

**Greenland Anorthosite Mining ApS**

**Naternaq 17, Postboks 1174, 3905 Nuussuaq**

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***Annual report***

**2020**

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***Company reg. no. 40 50 22 62***

*The annual report was submitted and approved by the general meeting on the 21 May 2021.*

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**Edward Wayne Malouf**  
*Chairman of the meeting*

**Notes:**

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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## ***Management's report***

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Today, the board of directors and the executive board have presented the annual report of Greenland Anorthosite Mining ApS for the financial year 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January - 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

*Nuussuaq, 7 May 2021*

### ***Executive board***

Claus Stoltenborg

Claus Østergaard

Anders Nørby-Lie

### ***Board of directors***

Edward Wayne Malouf

Mike Jimmy Tong Sam

Audrey Irene Hoe-Richardson

Søren Brinkmann

Jens Sønderberg Frederiksen

## ***Independent auditor's report***

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To the shareholders of Greenland Anorthosite Mining ApS

### **Opinion**

We have audited the financial statements of Greenland Anorthosite Mining ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

## ***Independent auditor's report***

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As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## ***Independent auditor's report***

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In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

*Copenhagen, 7 May 2021*

### **Martinsen**

*State Authorised Public Accountants  
Company reg. no. 32 28 52 01*

**Leif Tomasson**

*State Authorised Public Accountant  
mne25346*

## ***Company information***

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### ***The company***

Greenland Anorthosite Mining ApS  
Naternaq 17  
Postboks 1174  
3905 Nuussuaq

*Company reg. no.* 40 50 22 62

*Financial year:* 1 January - 31 December  
2nd financial year

### ***Board of directors***

Edward Wayne Malouf  
Mike Jimmy Tong Sam  
Audrey Irene Hoe-Richardson  
Søren Brinkmann  
Jens Sønderberg Frederiksen

### ***Executive board***

Claus Stoltenborg  
Claus Østergaard  
Anders Nørby-Lie

### ***Auditors***

Martinsen  
Statsautoriseret Revisionspartnerselskab  
Øster Allé 42  
2100 København Ø

## ***Management commentary***

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### **The principal activities of the company**

Greenland Anorthosite Mining ApS "GAM" has been busy in the past year, and despite the Covid-19 restrictions, GAM was well prepared for field works as soon as Greenland re-opened and was able to advance its program to obtain a mining license.

The most remarkable results were the combination of high purity and low alkali content of the resource and positive results from optical sorting tests in Germany, which enables us to further upgrade the quality of our end product. The financial projections now rely on the test results and the results from our refreshed market studies that show that our resource is a perfect match for the fibre glass and other industries. The operational cost projections will have further upside from the proven ability to deliver the high value products with a simple and easy bulk mining methodology.

In the Autumn 2020, the exploration license MEL 2019-162 was transferred to the company, and the company obtained convertible loans from its investors in order to initiate Milestone 2 activities. The loans were all converted to shares in March 2021.

Two State Funds and the first institutional investor has joined the company (Vækstfonden, Greenland Venture and SISA - the Greenlandic Pension Fund), initially with a 6% shareholding but with a reservation to increase to 10% in the next Funding Round where the last investors to complete the licensing project will be taken on board.

The company has a healthy cash position with 5,8 M Dkr (8,3 M Dkr at december 31, 2020) in the bank before the remaining funding for the mining license project (4,2 M Euro) is taken on board. The contracts for the 2021 field works will only be signed once the last financing has been secured, and currently the company has enough cash to complete its ongoing activities in 2021 and 2022.

### **Change in accounting policy**

To better reflect the cost of the preparation and the exploration costs of the mining project these costs is being capitalized on the balance sheet as tangible assets under construction. The comparative figures are adjusted. The changes have resulted in an increase of the pre-tax profit for the year of M Dkr. 6,6 (2019: M Dkr 7,3). The changes have no effect to the taxation. The effect on the equity is an increase of M Dkr 6,6 in 2020 (2019: M Dkr. 7,3).

### **Development in activities and financial matters**



## ***Accounting policies***

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The annual report for Greenland Anorthosite Mining ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

### **Changes in the accounting policies**

To better reflect the cost of the preparation and the exploration costs of the mining project these costs is being capitalized on the balance sheet as tangible assets under construction. The comparative figures are adjusted. The changes have resulted in an increase of the pre-tax profit for the year of M Dkr. 6,6 (2019: M Dkr 7,3). The changes have no effect to the taxation. The effect on the equity is an increase of M Dkr 6,6 in 2020 (2019: M Dkr. 7,3).

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

## ***Accounting policies***

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Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

### **Income statement**

#### **Other operating income**

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

#### **Other external costs**

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

#### **Staff costs**

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

### **Statement of financial position**

#### **Property, plant, and equipment under construction**

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued. Depreciation begins when the mine is ready for production.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

## ***Accounting policies***

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The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

### **Impairment loss relating to non-current assets**

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

## ***Accounting policies***

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### **Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

**Income statement**

All amounts in DKK.

<u>Note</u>	<u>1/1 - 31/12 2020</u>	<u>2/5 - 31/12 2019</u>
2 Other operating income	2.597.500	900.000
Other external costs	-1.435.281	-33.713
<b>Gross profit</b>	<b>1.162.219</b>	<b>866.287</b>
1 Staff costs	-3.082.769	-900.000
<b>Operating profit</b>	<b>-1.920.550</b>	<b>-33.713</b>
Other financial costs	-78.965	-863
<b>Net profit or loss for the year</b>	<b>-1.999.515</b>	<b>-34.576</b>
<b>Proposed appropriation of net profit:</b>		
Allocated from retained earnings	-1.999.515	-34.576
<b>Total allocations and transfers</b>	<b>-1.999.515</b>	<b>-34.576</b>

**Statement of financial position at 31 December**

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2020</u>	<u>2019</u>
<b>Non-current assets</b>			
3	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	13.910.263	7.270.305
4	Right-of-use assets	87.363	0
	Total property, plant, and equipment	<u>13.997.626</u>	<u>7.270.305</u>
	<b>Total non-current assets</b>	<b><u>13.997.626</u></b>	<b><u>7.270.305</u></b>
<b>Current assets</b>			
	Available funds	<u>8.336.624</u>	<u>0</u>
	<b>Total current assets</b>	<b><u>8.336.624</u></b>	<b><u>0</u></b>
	<b>Total assets</b>	<b><u>22.334.250</u></b>	<b><u>7.270.305</u></b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
5	Contributed capital	137.363	50.000
6	Retained earnings	<u>-2.034.091</u>	<u>-34.576</u>
	<b>Total equity</b>	<b><u>-1.896.728</u></b>	<b><u>15.424</u></b>
<b>Liabilities other than provisions</b>			
7	Convertible and profit sharing debt instruments	0	0
8	Payables to group enterprises	<u>8.968.599</u>	<u>6.813.547</u>
	Total long term liabilities other than provisions	<u>8.968.599</u>	<u>6.813.547</u>
	Short-term part of long-term liabilities	14.340.965	0
	Trade creditors	634.248	20.000
	Other payables	<u>287.166</u>	<u>421.334</u>
	Total short term liabilities other than provisions	<u>15.262.379</u>	<u>441.334</u>
	<b>Total liabilities other than provisions</b>	<b><u>24.230.978</u></b>	<b><u>7.254.881</u></b>
	<b>Total equity and liabilities</b>	<b><u>22.334.250</u></b>	<b><u>7.270.305</u></b>

## ***Statement of financial position at 31 December***

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*All amounts in DKK.*

### ***Equity and liabilities***

#### **9 Contingencies**

## Notes

All amounts in DKK.

	1/1 - 31/12 2020	2/5 - 31/12 2019
<b>1. Staff costs</b>		
Salaries and wages	2.899.769	900.000
Pension costs	183.000	0
	<b>3.082.769</b>	<b>900.000</b>
Average number of employees	3	2
<b>2. Other operating income</b>		
Capitalized staff costs	2.597.500	900.000
	<b>2.597.500</b>	<b>900.000</b>
<b>3. Property, plant, and equipment under construction including pre-payments for property, plant, and equipment</b>		
Cost 1 January 2020	7.270.305	0
Additions during the year	6.639.958	7.270.305
<b>Cost 31 December 2020</b>	<b>13.910.263</b>	<b>7.270.305</b>
<b>Carrying amount, 31 December 2020</b>	<b>13.910.263</b>	<b>7.270.305</b>
Depreciations will begin when the mine is operational.		
	31/12 2020	31/12 2019
<b>4. Right-of-use assets</b>		
Additions during the year	87.363	0
<b>Cost 31 December 2020</b>	<b>87.363</b>	<b>0</b>
<b>Carrying amount, 31 December 2020</b>	<b>87.363</b>	<b>0</b>
The right-of-use asset is the exploration license MEL 2019-162. As the exploration has not yet started there are no depreciations.		
<b>5. Contributed capital</b>		
Contributed capital 1 January 2020	50.000	50.000
Cash capital increase	87.363	0
	<b>137.363</b>	<b>50.000</b>



**Notes**

All amounts in DKK.

	<u>31/12 2020</u>	<u>31/12 2019</u>
<b>6. Retained earnings</b>		
Retained earnings 1 January 2020	-34.576	0
Adjustment due to changed procedures	0	7.270.305
Profit or loss for the year brought forward	<u>-1.999.515</u>	<u>-7.304.881</u>
	<u><b>-2.034.091</b></u>	<u><b>-34.576</b></u>
<b>7. Convertible and profit sharing debt instruments</b>		
Total convertible and profit sharing debt instruments	14.340.965	0
Share of amount due within 1 year	<u>-14.340.965</u>	<u>0</u>
	<u><b>0</b></u>	<u><b>0</b></u>
The convertible loans has been converted to share capital in march 2021.		
<b>8. Payables to group enterprises</b>		
Total payables to group enterprises	<u><b>8.968.599</b></u>	<u><b>6.813.547</b></u>
Share of liabilities due after 5 years	<u>8.968.599</u>	<u>0</u>
<b>9. Contingencies</b>		
<b>Contingent assets</b>		
Taxvalue of tax losses, 3.000 TDKK, is not included in the annual accounts due to the uncertainty of when it will be utilized.		