martinsen
Rådgivning & Revision

Greenland Anorthosite Mining ApS

Naternaq 17, Postboks 1174, 3905 Nuussuaq

Annual report

2021

Company reg. no. 40 50 22 62

The annual report was submitted and approved by the general meeting on the 25 May 2022.

Edward Wayne Malouf
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 %.*

Contents

Management's statement

Today, the board of directors and the executive board have presented the annual report of Greenland Anorthosite Mining ApS for the financial year 2021.

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 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

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, 25 May 2022

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

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 2021, which comprise a summary of significant accounting policies, income statement, statement of financial position, statement of changes in equity 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 2021 and of the results of the company's activities for the financial year 1 January - 31 December 2021 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 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.

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

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’s Review

Management is responsible for the Management’s Review.

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

Independent auditor's report

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's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that Management's Review 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's Review.

Copenhagen, 25 May 2022

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 ApS Naternaq 17 Postboks 1174 3905 Nuussuaq	
	Company reg. no.	40 50 22 62
	Financial year:	*1 January - 31 December* *3rd 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´s review

The principal activities of the company

The principal activities of the company is in Milestone 1 and 2 to develop an Exploration mining license with Anorthosite in the southern part of Greenland initially into an Exploitation (mining) license and then as Milestone 3 build the necessary facilities to convert the Anorthosite deposit into an active mine delivering raw materials to the E-glass and other industries.

Development in activities and financial matters

In 2021 the Milestone 2 financing was completed with loans converted to shares and with the entry of a few new investors, among other one significant size bank. Vækstfonden, Greenland Venture and SISA has increased their position from 6 to 10%.

The cash position end of 2021 was 23,7 M DKK versus 8,3 M DKK end of 2020. The company has enough cash to continue works to get its Mining License.

During 2021 the company has been busy with its milestone 2 that shall conclude with the Mining License and lead to the construction phase.

The pre-requisites to get the mining license are:

- Environmental Impact Study
- Social Impact Study
- Navigational Safety Procedures

Followed by an

- Impact Benefit Agreement with the Greenlandic Authorities

All of the above sub-projects are progressing and the company aim to conclude as much as ever possible by the end of 2022 to quickly move on to the construction phasefollowed by the production phase.

In 2021 the company conducted an on site campaign with the main aims of:

- Drill additional 2300 meters to increase the statistical certainty of the resource
- Extract the first 100 t of raw materials for processing to be used for tests and commercial sales
- Continue sampling for the Environmental Study that goes on over a two year period with numerous analysis tasks and deliverables
- Complete data collection for Sea Mapping and for various land areas for road construction with river passings,harbor construction, buildings constructions, placements of potential navigation land marks and more
- Complete the study for road and small bridges up to the mine site

Management´s review

Following the field campaign the company has conducted numerous tests to be able to plan accurately its capacity needs, its processing plant and its construction projects.

The company advanced well except for the drilling as the rig that was contracted from Forage Fusion Drilling in Canada broke down before completion. The company is currently planning activities to complete the drilling during the 2022 field season in order to collect the statistical data to upgrade the resource. It is therefore likely that a minor top up financing will take place during 2022 to bridge the additional expenses and to finance processing of the 100 t sample for commercial sales.

On the commercial side the company has capitalized on the outstanding chemistry proven from its previous field campaign, and on top of working with the final processingdesign, based on test results with the said materials, the company are having advanced sales contracting dialogues with major e-glass producers as well as with paint and ceramics producers.

Due to the outlook to be able to see more of the high price products versus originally expected, the company has spend significant time over the winter reshaping itsmining and financial model to accommodate larger amounts of product for e-glass, paint and ceramics, which might have a profitable impact on its future operations.

The next big target for the company obviously is the Mining License.

Accounting policies

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.

Some reclassifications have been made in the comparative figures in the balance sheet, which however do not have any effect on the profit or equity.

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 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.

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.

Accounting policies

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.

Investments

Deposits

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

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

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

Accounting policies

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.

Convertible and profit sharing debt instruments

Convertible bonds are issued at a fixed conversion price and is regarded as composite instruments comprising a financial liability measured at amortised cost and an equity instrument in the form of the integral conversion right. Fair value of the financial liability is determined on the date of issue by applying a market rate for a similar non-convertible debt instrument. The difference between the proceeds from issuing the convertible debt instrument and the fair value of the financial liability, corresponding to the integral option to convert the liability to shareholders' equity, is recognised directly in the shareholders' equity. The value of the financial liability is recognised as long-term debts and subsequently measured at amortised cost. When extending convertible bonds, a calculation is made at amortised cost relative to the extension. Any difference is recognised in the income statement.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
2	*Other operating income*	2.888.150	2.597.500
	Other external costs	-1.192.159	-1.435.281
	Gross profit	**1.695.991**	**1.162.219**
1	*Staff costs*	-4.247.949	-3.082.769
	Operating profit	**-2.551.958**	**-1.920.550**
	Other financial costs	-118.151	-78.965
	Net profit or loss for the year	**-2.670.109**	**-1.999.515**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-2.670.109	-1.999.515
	Total allocations and transfers	**-2.670.109**	**-1.999.515**

Balance sheet at 31 December

All amounts in DKK.

Note	*Assets*	2021	2020
	Non-current assets		
3	*Property, plant, and equipment under construction including pre-payments for property, plant, and equipment*	27.361.793	13.910.263
4	*Right-of-use assets*	87.363	87.363
	Total property, plant, and equipment	27.449.156	13.997.626
5	*Deposits*	65.250	0
	Total investments	65.250	0
	Total non-current assets	**27.514.406**	**13.997.626**
	Current assets		
	Prepayments	8.753	0
	Total receivables	8.753	0
	Cash and cash equivalents	23.680.555	8.336.624
	Total current assets	**23.689.308**	**8.336.624**
	Total assets	**51.203.714**	**22.334.250**

Balance sheet at 31 December

All amounts in DKK.

Note	***Equity and liabilities***	2021	2020
	Equity		
	Contributed capital	193.928	137.363
	Retained earnings	38.443.285	-2.034.091
	Total equity	**38.637.213**	**-1.896.728**
	Liabilities other than provisions		
6	*Convertible and profit sharing debt instruments*	0	0
7	*Payables to group enterprises*	11.677.787	11.723.812
	Total long term liabilities other than provisions	11.677.787	11.723.812
	Current portion of long term liabilities	0	8.819.143
	Trade payables	179.247	634.248
	Other payables	709.467	3.053.775
	Total short term liabilities other than provisions	888.714	12.507.166
	Total liabilities other than provisions	**12.566.501**	**24.230.978**
	Total equity and liabilities	**51.203.714**	**22.334.250**

8 ***Contingencies***

Statement of changes in equity

All amounts in DKK.

	Contributed capital	*Share premium*	*Retained earnings*	*Total*
Equity 1 January 2020	50.000	0	-34.576	15.424
Cash capital increase	87.363	0	0	87.363
Profit or loss for the year brought forward	0	0	-1.999.515	-1.999.515
Equity 1 January 2021	137.363	0	-2.034.091	-1.896.728
Cash capital increase	56.565	43.147.485	0	43.204.050
Profit or loss for the year brought forward	0	0	-2.670.109	-2.670.109
Transferred to results brought forward	0	-43.147.485	43.147.485	0
	193.928	**0**	**38.443.285**	**38.637.213**

Notes

All amounts in DKK.

		2021	2020
1.	***Staff costs***		
	Salaries and wages	3.735.949	2.899.769
	Pension costs	512.000	183.000
		4.247.949	**3.082.769**
	Average number of employees	3	3
2.	***Other operating income***		
	Capitalized staff costs	2.888.150	2.597.500
		2.888.150	**2.597.500**
3.	***Property, plant, and equipment under construction including pre-payments for property, plant, and equipment***		
	Cost 1 January 2021	13.910.262	7.270.305
	Additions during the year	13.451.531	6.639.958
	Cost 31 December 2021	**27.361.793**	**13.910.263**
	Carrying amount, 31 December 2021	**27.361.793**	**13.910.263**

Depreciations will begin when the mine is operational.

		2021	2020
4.	***Right-of-use assets***		
	Cost 1 January 2021	87.363	0
	Additions during the year	0	87.363
	Cost 31 December 2021	**87.363**	**87.363**
	Carrying amount, 31 December 2021	**87.363**	**87.363**

The right-of-use asset is the exploration license MEL 2019-162. As the exploration has not yet started there are no depreciations.

Notes

All amounts in DKK.

		31/12 2021	31/12 2020
5.	***Deposits***		
	Additions during the year	65.250	0
	Cost 31 December 2021	**65.250**	**0**
	Carrying amount, 31 December 2021	**65.250**	**0**
6.	***Convertible and profit sharing debt instruments***		
	Total convertible and profit sharing debt instruments	0	8.819.143
	Share of amount due within 1 year	0	-8.819.143
		0	**0**

The convertible loans has been converted to share capital in march 2021.

		31/12 2021	31/12 2020
7.	***Payables to group enterprises***		
	Total payables to group enterprises	**11.677.787**	**11.723.812**
	Share of liabilities due after 5 years	11.677.787	11.723.812

8. Contingencies

Contingent assets

Taxvalue of tax losses, 7.000 TDKK, is not included in the annual accounts due to the uncertainty of when it will be utilized.