Q2 2024 Financial Results

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TORONTO, August 14, 2024 - Amaroq Minerals Ltd. (AIM:AMRQ)(TSXV:AMRQ)(NASDAQ Iceland:AMRQ), an independent mine development company with a substantial land package of gold and strategic mineral assets in Southern Greenland, presents its Q2 2024 financials. A conference call for analysts and investors will be held today at 14:00 BST (13:00 GMT, 09:00 EST), details of which can be found further down in this announcement. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

Eldur Olafsson, CEO of Amaroq, commented:

"Progress at Nalunaq is advancing smoothly, and we remain on track to achieve first gold production later this year. The completion of the main building works marks a significant milestone, and we are now focused on installing the key components of the processing plant. A standout achievement this quarter was receiving approval from the Greenlandic Government for our Environmental and Social Impact Assessments. Upholding the highest standards of environmental and social responsibility is fundamental to our mission as we bring Nalunaq into production.

"Our exploration efforts across our gold and strategic minerals targets are also progressing well. At Nalunaq, the Target Block resource expansion program is underway, with drill crews now fully mobilized on-site. At Stendalen, we have successfully completed the camp construction, and drilling operations have begun, informed by promising results from recently completed ground geophysics.

"Additionally, we are pleased to announce a significant post-period development: the successful arrangement of a substantial increase and extension of our debt financing package with Landsbankinn. This new arrangement simplifies the structure of the facility while securing more favorable rates."

Q2 2024 Corporate Highlights

- Amaroq group liquidity of $62.2 million consisting of cash balances, undrawn revolving credit facilities, undrawn revolving credit overrun facility less trade payables ($96.3 million as of March 31, 2024).
- Gold business working capital before convertible note liability of $50.5 million that includes prepaid contractors on the Nalunaq project of $19.6 million as of June 30, 2024 ($78.2 million that includes prepaid contractors on the Nalunaq project of $17.5 million as of March 31, 2024)
- The Gardaq Joint Venture that comprises the Strategic Minerals business has available liquidity of $13.5 million as of June 30, 2024 ($17 million as of March 31, 2023).
- Amaroq continues to develop opportunities in Servicing and Hydro to enhance local procurement options and support the transition towards cleaner energy sources.

Post-Period Highlights

- In July 2024, the Company agreed heads of terms, subject to final documentation, with Landsbankinn for US$35 million in three Revolving Credit Facilities, securing a substantial increase and extension to its current debt facilities.
- On 6 August 2024, Ellert Arnarson joined the Company as Chief Financial Officer (CFO).

Q2 2024 Operational Highlights

- Permitting: The Government of Greenland approved the Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) for the Nalunaq project in June 2024. The Company is now working with stakeholders on the Impact Benefit Agreement (IBA), which it aims to have in place by the end of the year.
- Contracting and Procurement: Procurement of all key contract packages is 92% complete. Contracts for the flotation recovery and dry stack tailings sections ("phase two") building and equipment has commenced and will be completed by the end of Q3 2024. The remaining contracts are also expected to be concluded in Q3 2024.
- Engineering: Process plant detail design and engineering for phase one was 96% complete at the end of Q2, with all packages issued to the market. Engineering for phase two of the process plant building has commenced and will be completed by the end of Q3 2024.
- Construction: Plant pad earthworks and civil construction was 100% complete. The plant building structural steel is 100% complete and cladding is 94% complete. Mechanical installation of the crushing circuit is 68% complete and installation of the civil foundations for the retaining walls, stockpile reclaimer and stacker conveyor have commenced. The TMM and light vehicle workshop construction is complete and electrical installation was 78% complete. Foundations for the new accommodation unit were 25% complete. Overall process plant construction is 56% complete.
- Mining: Mine Development has progressed as new equipment has arrived to site, including two new ST7 scoops and one new Jumbo drill. The ramp has been completed to 732 m and the first ore round was blasted on June 30th. Amaroq has continued the sump development which is 75% complete. Both Mine Arc refuge stations have been commissioned. The leaky feeder communication system was installed from 300 to the 720 ml. Construction of the underground main heating system on 300ml portal has commenced. The exhaust raise fans for Target Block have been commissioned in preparation for the development of the exploration drift as drilling is planned to commence in September.
- Nalunaq Exploration: All additional 75 vein sampling from historical core housed at Nalunaq has been completed and submitted to ALS for assaying. Drill crews and equipment for surface exploration drilling targeting expanded mineralization at the Target Block, have been mobilised to site.
- Strategic Minerals: Amaroq has mobilised three drill rigs and a semi-permanent 40 person camp in order to enact an expanded drilling programme at Stendalen, which has now commenced.

Nalunaq Project KPIs

- 103,680 total hours worked during Q2 2024
- Daily average of 96 people working on site at Nalunaq in Q2 2024
- Ratio of Greenlandic personnel at Nalunaq was 51% in Q2 2024

Outlook

- Activities at Nalunaq remain on track to deliver first gold in Q4 2024. An additional accommodation wing is due to be added in Q3 2024 to accommodate up to 120 people on site.
- The Ni-Cu exploration programme continues at the Stendalen copper-nickel discovery with an expanded drilling programme targeting the sulphide zone.

Exploration activities overview

Gold projects:

- Nalunaq
    - All additional 75 vein sampling from historical core housed at Nalunaq has been completed and submitted to ALS for assaying.
    - Drill crews and equipment for surface exploration drilling to enlarge the mineralised zone at the Target Block have mobilised to site.
    - Following completion of the underground rehabilitation, exploration will now be conducted from underground as well as surface. The 2024 exploration programme aims to provide additional information and data on the Mountain Block and Target Block extensions to the Main Vein as well as assessing continuity and form of the 75 Vein. Underground drilling locations have been designed and a rig is to be mobilised for operations in Q4 2024.
- Vagar and Surrounding Areas
    - Amaroq intends to continue its target generation programmes in the regions near to Nalunaq and Vagar licences.

Strategic Minerals:

- Sava Copper Belt (Sava/North Sava)
    - Geological field team have commenced a programme of mapping and sampling across the copper belt area assessing both potential porphyry and magmatic Cu-Ni targets.
    - Following the identification of a copper/molybdenum porphyry system at Target West, the Company intends to continue additional porphyry target generation across the Sava and North Sava licences as well as regionally across the Copper Belt targeting areas that hold the greatest potential to host porphyry related systems.
    - Further assessment of the prospectivity of the epithermal copper/gold mineralisation at Target North is also planned.
- Stendalen
    - Following the new Copper-Nickel discovery made at Stendalen, Amaroq has mobilised three drill rigs and a semi-permanent camp to site to facilitate an expanded drilling programme.
    - Following the successful completion of a ground geophysics programme, a more robust conductive target within the interpreted Feeder Zone has been defined which will be the focus of the 2024 drilling programme, which commenced post-period in August.
    - In addition, the Company has commenced planning for a downhole geophysics programme to provide further confidence to the overall extend and geometry of the intrusion and associated sulphide mineralisation.
    - Leveraging off the data from this discovery, ground studies will also assess the potential for further target areas regionally.
- Kobberminebugt
    - Amaroq continues to review the results of the detailed geophysical programme conducted over the Kobberminebugt licence in 2023. Specific geophysical targets will be interpreted, and target generation activities will take place during Summer 2024.

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

Details of conference call

A conference call for analysts and investors will be held today at 14:00 BST (13:00 GMT, 09:00 EST), including a management presentation and Q&A session.

To join the meeting, please register at the below link:

https://us06web.zoom.us/webinar/register/WN_Vcw3xLPxTP2xvokJBtfQVQ

Amaroq Financial Results

The following selected financial data is extracted from the Financial Statements for the six months ended June 30, 2024.

Financial Results

	Six months ended June 30	
	2024 $	2023 $
Exploration and evaluation expenses	(748,040)	(3,459,846)
Site development costs	-	(1,825,564)
General and administrative	(8,294,917)	(5,383,216)
Gain on loss of control of subsidiary	-	31,340,880
Share of 6-months loss of an equity-accounted joint arrangement	(1,909,817)	(1,639,482)

Unrealized gain on derivative liability	5,291,615	-
Net (loss) income and comprehensive (loss) income	(3,988,193)	19,980,808
Basic and diluted (loss) income per common share	(0.013)	0.07

Financial Position

	As at June 30 2024 $	As at March 31 2024 $
Cash on hand	31,663,204	65,086,851
Total assets	177,950,773	179,887,713
Total current liabilities (before convertible notes liability)	8,490,107	7,371,146
Total current liabilities (including convertible notes liability)	41,932,965	48,922,487
Shareholders' equity	135,365,745	130,283,503
Working capital-gold business (before convertible notes liability)	50,534,953	78,210,475

Working capital-gold business (after convertible notes liability)	17,092,095	36,659,134
Gold business liquidity (excludes $17.0 and $18.7M ring-fenced for strategic mineral exploration as of March 31, 2024 and Dec 31, 2023)	62,153,117	96,303,850

Conditional Awards under RSU Plan

Amaroq further announces that it made a conditional award (the "Award") under the Restricted Share Unit Plan (the "RSU Plan") to the Chief Financial Officer Ellert Arnarson whose appointment became effective on 06 August 2024. 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 participant is eligible in respect of the Award will be granted as Restricted Share Units (each an "RSU"), with each RSU entitling the participant to receive common shares in the Company. Each RSU will be granted under, and governed in accordance with, the rules of the Company's Restricted Share Unit Plan (the "RSU Plan") available on the Company's website at https://www.amaroqminerals.com/about/corporate-governance/

The details of the Award are as follows:

- Initial price: share price on the date of appointment being C$1.04;
- Hurdle rate: 10% p.a. above the Initial Price;
- Pool: value equal to 10% of the growth in value above the Hurdle rate;
- Individual allocation: 12% of the pool;
- Measurement date: 31 December 2025, a single measurement date based on the 3 months average share price;
- RSU Grant date: Q1 2026;
- Vesting: 100% vests Q1 2027.

PDMR Dealing Notification Form of provided in accordance with Article 19 of the EU Market Abuse Regulation 596/2014 can be found below.

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DEALING NOTIFICATION FORM
FOR USE BY PERSONS DISCHARGING MANAGERIAL RESPONSIBILITY
AND THEIR CLOSELY ASSOCIATED PERSONS

1.	Details of the person discharging managerial responsibilities/person closely associated	
a)	Name:	Ellert Arnarson
2.	Reason for the notification	
a)	Position/status:	Chief Financial Officer
b)	Initial notification/Amendment	Initial notification
3.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor	
a)	Name	Amaroq Minerals Ltd.
b)	LEI:	213800Q21S5JQ6WKCE70
4.	Details of the transaction(s): section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) e transactions have been conducted	
a)	Description of the financial instrument, type of instrument: Identification code:	Restricted Share Units ("RSU"), with each RSU entitling t Company
b)	Nature of the transaction:	Award under Restricted Share Unit Plan
c)	Price(s) and volume(s):	Price(s) Volume(s) Nil 12% of the Total Pool
d)	Aggregated information: • Aggregated volume: • Average price:	n/a
e)	Date of the transaction(s):	August 14, 2024
f)	Place of the transaction	XOFF

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For Company updates:

Follow @Amaroq_minerals on X (Formerly known as Twitter)
Follow Amaroq Minerals Inc. on LinkedIn

Further Information:

About Amaroq Minerals

Amaroq Minerals' principal business objectives are the identification, acquisition, exploration, and development of gold and strategic metal properties in South Greenland. The Company's principal asset is a 100% interest in the past producing Nalunaq Gold mine which is due to go into production towards the end of 2024. The Company has a portfolio of gold and strategic metal assets in Southern Greenland covering the two known gold belts in the region as well as advanced exploration projects at Stendalen and the Sava Copper Belt exploring for Strategic metals such as Copper, Nickel, Rare Earths and other minerals. Amaroq Minerals is continued under the Business Corporations Act (Ontario) and wholly owns Nalunaq A/S, incorporated under the Greenland Public Companies Act.

Glossary

Ag	silver
Au	gold
Bt	Billion tonnes
Cu	copper
g	

grams

g/t	grams per tonne
km	kilometers
Koz	thousand ounces
m	meters
Mo	molybdenum
MRE	Mineral Resource Estimate
MT	Magnetotelluric data
Nb	niobium
Ni	nickel
oz	ounces
REE	Rare Earth Elements
t	tonnes
Ti	Titanium
t/m^3	tonne per cubic meter
U	uranium
USD/ozAu	US Dollar per ounce of gold
V	Vanadium
Zn	zinc

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

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

Image:
https://www.accesswire.com/imagelibrary/69c364e7-95d2-499f-b063-14e47eaa1026/900607/amaroqlogo.jpeg

Amaroq Minerals Ltd.
UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended June 30, 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 June 30, 2024	As at December 31, 2023
		$	$
ASSETS			
Current assets			
Cash		31,663,204	21,014,633
Sales tax receivable		199,790	69,756
Prepaid expenses and others		19,593,779	18,681,568
Inventory		7,768,077	680,358
Total current assets		59,224,850	40,446,315
Non-current assets			
Deposit		177,944	27,944
Escrow account for environmental rehabilitation		5,716,288	598,939
Financial Asset - Related Party	3,13	4,975,422	3,521,938
Investment in equity accounted joint arrangement	3	21,582,994	23,492,811
Mineral properties	4	48,683	48,821
Right of use asset	7	682,555	574,856
Capital assets	5	85,542,037	38,241,559
Total non-current assets		118,725,923	66,506,868
TOTAL ASSETS		177,950,773	106,953,183

LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		8,375,316	6,273,979
Convertible notes	6	33,442,858	35,743,127
Lease liabilities - current portion	7	114,791	80,206
Total current liabilities		41,932,965	42,097,312
Non-current liabilities			
Lease liabilities	7	652,063	577,234
Total non-current liabilities		652,063	577,234
Total liabilities		42,585,028	42,674,546
Equity			
Capital stock	8	207,202,359	132,117,971
Contributed surplus		6,716,481	6,725,568
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(78,516,323)	(74,528,130)
Total equity		135,365,745	64,278,637
TOTAL LIABILITIES AND EQUITY		177,950,773	106,953,183
Subsequent events	16		

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 June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
		$	$	$	$
Expenses					
Exploration and evaluation expenses	10	127,173	(2,278,193)	(748,040)	(3,459,846)
Site development costs		-	(1,825,564)	-	(1,825,564)
General and administrative	11	(4,335,691)	(2,806,181)	(8,294,917)	(5,383,216)
Gain (loss) on disposal of capital assets		-	-	-	(37,791)
Foreign exchange gain (loss)		514,521	(171,828)	435,012	25,175
Operating gain (loss)		(3,693,997)	(7,081,766)	(8,607,945)	(10,681,242)
Other income (expenses)					
Interest income		25,866	240,268	41,192	471,588
Gardaq management income and allocated cost		578,568	506,640	1,214,894	506,640
Gain on loss of control of subsidiary	3	-	31,340,880	-	31,340,880

Share of net loss of joint arrangement	3	(1,263,385)	(1,639,482)	(1,909,817)	(1,639,482)
Unrealized gain on derivative liability	6	9,591,828	-	5,291,615	-
Finance costs	12	(9,558)	(8,839)	(18,132)	(17,576)
Net income (loss) and comprehensive income (loss)		5,229,322	23,357,701	(3,988,193)	19,980,808
Weighted average number of common shares outstanding - basic		326,825,939	263,281,297	308,700,211	263,242,536
Weighted average number of common shares outstanding - diluted		364,748,474	273,398,692	308,700,211	273,359,931
Basic earnings (loss) per share	14	0.016	0.09	(0.013)	0.08
Diluted earnings (loss) per common share	14	0.014	0.09	(0.013)	0.07
Effect of dilution		0.002	-	-	0.01
Share options		7,261,353	10,117,395	7,261,353	10,117,395

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)

	Notes	Number of common shares outstanding	Capital Stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	To
		$	$	$	$	$	$
Balance at January 1, 2023		263,073,022	131,708,387	5,250,865	(36,772)	(73,694,617)	6
Net income and comprehensive income		-	-	-	-	19,980,808	1
Options exercised, net		208,275	128,758	(150,000)	-	-	(2
Stock-based compensation	9	-	-	902,028	-	-	9
Balance at June30, 2023		263,281,297	131,837,145	6,002,893	(36,772)	(53,713,809)	8
Balance at January 1, 2024		263,670,051	132,117,971	6,725,568	(36,772)	(74,528,130)	6
Net loss and comprehensive loss		-			-	(3,988,193)	(3
Shares issued under a fundraising	8	62,724,758	75,574,600		-		7
Shares issuance costs	8	-	(1,218,285)		-		(1
Options exercised - net		1,023,918	728,073	(745,500)	-		(1
Stock-based compensation	9	-	-	736,413	-		7
Balance at June 30, 2024		327,418,727	207,202,359	6,716,481	(36,772)	(78,516,323)	1

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	Six months ended June 30,	
		2024	2023
		$	$
Operating activities			
Net (loss) income for the period		(3,988,193)	19,980,808
Adjustments for:			
Depreciation	5	347,881	352,763
Amortisation of ROU asset	7	53,340	39,774
Stock-based compensation	9	736,413	902,028
Gain on loss of control of subsidiary	3	-	(31,340,880)
Unrealized loss on derivative liability	6	(5,291,615)	-
Loss on disposal of capital assets		-	37,791
Share of net losses of joint arrangement	3	1,909,817	1,639,482

Gardaq management income and allocated cost	3,13	(1,214,894)	(506,640)
Interest income		(41,192)	(471,588)
Other expenses		(17,427)	-
Foreign exchange		(667,577)	(47,985)
Finance costs		18,132	17,576
		(8,155,315)	(9,396,871)
Changes in non-cash working capital items:			
Sales tax receivable		(130,033)	17,004
Due from related party	3,13	(175,663)	(1,712,863)
Prepaid expenses and others		(8,015,367)	(1,580,751)
Accounts payable and accrued liabilities		2,100,537	1,734,337
		(6,220,526)	(1,542,273)
Cash flow used in operating activities		(14,375,841)	(10,939,144)
Investing activities			
Transfer to escrow account for environmental rehabilitation		(5,066,193)	-

Construction in progress and acquisition of capital assets	5	(45,078,383)	-
Prepayment for acquisition of ROU asset		(5,825)	-
Deposit		(150,000)	-
Cash flow used in investing activities		(50,300,401)	-
Financing activities			
Proceeds from issuance of shares	8	75,574,600	-
Shares issuance costs	8	(1,218,285)	-
Lease payments	7	(63,932)	(53,173)
Interest received		41,192	471,588
Cash flow from financing activities		74,333,575	418,415
Net change in cash before effects of exchange rate changes on cash during the period		9,657,333	(10,520,729)

Effects of exchange rate changes on cash	991,238	53,012
Net change in cash during the period	10,648,571	(10,467,717)
Cash, beginning of period	21,014,633	50,137,569
Cash, end of period	31,663,204	39,669,852

Supplemental cashflow information		
Borrowing costs capitalised to capital assets (note 5)	2,569,838	-
ROU assets acquired through lease	155,214	-
Options exercised	728,073	-

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. As of June 19, 2024, the Corporation completed its continuance from the Canada Business Corporations Act into the Province of Ontario under the Business Corporations Act (Ontario). The Corporation's head office is situated at 100 King Street West, Suite 3400, First Canadian Place, Toronto, Ontario, M5X 1A4, Canada. The Corporation operates in one industry segment, being the acquisition, exploration and development of mineral properties. It owns interests in properties located in Greenland. The Corporation's financial year ends on December 31. Since July 2017, the Corporation's shares are listed on the TSX Venture Exchange (the "TSX-V"). Since July 2020, the Corporation's shares are also listed on the AIM market of the London Stock Exchange ("AIM") and from November 1, 2022, on Nasdaq First North Growth Market Iceland which were transferred on September 21, 2023 on Nasdaq Main Market Iceland ("Nasdaq") under the AMRQ ticker.

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2024 ("Financial Statements") were approved by the Board of Directors on August 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 share 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 audited 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.

3. INVESTMENT IN AN ASSOCIATE or joint venture CORPORATION

	As at June 30, 2024	As at June 30, 2023
	$	$
Balance at beginning of period	23,492,811	-
Original investment in Gardaq ApS	-	7,422
Transfer of non-gold strategic minerals licences at cost	-	36,896

Investment at conversion of Gardaq ApS to Gardaq A/S	-	55,344
Gain on FV recognition of equity accounted investment in joint venture	-	31,285,536
Share of joint venture's net losses for six months ended June 30	(1,909,817)	(1,639,482)
Balance at end of period	21,582,994	29,745,716

Original investment in Gardaq ApS	7,422	7,422
Transfer of non-gold strategic minerals licences at cost	36,896	36,896
Investment at conversion of Gardaq ApS to Gardaq A/S	55,344	55,344

Gain on FV recognition of equity accounted investment in joint venture	31,285,536	31,285,536
Investment retained at fair value-51% share	31,385,198	31,385,198
Share of joint venture's cumulative net losses	(9,802,204)	(1,639,482)
Balance at end of period	21,582,994	29,745,716

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

	As at June 30, 2024	As at June 30, 2023
	$	$
Cash and cash equivalent	13,483,026	29,337,924
Prepaid expenses and other	2,741,424	64,645
Total current assets	16,224,450	29,402,569
Mineral property	117,576	92,240
Total assets	16,342,026	29,494,809
Accounts payable and accrued liabilities	339,675	243,939

Financial liability - related party	4,975,422	2,218,604
Total liabilities	5,315,097	2,462,543
Capital stock	30,246,937	30,246,937
Deficit	(19,220,008)	(3,214,671)
Total equity	11,026,929	27,032,266
Total liabilities and equity	16,342,026	29,494,809

3. INVESTMENT IN AN ASSOCIATE or joint venture CORPORATION (CONT'd)

	As at June 30, 2024	As at June 30, 2023
	$	$
Exploration and Evaluation expenses	2,799,464	2,751,253
Interest expense (income)	(4,640)	-
Foreign exchange loss (gain)	(369,405)	(43,222)
Operating loss	2,425,419	2,708,031
Other expenses	1,319,319	506,640
Net loss and comprehensive loss	3,744,738	3,214,671

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:

1. subscribe to one Amaroq share by conversion of the amount payable to the Corporation,
2. 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 8,647,100 as at 30 June 2024). See note 13.1.

During the six-month period ended 30 June 2024, the Corporation determined that the financial asset should be reclassified to the non-current asset category since the amount will be settled during April 2026. As a result, an amount of $4,975,422 has been reclassified to non-current assets as at 30 June 2024 ($3,521,938 reclassified as at 31 December 2023, nil as at 31 December 2022).

4. MINERAL PROPERTIES

	As at December 31, 2023	Transfer	As at June 30, 2024
	$	$	$
Nalunaq - Au	1	-	1
Tartoq - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritooq - Au	6,389	-	6,389
Siku - Au	6,821	(138)	6,683
Total mineral properties	48,821	(138)	48,683

4. MINERAL PROPERTIES (CONT'd)

	As at December 31, 2022	Transfers	As at June 30, 2023
	$	$	$

Nalunaq - Au	1	-		1
Tartoq - Au	18,431	-		18,431
Vagar - Au	11,103	-		11,103
Nuna Nutaaq - Au	6,076	-		6,076
Anoritooq - Au	6,389	-		6,389
Siku - Au	6,821	-		6,821
Naalagaaffiup Portornga - Strategic Minerals	6,334	(6,334	)	-
Saarloq - Strategic Minerals	7,348	(7,348	)	-
Sava - Strategic Minerals	6,562	(6,562	)	-
Kobberminebugt - Strategic Minerals	6,840	(6,840	)	-
Stendalen - Strategic Minerals	4,837	(4,837	)	-
North Sava - Strategic Minerals	4,837	(4,837	)	-
Total mineral properties	85,579	(36,758	)	48,821

5. CAPITAL ASSETS

Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction in progress	Total
$	$	$	$	$

Six months ended June 30, 2024					
Opening net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559
Additions	-	47,254	138	47,600,967	47,648,359
Depreciation	(99,187)	(217,499)	(31,195)	-	(347,881)
Closing net book value	1,438,192	3,141,873	77,765	80,884,207	85,542,037

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction in progress	Total
	$	$	$	$	$
As at June 30, 2024					
Cost	2,351,042	4,514,225	232,231	80,884,207	87,981,705
Accumulated depreciation	(912,850)	(1,372,352)	(154,466)	-	(2,439,668)
Closing net book value	1,438,192	3,141,873	77,765	80,884,207	85,542,037

5. CAPITAL ASSETS (CONT'd)

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In progress	Total
	$	$	$	$	$
December 31, 2023					
Opening net book value	1,735,752	3,742,384	216,385	7,522,085	13,216,606
Additions	-	-	-	25,761,155	25,761,155
Disposals	-				

-

(80,983

)

-

(80,983

)

Adjustment	-	-	43,054	-	43,054
Depreciation	(198,373)	(430,266)	(69,634)	-	(698,273)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction In progress	Total
	$	$	$	$	$
As at December 31, 2023					
Cost	2,351,041	4,466,971	232,231	33,283,240	40,333,483
Accumulated depreciation	(813,662)	(1,154,853)	(123,409)	-	(2,091,924)
Closing net book value	1,537,379	3,312,118	108,822	33,283,240	38,241,559

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 $316,879 ($321,265 for the six months ended June 30, 2023) was expensed as exploration and evaluation expenses during the six months ended June 30, 2024.

As at June 30, 2024, the Corporation had capital commitments, of $50,977,087. 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 the first six months of 2024 the Corporation capitalised borrowing costs of $2,569,838 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	1,811,142	-	1,811,142
Accrued interest	758,696	-	758,696

Fair value change	-	(5,291,615)	(5,291,615)
Foreign exchange loss	421,508	-	421,508
Balance as at June 30, 2024	14,754,399	18,688,459	33,442,858
Non-current portion	-	-	-
Current portion	14,754,399	18,688,459	33,442,858

6. CONVERTIBLE NOTES (CONT'd)

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

23,980,074

35,743,127

6.1 Revolving Credit Facility

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

The RCF is denominated in US Dollars and the SOFR interest rate is determined with reference to the CME Term SOFR Rates published by CME Group Inc. The RCF carries (i) a commitment fee of 0.40% per annum calculated on the undrawn facility amount and (ii) an arrangement fee of 2.00% on the facility amount where 1.5% has been paid on the closing date of the facility and 0.50% 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.

This facility will be replaced by the new revolving credit facilities that are expected to be finalized subsequent to the interim financial reporting date (see note 16).

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) on September 1, 2023 with a four-year term and a fixed interest rate of 5%. The conversion price of $0.90 per common share is the closing Canadian market price of the Amaroq shares on the day, prior to the closing day of the Debt Financing.

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 initially recognised at fair value and subsequently measured at amortized cost, whereas the aggregate conversion and repayment options (the "Embedded

Derivatives") are classified at fair value through profit and loss (FVTPL).

The fair value of the convertible notes at inception was recognized at $30.4 million (US$22.4 million) and $19.4 million (US$14.3 million) embedded derivative component was isolated and determined using a Black Scholes valuation model which required the use of significant unobservable inputs. As of June 30, 2024, the Corporation identified the fair value of embedded derivative associated with the early conversion option to be $18.7 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 June 30, 2024 has been recognized in the consolidated statement of comprehensive loss. The Host liability component at inception, before deducting transaction costs, was recognized to be the residual amount of $10.9 million (US$8.1 million) which 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 was entered into with JLE Property Ltd. on September 1, 2023, on the same terms as the Bank Revolving Credit Facility.

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

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

This facility will be replaced by the new revolving credit facilities that are expected to be finalized subsequent to the interim financial reporting date (see note 16).

7. LEASE LIABILITIES

	As at June 30, 2024	As at December 30, 2023
	$	$
Balance beginning	657,440	729,237
Lease additions	155,214	-
Lease payment	(63,932)	(105,894)
Interest	18,132	34,097
Balance ending	766,854	657,440

Non-current portion - lease liabilities	(652,063)	(577,234)
Current portion - lease liabilities	114,791	80,206

The Corporation has two leases for its offices. In October 2020, the Corporation started a lease for five years and five months including five free rent months during this period. The monthly rent is $8,825 until March 2024 and $9,070 for the balance of the lease. The Corporation has the option to renew the lease for an additional five-year period at $9,070 monthly rent indexed annually to the increase of the consumer price index of the previous year for the Montreal area. In March 2024, the Corporation started a new lease for a two-year term with the option to extend for two more years. The monthly rent is $5,825 until March 2025 after which the monthly rent may increase as per the lease terms.

7. LEASE LIABILITIES (CONT'd)

7.1 Right of use asset

	As at June 30, 2024	As at December 31, 2023
	$	$
Opening net book value	574,856	655,063
Additions	161,039	-
Amortisation	(53,340)	(80,207)
Closing net book value	682,555	574,856
Cost	997,239	836,200
Accumulated amortisation	(314,684)	(261,344)
Closing net book value	682,555	574,856

8. SHARE CAPITAL

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

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

As a result of the subscription, net proceeds of approximately GBP 44 million (CAD 75.6 million) have been raised, exceeding the initial targeted amount of GBP 30 million. The shares subscribed to were credited as fully paid and rank pari passu in all respects with the existing common shares of the Corporation.

9. STOCK-BASED COMPENSATION

9.1 Stock options

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

On May 14, 2024, and June 3, 2024, the Corporation granted its employees 22,988 stock options with an exercise price ranging from $1.30 to $1.31 per share. The stock options vested 100% at the grant date. The options were granted at an exercise price equal to the closing market price of the shares the day prior to the grant. Total stock-based compensation costs amounted to $18,163 for an estimated fair value of $0.72 per share.

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

Changes in stock options are as follows:

	Six months ended June 30, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance, beginning	9,168,365	0.59	10,717,395	0.57
Granted	22,988	1.30	80,970	1.01

Exercised	(1,950,000)	0.60	(1,610,000)	0.46
Balance, end	7,261,353	0.59	9,188,365	0.59
Balance, end exercisable	7,259,522	0.59	9,188,365	0.59

9. STOCK-BASED COMPENSATION (CONT'd)

Stock options outstanding and exercisable as at June 30, 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	98,169	0.50	September 13, 2026
1,245,000	1,245,000	0.70	December 31, 2026
2,700,000	2,700,000	0.60	January 17, 2027
73,333	73,333	0.75	April 20, 2027
39,062	39,062	0.64	July 14, 2027
1,330,000	1,330,000	0.70	December 30, 2027
19,480	19,480	0.77	July 24, 2028
61,490	61,490	1.09	December 20, 2028
11,538	11,538	1.30	May 14, 2029
11,450	11,450	1.31	June 3, 2029
7,261,353	7,259,522		

9.2 Restricted Share Unit

9.2.1 Description

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

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

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

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

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

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

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

9. STOCK-BASED COMPENSATION (CONT'd)

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

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

9.2.2 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 9.2.4.

9.2.3 New Conditional Award under RSU Plan

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

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

9. STOCK-BASED COMPENSATION (CONT'd)

9.2.4 Valuation

The fair value of the award granted in December 2022 and modified June 2023, in addition to the award granted October 13, 2023, increased to $7,378,000 based on 90% of the available pool being awarded.

During June 2024, some of the awards were forfeited due to the departure of Jaco Crouse, CFO of the Corporation, effective June 3, 2024 (see note 9.2.5). As a result of the departure, previously recognised RSU award vesting charges of $566,875 were reversed and the percentage of the pool that was allocated was reduced to 70%.

A charge of $6,750 and $718,250 was recorded during the three and six months ended June 30, 2024 respectively, including the reduction of $566,875 of previously recognized RSU vesting charges which were reversed during the period as a result of the forfeiture of the RSU awards (a charge of $449,000 and $898,000 was recorded during the three and six months ended June 30, 2023).

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

Assumption	Value
Grant date	December 30, 2022
Amendment date	June 15, 2023
Additional award date	October 13, 2023
Forfeiture of 20% of the awards date	June 3, 2024
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 - $ 3,538,000 First Measurement Date	
Fair value of awards - $ 1,526,000 Second Measurement Date	
Fair value of awards - $ 786,000 Third Measurement Date	

Total fair value of awards (70% of pool)	$ 5,850,000

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

9. STOCK-BASED COMPENSATION (CONT'd)

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

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

Award Date	February 23, 2024
Initial Price	CAD 0.552
Hurdle Rate	10% p.a. above the Initial Price
Total Pool	10% of the growth in value above the Hurdle rate, not exceeding 10% of The number of shares is determined at the Measurement Dates
Participant proportions and Number of shares subject to RSU	Eldur Olafsson, CEO 40% 3,805,377 shares Jaco Crouse[1], CFO 20% 1,902,688 shares Joan Plant, Executive VP 10% 951,344 shares James Gilbertson, VP Exploration 10% 951,344 shares Edward Wyvill, Corporate Development 10% 951,344 shares
First Measurement Date:	31 December 2023 50% of the Shares will vest on the first anniversary of grant, with the rem anniversary of grant.

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

10. EXPLORATION AND EVALUATION EXPENSES (RECOVERY)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Geology	119,346	(138,599)	133,343	(25,494)
Drilling	-	1,036,653	-	1,036,653

Lodging and on-site support	(184,469)	51,714	-	51,714
Analysis	127,877	(26,355)	132,910	(26,355)
Geophysical survey	-	(416,177)	-	(416,177)
Transport	8,112	320,553	4,909	624,753
Helicopter charter	-	601,815	-	681,682
Logistic support	-	(51,509)	-	(51,509)
Insurance	-	-	-	-
Maintenance infrastructure	(463,922)	284,769	16,832	578,890
Supplies and equipment	75,586	432,460	110,511	603,017
Project Engineering	-	-	-	55,792
Government fees	30,873	25,615	32,849	25,615
Exploration and evaluation expenses before depreciation	(286,597)	2,120,939	431,354	3,138,581
Depreciation	159,424	157,254	316,686	321,265
Exploration and evaluation expenses	(127,173)	2,278,193	748,040	3,459,846

11. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Salaries and benefits	2,121,857	620,073	2,991,272	1,237,662
Director's fees	159,000	157,000	318,000	314,000
Professional fees	912,159	910,879	1,851,968	1,522,757
Marketing and investor relations	147,134	164,719	313,171	306,686
Insurance	93,917	67,602	172,833	135,204

Travel and other expenses	639,947	219,782	1,244,459	521,053
Regulatory fees	188,726	179,614	582,459	372,554
General and administration before following elements	4,262,740	2,319,669	7,474,162	4,409,916
Stock-based compensation	24,107	451,014	736,413	902,028
Depreciation	48,844	35,498	84,342	71,272
General and administration	4,335,691	2,806,181	8,294,917	5,383,216

12. FINANCE COSTS

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Lease interest	9,558	8,839	18,132	17,576
	9,558	8,839	18,132	17,576

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

13.1 Gardaq Joint Venture

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

As at June 30, 2024, the balance receivable from Gardaq amounted to $4,975,422 ($3,521,938 as at

December 31, 2023). This receivable balance represents allocated overhead and general administration costs to manage the exploration work programmes and day-to-day activities of the joint venture. This balance will be converted to shares in Gardaq within 10 business days after the third anniversary of the completion of the Subscription and Shareholder Agreement dated April 13, 2023 (See note 3.1).

13.2 Key Management Compensation

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Short-term benefits				
Salaries and benefits	394,843	312,513	840,566	654,817
Director's fees	159,000	157,000	318,000	314,000
Long-term benefits				
Stock-based compensation	806	2,014	1,612	4,028
Stock-based compensation - RSU	(153,250)	449,000	398,250	898,000
Total compensation	401,399	920,527	1,558,428	1,870,845

14. NET EARNINGS (LOSS) PER COMMON SHARE

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

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	$	$	$	$
Net income (loss) and comprehensive income (loss)	5,229,322	23,357,701	(3,988,193)	19,980,808

Weighted average number of common shares outstanding - basic	326,825,939	263,281,297	308,700,211	263,242,536
Weighted average number of common shares outstanding - diluted	364,748,474	273,398,692	308,700,211	273,359,931
Basic earnings (loss) per share	0.016	0.09	(0.013)	0.08
Diluted earnings (loss) per common share	0.014	0.09	(0.013)	0.07

15. 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 June 30, 2024:

15.1 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.

15.2 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)

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

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

	June 30, 2024	December 31, 2023
	$	$
Cash	31,663,204	21,014,633
Sales tax receivable	199,790	69,756
Prepaid expenses and others	19,593,779	18,681,568
Deposit	177,944	27,944
Escrow account for environmental monitoring	5,716,288	598,939
Financial Asset - Related Party	4,975,422	3,521,938
Investment in equity-accounted joint arrangement	21,582,994	23,492,811
Accounts payable and accrued liabilities	(8,375,316)	(6,273,979)
Convertible notes	(33,442,858)	(35,743,127)
Lease liabilities	(766,854)	(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.

15.3 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 is currently negotiating new Head of Terms with Landsbankinn in order to fund general and administrative costs, exploration and evaluation costs and Nalunaq project development costs. The

Corporation's options to enhance liquidity include the issuance of new equity instruments or debt.

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

	As at June 30, 2024			As at December 31, 2023		
	Trade and other payables	Convertible Notes	Lease liabilities	Trade and other payables	Convertible Notes	Lea
	$	$	$	$	$	$
Within 1 year	8,375,316	-	149,650	6,273,979	-	10
1 to 5 years	-	33,442,858	556,236	-	35,743,127	54
5 to 10 years	-	-	181,393	-	-	12
Total	8,375,316	33,442,858	887,279	6,273,979	35,743,127	77

The Corporation has assessed that it is not exposed to significant liquidity risk due to its cash balance in the amount of $31,663,204 million at the period end.

16. SUBSEQUENT EVENTS

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

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

- The financing package with Landsbankinn will be finalised in agreement with current debt holders, which include Fossar Investment Bank, GCAM LP, JLE Property Ltd., First Pecos LLC and Linda Investments Limited.

SOURCE: Amaroq Minerals Ltd.

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