

Nalunaq A/S
CVR-nr. 12 79 40 53
Business Registration No 12 79 40 53

Annual report 2023

*The Annual Report has been presented and
Adopted at the company's General Meeting
on 18 June 2024*

Chairman of the General Meeting

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Please note that Danish decimal and digit grouping symbols have been used in the financial statements.

Company details

Company

Nalunaq A/S

c/o Nuna Advkater, Qullilerfik 2, 6

3900 Nuuk

Central Business Registration No: 12 79 40 53

Registered in Kommuneqarfik Sermersooq

Board of Directors

Eldur Olafsson (chairman)

Joan Maria Plant

Per Buhl Olsen

Executive Board

Joan Maria Plant

Company auditors

BDO Statsautoriseret Revisionsaktieselskab

Statement by Management on the annual report

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Nalunaq A/S for the financial year 1 January 2023 - 31 December 2023.

The Annual Report is presented in accordance with the Greenlandic Financial Statements Act. In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January 2023 - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

The Board of Directors and Executive Board remain of the opinion that the conditions for opting out of audit have been fulfilled.

We recommend the Annual Report be approved at the Annual General Meeting.

Nuuk, 18 June 2024

Executive Board

Joan Maria Plant

Board of Directors

Eldur Olafsson
Chairman

Joan Maria Plant

Per Buhl Olsen

The independent auditor's review report

To the Shareholders of Nalunaq A/S

We have reviewed the Financial Statements of Nalunaq A/S for the financial year 1 January - 31 December 2023 which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared under the Greenlandic Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Greenlandic Financial Statements Act. This responsibility includes maintaining the internal control as Management determines is necessary to enable the preparation of Financial Statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements. We have conducted our review in accordance with the International Standard on Review Engagements, Engagements to Review Historical Financial Statements and additional requirements under Greenlandic Audit Legislation. This requires that we express an auditor's opinion stating whether matters have come to our knowledge causing us to believe that the Financial Statements have not in all materiality been prepared in accordance with the relevant accounting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements performed according to the International Standard on Review Engagements, Engagements to Review Historical Financial Statements is an assurance engagement with a limited degree of assurance. The auditor will perform procedures which will primarily consist of inquiries to the Management and to other members of staff, if relevant, and application of analytical procedures and assessment of the evidence obtained.

The scope of procedures performed in connection with a review is considerably less extensive than that of an audit performed according to the International Standards on Audit. Consequently, we do not express an audit opinion on the Financial Statements.

Opinion

During our review no matters have come to our knowledge which cause to conclude that the Financial Statements do not give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Greenlandic Financial Statements Act.

Nuuk, 18 June 2024

BDO

Statsautoriseret Revisionaktieselskab

Claus Bech

State Authorised

Public Accountant

Identification No (MNE): mne31453

Management's review

Primary activities

Nalunaq A/S ("Nalunaq" or the "Company") carries on business to hold and use the Exploitation Licence for Nalunaq in Greenland. As at 31st December 2023, it is a wholly owned subsidiary of a Canadian entity Amaroq Minerals Ltd. which is listed in Canadian TSX Venture exchange, in London Stock exchange and in Nasdaq First North Growth Market Iceland.

Events after the balance sheet date

On 23 April 2024, the Company signed an Addendum ("Addendum no. 8") to its exploitation license 2003-05. Addendum no. 8 was granted by the Government of Greenland Mineral License and Safety Authority ("MLSA"). Under Addendum no.8, the area covered by license 2003-05 was enlarged to cover 33.7 km² by approving the inclusion of a new area that was previously part of the neighbouring exploration license 2006-10.

Except for this no events have occurred after the end of the financial year of material importance to the Company's financial position.

Accounting policies

The annual report is presented in accordance with the provisions of the Greenlandic Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C enterprises.

The figures in the Annual Report are presented in CAD because this currency is regarded as the most relevant as the main part of the Company's activities are settled in this currency. The exchange rate of CAD against DKK is 5,0915 at 31 December 2023.

The policies are consistent with prior years policies.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Financial income and expenses

These items comprise interest income and interest expenses, realised and unrealised capital gains etc.

Accounting policies (cont'd)

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year, and recognised directly on equity by the portion attributable to entries directly on equity.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Balance sheet

Intangible assets

Intangible assets acquired are measured at the lower of cost less accumulated amortisation and the recoverable amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when the asset is ready to be put into operation.

The basis of depreciation is cost plus revaluation and minus estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets

<i>Other fixtures and fittings, tools and equipment</i>	<i>3 to 10 years</i>
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Impairment of fixed assets

The carrying amount of intangible fixed assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

Accounting policies (cont'd)

Receivables

Receivables are measured at amortised cost usually equalling nominal value less provisions for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other provision

Provision for decommissioning costs comprises costs for demobilization and reclamation of the license area after the exploration has been carried out.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Financial liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accounting policies (cont'd)

Foreign currency translation

The functional and presentation currency is Canadian dollars ("CAD").

On initial recognition, foreign currency transactions are translated into the functional currency applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement for 2023

	<u>Notes</u>	<u>2023 CAD</u>	<u>2022 CAD</u>
Other external costs	2	(8.249.067)	(13.321.652)
Depreciation, amortisation and impairment losses	3	<u>(635.773)</u>	<u>(721.072)</u>
Operating profit/loss		(8.884.840)	(14.042.724)
Other financial income/expenses	4	1.102.067	(200.757)
Profit/loss before tax		(7.782.773)	(14.243.481)
Tax on profit/loss for the year		<u>0</u>	<u>0</u>
Profit/loss for the year		(7.782.773)	(14.243.481)
Proposed distribution of profit/loss			
Retained earnings		<u>(7.782.773)</u>	<u>(14.243.481)</u>
		(7.782.773)	(14.243.481)

Balance sheet at 31 December 2023

	<u>Notes</u>	<u>2023 CAD</u>	<u>2022 CAD</u>
Research and development	5	<u>48.683</u>	<u>85.579</u>
Intangible assets		<u>48.683</u>	<u>85.579</u>
Other fixtures and fittings, tools and equipment	6	<u>38.135.911</u>	<u>13.048.320</u>
Property, plant and equipment		<u>38.135.911</u>	<u>13.048.320</u>
Other receivables	7	<u>598.939</u>	<u>427.120</u>
Fixed assets investments		<u>598.939</u>	<u>427.120</u>
Fixed assets		<u>38.783.533</u>	<u>13.561.019</u>
Inventory		<u>680.357</u>	<u>0</u>
Inventory		<u>680.357</u>	<u>0</u>
Prepayments		<u>21.230.193</u>	<u>184.696</u>
Receivables		<u>21.230.193</u>	<u>184.696</u>
Cash		<u>16.712.147</u>	<u>1.665.969</u>
Current assets		<u>38.622.697</u>	<u>1.850.665</u>
Assets		<u><u>77.406.230</u></u>	<u><u>15.411.684</u></u>

Balance sheet at 31 December 2023

	<u>Notes</u>	<u>2023 CAD</u>	<u>2022 CAD</u>
Share capital	8	198.448	198.448
Retained earnings		<u>(54.509.571)</u>	<u>(46.726.798)</u>
Equity	9	<u>(54.311.123)</u>	<u>(46.528.350)</u>
Other provisions	10	<u>0</u>	<u>0</u>
Provisions		<u>0</u>	<u>0</u>
Trade payables		5.690.227	690.635
Payable to group enterprises		<u>126.027.126</u>	<u>61.249.399</u>
Short-term liabilities other than provisions		<u>131.717.353</u>	<u>61.940.034</u>
Liabilities other than provisions		<u>131.717.353</u>	<u>61.940.034</u>
Equity and liabilities		<u><u>77.406.230</u></u>	<u><u>15.411.684</u></u>
Going concern	1		
Assets charged, contingent liabilities, etc	11		
Ownership	12		

Notes

	<u>2023</u> <u>CAD</u>	<u>2022</u> <u>CAD</u>
1. Going concern		
The parent company has in the connection with the closing of the financial statements for 2023 issued a letter of comfort valid until at least 31 December 2024. The company has thus availability to liquidity to continue operations and fulfil liabilities when due for payment.		
2. Staff costs		
Wages and salaries	<u>1.445.312</u>	<u>1.042.848</u>
	<u>1.445.312</u>	<u>1.042.848</u>
Average number of full-time employees	<u>12</u>	<u>8</u>
3. Depreciation, amortisation and impairment losses		
Other fixtures and fittings, tools and equipment	<u>635.773</u>	<u>721.072</u>
	<u>635.773</u>	<u>721.072</u>
4. Other financial income		
Other financial income	<u>1.102.067</u>	<u>200.757</u>
	<u>1.102.067</u>	<u>200.757</u>

Notes (cont'd)

	Research and develop- ment CAD
5. Intangible assets	
Cost at 01.01.2023	85.579
Year additions	0
Year transfers	<u>(36.896)</u>
Cost at 31.12.2023	<u>48.683</u>
Depreciation and impairment losses at 01.01.2023	<u>0</u>
Depreciation and impairment losses at 31.12.2023	<u>0</u>
Carrying amount at 31.12.2022	<u>48.683</u>

Research and development consisting of mining properties.

Notes (cont'd)

	Other fixtures and fittings, tools and equipment	
	CAD	
6. Property, plant and equipment		
Cost at 01.01.2023		14.435.441
Year additions		25.761.155
Year disposals		<u>(80.983)</u>
Cost at 31.12.2023		<u>40.115.613</u>
Depreciation and impairment losses at 01.01.2023		(1.387.121)
Year disposals		43.192
Depreciation and impairment losses		<u>(635.773)</u>
Depreciation and impairment losses at 31.12.2023		<u>(1.979.702)</u>
Carrying amount at 31.12.2023		<u>38.135.911</u>
	2023	2022
	CAD	CAD
7. Fixed assets investments		
Environmental Bond	598.939	427.120
	<u>598.939</u>	<u>427.120</u>

In connection with the application for an exploitation license at Nalunaq, an initial amount representing the estimated reclamation costs was deposited in escrow as security for due performance of its obligations as required by the Bureau of Minerals and Petroleum in Greenland (“MLSA”). The escrowed amount will be released upon satisfactory fulfillment of its obligations.

Notes (cont'd)**8. Share capital**

Share capital consists of 1.002.018 share at DKK 1. The shares have not been divided into classes.

	2023	2022
	CAD	CAD
9. Equity		
Equity at 01.01.2023	(46.528.350)	(32.284.869)
Capital increase	0	0
Premium at underwriting	0	0
Profit/loss for the year	<u>(7.782.773)</u>	<u>(14.243.481)</u>
Equity at 31.12.2023	<u>(54.311.123)</u>	<u>(46.528.350)</u>

	2023	2022
	CAD	CAD
10. Other provisions		
Provision for decommissioning costs	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

The terms of the exploitation license held by the Company stipulates that should the activities under the license be terminated, the Company has a responsibility to remove all installations and equipment from the area and remedy any remaining damage to the terrain within 12 months of such termination. The cost of such reclamation and demobilization activities at Nalunaq is estimated at CAD 0 at 31 December 2023. The evaluation of the Nalunaq project is on-going and at present the Company does not intend to terminate the activities under the license. During September 2023, the Company was granted an extension until June 2024 with respect to the submission of an Environmental Impact Assessment (“EIA”) and Social Impact Assessment (“SIA”) under Addendum 7 of its exploitation license.

Notes (cont'd)

11. Assets charge, contingent liabilities etc.

The Company has been imposed a royalty obligation that will become effective when the mining begins.

The Nalunaq Licence and subsequent Addendums does not have a royalty clause. However, according to the Addendum 3 of the Mineral Resources Act enacted on July 1, 2014 and the Greenland Parliament Act on Mineral Activities coming into force on 1 January 2024, the Greenland Government may set terms on the licensee's payment of royalty or consideration, if the Greenland Government and the licensee agree, since the Nalunaq Licence was granted before July 1, 2014. Nalunaq A/S may have to pay to the Government of Greenland a sales royalty of up to 2.5% of the value of the minerals. Nalunaq A/S may on certain terms offset an amount equal to paid corporate income tax and corporate dividend tax against the sales royalty to be paid.

12. Ownership

The Company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Amaroq Minerals Ltd., Toronto, Canada