

# ANORTECH

**ANORTECH INC.**

(Formerly HUDSON RESOURCES INC.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(FORM 51-102F1)

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2024**

## Management's Discussion and Analysis – For the Six months ended September 30, 2024

This management's discussion and analysis ("MD&A") focuses on significant factors that affected AnorTech Inc. (formerly "Hudson Resources Inc.") ("AnorTech" or the "Company") during the six months ended September 30, 2024 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed interim financial statements of the Company and the notes thereto for the six months ended September 30, 2024. Consequently, the following discussion of performance and financial condition should be read in conjunction with the condensed interim financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to AnorTech is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.anortechinc.com](http://www.anortechinc.com).

This MD&A contains information up to and including November 25, 2024. The Company's Board of Directors has approved the disclosure contained in this MD&A.

### FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 15 of this MD&A.

Fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting and carrying out meaningful exploration programs. Further uncertainties arise from the inability of the Company to gauge world events. The invasion of the Ukraine by Russia has introduced supply chain issues and energy challenges in Europe and globally. The pandemic and global events put focus on supply chains which may be beneficial in an increase demand for critical metals such as rare earth elements (REE's), niobium-tantalum (Nb-Ta), and alumina, that the Company has in its portfolio. The global movement to more environmentally sustainable applications including electric vehicles and cleaner energy has greatly increased the demand for critical metals and the desire for secure supply chains.

### THE COMPANY

As at September 30, 2024, the Company is engaged in the acquisition, exploration and development of mineral properties in Greenland. AnorTech is listed on the TSX Venture Exchange and has two primary mineral assets and interests in Greenland; 1) The 100% owned Gronne Bjerg anorthosite exploration license which was granted in 2021 which hosts a high quality anorthosite (calcium aluminum silicate) body, 2) a 5% carried interest in the ST1 rare earth element ("REE") project which includes the high-grade Nukittoq niobium - tantalum ("Nb-Ta") ("Nukittoq Nb-Ta") project, both of which are located on the Sarfartoq exploration license ("Sarfartoq") held by Neo North Star Resources Inc.

AnorTech is focused on the development of game changing technologies of more environmentally sustainable materials that can be made from anorthosite (aluminum calcium silicate) rock. The company is focused on two global markets: 1) waste-free sustainable smelter grade alumina, and 2) CO2 free refractory cement. The Company has over 10 year's experience in anorthosite R&D and marketing and owns 100% of the Gronne Bjerg Anorthosite project, which is on open tide water near Nuuk, the capital of Greenland. Sampling to date has demonstrated the Gronne Bjerg anorthosite body to be of high quality and consistency.

In April 2023, the Company completed a transaction with Neo Performance Materials ("Neo") to sell the Company's Sarfartoq exploration license hosting the ST1 REE project and the Nukittoq niobium-tantalum project for US\$3.5M and a 5% future interest. The license is held by a special purpose entity, Neo North Star Resources Inc. ("NNSR"). The completion of the transaction provided a significant cash injection to the Company and provides AnorTech shareholders upside potential in the future value of the Sarfartoq projects through equity

or additional consideration. NNSR carried out a significant exploration program on the Sarfartoq license in 2023, conducted field work in 2024 and continues to advance the project.

The Company also previously held a minority interest (31.1%) in Lumina Sustainable Materials A/S (“Lumina”), previously Hudson Greenland A/S which owns the White Mountain anorthosite mine (the “White Mountain” or “Qaqortorsuaq” in Greenlandic) located on the Naajat exploitation license. The Company’s carrying value of this investment was reduced to \$nil from its share of cumulative losses since the fiscal year ended March 31, 2022. The Company relinquished its 31.1% interest in Lumina during the year to allow AnorTech to focus all efforts on its 100% owned Gronne Bjerg anorthosite project.

AnorTech is focusing on being a leader in the exploration, development, and production of sustainable anorthosite mineral products with a focus on sustainable waste-free alumina and CO<sub>2</sub> free refractory cement. The Company has 20 year’s experience exploring, developing and operating resource projects in Greenland while upholding the highest environmental standards and respecting and supporting local stakeholders and communities. The Company developed and brought into production the White Mountain anorthosite mine and spent the last decade developing and marketing anorthosite products to support initiatives to create more environmentally sustainable solutions. The products made from anorthosite can help reduce global CO<sub>2</sub> levels and create more energy efficient products, while producing less waste.

AnorTech has developed excellent relationships and support from the communities where it operates and with the Government of Greenland. The Company was instrumental in implementing the Impact Benefit Agreement (“IBA”) for Hudson Greenland A/S with respect to the White Mountain mine. The IBA provides financial support to educational and social programs to the communities surrounding the White Mountain mine in Greenland.

## HIGHLIGHTS

- A 2024 field program was completed at Gronne Bjerg involving environmental baseline work and the collection of 20 tonnes of blasted anorthosite for ongoing R&D work related to alumina and cement programs. The environmental baseline sampling program was carried out by WSP (Denmark) and included marine and terrestrial sampling and an overview of the ecological conditions in the area supplemented by the collection of data on wildlife and birds in the area. The data collected will be incorporated into the environmental impact assessment (EIA). The bulk sample material will primarily be used to advance the Company’s efforts in commercializing its waste free, sustainable alumina process, with pilot scale testing expected to commence in the first half of 2025.
- Effective March 21, 2024, the Company changed its name to AnorTech Inc. to reflect its ongoing focus on creating innovative and sustainable technologies from anorthosite.
- In June 2023 the Company commenced testwork on a bulk sample to produce a waste free sustainable smelter grade alumina product from the Gronne Bjerg anorthosite as a feedstock for the aluminum industry (see NR2023-02). The testwork program, which is ongoing, is being carried out at SGS Lakefield in Canada. The alumina produced will allow major aluminum companies to test this as a potential feed product as a more sustainable replacement to bauxite. The Company also commenced testwork on the production of a CO<sub>2</sub> free refractory cement from anorthosite. This work commenced in Q1 2024 and is ongoing. It is being conducted by the Danish Technological Institute (DTI) in Denmark. The DTI are leaders in cement R&D work in Europe.
- In April 2023 (see NR2023-01), the Company and Neo Performance Materials Inc. (“Neo”) announced the completion of the sale and transfer to Neo of the Sarfartoq exploration licence (“Sarfartoq”) which hosts the ST1 REE deposit and the Nukittoq Niobium-Tantalum project. The Company received payments totalling US\$3.5M and also retains a 5% interest in the special purpose entity (“SPE”) established for Sarfartoq. If within five years from the date of Closing of the transaction (1) the SPE transfers the License, or there is a change in control of the SPE pursuant to an acquisition or merger, the Company will receive 5% of the total consideration received by the SPE in connection with such transfer,

or (2) the SPE conducts an initial public offering on a stock exchange (“IPO”), then the Company will receive 5% of the fully diluted equity interests in the SPE immediately prior to the IPO. A significant exploration program including diamond drilling was completed at Sarfartoq in 2023 by Neo North Star Resources Inc. (“NNSR”), with the objective of further defining the significant REE assets at the ST1 ore body and additional targets within the 32 km<sup>2</sup> carbonatite complex. Further field work was also performed during summer of 2024 for this purpose. AnorTech provides consulting services to NNSR with regard to the Sarfartoq program.

- The Company was awarded an exploration license (MEL 2021-56) in September 2021 over the Gronne Bjerg project area (“Gronne Bjerg”) in Greenland which hosts large quantities of high purity anorthosite. The Company undertook a surface sampling program on Gronne Bjerg in the second half of 2022. Assay results demonstrated a 32% aluminum content, low impurities, and excellent continuity over the area sampled (see NR2023-02). In 2023 a bulk sampling program was carried out with over four tonnes of anorthosite collected in 2024 an additional 20 tonnes was blasted and shipped to Canada to support the ongoing alumina development program.

## PRIMARY MARKETS FOR ANORTHOSITE

AnorTech has identified a number of markets for anorthosite but will focus primarily on the following:

- Waste-free alumina
- CO<sub>2</sub> free refractory cement

### Waste-Free Alumina

Through research and development, the Company has conducted a significant amount of laboratory test work on the production of waste-free alumina that is an environmentally friendly alternative to the current production of alumina using bauxite that generates four tonnes of by-product waste per tonne of alumina, which needs to be contained in tailings dams for all time. AnorTech’s alumina product does not only have zero waste but produces valuable by-products resulting from the production phase. The Company has commenced alumina production testwork from the Gronne Bjerg anorthosite at SGS Lakefield in Canada. The alumina product is expected to be used for evaluation purposes by potential end users. Following the successful completion of lab scale work in 2024 to produce a high-quality alumina product the Company plans to initiate pilot scale testwork in 2025 to advance the technology to commercialization.

### CO<sub>2</sub> Free Refractory Cement

Through initial R&D at the University of British Columbia’s Ceramics and Refractories Research and Testing Laboratory, the Company successfully demonstrated that a carbon dioxide (CO<sub>2</sub>) free white cement could be manufactured from anorthosite which has good heat resistant (refractory) and strength characteristics. This product has significant environmental benefits to manufactures and developers. The Company commenced further cement testwork on the Gronne Bjerg anorthosite in Q1 2024 which is being undertaken by the Danish Technological Institute (DTI). Approximately four tonnes of anorthosite were collected in 2023 and shipped to the DTI for ongoing testwork.

## EXPLORATION AND DEVELOPMENT PROPERTIES

### *Gronne Bjerg Mineral Claim (License number 2021/56), Greenland*

AnorTech has a 100% interest in the Gronne Bjerg exploration license located in southwest Greenland near the capital city of Nuuk. The license was awarded to the Company in September 2021. In Q3 of 2022 the Company conducted initial exploration and evaluation work, with excellent results. The Company carried out bulk sampling programs in 2023 and 2024 collecting over 24 tonnes of anorthosite for ongoing R&D programs for CO<sub>2</sub> free cement and waste-free alumina. Alumina testwork commenced in June 2023 and CO<sub>2</sub> free cement testwork commenced in Q1 of 2024.

Exploration and evaluation costs for the current period comprised of the following:

Assays and analysis	\$ 138,630
Consulting	20,340
Supplies	1,222
Helicopter	132,156
Shipping	49
Travel	28,740
Other	7,834
Total exploration and evaluation costs	<u>\$ 328,971</u>

#### ***Sarfartoq Mineral Claim (License number 2010/40 and 2020/32), Greenland***

Following the sale of the Sarfartoq license to Neo Performance Materials in 2023, AnorTech retained a 5% interest in the Sarfartoq REE Project in southwest Greenland.

The Sarfartoq exploration license host the Sarfartoq Carbonatite Complex (“SCC”) which is one of the larger carbonatite complexes in the world with approximate dimensions of 13 km by 8 km. It is located near tidewater, adjacent to very good potential hydroelectric power sites, and is approximately 60 km from the White Mountain mine.

#### **The Sarfartoq Rare Earth Element Project**

The Company has outlined a 14.1Mt at 1.5% TREO 43-101 compliant inferred resource containing 35 million kilograms of neodymium and praseodymium oxide in the ST1 Zone of the Sarfartoq REE Project. This represents one of the industry’s highest ratios of neodymium and praseodymium to TREO in a light rare earth deposit of this type, totaling 25%, based on the inferred resource. In the past year there has been a significant increase in the interest of this asset due to global REE supply chain issues and concerns around Arctic sovereignty.

AnorTech drilled over 30,000 meters on the Sarfartoq Carbonatite Complex and conducted extensive metallurgical testwork at Hazen Research and SGS in Canada. The Preliminary Economic Assessment in 2011 outlined a 2,000 tonne per day underground operation producing 6,500 tonnes per annum of rare earth carbonatite concentrate of 42-45% REO. The high-grade rare earth oxides at Sarfartoq are associated with thorium with low to non-existent uranium levels.

The ST1 Zone contains significant amounts of neodymium and praseodymium oxide, which are the two main components in permanent magnets and the fastest growth sector of the rare earths industry.

The Sarfartoq REE project has excellent exploration potential to increase the high-grade tonnage with past drill holes including the following high-grade intercepts at the ST1 Zone:

- 24 meters of 3.5% TREO (SAR10-36)
- 14 meters of 4.8% TREO (SAR11-45)
- 6 meters of 6.05% TREO (SAR12-03)
- 6 meters of 4.91% TREO (SAR12-01)
- 8 meters of 6.5% TREO (SAR12-15)

Along the 32 km strike length of the carbonatite the Company drilled numerous high-grade holes on other targets including:

#### **ST19 Target**

- 60 meters of 2.6% TREO, including 12m of 4.0% (SAR10-22)
- 60 meters of 2.2% TREO, including 14m of 4.9% (SAR10-23)

## ST40 Target

- 10.22 m of 1.36 % TREO (SAR09-03) which contained 54% neodymium oxide and praseodymium oxide - one of the industry's highest ratios of Nd and Pr

## RESULTS FROM OPERATIONS

### Selected Information

	For the six months ended		
	September 30, 2024	September 30, 2023	September 30, 2022
Interest income	\$ 82,644	\$ 64,633	\$ -
Net income (loss)	(534,330)	4,363,970	(253,415)
Basic and diluted income (loss) per share	\$ (0.00)	\$ 0.02	\$ (0.00)

  

As at:	September 30, 2024	September 30, 2023	September 30, 2022
<b>Balance Sheet Data</b>			
Cash and cash equivalents	\$ 2,940,615	\$ 3,262,907	\$ 33,057
Equipment and right of use assets	4,503	6,857	810
Resource properties	6,380	6,380	13,626
Total assets	\$ 2,981,673	\$ 3,326,240	\$ 72,375

### Six months ended September 30, 2024 ("Q2 YTD 2025") compared with six months ended September 30, 2023 ("Q2 YTD 2024")

The Company recorded comprehensive loss of \$534,330 for Q2 YTD 2025 compared with a comprehensive income of \$4,363,970 for Q2 YTD 2024.

Depreciation expense for Q2 YTD 2025 and Q2 YTD 2024 were not material and related to office equipment.

Director fees were \$Nil in Q2 YTD 2025 compared to \$48,000 in Q2 YTD 2024 as the company revised its director compensation policies.

Exploration evaluation costs were higher with \$328,971 for Q2 YTD 2025 compared to \$111,512 for Q2 YTD 2024. The Company completed its 2024 field program Gronne Bjerg during the summer of 2024.

Total foreign exchange gain was not material in the current and prior periods.

Interest and bank charges of \$985 were recorded in Q2 YTD 2025 compared to \$2,718 in Q2 YTD 2024. The prior quarter recognized interest expense on its notes payable which were repaid in April 2023.

Total office expenses remained low at \$17,096 for Q2 YTD 2025, compared to \$13,235 in Q2 YTD 2024 as the Company continued to keep overhead costs down.

Personnel costs recorded was \$145,452 compared to \$269,137 in Q2 YTD 2024. The Company entered into a consulting agreement with the SPE from the completion of the sale of Sarfartoq to provide technical and consulting services by its President through the Company with the agreement dating back to September 2022. The higher personnel costs in the prior period directly related to retroactive compensation to September 2022 for the additional time spent by the Company's President on this arrangement.

Professional fees of \$63,419 was recorded in Q2 YTD 2025 and was not materially different to \$69,046 incurred in Q2 YTD 2024.

Rent expense was \$1,110 in Q2 YTD 2025 as compared to \$1,128 in Q2 YTD 2024 and was not material.

Share-based payment expenses were \$61,183 for Q2 YTD 2025 compared to \$17,833 for Q2 YTD 2024. The higher expenses were the result of options granted in September 2024. Such expenses are measured based on calculations using the Black-Scholes model and relate to the vesting of stock options over time. No share purchase options were issued in either period.

Shareholder and community engagement costs were \$2,232 in Q2 YTD 2025, compared to \$3,890 in Q2 YTD 2024.

Transfer agent and filing fees were \$11,651 for Q2 YTD 2025, comparable to \$10,658 recorded for Q2 YTD 2024.

Travel and accommodation expenses for the current period were \$39,150 compared to \$5,466 in the prior period due to additional travel to site and conference attended.

The Company recorded other income of \$52,759 related to consulting services provided to the SPE from the completion of the sale of Sarfartoq to Neo. Prior period's other income amount of \$173,435 including fees from Neo retroactive to September 2022.

Interest income of \$82,644 compared to \$64,633 in prior period was earned by the Company from its cash balance held at the bank after completion of the Sarfartoq sales transaction.

Upon completion of the Sarfartoq sales transaction, the Company recorded a gain on sale of mineral property of \$4,679,376 in early fiscal 2024.

**Three months ended September 30, 2024 ("Q2 2025") compared with three months ended September 30, 2023 ("Q2 2024")**

The Company recorded comprehensive loss of \$448,475 and \$217,799 for Q2 2025 and Q2 2024 respectively.

Depreciation expense for Q2 2025 and Q2 2024 were not material and related to office equipment.

Director fees were \$Nil in Q2 2025 compared to \$24,000 in Q2 2024 as the company revised its director compensation policies.

Exploration evaluation costs were higher with 291,677 for Q2 2025 compared to 110,303 for Q2 2024, as the Company completed its 2024 field program Gronne Bjerg during the summer of 2024.

Total foreign exchange gain was not material in the current and prior periods as there were minimal number of foreign exchange transactions.

Interest and bank charges were not material for Q2 2025 and Q2 2024.

Total office expenses were kept low at \$8,702 for Q2 2025, compared to \$6,416 in Q2 2024 as the Company continued to keep overhead costs down.

Personnel costs recorded was \$61,366 compared to \$96,236 in Q2 2024. The Company entered into a consulting agreement with the SPE from the completion of the sale of Sarfartoq to provide technical and consulting services by its President through the Company with the agreement dating back to September 2022. The higher personnel costs in the prior quarter directly related to retroactive compensation to September 2022 for the additional time spent by the Company's President on this arrangement.

Professional fees of \$39,203 was recorded in Q2 2025 and was not materially different to \$48,305 incurred in Q2 2024.

Rent expense was \$546 in Q2 2025 as compared to \$752 in Q2 2024 and was not material.

Share-based payment expenses were \$58,230 for Q2 025 compared to \$8,965 for Q2 2024. The higher expenses were the result of options granted in September 2024. Such expenses are measured based on calculations using the Black-Scholes model and relate to the vesting of stock options over time. No share purchase options were issued in either period.

Shareholder and community engagement costs were \$1,030 in Q2 2025, compared to \$1,539 in Q2 2024.

Transfer agent and filing fees were \$8,782 for Q2 2025, comparable to \$8,919 recorded for Q2 2024.

Travel and accommodation expenses for the current period were \$39,150 compared to \$5,445 in the prior period due to additional travel to site and conference attended.

The Company recorded other income of \$19,704 related to consulting services provided to the SPE from the completion of the sale of Sarfartoq to Neo, as compared to \$51,920 in the prior period.

Interest income of \$38,600 compared to \$44,653 in prior period was earned by the Company from its cash balance held at the bank.

## SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Interest income	\$ 38,600	\$ 44,044	\$ 44,030	\$ 41,822
Net income (loss)	(534,330)	(85,855)	(145,119)	240,032
Basic earnings (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ 0.00

	Three months ended			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Interest income	\$ 44,563	\$ 20,070	\$ -	\$ -
Net income (loss)	(217,799)	4,581,769	(127,575)	(119,094)
Basic earnings (loss) per share	\$ (0.00)	\$ (0.03)	\$ 0.00	\$ 0.00

The net income of \$240,032 in the December 31, 2023 quarter can be largely attributed to the insurance settlement related to a contaminated shipment back in 2019. The net income of \$4,581,769 in the June 30, 2023 quarter was the direct result of recognizing a gain of \$4,679,375 on the sale of Sarfartoq. Losses in the current and previous most recent quarters were directly related to level of activities including exploration and share based payments.

## GOING CONCERN

The Company's financial statements for the six months ended September 30, 2024, have been prepared in accordance with IFRS requirements that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business.

As at September 30, 2024, the Company had working capital of \$3.0 million. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going



concern is dependent upon its ability to generate future cash flow from its operations and/or obtain additional financing. The Company believes it has the cash to fund its operations over the next 12 months.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a working capital position of \$3.3 million As at September 30, 2024. The Company has no material income from operations and any improvement in working capital results will primarily be from the issuance of share capital or sale of its assets. Management believes it has the cash to fund its operations over the next 12 months.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) or by obtaining debt financing, in order to bring the project into commercial production, finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing.

The Company's future financial performance is dependent on many external factors. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and affected by changes in domestic and international, political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

The Company invests its cash balances in interest bearing accounts with Canadian banks.

## SUBSEQUENT EVENTS

- None

## OUTSTANDING SHARE DATA

As at September 30, 2024 and as at the date of this MD&A, the Company had 181,642,538 common shares issued and outstanding.

- There were no share purchase warrants outstanding as at September 30, 2024 and as at the date of this MD&A respectively.
- There were 12,200,000 stock options outstanding as at September 30, 2024 and as of the date of this MD&A. The current outstanding stock options are exercisable at prices ranging from \$0.05 to \$0.40.

## RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2024 and 2023 respectively, the Company incurred the following expenses for directors and officers of the Company:

	For the six months ended	
	September 30, 2024	September 30, 2023
Short-term benefits - personnel costs	\$ 141,062	\$ 247,522
Short-term benefits - professional fees	37,500	37,500
Short-term - directors' fees	-	48,000
Share-based payments	60,625	17,833
	<b>\$ 239,187</b>	<b>\$ 350,856</b>

The total balance due to related parties included in accounts payable and accrued liabilities was \$25,593 for personnel costs as at September 30, 2024 (March 31, 2024 – \$13,244). These amounts are unsecured and non-interest bearing.

## COMMITMENTS

The Gronne Bjerg license has certain minimum work commitment expenditures amounting to approximately DKK 450,000 (approximately \$90,000) per calendar year for 2024, 2025, and 2026 under its exploration license.

## FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in note 11 of the Company's financial statements for the six months ended September 30, 2024. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 11 of the financial statements for the six months ended September 30, 2024.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

As at September 30, 2024 and the date of this report, the Company had no disclosable proposed transaction except as disclosed. It is the Company's policy not to disclose transactions until they are fully executed.

## RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

### General

The Company is listed on the TSX Venture Exchange and is engaged in the acquisition, exploration, development and mining of mineral properties in Greenland. The recoverability of the amounts shown for resource assets is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management may pursue such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The financial statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the six months ended September 30, 2024 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and pre-development activities that are being conducted, which in turn may depend on the Company's recent experience and prospects, as well as the general market conditions relating to the availability of funding for development-stage resource companies. Consequently, the Company does not acquire properties or conduct work programs on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

## **Trends**

The Company's financial success is dependent upon the successful discovery of properties which could be economically viable to develop and execute sales of its mining products. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

## **Competitive Conditions**

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors and for mining equipment. There is significant and increasing competition for a limited number of rare earth and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies, the majority of which have substantially greater financial resources than the Company.

## **Environmental Factors and Protection Requirements**

The Company currently conducts exploration and development activities in Greenland. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There are no assurances that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards caused by previous or existing owners or operators of the properties may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploitation with limited environmental impact.

## **Mineral Exploration and Development**

As at September 30, 2024, the Company has a 100% interest in the Gronne Bjerg anorthosite exploration project. Development of the Company's exploration property will only proceed upon obtaining satisfactory exploration results and the subsequent analysis of the technical and financial feasibility of developing such properties. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of a body of commercial rare earths, niobium or industrial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

## **Operating Hazards and Risks**

Mineral exploration and development involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions,

flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

### **Economics of Developing Mineral Properties**

Substantial expenditures are required to establish reserves through drilling, to develop processes to commercially extract the respective ores/ commodities contained therein and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### **Commodity Prices**

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of industrial minerals or interests related thereto. The price of comparative commodities has fluctuated in recent years and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of these commodities, and therefore the economic viability of the Company's operations cannot accurately be predicted and, in almost all cases, are factors which the Company cannot change or influence.

### **Title**

Although the Company believes that it has taken all reasonable legal and other actions to ensure that it has good title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

### **Governmental Regulation**

Operations, development and exploration on the Company's properties are affected to varying degrees by:

- i. government regulations relating to such matters as environmental protection, health, safety and labour;
- ii. mining law reform;
- iii. restrictions on production, price controls, and tax increases;
- iv. maintenance of claims;
- v. tenure; and
- vi. expropriation of property.

There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are

advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess. The Bureau of Mines and Petroleum in Greenland currently restricts the mining of radioactive elements and there is no assurance that the ban will be lifted if the production of REE contains radioactive elements as by products to the primary metals.

### **Management and Directors**

The Company is dependent on a relatively small number of directors and management: Kevin Crawford, Donna Phillips, Antony Harwood, David Frattaroli, James Cambon, and Samuel Yik. The loss of any of those persons could have an adverse effect on the Company. The Company does not maintain key person insurance on any of its management.

### **Conflicts of Interest**

Certain officers, directors and advisors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

### **Limited Operating History: Losses**

The Company has incurred losses in many years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at September 30, 2024, the Company's deficit was \$88.5 million.

### **Price Fluctuations: Share Price Volatility**

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of \$0.05 to a low of \$0.02. There can be no assurance that continual fluctuations in share price will not recur.

### **Additional Capital**

Mining, processing, development and exploration may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

### **Currency Fluctuations**

The Company presently maintains its corporate bank accounts in Canadian dollars. The Company's operations in Greenland and its continued exploration and development expenditures in Greenland are denominated in DKK, US dollars and Canadian dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially adversely affect the Company's financial position and results.

## CRITICAL JUDGEMENTS AND ESTIMATES

### JUDGEMENTS

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

#### **Deferred tax assets**

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit and, if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

#### **Determination of functional currency**

In accordance with IAS 21 “The Effects of Changes in Foreign Exchange Rates”, management determined that the functional currency of AnorTech is the Canadian dollar as this is the currency of the primary economic environments in which the entities operate.

#### **Going concern determination**

The evaluation of the Company’s ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

### ESTIMATES

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our financial statements include, but are not limited to, the following:

#### **Share-based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them.

## CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

### ***New accounting standards not yet adopted***

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2024. The Company does

not anticipate such updates will be applicable or have significant impacts on the Company's results of operations or financial position.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited condensed interim financial statements For the Six months ended September 30, 2024 which are available on the Company's website at [www.anortechinc.com](http://www.anortechinc.com) or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

#### **FORWARD-LOOKING INFORMATION**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.