



Amaroq Minerals Ltd.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023

Amaroq Minerals Ltd.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited, in Canadian Dollars except per share amounts)

	Notes	As at June 30, 2023 \$	As at December 31, 2022 \$
ASSETS			
Current assets			
Cash		39,669,852	50,137,569
Due from a related party	11.1	2,218,604	-
Sales tax receivable		78,885	95,890
Prepaid expenses and others		2,031,041	450,290
Total current assets		43,998,382	50,683,749
Non-current assets			
Deposit		27,944	27,944
Investment in equity-accounted joint arrangement	3	29,745,716	-
Escrow account for environmental monitoring		424,640	427,120
Mineral properties	4	48,821	85,579
Capital assets	5	13,441,341	13,871,669
Total non-current assets		43,688,462	14,412,312
TOTAL ASSETS		87,686,844	65,096,061
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		2,903,747	1,138,961
Lease liabilities – current portion	6	76,910	71,797
Total current liabilities		2,980,657	1,210,758
Non-current liabilities			
Lease liabilities	6	616,730	657,440
Total non-current liabilities		616,730	657,440
Total liabilities		3,597,387	1,868,198
Equity			
Capital stock		131,837,145	131,708,387
Contributed surplus		6,002,893	5,250,865
Accumulated other comprehensive loss		(36,772)	(36,772)
Deficit		(53,713,809)	(73,694,617)
Total equity		84,089,457	63,227,863
TOTAL LIABILITIES AND EQUITY		87,686,844	65,096,061

Subsequent events

14

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

Amaroq Minerals Ltd.

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited, in Canadian Dollars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenses	8	2,278,193	4,425,501	3,459,846	5,435,831
Site development costs	9	1,825,564	-	1,825,564	-
General and administrative	10	2,806,181	2,097,937	5,383,216	5,086,708
Loss on disposal of capital assets		-	-	37,791	-
Foreign exchange loss (gain)		171,828	(173,880)	(25,175)	(26,693)
Operating loss		7,081,766	6,349,558	10,681,242	10,495,846
Other expenses (income)					
Interest income		(240,268)	(34,392)	(471,588)	(54,717)
Project management income	11	(506,640)	-	(506,640)	-
Gain on loss of control of subsidiary	3	(31,340,880)	-	(31,340,880)	-
Share of loss of an equity-accounted joint arrangement	3	1,639,482	-	1,639,482	-
Finance costs		8,839	9,473	17,576	19,008
Net income (loss) and comprehensive income (loss)		23,357,701	(6,324,639)	19,980,808	(10,460,137)

Weighted average number of common shares outstanding - basic		263,281,297	177,109,616	263,242,536	177,104,206
Weighted average number of common shares outstanding – diluted		273,398,692	188,107,949	273,359,931	188,102,539
Basic earnings (loss) per share	12	0.09	(0.04)	0.08	(0.06)
Diluted earnings (loss) per common share	12	0.09	(0.04)	0.07	(0.06)
Effect of dilution		-	-	0.01	-
Share options		10,117,395	10,998,333	10,117,395	10,998,333

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

Amaroq Minerals Ltd.

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited, in Canadian Dollars)

	Notes	Number of common shares outstanding	Capital Stock	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Equity
			\$	\$	\$	\$	\$
Balance at January 1, 2022		177,098,737	88,500,205	3,300,723	(36,772)	(51,795,654)	39,968,502
Net loss and comprehensive loss		-	-	-	-	(10,460,137)	(10,460,137)
Options exercised		110,000	95,700	(40,700)	-	-	55,000
Stock-based compensation		-	-	1,480,560	-	-	1,480,560
Balance at June 30, 2022		177,208,737	88,595,905	4,740,583	(36,772)	(62,255,791)	31,043,925
Balance at January 1, 2023		263,073,022	131,708,387	5,250,865	(36,772)	(73,694,617)	63,227,863
Net income and comprehensive income		-	-	-	-	19,980,808	19,980,808
Options exercised, net	7	208,275	128,758	(150,000)	-	-	(21,242)
Stock-based compensation	7	-	-	902,028	-	-	902,028
Balance at June 30, 2023		263,281,297	131,837,145	6,002,893	(36,772)	(53,713,809)	84,089,457

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

Amaroq Minerals Ltd.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, in Canadian Dollars)

	Notes	Six months ended June 30,	
		2023	2022
		\$	\$
Operating activities			
Net income (loss) for the period		19,980,808	(10,460,137)
Adjustments for:			
Depreciation	5	392,537	418,075
Stock-based compensation	7	902,028	1,480,560
Gain on loss of control of subsidiary	3	(31,340,880)	-
Share of loss of an associate	3	1,639,482	-
Loss on disposal of capital assets		37,791	-
Other expenses		17,576	9,048
Foreign exchange		(48,884)	(13,571)
		(8,419,542)	(8,566,025)
Changes in non-cash working capital items:			
Sales tax receivable		17,004	(33,179)
Due from related party		(2,218,604)	-
Prepaid expenses and others		(1,580,751)	182,383
Accounts payable and accrued liabilities		1,734,337	815,210
		(2,048,014)	964,414
Net Cash used in operating activities		(10,467,556)	(7,601,611)
Investing activities			
Acquisition of capital assets	5	-	(301,958)
Net Cash used in investing activities		-	(301,958)
Financing activities			
Principal repayment – lease liabilities	6	(53,172)	(22,551)
Exercise of stock options		-	55,000
Net Cash (used in) provided by financing activities		(53,172)	32,449
Net change in cash before effects of exchange rate changes on cash during the period		(10,520,728)	(7,871,120)
Effects of exchange rate changes on cash		53,011	40,661
Net change in cash during the period		(10,467,717)	(7,830,459)
Cash, beginning of period		50,137,569	27,324,459
Cash, end of period		39,669,852	19,494,000
Supplemental cash flow information			
Interest received		471,587	54,717

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

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

1. NATURE OF OPERATIONS, BASIS OF PRESENTATION

Amaroq Minerals Ltd. (the "Corporation") was incorporated on February 22, 2017 under the *Canada Business Corporations Act*. The Corporation's head office is situated at 3400, One First Canadian Place, P.O. Box 130, 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 ("Nasdaq") under the AMRQ ticker.

These unaudited condensed interim consolidated financial statements for the six months ended June 30, 2023 ("Financial Statements") were approved by the Board of Directors on August 29, 2023.

1.1 Basis of presentation and consolidation

The Financial Statements include the accounts of the Corporation and those of its 100% subsidiary Nalunaq A/S, corporation incorporated under the *Greenland Public Companies Act*. The Financial Statements also include the Corporation's 51% equity pick-up 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 annual financial statements for the year ended December 31, 2022 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, 2022, except for the policy described below.

a) Investments in an associate or joint venture

The financial results of the Corporation's investments in its joint arrangement is included in the Corporation's results using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Corporation's share of comprehensive income or loss of the associates after the date of acquisition. The Corporation's share of profits or losses is recognized in the condensed interim statement of income (loss).

Unrealized gains on transactions between the Corporation and an associate or joint venture are eliminated to the extent of the Corporation's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the condensed interim statement of income (loss).

The Corporation assesses at each period-end whether there is any objective evidence that its investments in associates or joint venture are impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of associates or joint venture is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal and value in use) and charged to the statement of income (loss).

There are two main instances when the Corporation recognizes an investment in associate or joint venture. In first case the entity recognizes an acquisition of new investment, has a significant influence over the investee but does not control it. In the second case, the Corporation loses control over the subsidiary

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

because of a sale of a share in subsidiary that results in losing control over that subsidiary. If the Corporation loses control over the subsidiary, then

- The Corporation derecognizes the assets and liabilities of the subsidiary from the consolidated statement of financial position,
- Recognizes the fair value of the consideration received from the transaction that has resulted in the loss of control,
- Recognizes any investment retained in the former subsidiary at its fair value once control is lost and subsequently accounts for it and any amounts owed by or to the former subsidiary in accordance with the relevant IFRS. The fair value shall be regarded as a fair value of the initial recognition of the investment in joint venture or associate.
- Subsequently recognizes associate's or joint venture's share of net profits or losses proportionately to the retained share of investment for the reporting periods.

1.2 Functional and presentation currency

The functional and presentation currency of the Corporation is Canadian dollars ("CAD"). The functional currency of Nalunaq A/S is CAD. The functional currency of Nalunaq A/S is determined using the currency of the primary economic environment in which the entity evolves and using the currency which is more representative of the economic effect of the underlying financings, transactions, events and conditions.

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate rates of exchange prevailing on the dates of such transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the net profit or loss.

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, 2022. Management has exercised a significant judgement in assessing whether the Corporation still has control over its subsidiary Gardaq A/S or whether it lost control over the subsidiary but still has significant influence or joint control over Gardaq A/S. The result of this assessment is described under Note 3 below. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

3. INVESTMENT IN AN ASSOCIATE OR JOINT VENTURE CORPORATION

	As at June 30, 2023	As at December 31, 2022
	\$	\$
Balance at beginning of period	-	-
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	
Investment retained at fair value- 51% share	31,385,198	-
Share of joint venture's net losses- for 6 months ended Jun 30, 2023	(1,639,482)	-
Balance at end of period	29,745,716	-

On June 10, 2022, the Corporation announced that it had signed a non-binding head of terms with ACAM to establish a special purpose vehicle (the "SPV") and created a joint venture (the "JV") for the exploration and development of its Strategic Mineral assets for a combined contribution of \$62.0 million (GBP 36.7 million). Subject to the final terms of the JV, ACAM invested \$30.1 million (GBP 18 million) in exchange for a 49% shareholding in the SPV, with Amaroq holding 51%. Amaroq contributed its strategic non- precious mineral (i.e., non-gold) licenses, and will be required to provide a contribution in kind over a three-year period, valued, in aggregate, at \$31.4 million (GBP 18.7 million) in the form of site support, logistics and overhead costs associated with utilizing its existing infrastructure in Southern Greenland to support the JV's activities. The transfer of these licenses has been approved by the Greenland Government on April 13, 2023. An option for further future funding of \$16.0 million (GBP 10.0 million) is also potentially available on the achievement of agreed milestones.

The carrying historical value of the transferred strategic non-precious mineral licenses to Gardaq A/S is \$36,758 (Note 4). Gardaq A/S is the Corporation's only joint venture. Gardaq's share capital consists solely of ordinary shares, which are held directly by the Corporation. Gardaq is incorporated in Greenland where its exploration and evaluation activities on bearing properties are carried out. The proportion of ownership interest is the same as the proportion of voting rights held. The investment in Gardaq is accounted for under the equity method. The Corporation's interest in Gardaq is 51% as of June 30, 2023.

Upon execution of the Subscription and Shareholders' Agreement ("SSHA") on April 13, 2023, the Corporation has ceased the control of Gardaq on that date. Given that the relevant activities of Gardaq require unanimous consent of its shareholders in accordance with the SSHA, management has determined that it has joint control and as such the Corporation performed deconsolidation of Gardaq A/S as at April 13, 2023, the date when control was lost. The fair value of the investment retained in Gardaq A/S was determined to be \$31,385,198 (GBP 18.7million) for 51% retained equity share of Gardaq A/S. The fair value of Gardaq A/S was measured based on the cash consideration received in exchange for 49% of the outstanding shares.

The Corporation has determined that it has a joint control in Gardaq A/S as decisions around relevant activities require unanimous shareholder approval. Effective April 13, 2023, the Corporation's investment was accounted for as an investment in joint venture using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the Corporation's proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the joint venture's net assets, such as further investments or dividends. For the period ended June 30, 2023 the Corporation recorded the 51% proportion of net loss from Gardaq of \$1,639,482.

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

The following tables summarize the unaudited financial information of Gardaq A/S as of June 30, 2023.

	As at June 30, 2023
	\$
Cash and cash equivalent	29,337,924
Accounts receivables	-
Prepaid expenses and other	64,645
Total current assets	29,402,569
Mineral property	92,240
Total Assets	29,494,809
Accounts payable and accrued liabilities	2,462,543
Capital stock	30,246,937
Deficit	(3,214,671)
Total equity	27,032,266
Total liabilities and equity	29,494,809

	As at June 30, 2023
	\$
Exploration and Evaluation expenses	2,751,253
Foreign exchange loss (gain)	(43,222)
Operating loss	2,708,031
Other expenses (income)	506,640
Net loss and comprehensive loss	3,214,671

4. MINERAL PROPERTIES

	As at December 31, 2022	Transfers (note 3)	As at June 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
Anoritoq - 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

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

	As at December 31, 2021	Additions	As at December 31, 2022
	\$	\$	\$
Nalunaq - Au	1	-	1
Tartoq - Au	18,431	-	18,431
Vagar - Au	11,103	-	11,103
Nuna Nutaaq - Au	6,076	-	6,076
Anoritoq - 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	62,244	23,335	85,579

5. CAPITAL ASSETS

	Field equipment and infrastruc- ture \$	Vehicles and rolling stock \$	Equipment (including software) \$	Construc- tion In Progress \$	Right-of- use assets \$	Total \$
Six months ended June 30, 2023						
Opening net book value	1,735,752	3,742,384	216,385	7,522,085	655,063	13,871,669
Disposals	-	-	(37,791)	-	-	(37,791)
Depreciation	(99,187)	(215,136)	(38,440)	-	(39,774)	(392,537)
Closing net book value	1,636,565	3,527,248	140,154	7,522,085	615,289	13,441,341
As at June 30, 2023						
Cost	2,351,041	4,466,971	232,231	7,522,085	735,270	15,307,598
Accumulated depreciation	(714,476)	(939,723)	(92,077)	-	(119,981)	(1,866,257)
Closing net book value	1,636,565	3,527,248	140,154	7,522,085	615,289	13,441,341

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 \$321,265 (\$363,461 for the six months ended June 30, 2022) was expensed as exploration and evaluation expenses during the six months ended June 30, 2023.

As of June 30, 2023, the amount of \$7,522,085 (\$7,522,085 as of December 31, 2022) of construction in progress is related to equipment and infrastructure received or in storage and which will be installed at the appropriate time. Equipment and infrastructure include process plant components that are not yet available for use.

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

6. LEASE LIABILITIES

	As at June 30 2023	As at December 31 2022
	\$	\$
Balance beginning	729,237	763,913
Principal repayment	(35,597)	(50,722)
Balance ending	693,640	729,237
Non-current portion – lease liabilities	(616,730)	(657,440)
Current portion – lease liabilities	76,910	71,797

The Corporation has one lease for its office. In October 2020, the Corporation started the 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.

7. STOCK-BASED COMPENSATION

7.1 Stock options

An incentive stock option plan (the “Plan”) was approved initially in 2017 and renewed by shareholders on June 15, 2023. 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 grants 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.

The fair value of each option granted was estimated at the time of grant using the Black-Scholes option pricing model. Black-Scholes is a pricing model used to determine the fair price or theoretical value for a call or a put option based on the following weighted assumptions at the measurement date:

	June 30, 2023	June 30, 2022
Risk free rate	-	2.7%
Expected life (years)	-	5 years
Volatility	-	68.9%
Underlying stock price	-	0.75
Strike price	-	\$0.44

The total share-based payment expenses related to the options and the amount credited to contributed surplus for the six months ended June 30, 2023, were \$4,028 (June 30, 2022-\$ 1,480,560). The following table outlines the activity for stock options for the six months ended June 30, 2023, and 2022:

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

Changes in stock options are as follows:

	Six months ended June 30, 2023		Six months ended June 30, 2022	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price
Balance, beginning	10,717,395	0.57	6,935,000	0.51
Granted	-	-	4,173,333	0.60
Exercised	(600,000)	0.43	(110,000)	0.50
Balance, end	10,117,395	0.58	10,998,333	0.55
Balance, end exercisable	10,050,728	0.58	10,865,000	0.55

From the options exercised during the period ended June 30, 2023, 391,725 shares were withheld to cover the stock option grant price and related taxes.

Stock options outstanding and exercisable as at June 30, 2023 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price \$	Expiry date
910,000	910,000	0.45	August 22, 2023
1,670,000	1,670,000	0.38	December 31, 2025
100,000	33,333	0.50	September 13, 2026
1,495,000	1,495,000	0.70	December 31, 2026
3,600,000	3,600,000	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
900,000	900,000	0.59	December 31, 2027
10,117,395	10,050,728		

7.2 Restricted Share Unit

Conditional awards under the RSU

7.2.1 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 incentivizing 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

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

- Third Measurement Date: December 31, 2025.

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.
- RSUs 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.

7.2.1 Valuation

The fair value of the award granted in December 2022 is \$5,408,800 based on 80% of the available pool being awarded. A charge of \$898,000 was recorded during the six months ended June 30, 2023.

8. EXPLORATION AND EVALUATION EXPENSES (RECOVERY)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Geology	(138,599)	651,211	(25,494)	805,632
Lodging and on-site support	51,714	35,255	51,714	35,255
Drilling	1,036,653	1,250,066	1,036,653	1,290,527
Analysis	(26,355)	-	(26,355)	141,382
Geophysical survey	(416,177)	-	(416,177)	-
Transport	320,553	54,076	624,753	143,215
Helicopter charter	601,815	442,824	681,682	442,824
Logistic support	(51,509)	90,356	(51,509)	102,108
Insurance	-	(13,200)	-	-
Maintenance infrastructure	284,769	1,373,127	578,890	1,743,375
Supplies and equipment	432,460	360,158	603,017	360,158
Project Engineering	-	-	55,792	-
Government fees	25,615	-	25,615	7,894
Exploration and evaluation expenses	2,120,939	4,243,873	3,138,581	5,072,370

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

before depreciation				
Depreciation	157,254	181,628	321,265	363,461
Exploration and evaluation expenses	2,278,193	4,425,501	3,459,846	5,435,831

Exploration and Evaluation expenses for the period of three and six months ended June 30, 2023 are net of \$1,398,912 of Exploration and Evaluation expenses incurred by Nalunaq A/S during the period from June 9 to Dec 31 2022 for the six non-gold strategic mineral licenses that have been transferred from Nalunaq A/S to Gardaq A/S.

9. SITE DEVELOPMENT COSTS

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Project Engineering and management	1,017,205	-	1,017,205	-
Infrastructure	658,507	-	658,507	-
Other costs (travel, logistics)	149,851	-	149,851	-
Site development costs	1,825,563	-	1,825,563	-

10. GENERAL AND ADMINISTRATION

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Salaries and benefits	620,073	601,769	1,237,662	1,241,768
Director's fees	157,000	157,000	314,000	314,000
Professional fees	910,879	748,904	1,522,757	1,024,612
Marketing and industry involvement	164,719	133,811	306,686	302,678
Insurance	67,602	104,651	135,204	205,670
Travel and other expenses	219,782	238,656	521,052	384,571
Regulatory fees	179,614	43,971	372,554	78,235
General and administration before following elements	2,319,669	2,028,762	4,409,915	3,551,534
Stock-based compensation	451,014	36,698	902,028	1,480,560
Depreciation	35,498	32,477	71,272	54,614
General and administration	2,806,181	2,097,937	5,383,215	5,086,708

11. RELATED PARTY TRANSACTIONS

11.1 Billing according to Gardaq JV agreement

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Project management fees	506,640	-	506,640	-
E&E expenses (Note 8)	1,711,964	-	1,711,964	-
	2,218,604	-	2,218,604	-

As at June 30, 2023, the balance receivable from Gardaq amounted to \$2,218,604 (\$nil as at December 31, 2022). This receivable balance represents all exploration and evaluation costs incurred by the Corporation prior to the completion of the SSHA for six strategic minerals licenses transferred from

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

Nalunaq A/S to Gardaq A/S. The exploration and evaluation costs incurred prior to completion of the Gardaq JV agreement have been transferred to Gardaq A/S from Nalunaq A/S post-closing of the deal in accordance with the respective clauses of the SSHA. (Note 3).

11.2 Marketing Activities in Iceland related to the Nasdaq Main Market Listing

In addition to Landsbankinn hf. acting as project manager and advisor on the admission to Nasdaq Main Market, the Corporation has engaged Fossar Investment Bank hf. ("Fossar") to assist in introducing Amaroq to investors, organizing investor meetings, and advising and analyzing potential effect the Admission has on the liquidity and formation of the share price of the Corporation.

Fossar is a related party of Amaroq as it is a company in which Sigurbjorn Thorkelsson, Non-Executive Director, is Chairman of the Board and indirectly controls over 30% of the capital. Amaroq has agreed to pay Fossar for their services \$25,000 (GBP15,000) and Amaroq will be responsible for any ancillary expenses on the planned engagement. The Engagement will end upon the completion of Admission.

The engagement with Fossar constitutes a related party transaction in accordance with AIM Rule 13. The Independent Directors, being the Amaroq Directors other than Sigurbjorn Thorkelsson, having consulted with the Corporation's Nominated Adviser, are confident that the terms of the engagement with the related party are fair and reasonable insofar as the Corporation's shareholders are concerned.

\$25,000 cost of engagement is included under Marketing and Industry involvement cost category under the General and Administrative expenses (Note 10) which is outstanding as of June 30, 2023 and recorded under the accounts payable and accrued liabilities.

11.3 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 Corporate Secretary. Key management compensation is as follows:

	<u>Three months</u> <u>ended June 30,</u> \$		<u>Six months</u> <u>ended June 30,</u> \$	
	2023	2022	2023	2022
	\$	\$	\$	\$
Short-term benefits				
Salaries and benefits	312,513	325,435	654,817	642,184
Director's fees	157,000	157,000	314,000	314,000
Long-term benefits				
Stock-based compensation	2,014	4,431	4,028	1,111,362
Total compensation	471,527	486,866	972,845	2,067,546

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

12. NET EARNINGS (LOSS) PER COMMON SHARE

The following table provides a reconciliation between basic and diluted net earnings (loss) per share:

Notes	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net income (loss) and comprehensive income (loss)	23,357,701	(6,324,639)	19,980,808	(10,460,137)
Weighted average number of common shares outstanding - basic	263,281,297	177,109,616	263,242,536	177,104,206
Weighted average number of common shares outstanding – diluted	273,398,692	188,107,949	273,359,931	188,102,539
Basic earnings (loss) per share	0.09	(0.04)	0.08	(0.06)
Diluted earnings (loss) per common share	0.09	(0.04)	0.07	(0.06)
Effect of dilution	-	-	0.01	-
Share options outstanding	10,117,395	10,998,333	10,117,395	10,998,333

13. 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 June 30, 2023:

13.1 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 risks relate to its amounts due from a related party. The Corporation performed expected credit loss assessment and assesses the amount to be fully recoverable.

13.2 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 Company's financial instruments:

	June 30, 2023	December 31, 2022
	\$	\$
Cash	39,669,852	50,137,569
Due from a related party	2,218,604	-
Sales tax receivable	78,885	95,890
Deposit	27,944	27,944

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

Investment in equity-accounted joint arrangement	29,745,716	-
Escrow account for environmental monitoring	424,640	427,120
Accounts payable and accrued liabilities	(2,903,747)	(1,138,961)
Lease liabilities	(693,640)	(729,237)

Due to the short-term maturities of cash, due from a related party, 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 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.

13.3 Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages this risk by managing its working capital and ensuring that sufficient cash is available. The following are the contractual maturities of financial liabilities as at June 30, 2023:

June 30, 2023			
	< 1 year	2 – 5 years	Over 5 years
Lease liabilities	\$ 76,910	\$ 616,730	\$ -
Accounts payable and accrued liabilities	2,903,747		
	\$ 2,980,657	\$ 616,730	\$ -

The Corporation has assessed that it is not exposed to significant liquidity risk due to its cash balance in the amount of \$39.7 million at the period end.

14. SUBSEQUENT EVENTS

14.1 US\$49.5M Debt Financing (the "Financing") and Potential Main Market Listing in Iceland

The Corporation continues to finalize the terms and conditions of the debt financing announced on March 28, 2023 and on August 11, 2023 the Corporation announced that it expected to close the transaction by the end of August 2023.

The debt financing consists of an increased US\$50.9 million senior secured package, including:

- (i) US\$18.5 million in senior debt term loans pursuant to revolving credit facilities provided by Landsbankinn hf. and Fossar Investment Bank;
- (ii) US\$22.4 million in convertible notes with ECAM LP, JLE Property Ltd. and Livermore Partners LLC; and
- (iii) an overrun loan from JLE Property Ltd. of up to US\$10 million under a revolving credit facility.

The financing remains subject to the completion of final documentation and agreement by the parties to all terms and conditions. In addition, the debt financing remains subject to the final approval of the TSX Venture Exchange and satisfaction by the Corporation of all the requirements of the TSX Venture Exchange.

On March 28, 2023, the Corporation announced its intention to explore the possibility of transfer of the Corporation's depositary receipts from Nasdaq First North Growth Market in Iceland to the regulated Nasdaq Main Market. On 28 July 2023, Amaroq submitted a request to Nasdaq Iceland to formally begin the procedure for admission, with the first day of trading expected to be in September 2023. The final

Amaroq Minerals Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

Three and six months ended June 30, 2023 and 2022

(Unaudited, in Canadian Dollars)

application for admission is subject to the Financial Supervisory Authority of the Central Bank of Iceland (the FSA), approval of the Prospectus and all Nasdaq Main Market requirements being satisfied.

14.2 On-hire Incentive Stock Options Award

On July 24, 2023, the Corporation granted an on-hire incentive stock option award to a new senior employee of Amaroq Minerals. The option award gives the employee the right to acquire up to 19,480 common shares under the Company's stock option plan ("Amaroq Minerals Stock Option Plan"). The option has an exercise price of \$0.77 per share and will vest on October 24, 2023. The option will expire if it remains unexercised five years from the date of the award.