		$	$
ASSETS			
Current assets			
Cash		50,137,569	27,324,459
Sales tax receivable		95,890	51,250
Prepaid expenses and others		450,290	266,617
Total current assets		50,683,749	27,642,326
Non-current assets			
Deposit		27,944	9,805
Escrow account for environmental monitoring	**5**	427,120	424,637
Mineral properties	**6**	85,579	62,244
Capital assets	**7**	13,871,669	14,642,652
Total non-current assets		14,412,312	15,139,338
TOTAL ASSETS		**65,096,061**	**42,781,664**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		1,138,961	2,049,249
Lease liabilities – current portion	**8**	71,797	50,835
Total current liabilities		1,210,758	2,100,084
Non-current liabilities			
Lease liabilities	**8**	657,440	713,078
Total non-current liabilities		657,440	713,078
Total liabilities		**1,868,198**	**2,813,162**
Equity			
Capital stock	**9**	131,708,387	88,500,205
Contributed surplus		5,250,865	3,300,723
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(73,694,617)	(51,795,654)
Total equity		63,227,863	39,968,502
TOTAL LIABILITIES AND EQUITY		**65,096,061**	**42,781,664**
Subsequent events	**20**		

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

Approved on Behalf of the Board of Directors

(s) Eldur Ólafsson
Eldur Ólafsson
Director

(s) Line Frederiksen
Line Frederiksen
Director

Amaroq Minerals Ltd.
Consolidated Statements of Comprehensive Loss
For the years ended December 31, 2022 and 2021
(In Canadian Dollars)

	Notes	2022	2021
		$	$
Expenses			
Exploration and evaluation expenses	**13**	12,700,526	14,280,055
General and administrative	**14**	10,150,020	9,703,198
Loss on disposal of capital assets		100,536	-
Foreign exchange loss (gain)		(849,773)	809,751
Operating loss		22,101,309	24,793,004
Other expenses (income)			
Interest income		(239,869)	(143,759)
Finance costs	**15**	37,523	39,994
Net loss and comprehensive loss		**(21,898,963)**	**(24,689,239)**
Weighted average number of common shares outstanding - basic and diluted		191,575,781	177,098,737
Basic and diluted loss per common share	**17**	(0.11)	(0.14)

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

Amaroq Minerals Ltd.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In Canadian Dollars)

	Notes	Number of common shares outstanding	Capital stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
			$	$	$	$	$
Balance, January 1, 2021		**177,098,737**	**88,500,205**	**2,925,952**	**(36,772)**	**(27,106,415)**	**64,282,970**
Net loss and comprehensive loss		-	-	-	-	(24,689,239)	(24,689,239)
Stock-based compensation	**10.1**	-	-	374,771	-	-	374,771
Balance, December 31, 2021		**177,098,737**	**88,500,205**	**3,300,723**	**(36,772)**	**(51,795,654)**	**39,968,502**
Balance, January 1, 2022		**177,098,737**	**88,500,205**	**3,300,723**	**(36,772)**	**(51,795,654)**	**39,968,502**
Net loss and comprehensive loss		-	-	-	-	(21,898,963)	(21,898,963)
Share issuance under a fundraising	**9**	85,714,285	46,313,551	-	-	-	46,313,551
Share issuance costs	**9**	-	(3,331,569)	-	-	-	(3,331,569)
Options exercised		260,000	226,200	(96,200)	-	-	130,000
Stock-based compensation	**10.1**	-	-	2,046,342	-	-	2,046,342
Balance, December 31, 2022		**263,073,022**	**131,708,387**	**5,250,865**	**(36,772)**	**(73,694,617)**	**63,227,863**

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

Amaroq Minerals Ltd.
Consolidated Statements of Cash Flows
For the years ended December 31, 2022 and 2021
(In Canadian Dollars)

	Notes	2022	2021
		$	$
Operating activities			
Net loss		(21,898,963)	(24,689,239)
Adjustments for:			
Depreciation	**7, 8**	850,699	389,953
Stock-based compensation	**10.1**	2,046,342	374,771
Loss on disposal of capital assets		100,536	-
Other expenses		2,785	-
Foreign exchange		(882.897)	377,674
		(19,781,498)	(23,546,841)
Changes in non-cash working capital items:			
Sales tax receivable		(44,640)	11,500
Prepaid expenses and others		(183,673)	104,641
Trade and other payables		(864,477)	1,141,384
		(1,092,790)	1,257,525
Cash flow used in operating activities		**(20,874,288)**	**(22,289,316)**
Investing activities			
Acquisition of mineral properties	**6**	(23,335)	-
Acquisition of capital assets, net of deposit on order		(301,957)	(11,875,926)
Disposition of capital assets		63,325	-
Cash flow used in investing activities		**(261,967)**	**(11,875,926)**
Financing activities			
Shares issuance	**9**	46,313,551	-
Share issuance costs	**9**	(3,331,569)	-
Principal repayment – lease liabilities	**8**	(50,722)	(65,900)
Exercise of stock options		130,000	-
Cash flow from financing activities		**43,061,260**	**(65,900)**
Net change in cash before effects of exchange rate changes on cash		21,925,005	(34,231,142)
Effects of exchange rate changes on cash		888,105	(319,398)
Net change in cash		22,813,110	(34,550,540)
Cash, beginning		27,324,459	61,874,999
Cash, ending		**50,137,569**	**27,324,459**
Supplemental cash flow information			
Deposit on order for acquisition of capital assets		-	1,702,165
Interest received		239,869	143,759
Additions in capital assets included in trade and other payables		-	53,500

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") (previously known as AEX Gold Inc.) 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 ("Nasdaq") under the AMRQ ticker (note 9).

These consolidated financial statements ("Financial Statements") were reviewed and authorized for issue by the Board of Directors on March 30, 2023.

1.1 Basis of presentation and consolidation

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

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").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of measurement

The Financial Statements have been prepared on the historical cost basis.

2.2 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 is CAD. The functional currency of Nalunaq A/S is determined using the currency of the primary economic environment in which the entity evolves 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Deposit on order

The deposit on order represents the sum of money disbursed to a supplier to start or continue the fulfillment of a purchase order for capital assets. This deposit will be transferred to capital assets when the asset has been completed and delivered.

2.4 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. Capitalization of E&E expenses commences when a mineral resource estimate has been obtained for an area of interest.

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, including scoping, prefeasibility and final feasibility studies.

When a mine project moves into the development phase, E&E expenses are capitalized to mine development costs. An impairment test is performed before reclassification and any impairment loss is recognized in the consolidated statement of comprehensive loss.

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

The Corporation has taken steps to verify the validity of title to mineral properties on which it is conducting exploration activities and is acquiring interests in accordance with industry standards that apply to the current stage of exploration and evaluation of such property. However, these procedures do not guarantee the Corporation' title, as property title may be subject to unregistered prior agreements, aboriginal claims or noncompliance with regulatory requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 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.

Repairs and maintenance costs are charged to the consolidated statement of comprehensive loss during the period in which they are incurred.

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.

Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

Gains and losses on disposals of capital assets are determined by comparing the proceeds with the carrying amount of the asset and are recorded in the consolidated statement of comprehensive loss.

2.6 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 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.

2.8 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.

2.9 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- 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.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition 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 deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the consolidated statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the consolidated statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement comprehensive loss.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.10 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 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.

2.12 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.

2.13 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 2022 and 2021, all the outstanding common share equivalents were anti-dilutive.

2.14 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.14.1 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 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.

2.14.2 Financial liabilities

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

Financial liabilities measured at amortized cost
Trade and other payables are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

2.14.3 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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.

3. CHANGES IN ACCOUNTING POLICIES

3.1 New accounting standard adopted

<u>Amendments to IAS 16 *Property, plant and equipment*</u>

The IASB has made amendments to IAS 16 *Property, plant and equipment*, which is effective for financial years beginning on or after January 1, 2022. Proceeds from selling items before the related item of Property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items. The Corporation therefore need to distinguish 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 a Corporation's ordinary activities, the amendments require the Corporation to disclose 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. The Corporation adopted IAS 16 on January 1, 2022, which did not have a significant impact on the consolidated financial statements disclosures.

3.2 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.

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. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS (CONT'D)

4.1.1 Impairment of mineral properties

Determining whether to test for impairment of mineral properties requires Management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral properties is unlikely to be recovered in full from successful development or by sale.

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.

4.1.2 Impairment of capital assets

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

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, Management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation' 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 2022 to 2021. As a result of this analysis, the replacement value of the assets under CIP category has produced a recoverable value that was at least 15% higher than the carrying value of assets under CIP as of December 31, 2022.

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

4.2 Recognition of deferred income tax assets and the measurement of income tax expense

Periodically, the Corporation evaluates the likelihood of whether some portion of the deferred tax assets will not be realized. Once the evaluation is completed, if the Corporation believes that it is probable that some portion of the deferred tax assets will fail to be realized, the Corporation records only the remaining portion for which it is probable that there will be available future taxable profit against which the temporary differences can be utilized. Assessing the recoverability of deferred income tax assets requires Management to make significant judgment.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the statement of financial position date could be impacted. Significant judgment is required in determining the income tax recovery as there are transactions and calculations for which the ultimate tax determination is uncertain.

4.3 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.

ESTIMATES AND ASSUMPTIONS

4.4 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.

4.5 Restricted Share Units ("RSU")

For the purpose of determining the fair market value of restricted share unit awards 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 difference between the actual value of restricted share unit awards and its estimated fair value based on the Monte-Carlo simulation run. At the date of the consolidated statement of financial position, restricted share units award value represents Management's best estimate of awards fair value vesting at measurement dates stipulated under the RSU award contract.

(In Canadian Dollars, except as otherwise noted)

5. 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.

	2022	2021
	$	$
Balance beginning	424,637	460,447
Effect of translation	2,483	(35,810)
Balance ending	427,120	424,637
Non-current portion – escrow account for environmental monitoring	(427,120)	(424,637)
Current portion – escrow account for environmental monitoring	**-**	**-**

6. MINERAL PROPERTIES

	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**

	As at December 31, 2020	Additions	As at December 31, 2021
	$	$	$
Nalunaq	1	-	1
Tartoq	18,431	-	18,431
Vagar	11,103	-	11,103
Naalagaaffiup Portornga	6,334	-	6,334
Nuna Nutaaq	6,076	-	6,076
Saarloq	7,348	-	7,348
Anoritooq	6,389	-	6,389
Sava	6,562	-	6,562
Total mineral properties	**62,244**	**-**	**62,244**

6. MINERAL PROPERTIES (CONT'D)

6.1 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.

6.1.1 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").

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.

6.1.2 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.

6. MINERAL PROPERTIES (CONT'D)

6.1.3 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.

The Government of Greenland has been confirmed with Addendum No. 6 dated November 2022 which has not yet been signed by the Government of Greenland and therefore has not officially entered into force, to extend the requirement dates to perform the following tasks. No later than December 31, 2023, the licensee shall prepare an environmental impact assessment and make a social impact assessment. No later than December 31, 2024, the licensee shall negotiate, conclude and perform an impact benefit agreement. Prior to commencement of exploitation, and no later than December 31, 2025, the Licence shall be amended to include terms on royalty. The time limit for commencement of exploitation is January 1, 2026.

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.

6.2 Tartoq - Au

6.2.1 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.

6.2.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S shall complete DKK 996,600 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 254,457, for a total of DKK 742,143 ($144,543 using the exchange rate as at December 31, 2022) exploration obligation in 2022 which was confirmed 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 submitted its statements of expenses for the Tartoq exploration licence for the 2022 year to the MLSA by April 1, 2023.

6. MINERAL PROPERTIES (CONT'D)

6.3 Vagar - Au

6.3.1 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 expires December 31, 2023.

6.3.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S shall complete DKK 11,205,000 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 9,203,442, for a total of DKK 2,001,558 ($389,833 using the exchange rate as at December 31, 2022) exploration obligation in 2022 which was confirmed 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 submitted its statements of expenses for the Vagar exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.4 Nuna Nutaaq - Au

6.4.1 Purchase of the Nuna Nutaaq Licence

The Corporation has acquired the right to conduct exploration activities on approximately 266km^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.

6.4.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S shall complete DKK 309,270 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 2,344,489, for a total credit of DKK 2,035,219 (credit of $396,389 using the exchange rate as at December 31, 2022) so there is no exploration obligation in 2022 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

6. MINERAL PROPERTIES (CONT'D)

obligations are not met, certain measures may be taken by the licence holder to rectify the situation, including reducing the area of the licence proportionately to the spending shortfall or rolling over the exploration commitment to the next period subject to approval from the MLSA. Nalunaq A/S submitted its statements of expenses for the Nuna Nutaaq exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.5 Anoritooq - Au

6.5.1 Purchase of the Anoritooq Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,710km^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.

6.5.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S

shall complete DKK 1,680,705 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 1,449,481, for a total of DKK 231,224 ($45,034 using the exchange rate as at December 31, 2022) exploration obligation in 2022 which was confirmed 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 submitted its statements of expenses for the Anoritooq exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.6 Siku - Au

6.6.1 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.

6.6.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland reduced by 50% the exploration obligation for year 2022. For the exploration licence, Nalunaq A/S shall complete DKK 296,595 of exploration activities in 2022 ($57,766 using the exchange rate as at December 31, 2022). For the purpose of crediting expenditures against the amounts set forth in the Siku Licence, actual expenditures are multiplied by a factor of

6. MINERAL PROPERTIES (CONT'D)

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 submitted its statements of expenses for the Siku exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.7 Naalagaaffiup Portornga (Land Adjacent to Existing Tartoq Licence) - Strategic Minerals

6.7.1 Purchase of the Naalagaaffiup Portornga Licence

The Corporation has acquired the right to conduct exploration activities on approximately 170km^2 of land in an area adjacent to the Tartoq Licence. The exploration rights have been granted to the Corporation under a new separate exploration Licence 2018/17 Naalagaaffiup Portornga and the licence had an original expiry date of December 31, 2022 with an entitlement to a 5-year extension. The licence application has been approved and all required documentation was signed by the Corporation on January 16, 2018 and the licence became effective on February 19, 2018 when it was signed by the Greenland authorities. 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, 2024.

6.7.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S shall complete DKK 886,400 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 24,912, for a total of DKK 861,488 ($167,788 using the exchange rate as at December 31, 2022) exploration obligation in 2022 which was confirmed by MLSA. For the purpose of crediting expenditures against

the amounts set forth in the Naalagaaffiup Portornga 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 submitted its statements of expenses for the Naalagaaffiup Portornga exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.8 Saarloq - Strategic Minerals

6.8.1 Purchase of the Saarloq Licence

The Corporation acquired the right to conduct exploration activities on approximately 818km^2 of land in the areas of Quassugaarsuk and Sermeq Kangilleq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2020/31, referred to as Saarloq. The licence application has been approved and all required documentation was signed by the Corporation on May 15, 2020 and the licence became effective on May 28, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2024 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, 2026.

6.8.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S

6. MINERAL PROPERTIES (CONT'D)

shall complete DKK 775,710 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 321,617, for a total of DKK 454,093 ($88,441 using the exchange rate as at December 31, 2022) exploration obligation in 2022 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Saarloq 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 submitted its statements of expenses for the Saarloq exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.9 Sava - Strategic Minerals

6.9.1 Purchase of the Sava Licence

The Corporation acquired the right to conduct exploration activities on approximately 335km^2 of land in the area of Eqaluit Iluat in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2021/02, referred to as Sava. The licence application has been approved and all required documentation was signed by the Corporation on October 13, 2020 and the licence became effective on November 6, 2020 when it was signed by the Government of Greenland. The licence originally expired December 31, 2025 with a possible 5-year extension. In response to the COVID 19 pandemic, the Government of Greenland gave in December 2020, an extension of the licence period for all exploration licences by one year, therefore the licence expires December 31, 2026.

6.9.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland set the exploration obligation for year 2021 to DKK nil and reduced by 50% for the year 2022, which also means that the balance of the transferred non-fulfilled exploration obligation from 2021 is carried over to 2022. For the exploration licence, Nalunaq A/S shall complete DKK 367,575 of exploration activities in 2022, reducing by the total credit from 2021 of DKK 6,673,960, for a total credit of DKK 6,306,385 (credit of $1,228,263 using the exchange rate as at December 31, 2022) so there is no exploration obligation in 2022 which was confirmed by MLSA. For the purpose of crediting expenditures against the amounts set forth in the Sava 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 submitted its statements of expenses for the Sava exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.10 Kobberminebugt - Strategic Minerals

6.10.1 Purchase of the Kobberminebugt Licence

The Corporation acquired the right to conduct exploration activities on approximately 220km^2 of land in an areas of Aputaajuitsoq in South Greenland. The exploration rights have been granted to the Corporation under a new separate Exploration Licence 2022/01, referred to as Kobberminebugt. The licence application has been approved and all required documentation was signed by the Corporation on November 24, 2021 and the licence became effective on February 23, 2022 when it was signed by the Government of Greenland. The licence expires December 31, 2026 with a possible 5-year extension.

6.10.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland reduced by 50% the exploration obligation for year 2022. For the exploration licence, Nalunaq A/S shall complete DKK 270,400 of exploration activities in 2022 ($52,664 using the exchange rate as at December 31, 2022). For the purpose of crediting

6. MINERAL PROPERTIES (CONT'D)

expenditures against the amounts set forth in the Kobberminebugt 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 submitted its statements of expenses for the Kobberminebugt exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.11 Stendalen Licence - Strategic Minerals

6.11.1 Purchase of the Stendalen Licence

The Corporation acquired the right to conduct exploration activities on approximately 2,486km^2 of the existing 2021/11 licence split into two areas around the Qasinngortoq and Kangerlussuatsiaq areas of South Greenland through the acquisition from the Orano Group ("Orano") as announced May 12, 2022 and are referred to as Stendalen. This acquisition from Orano was for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on potential future sales of minerals exploited on the Stendalen and North Sava licences. The GRR is paid annually and capped at US$10 million ("Royalties Cap"). The Royalties Cap is subject to an annual inflation adjustment, with an ultimate cap limited to the market capitalisation of the Corporation at the time of signature. Orano has a right of first refusal on any sales or transfer of licenses. All related transfer application documents have been signed by the Corporation and have been approved by the Government of Greenland on November 14, 2022. The licence expired December 31, 2026 with a possible 5-year extension.

6.11.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland reduced by 50% the exploration obligation for year 2022. For the exploration licence, Nalunaq A/S shall complete DKK 2,185,170 of exploration activities in 2022 ($425,595 using the exchange rate as at December 31, 2022). For the purpose of crediting expenditures against the amounts set forth in the Stendalen 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 submitted its statements of expenses for the Stendalen exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.12 North Sava Licence - Strategic Minerals

6.12.1 Purchase of the North Sava Licence

The Corporation acquired the right to conduct exploration activities on approximately 1,042km^2 of the existing 2020/41 licence split into two areas around the Akuliarutsip and Narsaviarsuasiit areas of South Greenland through the acquisition from the Orano as announced May 12, 2022 and are referred to as North Sava. This acquisition from Orano was for zero upfront consideration but in exchange for a 0.5% contractual, gross revenue royalty (GRR), based on potential future sales of minerals exploited on the Stendalen and North Sava licences. The GRR is paid annually and capped at US$10 million ("Royalties Cap"). The Royalties Cap is subject to an annual inflation adjustment, with an ultimate cap limited to the market capitalisation of the Corporation at the time of signature. Orano has a right of first refusal on any sales or transfer of licenses. All related transfer documents have been signed by the Corporation and have been approved by the Government of Greenland on November 14, 2022. The licence expires on December 31, 2026 with a possible 5-year extension.

6.12.2 Exploration commitments

In response to the COVID 19 pandemic, the Government of Greenland reduced by 50% the exploration obligation for year 2022. For the exploration licence, Nalunaq A/S shall complete DKK 964,990 of exploration

(In Canadian Dollars, except as otherwise noted)

6. MINERAL PROPERTIES (CONT'D)

activities in 2022 ($187,946 using the exchange rate as at December 31, 2022). For the purpose of crediting expenditures against the amounts set forth in the North Sava 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 submitted its statements of expenses for the North Sava exploration licence for the 2022 year to the MLSA by April 1, 2023.

6.13 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 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.

7. CAPITAL ASSETS

	Field equipment and infrastruc-ture $	Vehicles and rolling stock $	Equipment (including software) $	Construc-tion In Progress $	Right-of-use assets (note 8) $	Total $
2021						
Opening net book value	146,203	256,865	177,052	-	820,894	1,401,014
Additions	1,983,718	4,195,205	-	7,452,668	-	13,631,591
Depreciation	(140,807)	(147,361)	(21,041)	-	(80,744)	(389,953)
Closing net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652
As at December 31, 2021						
Cost	**2,371,041**	**4,729,005**	**185,878**	**7,452,668**	**841,080**	**15,579,672**
Accumulated depreciation	**(381,927)**	**(424,296)**	**(29,867)**	**-**	**(100,930)**	**(937,020)**
Closing net book value	**1,989,114**	**4,304,709**	**156,011**	**7,452,668**	**740,150**	**14,642,652**
2022						
Opening net book value	1,989,114	4,304,709	156,011	7,452,668	740,150	14,642,652
Additions	-	-	179,040	69,417	-	248,457
Disposals	-	(123,360)	(40,501)	-	-	(163,861)
Adjustment	-	-	-	-	(4,880)	(4,880)
Depreciation	(253,362)	(438,965)	(78,165)	-	(80,207)	(850,699)
Closing net book value	1,735,752	3,742,384	216,385	7,522,085	655,063	13,871,669
As at December 31, 2022						
Cost	**2,351,041**	**4,466,971**	**313,214**	**7,522,085**	**836,200**	**15,489,511**
Accumulated depreciation	**(615,289)**	**(724,587)**	**(96,829)**	**-**	**(181,137)**	**(1,617,842)**
Closing net book value	**1,735,752**	**3,742,384**	**216,385**	**7,522,085**	**655,063**	**13,871,669**

7. 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 $721,072 ($299,771 – 2021) was expensed as exploration and evaluation expenses in 2022.

As of December 31, 2022, the amount of $7,522,085 ($7,452,668 as at December 31, 2021) 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.

8. LEASE LIABILITIES

	As at December 31, 2022	As at December 31, 2021
	$	$
Balance beginning	763,913	829,813
Principal repayment	(50,722)	(65,900)
Adjustment	16,046	-
Balance ending	729,237	763,913
Non-current portion – lease liabilities	(657,440)	(713,078)
Current portion – lease liabilities	**71,797**	**50,835**

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. Depreciation of right-of-use assets is being recorded in general and administrative expenses in the consolidated statement of comprehensive loss, under depreciation. Depreciation of $80,207 ($80,744 in 2021) was expensed as general and administration expenses in 2022.

9. SHARE CAPITAL

9.1 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.

9.2 Fundraising and First North Listing

On November 3, 2022, the Corporation successfully completed a capital fundraising as well as a listing on the Nasdaq First North Growth Iceland Exchange. The Corporation completed the fundraising by issuing 85,714,285 common shares at a price of GBP 0.35 per share for subscriptions made in British pounds sterling, $0.54 per share for subscription made in Canadian dollars and ISK 56.77 per share for subscription made in Icelandic Krona, for a gross proceeds to the Corporation of $46,313,551.

The Fundraising is complemented by the joint venture between the Corporation and ACAM LP ("ACAM"), announced on June 10, 2022 and finalized on October 19, 2022 under which the Corporation will establish a strategic mineral focused exploration subsidiary to hold certain licences in which the majority of resource is expected to relate to non-gold minerals (note 20.1). In addition to the Fundraising, the Corporation has now

9. SHARE CAPITAL (CONT'D)

executed final documentation in relation to the ACAM joint venture, with closing and receipt of the initial $28.5 million (GBP 18 million) funding now only subject to certain regulatory conditions precedent, and is expected to close in Q1 2023.

Arion Bank hf. and Landsbankinn hf. acted as agents in connection with the Icelandic Fundraising. In consideration for their services, the agents received a cash commission equal to $1,668,318. Stifel Nicolaus Europe Limited ("Stifel") acted as sole bookrunner, nominated adviser and broker on the UK Placing and Panmure Gordon (UK) Limited ("Panmure Gordon"; together with Stifel, the "UK Banks") acted as manager and broker in relation to the UK Placing. In consideration for their services, they received a cash commission equal to $451,311. The Corporation incurred total issuance costs of $3,331,569 in relation to this process.

Certain officers and directors of the Corporation purchased an aggregate of 4,972,871 common shares for gross proceeds of $2,700,132 (note 18). The officers and directors of the Corporation subscribed to the Fundraising under the same terms and conditions as set forth for all subscribers.

10. STOCK-BASED COMPENSATION

10.1 Stock options

An incentive stock option plan (the "Plan") was approved initially in 2017 and renewed by shareholders on June 16, 2022. 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 June 9, 2021, the Corporation granted the CFO with 900,000 stock options exercisable at an exercise price of $0.59, with an expiry date of December 31, 2027. The stock options vested 100% at the grant date. Those options were granted at an exercise price equal the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $360,000 for an estimated fair value of $0.40 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 75.85% expected volatility, 1.07% risk-free interest rate and 6.6 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On July 5, 2021, the Corporation granted to an employee 100,000 stock options exercisable at an exercise price of $0.50, with an expiry date of July 5, 2026. The stock options vest in three equal annual tranches from the grant date. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $29,000 for an estimated fair value of $0.29 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 71.40% expected volatility, 1.01% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

On September 13, 2021, the Corporation granted to an employee 100,000 stock options exercisable at an exercise price of $0.50, with an expiry date of September 13, 2026. The stock options vest in three equal annual tranches from the grant date. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to $29,000 for an estimated fair value of $0.29 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.49% expected volatility, 0.86% risk-free interest rate and 5 years options expected life. The expected life and expected volatility were estimated by benchmarking comparable companies to the Corporation.

(In Canadian Dollars, except as otherwise noted)

10. STOCK-BASED COMPENSATION (CONT'D)

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. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 69.38% expected volatility, 1.51% 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 29, 2022 500,000 out of 4,100,000 stock options have been canceled due to employees departure.

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. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 68.07% expected volatility, 3.27% risk-free interest rate and a 5-year term. The expected life was estimated by benchmarking comparable companies to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

Changes in stock options are as follow:

	2022		2021	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		$
Balance, beginning	6,935,000	0.51	7,745,000	0.51
Granted	5,542,395	0.63	1,100,000	0.57
Expired	(1,500,000)	0.53	(1,910,000)	0.52
Exercised	(260,000)	0.50	-	-
Balance, end	**10,717,395**	**0.57**	**6,935,000**	**0.51**
Balance, end exercisable	10,684,062	0.57	6,801,666	0.51

(In Canadian Dollars, except as otherwise noted)

10. STOCK-BASED COMPENSATION (CONT'D)

Stock options outstanding and exercisable as at December 31, 2022 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
1,360,000	1,360,000	0.45	August 22, 2023
1,820,000	1,820,000	0.38	December 31, 2025
100,000	66,667	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 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
10,717,395	**10,684,062**		

10.2 Restricted Share Unit

Conditional awards under the RSU

10.2.1 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.

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.

(In Canadian Dollars, except as otherwise noted)

10. STOCK-BASED COMPENSATION (CONT'D)

- 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.

10.2.2 Valuation

The fair value of the award granted in December 2022 is $5,408,800 based on 80% of the available pool being awarded. There is no charge to be recognized in the year to December 31, 2022 on the grounds of materiality given the awards were granted at the end of the year.

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
Projection period (years)	3
Expected life (years)	5
Share price at grant date	$0.70
Exercise price	N/A
Dividend yield	0%
Risk-free rate	3.60%
Volatility	72%
Fair value of awards - First Measurement Date	*$3,080,800*
Fair value of awards - Second Measurement Date	*$1,416,000*
Fair value of awards - Third Measurement Date	*$912,000*
Total fair value of awards (80% of pool)	**$5,408,800**

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.

11. 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.

(In Canadian Dollars, except as otherwise noted)

12. EMPLOYEE REMUNERATION

Salaries

	2022	2021
	$	$
Salaries	3,502,513	5,343,482
Director's fees	628,000	628,652
Benefits	590,407	878,580
	4,720,920	6,850,714
Less : salaries and benefits presented in E&E expenses	(904,888)	(3,569,124)
Salaries and directors' fees disclosed in general and administrative expenses	**3,816,032**	**3,281,590**

13. EXPLORATION AND EVALUATION EXPENSES

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

2021	Nalunaq	Vagar	Tartoq	Naalagaaffiup Portornga	Nuna Nutaaq	Saarloq	Anoritooq	Sava	Genex	Total
	$	$	$	$	$	$	$	$	$	$
Geochemistry	-	227,764	80,631	-	-	-	-	292,883	-	601,278
Geology	2,332,281	427,903	19,413	1,105	113,309	6,620	57,905	219,458	11,039	3,189,033
Lodging and on-site support	479,921	-	248	-	-	-	-	-	-	480,169
Underground works	118,017	-	-	-	-	-	-	-	-	118,017
Drilling	3,647,452	-	130	-	-	-	-	-	-	3,647,582
Analysis	120,548	1,250	-	-	469	-	-	-	-	122,267
Transport	35,324	-	957	-	-	-	-	-	-	36,281
Supplies and equipment	1,998	-	-	-	-	-	-	-	-	1,998
Helicopter Charter	181,069	124,843	-	-	128,328	-	11,772	295,147	33,302	774,461
Logistic support	1,009,553	-	-	-	-	-	-	-	-	1,009,553
Insurance	41,197	-	-	-	-	-	-	-	-	41,197
Project Engineering costs	3,753,320	20,461	-	-	21,039	-	1,927	-	5,461	3,802,208
Government fees	137,453	8,419	8,419	-	-	-	-	-	1,949	156,240
Exploration and evaluation expenses before depreciation	11,858,133	810,640	109,798	1,105	263,145	6,620	71,604	807,488	51,751	13,980,284
Depreciation	299,771	-	-	-	-	-	-	-	-	299,771
Exploration and evaluation expenses	**12,157,904**	**810,640**	**109,798**	**1,105**	**263,145**	**6,620**	**71,604**	**807,488**	**51,751**	**14,280,055**

(In Canadian Dollars, except as otherwise noted)

14. GENERAL AND ADMINISTRATIVE

	2022	2021
	$	$
Salaries and benefits	3,188,032	2,652,938
Director's fees	628,000	628,652
Professional fees	2,258,660	2,382,916
Marketing and industry involvement	598,447	791,722
Insurance	341,793	571,364
Travel and other expenses	746,180	1,884,189
Regulatory fees	212,939	326,464
General and administration before following elements	7,974,051	9,238,245
Stock-based compensation	2,046,342	374,771
Depreciation	129,627	90,182
General and administrative	**10,150,020**	**9,703,198**

15. FINANCE COSTS

	2022	2021
	$	$
Financing fees lease	37,523	39,994
Finance costs	**37,523**	**39,994**

16. 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:

	2022	2021
	$	$
Net loss before income taxes	(21,898,963)	(24,689,239)
Income tax rates	26.5%	26.5%
Income tax recovery	(5,803,225)	(6,542,648)
Increase (decrease) attributable to:		
Non deductible expenses	547,829	104,109
Difference in statutory tax rate	213,652	265,772
Changes in unrecognized deferred tax assets	5,041,744	6,172,767
Tax recovery	-	-

The analysis of the Corporation's deferred tax assets and liabilities as at December 31, 2022 and 2021 is as follows:

	2022	2021
	$	$
Deferred tax assets (liabilities):		
Capital assets	(636,131)	(437,033)
Non-capital losses	636,131	437,033
	-	-

(In Canadian Dollars, except as otherwise noted)

16. INCOME TAXES (CONT'D)

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

The significant components of deductible temporary differences and unused tax losses for which the benefits have not been recorded on the consolidated statement of financial position as at December 31, 2022 are as follows:

Greenland	**As at December 31, 2022**
	$
Non-capital losses carry forwards	50,408,928

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

Canada	**As at December 31, 2022**
	$
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	7,660,784

17. NET LOSS PER SHARE

The calculation of basic and diluted net loss per share for the year ended December 31, 2022, was based on the net loss attributable to shareholders of $21,898,963 ($24,689,239 for the year ended December 31, 2021) and the weighted average number of common shares outstanding for the year ended December 31, 2022 of 191,575,781 (177,098,737 for the year ended December 31, 2021). As a result of the net loss for the years ended December 31, 2022 and 2021, 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.

18. RELATED PARTY TRANSACTIONS AND 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:

	2022	**2021**
	$	**$**
Short-term benefits		
Professional fees	-	64,162
Salaries and benefits	2,104,440	1,639,334
Salaries and benefits included in the E&E expenses	-	71,349
Director's fees	628,000	628,652
Long-term benefits		
Stock-based compensation (note 10.1)	1,117,000	365,909
Total compensation	**3,849,440**	**2,769,406**

(In Canadian Dollars, except as otherwise noted)

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

In addition to the amounts listed above in the compensation to key management, following are the related party transactions, in the normal course of operations:

- A firm in which Georgia Quenby (director until June 9, 2021) is a partner charged legal professional fees for $nil ($9,934 in 2021);
- A company controlled by Martin Ménard (Chief Operating Officer from July 9, 2019 to June 30, 2021) charged engineering professional fees of $nil for his staff ($12,240 in 2021). The Chief Operating Officer is the son of Robert Ménard, director until April 27, 2021;
- Nicolas and Catherine Ménard and Samuel Martel, engineering consultants, (the son, the daughter and the son-in-law of Robert Ménard, director until April 27, 2021 and the brother, the sister and brother-in-law of Martin Ménard, Chief Operating Officer until June 30, 2021) were paid $nil ($324,799 in 2021);
- As at December 31, 2022, the balance due to those related parties listed above and in the compensation to key management amounted to $nil ($173,254 as at December 31, 2021).

Following are the related party transactions, outside of the normal course of operations:

- Directors and officers of the Corporation participated in the November 3, 2022 fundraising for $2,700,132 ($nil in 2021). The directors and officers subscribed to the fundraising in 2022 under the same terms and conditions set forth all subscribers.
- 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:

	2022			2021		
	Short-term benefits [(a)]	**Stock-based compensation**	**Total compensation**	**Short-term benefits [(a)]**	**Stock-based compensation**	**Total compensation**
	$	$	$	$	$	$
Eldur Olafsson	801,935	385,000	1,186,935	471,815	-	471,815
George Fowlie [(1)]	-	-	-	79,919	-	79,919
Jaco Crouse	496,699	315,000	811,699	334,757	360,000	694,757
Graham Stewart	181,000	-	181,000	195,228	-	195,228
Georgia Quenby [(2)]	-	-	-	43,788	-	43,788
Sigurbjorn Thorkelsson	86,000	-	86,000	94,478	-	94,478
Robert Ménard [(3)]	-	-	-	30,417	-	30,417
Liane Kelly	86,000	-	86,000	29,913	-	29,913
Line Frederiksen	86,000	-	86,000	47,962	-	47,962
David Neuhauser	86,000	-	86,000	47,962	-	47,962
Warwick Morley-Jepson	103,000	-	103,000	138,904	-	138,904
Total compensation	**1,926,634**	**700,000**	**2,626,634**	**1,515,143**	**360,000**	**1,875,143**

(a) Short-term benefits comprise salary, director fees as applicable, annual bonus and pension.
(1) George Fowlie ceased to be Director 26th August 2021

(2) Georgia Quenby ceased to be Non-Executive Director 9th June 2021

(3) Robert Ménard ceased to be Non-Executive Director 27 April 2021

(In Canadian Dollars, except as otherwise noted)

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

The directors participated in the November 3, 2022 fundraising for $2,700,132 ($nil in 2021). The director participation is as follows:

	2022 Number of new shares	2021 Number of new shares
Eldur Olafsson	814,162	-
Jaco Crouse	285,714	-
Graham Stewart	142,857	-
Sigurbjorn Thorkelsson	1,444,424	-
David Neuhauser	2,285,714	-
Total	**4,972,871**	**-**

19. 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.

19.1 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.

19.2 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, 2022		As at December 31, 2021	
	Trade and other payables	Lease liabilities	Trade and other payables	Lease liabilities
	$	$	$	$
Within 1 year	1,138,961	105,894	2,049,249	88,245
1 to 5 years	-	434,852	-	431,910
5 to 10 years	-	344,646	-	435,343
Total	**1,138,961**	**885,392**	**2,049,249**	**955,498**

19. FINANCIAL INSTRUMENTS (CONT'D).

19.3 Currency risk

As at December 31, 2022 and 2021, 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, 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.

As at December 31, 2021	In DKK	In Euros	In US$	In GBP
Cash	2,145,132	526,043	5,314,298	882
Escrow account for environmental monitoring	2,193,001	-	-	-
Trade and other payables	(3,740,924)	(20,987)	(44,301)	(36,563)
	597,209	505,056	5,269,997	(35,681)
Exchange rate	0.1936	1.4401	1.2697	1.7155
Equivalent to CAD	**115,620**	**727,331**	**6,691,315**	**(61,211)**

Based on the above net exposures as at December 31, 2021, 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 $747,306.

19.4 Fair value risk

Fair value estimates are made at the consolidated statement of financial position date, based on relevant market information and other information about financial instruments. As at December 31, 2022, the Corporation' financial instruments are cash, escrow account for environmental monitoring, trade and other payables and lease liabilities. For all the financial instruments, the amounts reflected in the consolidated statement of financial position are carrying amounts and approximate their fair values due to their short-term nature.

20. SUBSEQUENT EVENTS

20.1 ACAM LP Joint Venture

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 create a joint venture (the "JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of $58.0 million (GBP 36.7 million). Subject to negotiation of the final terms of the JV, ACAM will invest $28.5 million (GBP 18 million) in exchange for a 49% shareholding in the SPV, with Amaroq holding 51%. Amaroq is expected to contribute its strategic non-precious mineral (i.e. non-gold) licences as well as a contribution in kind, valued, in aggregate, at $29.5 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 licences is subject to approval from the Greenland Government. An option for further future funding of $16.0 million (GBP 10.0 million) is also potentially available on the achievement of agreed milestones. The final documentation of the deal was executed on October 19, 2022. Written approval by the Government of Greenland pursuant to section 88(1) of the Mineral Resources Act of the transfer of the Initial JV Company Licences by Nalunaq A/S to the JV Company has been received and upon the resolution of the final administrative matters, the Company expects to satisfy the remaining conditions needed to complete the ACAM Transaction before 30 April 2023

20.2 US$49.5M Debt Financing (the “Financing”) and Potential Main Market Listing in Iceland

On March 28, 2023, the Corporation has signed non-binding term sheets for a US$49.5 million senior secured financing package consisting of:

- US$18.5 million Senior Debt Revolving Credit Facility (**“**RCF**”**) with Icelandic banks Landsbanki and Fossar Investment Bank, with a two-year term and interest at the Secured Overnight Financing Rate (SOFR) plus 950bps. The RCF has a 2% arrangement fee and a 0.4% commitment fee on unutilized amounts.
- Up to US$21 million Syndicated Convertible Notes (**“**Convertible Note**”**) with an affiliate of ACAM LP, JLE Property Ltd, Livermore Partners and First Pecos with a four-year term, payment-in-kind interest of 5% per annum and a conversion price of 42 pence/share.
    - ACAM LP's main investors are the majority ultimate beneficial owners of GCAM LP.
- US$10 million, two-year Cost Overrun loan by JLE Property Limited on the same terms as the Convertible Note, plus a 2.5% commitment fee on unutilized amounts, to insure against any potential unexpected cost increases.

The Financing, together with existing capital, is expected to enable the transition from bulk sample stage to trial mining, processing and production of gold doré on site at Nalunaq in a staged approach, ahead of full-scale production. The Corporation will finalise the Financing’s legally binding documentation and expects to be in a position to sign binding documents within the next three months.

Alongside the Financing, the Corporation intends to explore the possibility of a main market listing on Iceland’s Nasdaq Exchange and will update on progress and timing in due course.