Amaroq Minerals Ltd.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2024

The attached financial statements have been prepared by Management of Amaroq Minerals Ltd. and have not been reviewed by the auditor

Amaroq Minerals Ltd.
Consolidated Statements of Financial Position
(Unaudited, in Canadian Dollars)

	Notes	As at March 31, 2024	As at December 31, 2023
		$	$
ASSETS			
Current assets			
Cash		65,086,851	21,014,633
Due from a related party	**3,12**	-	3,521,938
Sales tax receivable		144,108	69,756
Prepaid expenses and others		17,469,706	18,681,568
Inventory		2,880,956	680,358
Total current assets		85,581,621	43,968,253
Non-current assets			
Deposit		27,944	27,944
Escrow account for environmental rehabilitation		5,697,903	598,939
Financial Asset - Related Party	**3,12**	4,200,379	-
Investment in equity accounted joint arrangement	**3**	22,846,379	23,492,811
Mineral properties	**4**	48,683	48,821
Right of use asset	**7**	715,898	574,856
Capital assets	**5**	60,768,906	38,241,559
Total non-current assets		94,306,092	62,984,930
TOTAL ASSETS		**179,887,713**	**106,953,183**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		7,258,359	6,273,979
Convertible notes	**6**	41,551,341	35,743,127
Lease liabilities – current portion	**7**	112,787	80,206
Total current liabilities		48,922,487	42,097,312
Non-current liabilities			
Lease liabilities	**7**	681,723	577,234
Total non-current liabilities		681,723	577,234
Total liabilities		**49,604,210**	**42,674,546**
Equity			
Capital stock		206,698,546	132,117,971
Contributed surplus		7,367,374	6,725,568
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(83,745,645)	(74,528,130)
Total equity		130,283,503	64,278,637
TOTAL LIABILITIES AND EQUITY		**179,887,713**	**106,953,183**

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

Amaroq Minerals Ltd.
Consolidated Statements of Comprehensive Loss
(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31, 2024	2023
		$	$
Expenses			
Exploration and evaluation expenses	**9**	875,213	1,181,653
General and administrative	**10**	3,959,226	2,577,035
Loss on disposal of capital assets		-	37,791
Foreign exchange loss (gain)		79,509	(197,004)
Operating loss		4,913,948	3,599,475
Other expenses (income)			
Interest income		(15,326)	(231,319)
Gardaq management income and allocated cost		(636,326)	-
Share of net losses of joint arrangement	**3**	646,432	-
Unrealized loss on derivative liability	**6**	4,300,213	-
Finance costs	**11**	8,574	8,737
Net loss and comprehensive loss		**(9,217,515)**	**(3,376,893)**

Weighted average number of common shares outstanding - basic and diluted	290,574,484	263,203,347
Basic and diluted loss per common share	(0.03)	(0.01)

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

Amaroq Minerals Ltd.

Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

		Number of common shares outstanding	Capital Stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
			$	$	$	$	$
Balance at January 1, 2023		**263,073,022**	**131,708,387**	**5,250,865**	**(36,772)**	**(73,694,617)**	**63,227,863**
Net loss and comprehensive loss		-	-	-	-	(3,376,893)	(3,376,893)
Options exercised		208,275	128,758	(150,000)	-	-	(21,242)
Stock-based compensation	**8**	-	-	451,014	-	-	451,014
Balance at March 31, 2023		**263,281,297**	**131,837,145**	**5,551,879**	**(36,772)**	**(77,071,510)**	**60,280,742**
Balance at January 1, 2024		**263,670,051**	**132,117,971**	**6,725,568**	**(36,772)**	**(74,528,130)**	**64,278,637**
Net loss and comprehensive loss		-	-	-	-	(9,217,515)	(9,217,515)
Share issuance under a fundraising		62,724,758	75,574,600	-	-	-	75,574,600
Share issuance costs		-	(1,047,098)	-	-	-	(1,047,098)
Options exercised - net		60,637	53,073	(70,500)	-	-	(17,427)
Stock-based compensation	**8**	-	-	712,306	-	-	712,306
Balance at March 31, 2024		**326,455,446**	**206,698,546**	**7,367,374**	**(36,772)**	**(83,745,645)**	**130,283,503**

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

Amaroq Minerals Ltd.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
		$	$
Operating activities			
Net loss for the period		(9,217,515)	(3,376,893)
Adjustments for:			
Depreciation	**5**	172,763	180,008
Amortisation of ROU asset	**7**	19,997	19,777
Stock-based compensation	**8**	712,306	451,014
Unrealized loss on derivative liability	**6**	4,300,213	-
Loss on disposal of capital assets	**5**	-	37,791
Share of net losses of joint arrangement	**3**	646,432	-
Gardaq management income and allocated cost	**3,12**	(636,326)	
Other expenses		-	8,737
Foreign exchange		(195,812)	(216,560)
		(4,197,942)	(2,896,126)
Changes in non-cash working capital items:			
Sales tax receivable		(74,352)	16,076
Prepaid expenses and others		(988,735)	(515,244)
Trade and other payables		955,992	(127,977)
		(107,095)	(627,145)
Cash flow used in operating activities		**(4,305,037)**	**(3,523,271)**
Investing activities			
Transfer to escrow account for environmental rehabilitation		(5,066,194)	-
Construction in progress and acquisition of capital assets	**5**	(21,476,951)	-
Prepayment for acquisition of ROU asset		(5,825)	-
Cash flow used in investing activities		**(26,548,970)**	**-**
Financing activities			
Share issuance		75,574,600	
Share issuance costs		(1,047,098)	
Principal repayment – lease liabilities	**7**	(18,145)	(26,474)
Cash flow from financing activities		**74,509,357**	**(26,474)**
Net change in cash before effects of exchange rate changes on cash during the period		43,655,350	(3,549,745)
Effects of exchange rate changes on cash		416,868	196,583
Net change in cash during the period		44,072,218	(3,353,162)
Cash, beginning of period		21,014,633	50,137,569
Cash, end of period		**65,086,851**	**46,784,407**
Supplemental cash flow information			
Borrowing costs capitalised to capital assets (note 5)		1,223,021	-
Interest received		15,327	231,319
ROU assets acquired through lease		155,214	-

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

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

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

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 (“Financial Statements”) were approved by the Board of Directors on May 14, 2024

1.1 Basis of presentation and consolidation

The Financial Statements include the accounts of the Corporation and those of its 100% owned subsidiary Nalunaq A/S, company incorporated under the Greenland Public Companies Act. The Financial Statements also include the Corporation’s 51% equity pick-up of Gardaq A/S, a joint venture with GCAM LP (Note 3).

The Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared under the historical cost convention.

The Financial Statements should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year ended December 31, 2023.

2. CRITICAL ACCOUNTING JUDGMENTS AND ASSUMPTIONS

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

In preparing the Financial Statements, the significant judgements made by Management in applying the Corporation accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Corporation’s audited annual financial statements for the year ended December 31, 2023.

(Unaudited, in Canadian Dollars)

3. INVESTMENT IN AN ASSOCIATE OR JOINT VENTURE CORPORATION

	As at March 31, 2024	As at March 31, 2023
	$	$
Balance at beginning of period	23,492,811	-
Share of joint venture's net losses- for 3 months ended March 31	(646,432)	-
Balance at end of period	**22,846,379**	**-**

Original Investment in Gardaq ApS	7,422	-
Transfer of non-gold strategic minerals licences at cost	36,896	-
Investment at conversion of Gardaq ApS to Gardaq A/S	55,344	-
Gain on FV recognition of equity accounted investment in joint venture	31,285,536	-
Investment retained at fair value- 51% share	31,385,198	-
Share of joint venture's cumulative net losses	(8,538,819)	-
Balance at end of period	**22,846,379**	**-**

The following tables summarize the unaudited financial information of Gardaq A/S as of March 31, 2024.

	As at March 31, 2024
	$
Cash and cash equivalent	17,002,319
Prepaid expenses and other	815,896
Total current assets	17,818,215
Mineral property	92,240
Total Assets	**17,910,455**
Accounts payable and accrued liabilities	205,922
Financial Liability - Related Party	4,200,379
Capital stock	30,246,937
Deficit	(16,742,783)
Total equity	13,504,154
Total liabilities and equity	**17,910,455**

	As at March 31, 2024
	$
Exploration and Evaluation expenses	842,840
Interest expense (income)	(2,928)
Foreign exchange loss (gain)	(177,623)
Operating loss	**662,289**
Other expenses (income)	605,225
Net loss and comprehensive loss	**1,267,514**

(Unaudited, in Canadian Dollars)

3. INVESTMENT IN AN ASSOCIATE OR JOINT VENTURE CORPORATION (CONT'd)

3.1 Financial Asset – Related Party

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

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

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

In the event that the amount payable to the Corporation exceeds GBP 5,000,000, the Corporation shall subscribe to the Amaroq shares at a subscription price equal to GBP 5,000,000 by conversion of GBP 5,000,000 of the amount due from Gardaq. Gardaq shall not be liable to repay any of the balance payable to the Corporation that exceeds GBP 5,000,000 (equivalent to CAD 8,557,000 as at 31 March 2024). See note 12.1.

4. MINERAL PROPERTIES

	As at December 31, 2023	Transfer	As at March 31, 2024
	$	$	$
Nalunaq - Au	1	-	1
Tartoq - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritooq - Au	6,389	-	6,389
Siku - Au	6,821	(138)	6,683
Naalagaaffiup Portornga - Strategic Minerals	-	-	-
Saarloq - Strategic Minerals	-	-	-
Sava - Strategic Minerals	-	-	-
Kobberminebugt - Strategic Minerals	-	-	-
Stendalen - Strategic Minerals	-	-	-
North Sava - Strategic Minerals	-	-	-
Total mineral properties	**48,821**	**-**	**48,683**

(Unaudited, in Canadian Dollars)

4. MINERAL PROPERTIES (CONT'd)

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

5. CAPITAL ASSETS

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In Progress	Total
	$	$	$	$	$
Three months ended March 31, 2024					
Opening net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559
Additions	-	-	138	22,699,972	22,700,110
Disposals	-	-	-	-	-
Depreciation	(49,594)	(107,571)	(15,598)	-	(172,763)
Closing net book value	**1,487,785**	**3,204,547**	**93,362**	**55,983,212**	**60,768,906**

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In Progress	Total
	$	$	$	$	$
As at March 31, 2024					
Cost	2,351,041	4,466,971	232,369	55,983,212	63,033,593
Accumulated depreciation	(863,256)	(1,262,424)	(139,007)	-	(2,264,687)
Closing net book value	1,487,785	3,204,547	93,362	55,983,212	60,768,906

5. 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 $157,262 ($164,011 for the three months ended March 31, 2023) was expensed as exploration and evaluation expenses during the three months ended March 31, 2024 and the remaining depreciation was capitalised to Construction in Progress.

As at March 31, 2024, the Corporation had capital commitments, of $88,948,607. These commitments relate to the development of Nalunaq Project, rehabilitation of the Nalunaq mine, construction of processing plant, purchases of mobile equipment and establishment of surface infrastructure.

During first three months of 2024 the Company capitalised borrowing costs of $1,223,021 to construction in progress, which are included in additions.

6. CONVERTIBLE NOTES

	Convertible notes loan	Embedded Derivatives at FVTPL	Total
	$	$	$
Balance as at December 31, 2023	11,763,053	23,980,074	35,743,127
Accretion of discount	843,673	-	843,673
Accrued interest	379,348	-	379,348
Fair value change	-	4,300,213	4,300,213
Foreign exchange loss (gain)	284,980	-	284,980
Balance as at December 31, 2023	**13,271,054**	**28,280,287**	**41,551,341**
Non-current portion	-	-	-
Current portion	**13,271,054**	**28,280,287**	**41,551,341**

6.1 Revolving Credit Facility

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

The credit facility is denominated in US Dollars and the SOFR interest rate is determined with reference to the CME Term SOFR Rates published by CME Group Inc. The Landsbankinn hf. and Fosar revolving credit facility carries (i) a commitment fee of 0.40% per annum calculated on the undrawn facility amount and (ii) an arrangement fee of 2.00% on the facility amount where 1.5% is to be paid on or before the closing date of the facility and 0.50% is to be paid on or before the first draw down. The facility is not convertible into any securities of the Corporation.
The facility will be secured by (i) a bank account pledge from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and Gardaq A/S held by the Corporation pursuant to the terms of share pledge agreements, (iii) a proceeds loan assignment agreement, (iv) a pledge agreement in respect of owner's mortgage deeds and (v) a licence transfer agreement. The Corporation has not yet drawn on this facility.

6. CONVERTIBLE NOTES (CONT'd)

6.2 Convertible notes

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

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

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

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

The fair value of the convertible notes at inception was recognized at $30.4 million (US$22.4 million) and $19.4 million (US$14.3 million) embedded derivative component was isolated and determined using a Black Scholes valuation model which required the use of significant unobservable inputs. As of March 31, 2024 the Corporation identified the fair value of embedded derivative associated with the early conversion option to be $28.2 million ($24.0 million as of December 31, 2023). The change in fair value of embedded derivative in the period from January 1, 2024 to March 31, 2024 has been recognized in the statement of Income (loss) and comprehensive income (loss). The Host liability component at inception, before deducting transaction costs, was recognized to be the residual amount of $10.9 million (US$8.1 million) which is subsequently measured at amortized cost. Transaction costs incurred on the issuance of the convertible note amounted to $1,004,030, of which $362,502 was allocated to, and deducted from, the host liability component, and $641,528 was allocated to the embedded derivative component and charged to profit and loss.

6. CONVERTIBLE NOTES (CONT'D)

6.3 Cost Overrun Facility

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

The Overrun Facility is denominated in US Dollars with a two-year term, expiring on 1 September 2025, and will bear interest at the CME Term SOFR Rates by CME Group Inc. and have a margin of 9.5% per annum. The Overrun Facility carries a stand-by fee of 2.5% on the amount of committed funds. The Overrun Facility is not convertible into any securities of the Corporation.

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

7. LEASE LIABILITIES

	As at March 31, 2024	As at December 31, 2023
	$	$
Balance beginning	657,440	729,237
Lease additions	155,214	-
Lease payment	(26,718)	(105,894)
Interest	8,574	34,097
Adjustment	-	-
Balance ending	794,510	657,440
Non-current portion – lease liabilities	(681,723)	(577,234)
Current portion – lease liabilities	**112,787**	**80,206**

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

(Unaudited, in Canadian Dollars)

7. LEASE LIABILITIES (CONT'd)

7.1 Right of use asset

	As at March 31, 2024	As at December 31, 2023
	$	**$**
Opening net book value	574,856	655,063
Additions	161,039	-
Disposals	-	-
Adjustment	-	-
Amortisation	(19,997)	(80,207)
Closing net book value	**715,898**	**574,856**
Cost	**997,239**	**836,200**
Accumulated amortisation	**(281,341)**	**(261,344)**
Closing net book value	**715,898**	**574,856**

8. STOCK-BASED COMPENSATION

8.1 Stock options

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

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

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

(Unaudited, in Canadian Dollars)

8. STOCK-BASED COMPENSATION (CONT'd)

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

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

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

Changes in stock options are as follows:

	Three months ended March 31, 2024	
	Number of options	**Weighted average exercise price**
		$
Balance, beginning	9,188,365	0.57
Exercised	(150,000)	0.43
Balance, end	**9,038,365**	**0.58**
Balance, end exercisable	9,033,755	0.59

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

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		$	
1,670,000	1,670,000	0.38	December 31, 2025
100,000	95,390	0.50	September 13, 2026
1,245,000	1,245,000	0.78	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
19,480	19,480	0.77	July 24, 2028
61,490	61,490	1.09	December 20, 2028
9,038,365	**9,033,755**		

8. STOCK-BASED COMPENSATION (CONT'd)

8.2 Restricted Share Unit

8.2.1 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.
- 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.

8.2.2 RSU Plan Amendment

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

(Unaudited, in Canadian Dollars)

8. STOCK-BASED COMPENSATION (CONT'd)

8.2.3 New Conditional Award under RSU Plan

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

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

8.2.4 Valuation

The fair value of the award granted in December 2022 and modified June 2023, in addition to the award granted October 13, 2023, increased to $7,378,000 based on 90% of the available pool being awarded. A charge of $711,500 was recorded during the three months ended March 31, 2024 ($449,000 during the three months ended March 31, 2023).

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

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

(Unaudited, in Canadian Dollars)

8. STOCK-BASED COMPENSATION (CONT'd)

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.

9. EXPLORATION AND EVALUATION EXPENSES

	Three months ended March 31,	
	2024	**2023**
	$	$
Geology	13,997	113,105
Drilling	-	-
Lodging and on-site support	184,469	
Analysis	5,033	-
Transport	-	304,200
Helicopter charter	-	79,868
Logistic support	-	-
Insurance	-	-
Maintenance infrastructure	480,754	294,119
Supplies and equipment	31,722	170,558
Project Engineering	-	55,792
Government fees	1,976	-
Exploration and evaluation expenses before depreciation	717,951	1,017,642
Depreciation	157,262	164,011
Exploration and evaluation expenses	**875,213**	**1,181,653**

10.GENERAL AND ADMINISTRATION

	Three months ended March 31,	
	2024	**2023**
	$	$
Salaries and benefits	869,415	617,589
Director's fees	159,000	157,000
Professional fees	939,809	611,878
Marketing and investor relations	166,037	141,968
Insurance	78,916	67,602
Travel and other expenses	604,513	301,269
Regulatory fees	393,733	192,941
General and administration before following elements	3,211,423	2,090,247
Stock-based compensation	712,306	451,014
Depreciation	35,498	35,774
General and administration	**3,959,227**	**2,577,035**

(Unaudited, in Canadian Dollars)

11. FINANCE COSTS

	Three months ended March 31,	
	2024	**2023**
	$	$
Lease interest	8,574	8,737
	8,574	**8,737**

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

12.1 Gardaq Joint Venture

	Three months ended March 31,	
	2024	**2023**
	$	$
Gardaq management fees and allocated cost	636,326	-
Foreign exchange revaluation	42,115	-
	678,441	**-**

As at March 31, 2024, the balance receivable from Gardaq amounted to $4,200,379 ($3,521,938 as at December 31, 2023). This receivable balance represents allocated overhead and general administration costs to manage the exploration work programmes and day-to-day activities of the joint venture. This balance will be converted to shares in Gardaq within 10 business days after the third anniversary of the completion of the Subscription and Shareholder Agreement dated 13 April 2023 (See note 3.1).

12.2 Key Management Compensation

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

	Three months ended September 31	
	2024	**2023**
	$	$
Short-term benefits		
Salaries and benefits	445,723	331,747
Director’s fees	159,000	157,000
Long-term benefits		
Stock-based compensation	-	-
Total compensation	**604,723**	**488,747**

(Unaudited, in Canadian Dollars)

13. NET EARNINGS (LOSS) PER COMMON SHARE

The calculation of net loss per share is shown in the table below. As a result of the net loss incurred during the periods presented, 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.

	Three months ended March 31,	
	2024	**2023**
	$	$
Net income (loss) and comprehensive income (loss)	**(9,217,515)**	**(3,376,893)**
Weighted average number of common shares outstanding - basic	290,574,484	263,203,347
Weighted average number of common shares outstanding – diluted	290,574,484	263,203,347
Basic earnings (loss) per share	(0.03)	(0.01)
Diluted earnings (loss) per common share	(0.03)	(0.01)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

14.1 Credit Risk

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

14.2 Fair Value

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

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

(Unaudited, in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'd)

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

	March 31, 2024	December 31, 2023
	$	$
Cash	65,086,851	21,014,633
Due from a related party	-	3,521,938
Sales tax receivable	144,108	69,756
Prepaid expenses and others	17,469,706	18,681,568
Deposit	27,944	27,944
Escrow account for environmental monitoring	5,697,903	598,939
Financial Asset – Related Party	4,200,379	-
Investment in equity-accounted joint arrangement	22,846,379	23,492,811
Accounts payable and accrued liabilities	(7,258,359)	(6,273,979)
Convertible notes	(41,551,341)	(35,743,127)
Lease liabilities	(794,510)	(657,440)

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

The carrying value of the convertible note instrument approximates its fair value at maturity and includes the embedded derivative associated with the early conversion option and the host liability at amortized cost.

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

14.3 Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation seeks to ensure that it has sufficient capital to meet short-term financial obligations after taking into account its exploration and operating obligations and cash on hand. 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 March 31, 2024			As at December 31, 2023		
	Trade and other payables	Convertible Notes	Lease liabilities	Trade and other payables	Convertible Notes	Lease liabilities
	$	$	$	$	$	$
Within 1 year	7,258,359	-	149,050	6,273,979	-	108,345
1 to 5 years	-	41,551,341	566,839	-	35,743,127	544,178
5 to 10 years	-	-	208,601	-	-	126,975
Total	**7,258,359**	**41,551,341**	**924,490**	**6,273,979**	**35,743,127**	**779,498**

The Corporation has assessed that it is not exposed to significant liquidity risk due to its cash balance in the amount of $65.1 million at the period end.