Skaergaard Mining A/S

Imaneq 18, Postboks 319, 3900 Nuuk

CVR no. 41 52 28 44

Annual report 2020/21

(As of the establishment of the Company 15 July 2020 - 31 December 2021)

Approved at the Company's annual general meeting on 19 August 2022

Chair of the meeting:

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Joel Stewart Dumaresq

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Skaergaard Mining A/S for the financial year as of the establishment of the Company 15 July 2020 - 31 December 2021.

The annual report is prepared in accordance with the Greenlandic 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 2021 and of the results of the Company's operations for the financial year as of the establishment of the Company 15 July 2020 - 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Nuuk, 19 August 2022
Executive Board:

Paul John Teniere

Board of Directors:

Joel Stewart Dumaresq Chair	Stephen Ray Stine	Fred Antonio Tejada

Independent auditor's report

To the shareholders of Skaergaard Mining A/S

Opinion

We have audited the financial statements of Skaergaard Mining A/S for the financial year as of the establishment of the Company 15 July 2020 - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Greenlandic 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 2021 and of the results of the Company's operations for the financial year as of the establishment of the company 15 July 2020 - 31 December 2021 in accordance with the Greenlandic Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Greenland. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 Greenland, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Emphasis of matter in the financial statements

We would like to draw the attention to the information in note 2, where the material uncertainty concerning the valuation of the development projects in progress for intangible assets is described.

We have not modified our opinion in respect of this matter.

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 Greenlandic 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 as to 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 Greenland 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Greenland, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 note 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 the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Greenlandic Financial Statements Act.

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

Report on other legal and regulatory requirements

Non-compliance with the provisions of the Danish Financial Statements Act regarding submission of annual reports

The Company has not observed the deadline for submission of the annual report for 2021. Management may incur liability in this respect.

Nuuk, 19 August 2022
EY Grønland Godkendt Revisionsanpartsselskab
CVR no. 33 94 61 71

Claus Hammer-Pedersen
State Authorised Public Accountant
mne21334

Management's review

Company details

Name	Skaergaard Mining A/S
Address, Postal code, City	Imaneq 18, Postboks 319, 3900 Nuuk
CVR no.	41 52 28 44
Established	15 July 2020
Registered office	Sermersooq
Financial year	15 July 2020 - 31 December 2021
Board of Directors	Joel Stewart Dumaresq, Chair Stephen Ray Stine Fred Antonio Tejada
Executive Board	Paul John Teniere
Auditors	EY Grønland Godkendt Revisionsanpartsselskab Aqqusinersuaq 3A, 1. sal, P.O. Box 370, 3900 Nuuk, Greenland

Management commentary

Business review

The principal activities of the Company are to develop mining activity in Greenland and any associated business.

Recognition and measurement uncertainties

There are uncertainties associated with the recognition or measurement of the Company's development projects.

The exploration business is controlled by a number of global factors, principally supply and demand which in turn is a mainspring of global natural resource prices. These factors are beyond the control of the company. It is the management assessment that the current development and the prognose for the future development in prices is fully satisfactory.

The Management in the Company have determined that the carrying value of the exploration projects totalling TDKK 47,391 is reasonable and that no impairment is necessary.

Financial review

The income statement for 2020/21 shows a loss of DKK 121,599,279, and the balance sheet at 31 December 2021 shows a negative equity of DKK 121,099,279. Management considers the Company's financial performance in the year satisfactory as the Company is in the start of the development fo the licenses.

Events after the balance sheet date

The Company's activity is financed by the Parent Company Major Precious Metals Corp. The Parent Company has confirmed that the total outstanding amount of TDKK 149,702 is not due or payable until at least 31 December 2022. The Parent Company has in addition given a letter of support, that the entity will provide addtional necessary financial funding enabling Skaergaard Mining A/S to carry on activities until 31 December 2022.

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 15 July 2020 - 31 December 2021

Income statement

Note	DKK	2020/21 18 months
	Gross loss	-115,044,499
	Financial expenses	-6,554,780
	Profit/loss for the year	-121,599,279
	Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	-121,599,279
		-121,599,279

Financial statements for the period 15 July 2020 - 31 December 2021

Balance sheet

Note	DKK	2020/21
	ASSETS	
	Fixed assets	
4	**Intangible assets**	
	Development projects in progress and aquired licenses for intangible assets	47,391,418
		47,391,418
	Total fixed assets	47,391,418
	Non-fixed assets	
	Receivables	
5	Deferred tax assets	0
	Prepayments	838,001
		838,001
	Cash	476,830
	Total non-fixed assets	1,314,831
	TOTAL ASSETS	48,706,249
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	500,000
	Retained earnings	-121,599,279
	Total equity	-121,099,279
	Liabilities other than provisions	
	Current liabilities other than provisions	
	Trade payables	20,103,709
	Payables to group enterprises	149,701,819
		169,805,528
	Total liabilities other than provisions	169,805,528
	TOTAL EQUITY AND LIABILITIES	48,706,249

1 Accounting policies
2 Recognition and measurement uncertainties
3 Staff costs
6 Collateral
7 Related parties

Financial statements for the period 15 July 2020 - 31 December 2021

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Cash payments concerning formation of enterprise	500,000	0	500,000
Transfer through appropriation of loss	0	-121,599,279	-121,599,279
Equity at 31 December 2021	500,000	-121,599,279	-121,099,279

Financial statements for the period 15 July 2020 - 31 December 2021

Notes to the financial statements

1 Accounting policies

The annual report of Skaergaard Mining A/S for 2020/21 has been prepared in accordance with the provisions in the Greenlandic Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Basis of recognition and measurement

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustment of financial assets and liablities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits, and the value of the assets can be measured reliably.

Liabiltities are recognised in the balance sheet when the company is liable to loose future, financial benefits and the value of the liability can be measured reliably.

At the first recignition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognized during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements for the period 15 July 2020 - 31 December 2021

Notes to the financial statements

1 **Accounting policies (continued)**

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue. Raw materials also includes exploration costs.

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements for the period 15 July 2020 - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

The Company capitalizes the direct costs of acquiring mineral property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development costs are capitalized. Exploration and evaluation costs include the related value-added taxes because the recoverability of these amounts is uncertain. Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the
frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests is in good standing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are tested for impairment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements for the period 15 July 2020 - 31 December 2021

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

2 Recognition and measurement uncertainties

There are uncertainties associated with the recognition and measurement of the Company's development projects and capitalized license cost.

The exploration business is controlled by a number of global factors, principally supply and demand which in turn is a mainspring of global natural resource prices. These factors are beyond the control of the company.

Exploration is a high-risk business and there can be no guarantee that any reserves discovered will result in proven and probable reserves or go on to be an operating venture.

The Parent Company has confirmed that the total outstanding amount of TDKK 149,702 is not due or payable until at least 31 December 2022. The Parent Company has in addition given a letter of support, that the entity will provide addtional necessary financial funding enabling Skaergaard Mining A/S to carry on activities until 31 December 2022.

Please see the management’s review for further information.

3 Staff costs

The Company has no employees.

Financial statements for the period 15 July 2020 - 31 December 2021

Notes to the financial statements

4 Intangible assets

DKK	Development projects in progress and aquired licenses for intangible assets
Additions	47,391,418
Cost at 31 December 2021	47,391,418
Carrying amount at 31 December 2021	47,391,418

5 Deferred tax assets

A deferred tax asset of TDKK 30,400 has not been recognized in the balance sheet as it is uncertain when it can be utilized in future earnings.

6 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Major Precious Metals Corp.	Canada	789 West Pender Street, Suite 810, Vancouver, British Columbia V6C 1H2

Related party transactions

The Company's activity is financed by the Parent Company Major Precious Metals Corp. The Parent Company has confirmed that the total outstanding amount of TDKK 149,702 is not due or payable until at least 31 December 2022. The Parent Company has in addition given a letter of support, that the entity will provide addtional necessary financial funding enabling Skaergaard Mining A/S to carry on activities until 31 December 2022.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Major Precious Metals Corp.	789 West Pender Street, Suite 810, Vancouver, British Columbia V6C 1H2