

Greenland Anorthosite Mining A/S

Naternaqq 17, Postboks 1174, 3905 Nuussuaq

Annual report

2023

Company reg. no. 40 50 22 62

The annual report was submitted and approved by the general meeting on the 2 July 2024.

Claus Stoltenborg
Chairman of the meeting

Notes:

- *To ensure the greatest possible applicability of this document, IAS/IFRS 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 statement

Today, the board of directors and the executive board have presented the annual report of Greenland Anorthosite Mining A/S for the financial year 2023.

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 2023 and of the company's results of activities in the financial year 1 January - 31 December 2023.

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 at the Annual General Meeting.

Nuussuaq, 19 June 2024

Executive board

Claus Stoltenborg

Claus Østergaard

Anders Nørby-Lie

Board of directors

Edward Wayne Malouf

Mike Jimmy Tong Sam

Audrey Hoe-Richardson

Søren Brinkmann

Jens Sønderberg Frederiksen

Independent auditor's report

To the Shareholders of Greenland Anorthosite Mining A/S

Opinion

We have audited the financial statements of Greenland Anorthosite Mining A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 Danish Financial Statements Act.

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 in preparing the financial statements 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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 19 June 2024

Martinsen

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

Leif Tomasson

*State Authorised Public Accountant
mne25346*

Company information

The company

Greenland Anorthosite Mining A/S
Naternaq 17
Postboks 1174
3905 Nuussuaq

Company reg. no. 40 50 22 62

Financial year: 1 January - 31 December
5th financial year

Board of directors

Edward Wayne Malouf
Mike Jimmy Tong Sam
Audrey 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's review

Description of key activities of the company

Development in activities and financial matters

2023 was a year with completion of the important studies required for grant of mining license.

The first one completed was the “navigation safety procedures”. GAM is currently booked to meet Søfartsstyrelsen in May to discuss construction of the sea maps that will be required for navigation post construction of the mine.

The next study completed was the Social Impact Study “SIA”. The SIA has been reviewed by the MLSA, translated to Danish, English and Greenlandic, and the last translation has been accepted by the authorities.

The last study is the Environmental Impact Study “EIA”. The EIA and its many sub studies are all completed and the EIA translated into the three languages. The Greenlandic translation is currently in expert review in Greenland before accepted as completed.

The next bulk of works completed were several technical studies to be able to design the processing plant to deliver the qualities required by GAM’s future off takers. This process has been long and with many details to fall in place, but the results of the works are good:

- GAM’s test output has been approved by the most important off takers.
- GAM has been able to sign three significant off take LOI’s with some of the largest buyers globally. More are in the pipeline.
- GAM has been able to complete its scaled process delign and is able to advance with construction planning for buildings that fits to the processing plant and its support functions.

Additionally, GAM’s construction team has advanced its construction planning of road, bridges, harbour, buildings, electricity plants, explosives storage and more.

In 2024, based on the above GAM is now in a detailed projecting phase to be able to advance with procurement projects for the construction phase.

The above significant increase of insights has made it possible to upgrade GAM’s financial projections, and the company is currently in discussion with a Big 5 company about its post license valuation.

GAM has delivered its license application in 1Q 2024 and expect to receive its mining license during the summer of 2024.

Management´s review

GAM's settlement with Forrage Fusion Drilling "FFD" has been successful, and FFD has paid its compensation to GAM in December 2022 and 2023, and GAM do not expect any further challenges with this.

Including the received subscription of new shares in 2023 and in 2024 GAM has raised around 2,7 M Euro of new out of the authorised 2.68 M Euro. Of the capital increase 1.24 mio EURO is included in the annual accounts.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
3 <i>Other operating income</i>	3.415.994	2.593.822
<i>Other external costs</i>	<u>-1.637.677</u>	<u>-1.253.172</u>
<i>Gross profit</i>	1.778.317	1.340.650
2 <i>Staff costs</i>	<u>-4.275.821</u>	<u>-3.297.860</u>
<i>Operating profit</i>	-2.497.504	-1.957.210
<i>Other financial income</i>	78.670	17.192
4 <i>Other financial costs</i>	<u>-273.100</u>	<u>-388.549</u>
<i>Net profit or loss for the year</i>	<u>-2.691.934</u>	<u>-2.328.567</u>
 <i>Proposed distribution of net profit:</i>		
<i>Allocated from retained earnings</i>	<u>-2.691.934</u>	<u>-2.328.567</u>
<i>Total allocations and transfers</i>	<u>-2.691.934</u>	<u>-2.328.567</u>

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
5 <i>Property, plant, and equipment under construction including pre-payments for property, plant, and equipment</i>	47.048.532	40.847.307
6 <i>Right-of-use assets</i>	87.363	87.363
<i>Total property, plant, and equipment</i>	<u>47.135.895</u>	<u>40.934.670</u>
7 <i>Deposits</i>	12.750	12.750
<i>Total investments</i>	<u>12.750</u>	<u>12.750</u>
Total non-current assets	<u>47.148.645</u>	<u>40.947.420</u>
Current assets		
<i>Other debtors</i>	961.945	1.744.092
<i>Total receivables</i>	<u>961.945</u>	<u>1.744.092</u>
<i>Cash and cash equivalents</i>	7.543.189	6.381.547
Total current assets	<u>8.505.134</u>	<u>8.125.639</u>
Total assets	<u>55.653.779</u>	<u>49.073.059</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		<u>2023</u>	<u>2022</u>
<u>Note</u>			
Equity			
	Contributed capital	608.798	193.928
	Share premium account	9.202.443	0
	Retained earnings	<u>33.034.928</u>	<u>36.114.718</u>
	Total equity	<u>42.846.169</u>	<u>36.308.646</u>
Liabilities other than provisions			
8	Payables to group enterprises	<u>0</u>	<u>11.897.597</u>
	Total long term liabilities other than provisions	<u>0</u>	<u>11.897.597</u>
	Trade payables	431.829	633.151
	Payables to group enterprises	12.145.706	0
	Other payables	<u>230.075</u>	<u>233.665</u>
	Total short term liabilities other than provisions	<u>12.807.610</u>	<u>866.816</u>
	Total liabilities other than provisions	<u>12.807.610</u>	<u>12.764.413</u>
	Total equity and liabilities	<u>55.653.779</u>	<u>49.073.059</u>
1	Subsequent events		
9	Contingencies		

Statement of changes in equity

All amounts in DKK.

	<i>Contributed capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Total</i>
<i>Equity 1 January 2022</i>	193.928	0	38.443.285	38.637.213
<i>Profit or loss for the year brought forward</i>	<u>0</u>	<u>0</u>	<u>-2.328.567</u>	<u>-2.328.567</u>
<i>Equity 1 January 2023</i>	193.928	0	36.114.718	36.308.646
<i>Cash capital increase</i>	27.014	9.202.443	0	9.229.457
<i>Profit or loss for the year brought forward</i>	0	0	-2.691.934	-2.691.934
<i>Transferred from distributed reserves</i>	<u>387.856</u>	<u>0</u>	<u>-387.856</u>	<u>0</u>
	<u>608.798</u>	<u>9.202.443</u>	<u>33.034.928</u>	<u>42.846.169</u>

Notes

All amounts in DKK.

1. Subsequent events

In addition to the capital increase included in the annual accounts there have been an capital increase of 11,3 mio DKK i 2024.

2. Staff costs

Salaries and wages	4.023.821	2.925.860
Pension costs	252.000	372.000
	<u>4.275.821</u>	<u>3.297.860</u>
Average number of employees	<u>4</u>	<u>3</u>

3. Other operating income

Capitalized staff costs	3.194.124	2.371.983
Capitalized intercompany interests	221.870	221.839
	<u>3.415.994</u>	<u>2.593.822</u>

4. Other financial costs

Financial costs, group enterprises	228.562	221.839
Other financial costs	44.538	166.710
	<u>273.100</u>	<u>388.549</u>

5. Property, plant, and equipment under construction including pre-payments for property, plant, and equipment

Cost 1 January 2023	40.847.307	27.361.794
Additions during the year	6.201.225	13.485.513
Cost 31 December 2023	<u>47.048.532</u>	<u>40.847.307</u>
Carrying amount, 31 December 2023	<u>47.048.532</u>	<u>40.847.307</u>

Depreciations will begin when the mine is operational.

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
6. Right-of-use assets		
Cost 1 January 2023	87.363	87.363
Cost 31 December 2023	<u>87.363</u>	<u>87.363</u>
Carrying amount, 31 December 2023	<u>87.363</u>	<u>87.363</u>
<i>The right-of-use asset is the exploration license MEL 2019-162. As the exploration has not yet started there are no depreciations.</i>		
7. Deposits		
Cost 1 January 2023	12.750	65.250
Disposals during the year	<u>0</u>	<u>-52.500</u>
Cost 31 December 2023	<u>12.750</u>	<u>12.750</u>
Carrying amount, 31 December 2023	<u>12.750</u>	<u>12.750</u>
8. Payables to group enterprises		
Total payables to group enterprises	<u>0</u>	<u>11.897.597</u>
Share of liabilities due after 5 years	<u>0</u>	<u>11.897.597</u>
9. Contingencies		
Contingent assets		
<i>Taxvalue of tax losses, 12.414 TDKK, is not included in the annual accounts due to the uncertainty of when it will be utilized.</i>		

Accounting policies

The annual report for Greenland Anorthosite Mining A/S 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.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

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.

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.

Accounting policies

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 conflict compensation and capitalized staff costs and interests. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs

Other external costs comprise costs incurred for sales, administration, premises 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.

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

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down 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.

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.

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

Accounting policies

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 sub-suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Cash on hand and demand deposits

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

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Liabilities other than provisions

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