

# Q3 2024 Financial Results

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Reykjavík, Nov. 14, 2024 -- ("Amaroq" or the "Corporation" or the "Company")

## Q3 2024 Financial Results

TORONTO, ONTARIO - 14 November 2024 - [Amaroq Minerals Ltd.](#) (AIM, TSXV, NASDAQ Iceland: AMRQ), an independent mine development company with a substantial land package of gold and strategic mineral assets in Southern Greenland, presents its Q3 2024 financials. All dollar amounts are expressed in Canadian dollars unless otherwise noted.

A conference call for analysts and investors will be held tomorrow, 15 November 2024, at 08:30 GMT, details of which can be found further down in this announcement.

Eldur Olafsson, CEO of Amaroq, commented:

*"We are now on the cusp of achieving first gold at Nalunaq, a major milestone which will start initial cash flow ahead of a ramp-up to commercial production."*

*Over the third quarter we made significant headway at Nalunaq. Many of the major components of the processing plant were installed successfully and the development within the mine in the 'Mountain Block' enabled the first ore to be stockpiled for first gold production due this quarter. Our exploration programme at Nalunaq has furthered our understanding of the high-grade deposit with a drilling campaign on the 'Target Block' expansion and the 75 Vein. Results on this and the first ore drives in Mountain Block are expected soon. We believe these results, also incorporating the last two years' drill results, will provide for an updated Mineral Resource Estimate (MRE4) for Nalunaq early next year.*

*The exploration season was in full swing in Q3 and I'm very proud of what our exploration team has achieved this year. In addition to our on-going work at Nalunaq, we drilled the first two holes at Nanoq in our Gold portfolio, and across our strategic minerals portfolio we drilled [two] holes in Target North at Sava, undertook a three-drill rig campaign at Stendalen and drilled two scout holes at the historical Josva copper mine. We expect results from all of these campaigns over the next few months. This has laid a solid foundation for further Gold, Copper and Nickel exploration activities next year as we continue to unlock the full value of our portfolio in Greenland."*

## Q3 2024 Corporate Highlights

- Amaroq group liquidity of \$26.0 million consisting of cash balances, undrawn revolving credit overrun facility less trade payables (\$62.2 million as of June 30, 2024).
- Gold business working capital before convertible note liability and loan payable of \$37.9 million that includes prepaid contractors on the Nalunaq project of \$17.8 million as of September 30, 2024 (\$50.5 million that includes prepaid contractors on the Nalunaq project of \$19.6 million as of June 30, 2024)
- The Garda Joint Venture that comprises the Strategic Minerals business has available liquidity of \$8.3 million as of September 30, 2024 (\$13.5 million as of June 30, 2024).
- 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. Final documentation is currently in progress.
- Post period on 4 October, Amaroq entered into an agreement with the holders of its US\$22.4 million convertible notes to convert the notes' outstanding balance into new common shares. That measure serves to simplify Amaroq's capital structure, reduces cash interest costs and increases future financial flexibility.

- Amaroq continues to develop opportunities in Servicing and Hydro to enhance local procurement options and support the transition towards cleaner energy sources.

### Q3 2024 Operational Highlights

- **Permitting:** The Company is 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 100% complete and all of the critical path items have been procured and have arrived on site already.
- **Engineering:** Process plant detail design and engineering is 98% complete with all packages issued to the market and manufactured.
- **Construction:** Plant pad earthworks and civil construction at Nalunaq is 100% complete. The plant building structural steel is complete and cladding is 98% 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 were completed in August 2024. The installation of the grinding and gold room section started in July 2024 and was completed post-period. The trackless mining machines and light vehicle workshop construction is complete and in operation. The grinding circuit structural and mechanical installations are complete and electrical installation is in progress. The reclaim feeder has been cleared for use. The thickener tank structure, mechanical and pipework is complete, and electrical installation is also complete. Cable tray installation is complete, and installation of power and control cabling has commenced and is 92% complete. A new wing was installed at the camp to accommodate up to 120 people on site.
- **Mining:** Amaroq continues to focus on optimising mine development in the Mountain Block. The ramp has been completed to 742 level and ore development continued on 732 level. Both MineArc refuge stations have been commissioned, and the leaky feeder communication system was installed from 300 to the 720 level. Construction of the underground main heating system is progressing at the 300 level portal, and preparations have been made for heating of the ramp. The exhaust raise fan for Target Block was commissioned in preparation for the development of an exploration drift for diamond drilling and resource expansion, and another portal is planned on 742 level to support further development in Mountain Block. The Company is looking to improve its development rates and increase availability of mining fleet with its contractor Thyssen. Amaroq is also reviewing adding further mining equipment to optimise operations going forward. Finally, the Company has started employing its own mining team personnel.
- **Gold and Strategic Minerals Exploration:** Post period, Amaroq announced the completion of the 2024 exploration programme, including over 8,600 metres of core drilling across the gold and strategic metals portfolio. Results for the programme are expected over the coming months.

### Nalunaq Project KPIs

Metric	Q2 2024	Q3 2024	Change
Total hours worked	103,680 hours	129,516 hours	+25%
Daily average of people working on site	96 people	107 people	+12%
Ratio of Greenlandic personnel	51%	43%	-8%

### Outlook

- Activities at Nalunaq remain on track to deliver first gold in Q4 2024.
- Exploration results from gold, copper and nickel exploration expected at various intervals in Q4 2024 and Q1 2025.
- Updated measured resource statement for Nalunaq Gold mine expected to be published in Q1 2025.

### Exploration activities overview

#### Gold projects:

- **Nalunaq**
  - All additional 75 Vein sampling from historical core housed at Nalunaq has been completed. A total of 2,895 meters of core drilling has been completed across the Target Block Extension zone to the west of the historical mining areas.
  - In parallel to this, a programme of surface samples along the outcropping Main Vein and 75 Vein to the west was completed with mountaineering specialists.
  - A Mineral Resource Estimate update for Nalunaq has been initiated with a Qualified Person's site visit conducted by Mining Plus.
  - The Company is now awaiting the assay results before conducting a detailed review of the Target Block Extension zone and conducting further planning to address its 2025 exploration priorities.
- **Nanoq**
  - A 130-meter scout drilling programme was completed at Nanoq across previous channel sampling results with core geologically assessed and sampled at Nalunaq. These cores will be geologically logged and sampled results will then be used to guide objectives for the 2025 season.
- **Nalunaq Satellite Targets**
  - Following the discovery of an outcropping vein above historical high grade float results, a small surface sampling programme was completed at Eagle's Nest with mountaineering specialists. The Company is now awaiting the results of the surface sampling, which will be used to help direct further work programmes.
  - Amaroq continues to assess the viability of other surrounding projects to become potential satellite feeds to Nalunaq.

#### Strategic Minerals:

- **Stendalen**
  - A new surface geophysical programme was completed ahead of commencing the 2024 drilling programme.
  - A total of 4,733 meters of exploration drilling was completed at Stendalen with the aim of providing greater geological understanding to the mineralisation style and geometry. Demobilisation of equipment from Stendalen is underway to ensure operational readiness for 2025.
  - Assay and downhole geophysical results, once received, will be used in conjunction with the University of Leicester to assess the mineral system present and produce targeting models. Environmental samples will also be analysed to commence the environmental baseline data for the project.
- **Copper Belt (Sava/North Sava, Kobberminebugt)**
  - The geological field team has completed a programme of mapping and sampling across the copper belt area, assessing both potential porphyry and magmatic Cu-Ni targets.
  - The team has been supplemented by external support from copper subject matter expert.
  - Following this work, a 212-meter scout drilling programme was completed at Josva copper skarn target within the Kobberminebugt licence as well as 501 meters of scout drilling within the epithermal copper/gold target at Target North within the Sava licence.
- **Nunarsuit**
  - The Company is reviewing the geological maps and results received from prospecting across the Nunarsuit licence.

#### Details of conference call

A conference call for analysts and investors will be held tomorrow, 15 November, at 08:30am GMT BST, 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\\_dhWLE36tQGAbAf9MI\\_zcCA](https://us06web.zoom.us/webinar/register/WN_dhWLE36tQGAbAf9MI_zcCA)

#### Amaroq Financial Results

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

## Financial Results

	Nine months ended Sep 30	
	2024	2023
	\$	\$
Exploration and evaluation expenses	(5,172,947)	(5,737,257)
Site development costs	-	-
General and administrative	(11,831,157)	(8,015,379)
Gain on loss of control of subsidiary	-	31,340,880
Share of 9-months loss of an equity-accounted joint arrangement	(6,698,550)	(5,021,231)
Unrealized gain on derivative liability	1,636,567	273,780
Net (loss) income and comprehensive (loss) income	(18,001,712)	13,425,594
Basic and diluted (loss) income per common share	(0.057)	0.05

## Financial Position

	As at Sep 30 As	
	2024	2023
	\$	\$
Cash on hand	25,937,983	31,111,111
Total assets	199,102,439	177,111,111
Total current liabilities (before convertible notes liability and loan payable)	13,596,239	8,411,111
Total current liabilities (including convertible notes liability and loan payable)	76,516,905	41,111,111
Shareholders' equity	121,963,411	135,111,111
Working capital - gold business (before convertible notes liability and loan payable)	37,937,316	50,111,111
Working capital - gold business (after convertible notes liability and loan payable)	(24,983,350)	17,111,111
Gold business liquidity (excluding \$8.3 and \$13.5M ring-fenced for strategic mineral exploration as of September 30, 2024 and June 30, 2024, respectively)	25,958,581	61,111,111

## Enquiries:

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For Company updates:  
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Further Information:

About Amaroq Minerals

Amaroq Minerals' principal business objectives are the identification, acquisition, exploration, and development of gold and strategic metal properties in 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.

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

## Glossary

Ag	silver
Au	gold
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 <sup>3</sup>	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.

Amaroq Minerals Ltd.

#### UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS For the three and nine months ended September 30, 2024

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

	As at September 30,	As at December 31,
Notes 2024		2023

		\$	\$
<b>ASSETS</b>			
Current assets			
Cash		25,937,983	21,014,633
Sales tax receivable		72,087	69,756
Prepaid expenses and others		17,812,986	18,681,568
Interest receivable		876,478	-
Inventory		6,834,021	680,358
Total current assets		51,533,555	40,446,315
Non-current assets			
Deposit		177,944	27,944
Escrow account for environmental rehabilitation		6,872,073	598,939
Financial Asset - Related Party	3,13	5,762,187	3,521,938
Investment in equity accounted joint arrangement	3	16,794,261	23,492,811
Mineral properties	4	48,683	48,821
Right of use asset	7	652,190	574,856
Capital assets	5	117,261,546	38,241,559
Total non-current assets		147,568,884	66,506,868
<b>TOTAL ASSETS</b>		<b>199,102,439</b>	<b>106,953,183</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities		13,479,402	6,273,979
Convertible notes	6	38,395,349	35,743,127
Loan payable	6.1	24,525,317	-
Lease liabilities - current portion	7	116,837	80,206
Total current liabilities		76,516,905	42,097,312
Non-current liabilities			
Lease liabilities	7	622,123	577,234
Total non-current liabilities		622,123	577,234

Total liabilities		77,139,028	42,674,546
Equity			
Capital stock	8	207,202,359	132,117,971
Contributed surplus		7,327,666	6,725,568
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(92,529,842)	(74,528,130)
Total equity		121,963,411	64,278,637
TOTAL LIABILITIES AND EQUITY		199,102,439	106,953,183
Subsequent events	16		

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

		Three months ended September 30,		Nine months ended September	
	Notes	2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenses	10	(4,424,907)	(2,277,540)	(5,172,947)	(5,700,000)
Site development costs	-	-	1,825,564	-	-
General and administrative	11	(3,536,240)	(2,632,041)	(11,831,157)	(8,000,000)
Loss on disposal of capital assets	5	(149,917)	-	(149,917)	(37,000)
Foreign exchange gain (loss)		1,040,420	(83,882)	1,475,432	(58,000)
Operating loss		(7,070,644)	(3,167,899)	(15,678,589)	(13,700,000)
Other income (expenses)					
Interest income		901,831	141,443	943,023	613,000
Garda management income and allocated cost		608,392	601,461	1,823,286	1,100,000
Gain on loss of control of subsidiary	3	-	-	-	31,300
Share of net loss of joint arrangement	3	(4,788,733)	(3,381,749)	(6,698,550)	(5,000,000)
Unrealized gain (loss) on derivative liability	6	(3,655,048)	273,780	1,636,567	273,000



Finance costs	12	(9,317)	(1,022,258)	(27,449)	(1,051,624)
Net income (loss) and comprehensive income (loss)		(14,013,519)	(6,555,222)	(18,001,712)	13,432,481
Weighted average number of common shares outstanding - basic		327,418,727	263,579,331	314,985,260	263,579,331
Weighted average number of common shares outstanding - diluted		327,418,727	306,335,274	314,985,260	306,335,274
Basic earnings (loss) per share	14	(0.043)	(0.02)	(0.057)	0.050
Diluted earnings (loss) per common share	14	(0.043)	(0.02)	(0.057)	0.049
Effect of dilution		-	-	-	0.001
Share options		7,261,353	9,126,875	7,261,353	9,126,875
Restricted shares		6,659,409	-	6,659,409	-

*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
	Notes		\$	\$
Balance at January 1, 2023		263,073,022	131,708,387	5,250,865
Net income and comprehensive income		-	-	-
Options exercised, net		597,029	409,584	(433,600)
Stock-based compensation	9	-	-	1,353,042
Balance at September 30, 2023		263,670,051	132,117,971	6,170,307
Balance at January 1, 2024		263,670,051	132,117,971	6,725,568
Net loss and comprehensive loss		-	-	-
Shares issued under a fundraising	8	62,724,758	75,574,600	-
Shares issuance costs	8	-	(1,218,285)	-
Options exercised - net	9.1	1,023,918	728,073	(745,500)
Stock-based compensation	9	-	-	1,347,598

Balance at September 30, 2024 327,418,727 207,202,359 7,327,666

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

		Nine months ended Sep	
		Notes	
		2024	2023
		\$	\$
Operating activities			
Net (loss) income for the period		(18,001,712)	13,425
Adjustments for:			
Depreciation	5	603,135	525,51
Amortisation of ROU asset	7	83,704	59,991
Stock-based compensation	9	1,347,598	1,353,
Gain on loss of control of subsidiary	3	-	(31,34
Unrealized gain on derivative liability	6	(1,636,567)	(273,7
Embedded derivate related transaction costs		-	641,52
Loss on disposal of capital assets		149,916	37,791
Share of net losses of joint arrangement	3	6,698,550	5,021,
Garda management income and allocated cost	3,13	(1,823,286)	(1,108
Interest income		(943,023)	(613,0
Other expenses		(17,427)	-
Foreign exchange		(1,624,654)	(1,114
Finance costs		27,449	-
		(15,136,317)	(13,38
Changes in non-cash working capital items:			
Sales tax receivable		(2,331)	30,178
Due from related party	3,13	(388,400)	(52,30
Prepaid expenses and others		(5,154,320)	(5,808
Accounts payable and accrued liabilities		7,203,774	1,179,
		1,658,723	(4,650

Cash flow used in operating activities		(13,477,594)	(18,03
Investing activities			
Transfer to escrow account for environmental rehabilitation		(6,044,556)	(165,9
Construction in progress and acquisition of capital assets	5	(75,508,967)	(9,409
Prepayment for acquisition of ROU asset		(5,825)	-
Deposit		(150,000)	-
Cash flow used in investing activities		(81,709,348)	(9,575
Financing activities			
Proceeds from issuance of shares	8	75,574,600	-
Proceeds from convertible notes, net of issue costs	6	-	29,427
Proceeds from loan, net of transaction cost	6	24,394,364	-
Shares issuance costs	8	(1,218,285)	-
Lease payments	7	(101,143)	(53,58
Interest received		66,545	613,03
Cash flow from financing activities		98,716,081	29,986
Net change in cash before effects of exchange rate changes on cash during the period		3,529,139	2,375,
Effects of exchange rate changes on cash		1,394,211	1,143,
Net change in cash during the period		4,923,350	3,518,
Cash, beginning of period		21,014,633	50,137
Cash, end of period		25,937,983	53,655
Supplemental cash flow information			
Borrowing costs capitalised to capital assets	5	4,263,933	-
ROU assets acquired through lease	7	155,214	-
Shares issued as a result of options exercised - net	9.1	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 nine months ended September 30, 2024 ("Financial Statements") were approved by the Board of Directors on November 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 September 30, 2024	As at December 31, 2023
	\$	\$
Balance at beginning of period	23,492,811	-
Original investment in Gardaq ApS	-	7,422

Transfer of non-gold strategic minerals licences at cost	-	36,896
Investment at conversion of Gardaq ApS to Gardaq A/S	-	55,344
Gain on FV recognition of equity accounted investment in joint venture	-	31,285,536
Share of joint venture's net losses	(6,698,550)	(7,892,387)
Balance at end of period	16,794,261	23,492,811

Original investment in Gardaq ApS	7,422	7,422
Transfer of non-gold strategic minerals licences at cost	36,896	36,896
Investment at conversion of Gardaq ApS to Gardaq A/S	55,344	55,344
Gain on FV recognition of equity accounted investment in joint venture	31,285,536	31,285,536
Investment retained at fair value- 51% share	31,385,198	31,385,198
Share of joint venture's cumulative net losses	(14,590,937)	(7,892,387)
Balance at end of period	16,794,261	23,492,811

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

	As at September 30, 2024	As at December 31, 2023
	\$	\$
Cash and cash equivalent	8,325,045	18,377,850
Prepaid expenses and other	560,579	351,752
Total current assets	8,885,624	18,729,602
Mineral property	117,576	92,239
Total assets	9,003,200	18,821,841
Accounts payable and accrued liabilities	1,603,757	528,235
Financial liability - related party	5,762,187	3,521,938
Total liabilities	7,365,944	4,050,173
Capital stock	30,246,937	30,246,937
Deficit	(28,609,681)	(15,475,269)
Total equity	1,637,256	14,771,668
Total liabilities and equity	9,003,200	18,821,841

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

	As at September 30, 2024	As at September 30, 2023
	\$	\$
Exploration and Evaluation expenses	12,144,276	8,565,658
Interest expense (income)	(5,985)	-
Foreign exchange loss (gain)	(858,925)	171,792
Operating loss	11,279,366	8,737,450
Other expenses	1,855,047	1,108,101
Net loss and comprehensive loss	13,134,413	9,845,551

### 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 9,048,791 as at 30 September 2024). See note 13.1.

During the nine-month period ended 30 September 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 \$5,762,187 has been reclassified to non-current assets as at 30 September 2024 (\$3,521,938 reclassified as at 31 December 2023).

## 4. MINERAL PROPERTIES

	As at December 31, 2023	As at September 30, 2024
		Transfer
	\$	\$

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 September 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)
	\$	\$	\$
Nine months ended September 30, 2024			
Opening net book value	1,537,379	3,312,118	108,822
Additions	-	1,941,750	138
Disposals	-	(149,916)	-
Depreciation	(148,780)	(407,563)	(46,792)
Closing net book value	1,388,599	4,696,389	62,168

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)
	\$	\$	\$
As at September 30, 2024			
Cost	2,351,042	6,197,074	232,231
Accumulated depreciation	(962,443)	(1,500,685)	(170,063)
Closing net book value	1,388,599	4,696,389	62,168

#### 5. CAPITAL ASSETS (CONT'd)

	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction
	\$	\$	\$	\$
December 31, 2023				
Opening net book value	1,735,752	3,742,384	216,385	7,522,085



Additions	-	-	-	25,761,155
Disposals	-	-	(80,983)	-
Adjustment	-	-	43,054	-
Depreciation	(198,373)	(430,266)	(69,634)	-
Closing net book value	1,537,379	3,312,118	108,822	33,283,240
	Field equipment and infrastructure	Vehicles and rolling stock	Equipment (including software)	Construction
	\$	\$	\$	\$

As at December 31, 2023

Cost	2,351,041	4,466,971	232,231	33,283,240
Accumulated depreciation (813,662)		(1,154,853)	(123,409)	-
Closing net book value	1,537,379	3,312,118	108,822	33,283,240

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 \$556,632 (\$478,519 for the nine months ended September 30, 2023) was expensed as exploration and evaluation expenses during the nine months ended September 30, 2024.

As at September 30, 2024, the Corporation had capital commitments, of \$25,532,115. 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 nine months of 2024 the Corporation capitalised borrowing costs of \$4,263,933 to construction in progress, which are included in additions.

## 6. CONVERTIBLE NOTES AND LOAN PAYABLE

CONVERTIBLE NOTES	Convertible notes loan	Embedded Derivatives at FVTPL	Total
	\$	\$	\$
Balance as at December 31, 2023	11,763,053	23,980,074	35,743,127
Accretion of discount	2,910,769	-	2,910,769
Accrued interest	1,142,212	-	1,142,212
Fair value change	-	(1,636,567)	(1,636,567)
Foreign exchange loss	235,808	-	235,808
Balance as at September 30, 2024	16,051,842	22,343,507	38,395,349
Non-current portion	-	-	-
Current portion			

16,051,842

22,343,507

38,395,349



## 6. CONVERTIBLE NOTES AND LOAN PAYABLE (CONT'd)

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

LOAN PAYABLE	As at September 30, 2024	As at December 31, 2023
	\$	\$
Balance as at December 31, 2023 -	-	-
Gross proceeds from issue	25,087,636	-
Transaction costs	(693,272)	-
Accretion of discount	32,973	-
Accrued interest	177,979	-
Foreign exchange gain	(79,999)	-
Balance as at September 30, 2023	24,525,317	-
Non-current portion	-	-
Current portion	24,525,317	-

## 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% was paid at the first draw down. The facility is not convertible into any securities of the Corporation.

The facility is secured by (i) a bank account pledge from the Corporation and Nalunaq A/S, (ii) share pledges over all current and future acquired shares in Nalunaq A/S and Gardaq A/S held by the Corporation pursuant to the terms of share pledge agreements, (iii) a proceeds loan assignment agreement, (iv) a pledge agreement in respect of owner's mortgage deeds and (v) a licence transfer agreement. During September 2024, the Corporation has drawn on this facility and the loan payable amount as of September 30, 2024, is \$25,069,002.

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 6.4).

## 6. CONVERTIBLE NOTES AND LOAN PAYABLE (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 33,629,068 Common Shares. The Corporation may repay the convertible notes and accrued interest at any time, in cash, subject to providing 30 days' notice to the relevant noteholders, with such noteholders having the option to convert such convertible notes into Common Shares at the conversion price up to 5 days prior to the redemption date. If the Corporation chooses to redeem some but not all of the outstanding convertible notes, the Corporation shall redeem a pro rata share of each noteholder's holding of convertible notes. The Corporation shall pay a commitment fee to the holders of the convertible notes of, in aggregate, \$5,511,293 (US\$4,484,032), which shall be paid pro rata to each noteholder's holding of convertible notes. The commitment fee is payable on the earlier of (a) the date falling 20 business days after all amounts outstanding under the Bank Revolving Credit Facility have been repaid in full, but no earlier than the date that is 24 months after the date of issuance of the notes; and (b) the date falling 30 (thirty) months after the date of the subscription agreement in respect of the notes, irrespective of whether or not notes have converted at that date or been repaid.

The convertible notes 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 September 30, 2024, the Corporation identified the fair value of embedded derivative associated with the early conversion option to be \$22.3 million (\$24.0 million as of December 31, 2023). The change in fair value of embedded derivative in the period from January 1, 2024 to September 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.

Amendments and conversion of these convertible notes were concluded subsequently to the interim financial reporting date (see note 6.4).

## 6. CONVERTIBLE NOTES AND LOAN PAYABLE (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 Garda 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 6.4).

### 6.4 US\$35 million Revolving Credit Facility Heads of Terms

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 credit and cost overrun facilities, simplifying the structure of the debt package and increasing financial flexibility and liquidity for the Corporation.
- 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 Corporation's cumulative EBITDA over a three-month period exceeds CAD 6 million. This facility will replace the Corporation's existing revolving credit and cost overrun facilities entered into on September 1, 2023. 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\$10.0 million debt facilities will remain in place until this time.

## 7. LEASE LIABILITIES

	As at September 30, 2024	As at December 31, 2023
	\$	\$
Balance beginning	657,440	729,237
Lease additions	155,214	-
Lease payment	(101,143)	(105,894)
Interest	27,449	34,097
Balance ending	738,960	657,440
Non-current portion - lease liabilities (622,123)		(577,234)
Current portion - lease liabilities	116,837	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.

### 7.1 Right of use asset

	As at September 30, 2024	As at December 31, 2023
	\$	\$
Opening net book value	574,856	655,063
Additions	161,038	-
Amortisation	(83,704)	(80,207)
Closing net book value	652,190	574,856
Cost	997,238	836,200
Accumulated amortisation (345,048)		(261,344)

Closing net book value      652,190      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 Corporation 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. On October 9, 2024, an employee of the Corporation exercised his options. As a result, 31,278 options were exercised which resulted in the employee receiving 11,090 shares net of applicable withholdings.

## 9. STOCK-BASED COMPENSATION (CONT'd)

Changes in stock options are as follows:

	Nine months ended September 30, 2024		December 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning	9,188,365	0.59	10,717,395	0.57
Granted	22,988	1.30	80,970	1.01
Exercised	(1,950,000)	0.60	(1,610,000)	0.46
Balance, end	7,261,353	0.59	9,188,365	0.59
Balance, end exercisable	7,261,353	0.59	9,188,365	0.59

Stock options outstanding and exercisable as at September 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	100,000	0.50	September 13, 2026
1,245,000	1,245,000	0.70	December 31, 2026
2,700,000	2,700,000	0.60	January 17, 2027
73,333	73,333	0.75	April 20, 2027
39,062	39,062	0.64	July 14, 2027
1,330,000	1,330,000	0.70	December 30, 2027
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	7,261,353		

## 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.

## 9. STOCK-BASED COMPENSATION (CONT'd)

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.

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 into the valuation in 9.2.4.

## 9. STOCK-BASED COMPENSATION (CONT'd)

### 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 share pool. 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, remaining 50% vesting on the third anniversary of grant. Second Measurement Date: December 31, 2024, 50% vesting on the first anniversary of grant, remaining 50% vesting on the second anniversary of grant. Third Measurement Date: December 31, 2025, vesting on the first anniversary of grant.

On August 14, 2024, Amaroq made an award (the "Award") under the RSU Plan as detailed below. The Award consists of a conditional right to receive value if the future performance targets, applicable to the Award, are met. Any value to which the participants are eligible in respect of the Award will be granted as Restricted Share Units (each an "RSU"), with each RSU entitling a participant to receive common shares in the Corporation. Each RSU will be granted under, and governed in accordance with, the rules of the Corporation's Restricted Share Unit Plan.

Award Date	August 14, 2024
Initial Price	CAD 1.04
Hurdle Rate	10% p.a. above the Initial Price
Total Pool	10% of the growth in value above the Hurdle rate, not exceeding 10% of the Corporation's share pool. The number of shares will be determined at the Measurement Date.
Participant proportion	Ellert Arnarson, Chief Financial Officer, 12%
Performance Period	August 6, 2024, to December 31, 2025 (inclusive)
Measurement Date	December 31, 2025, vesting on the first anniversary of grant.
RSU Grant Date	First quarter of 2026
RSU Vesting Date	100% of the shares will vest on the first anniversary of grant (first quarter of 2027)

## 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%.

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

A charge of \$610,654 and \$1,328,904 was recorded during the three and nine months ended September 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 \$1,347,000 was recorded during the three and nine months ended September 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
Additional award date	August 14, 2024
Expected life (years)	1.38 - 3.00
Share price at grant date	\$0.70 - \$1.02
Exercise price	N/A
Dividend yield	0%
Risk-free rate	3.44% - 4.71%
Volatility	49.5% - 72%
<i>Fair value of awards - First Measurement Date</i>	<i>\$3,538,000</i>
<i>Fair value of awards - Second Measurement Date</i>	<i>\$1,526,000</i>
<i>Fair value of awards - Third Measurement Date</i>	<i>\$1,496,000</i>
Total fair value of awards (82% of pool)	\$6,560,000

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 Initial Price 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 <sup>1</sup> , 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 remainder vesting on the second anniversary of grant.

<sup>1</sup>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 September 30, Nine months ended September 30			
	2024	2023	2024	2023
	\$	\$	\$	\$
Geology	440,058	201,738	573,208	176,100
Drilling	2,028,481	173,776	2,088,481	1,210,000
Lodging and on-site support	284,812	151,495	284,812	203,200
Analysis	60,176	27,416	193,086	1,061,000
Geophysical survey	-	-	-	(416,000)
Transport	14,059	25,510	18,968	650,200
Helicopter charter	805,327	205,073	805,327	886,700
Logistic support	-	-	-	(51,500)
Insurance	-	-	-	-
Maintenance infrastructure	363,154	628,733	379,986	1,207,000
Supplies and equipment	180,338	706,545	230,849	1,309,000

Project Engineering	-	-	-	55,79
Government fees	8,750	-	41,599	25,61
Exploration and evaluation expenses before depreciation	4,185,155	2,120,286	4,616,316	5,258
Depreciation	239,752	157,254	556,631	478,5
Exploration and evaluation expenses	4,424,907	2,277,540	5,172,947	5,737

## 11. GENERAL AND ADMINISTRATION

	Three months ended September 30, Nine months ended September 30,			
	2024	2023	2024	2023
	\$	\$	\$	\$
Salaries and benefits	924,737	626,384	3,916,009	1,864,04
Director's fees	159,000	158,667	477,000	472,667
Professional fees	793,524	296,024	2,645,492	1,818,78
Marketing and investor relations	169,781	173,572	482,952	480,258
Insurance	83,536	76,002	256,369	211,206
Travel and other expenses	534,375	471,992	1,778,834	993,167
Regulatory fees	214,236	342,668	796,695	715,222
General and administration before following elements	2,879,189	2,145,309	10,353,351	6,555,34
Stock-based compensation	611,185	451,014	1,347,598	1,353,04
Depreciation	45,866	35,718	130,208	106,990
General and administration	3,536,240	2,632,041	11,831,157	8,015,37

## 12. FINANCE COSTS

	Three months ended September 30, Nine months ended September 30,			
	2024	2023	2024	2023
	\$	\$	\$	\$
Transaction costs and service fees -		1,013,771	-	1,013,771
Lease interest	9,317	8,487	27,449	26,062
	9,317	1,022,258	27,449	1,039,833

## 13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

### 13.1 Gardaq Joint Venture



	Three months ended September 30, Nine months ended September 30,			
	2024	2023	2024	2023
	\$	\$	\$	\$
Gardaq management fees and allocated cost	608,392	601,461	1,823,286	1,108,101
Other allocated costs	212,489	803,567	388,152	2,516,430
Foreign exchange revaluation	(34,116)	17,480	28,811	16,581
	786,765	1,422,508	2,240,249	3,641,112

As at September 30, 2024, the balance receivable from Gardaq amounted to \$5,762,187 (\$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. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION (CONT'd)

#### 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 September 30, Nine months ended September 30,			
	2024	2023	2024	2023
	\$	\$	\$	\$
Short-term benefits				
Salaries and benefits	385,277	316,736	1,225,843	971,553
Director's fees	159,000	158,667	477,000	472,667
Long-term benefits				
Stock-based compensation	531	2,014	2,143	6,042
Stock-based compensation - RSU	610,654	449,000	1,328,904	1,347,000
Total compensation	1,155,462	926,417	3,033,890	2,797,262

### 14. NET EARNINGS (LOSS) PER COMMON SHARE

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

	Three months ended September 30, Nine months ended September 30,		
	2024	2023	2024

	\$	\$	\$
Net income (loss) and comprehensive income (loss)	(14,013,519)	(6,555,222)	(18,001,712)
Weighted average number of common shares outstanding - basic	327,418,727	263,579,331	314,985,260
Weighted average number of common shares outstanding - diluted	327,418,727	306,335,274	314,985,260
Basic earnings (loss) per share	(0.043)	(0.02)	(0.057)
Diluted earnings (loss) per common share	(0.043)	(0.02)	(0.057)

## 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 September 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. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'd)

### 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)

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

	September 30, 2024	December 31, 2023
	\$	\$
Cash	25,937,983	21,014,633
Sales tax receivable	72,087	69,756
Prepaid expenses and others	17,812,986	18,681,568
Interest receivable		

876,478





Deposit	177,944	27,944
Escrow account for environmental monitoring	6,872,073	598,939
Financial Asset - Related Party	5,762,187	3,521,938
Investment in equity-accounted joint arrangement	16,794,261	23,492,811
Accounts payable and accrued liabilities	(13,479,402)	(6,273,979)
Convertible notes	(38,395,349)	(35,743,127)
Loan payable	(24,525,317)	-
Lease liabilities	(738,960)	(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 the loan payable approximate its fair value.

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. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONT'd)

### 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 September 30, 2024				As at December 31, 2023	
	Trade and other payables	Convertible notes	Loan payable	Lease liabilities	Trade and other payables
	\$	\$	\$	\$	\$
Within 1 year	13,479,402	38,395,349	24,525,317	150,250	6,273,979
1 to 5 years	-	-	-	545,633	-
5 to 10 years	-	-	-	154,184	-
Total	13,479,402	38,395,349	24,525,317	850,067	6,273,979

The Corporation has assessed that it is not exposed to significant liquidity risk due to its cash balance in the

amount of \$25,937,983 at the period end and to the subsequent conversion of the convertible note into shares of the Corporation (see note 16).

## 16. SUBSEQUENT EVENTS

### Amendments and conversion of convertible notes

On October 4, 2024, the Corporation entered into an agreement with the holders of its US \$22.4M convertible notes, due in 2027, to convert the notes into new common shares in order to simplify the Corporation's capital structure, reduce cash interest costs and permit future financial flexibility.

The Corporation has amended the convertible notes to permit the payment of the outstanding interest and commitment fees in common shares of the Corporation at a conversion price equal to the closing price of the common shares on the TSX-V on the trading day immediately prior to such conversion. These amendments were approved by the TSX-V on October 14, 2024.

The holders of the convertible notes have elected to convert all of the outstanding principal of the convertible notes into 33,629,068 Common Shares (the "Principal Conversion Shares") at a conversion price of CAD 0.90 (£0.525) per Principal Conversion Share and all of the outstanding interest of the convertible notes in 1,293,356 Common Shares (the "Interest Conversion Shares") at a conversion price of CAD \$1.3 (£0.73) per Interest Conversion Share. The Corporation and the holders of the convertible notes also agreed to make 70% of the total amount of the outstanding commitment fee immediately payable. The holders of the convertible notes have elected to convert such commitment fee payable into 3,307,502 Common Shares (the "Commitment Fee Conversion Shares") in aggregate, at a conversion price of CAD \$1.3 (£0.73) per Commitment Fee Conversion Share.

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

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