



Borealis Mining Company Limited
(formerly 1329300 B.C. Ltd.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JULY 31,
2024 AND THE PERIOD FROM NOVEMBER 17, 2022 (DATE OF INCORPORATION)
TO JULY 31, 2023**

The following management's discussion and analysis of the results of operations and financial condition ("MD&A") for Borealis Mining Company Limited (formerly, 1329300 B.C. Ltd.) (the "Company" or "Borealis"), is prepared as of July 31, 2024, and should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended July 31, 2024 and the audited consolidated financial statements and related notes thereto for the period from November 17, 2022 (date of incorporation) to July 31, 2023 (the "Financial Statements"). Readers are encouraged to read the Cautionary Note Regarding Forward-Looking Information included on page 2 of this MD&A. The financial information in this MD&A is derived from the Financial Statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared effective November 20, 2024 and has been approved by the Board of Directors of the Company. All figures contained herein are expressed in United States dollars ("US\$" or "\$"), except for production or as otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goal", "objective" or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved or any variations (including negative variations) of such words and phrases. Such forward-looking statements, including but not limited to statements with respect to anticipated business plans or strategies, total cash costs, the mineral resource estimate (MRE) and capital expenditures, involve known and unknown risks, uncertainties and other factors which may cause the actual actions, events and results to be materially different from estimated actions, events or results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those anticipated in these forward-looking statements are described under the caption "Risk Factors" in the Company's management information circular dated February 16, 2024, which is available for review on SEDAR+ at www.sedarplus.ca.

The Company believes the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws.

BUSINESS DESCRIPTION

Borealis Mining Company Limited ("BMCL" or the "Company") was incorporated under the Ontario Business Corporations Act on November 17, 2022. The head office of the Company is located at 401-217 Queen Street West, Toronto, Ontario, Canada M5V 0R2. The Company's principal project is the Borealis Gold Project ("Borealis Project") via its wholly owned subsidiary, Borealis Mining Company, LLC. The Borealis Project is a fully permitted silver-gold mine and absorption, desorption, and refining ("ADR") plant, located near Hawthorne, Nevada. The Borealis Project has been mined by previous owners intermittently since 1981.

Borealis is an exploration and development stage mining company engaged in the business of acquiring and exploring mineral properties. The principal property interest of Borealis is the Borealis Project.

Currently, the business objective of Borealis is to identify mineral resources at the Borealis Project and produce gold and silver utilizing its existing heap leach and ADR facilities. In the long term, the business objective of Borealis is to identify, evaluate, acquire and explore additional mineral properties for the purposes of identifying additional mineral resources.

BOREALIS PROPERTY

Unless otherwise indicated, the technical information included in this MD&A is based upon information included in the Technical Report for the Borealis Project prepared by SRK Consulting (U.S.), Inc. consultants Douglas Reid, P. Eng, titled "NI 43-101 Technical Report Project Status Report Borealis Mine, Nevada, U.S.A." with an effective date of October 10, 2023 (the "Borealis Technical Report"). The Borealis Gold Project is located in western Nevada, approximately 16 road miles southwest of the town of Hawthorne in the Walker Lane Mineral Belt and 12 miles northeast of the California border. Hawthorne is 144 highway miles southeast of Reno and 331 highway miles northwest of Las Vegas. The Borealis property is comprised of 751 unpatented mining claims of approximately 20 acres each totaling about 15,020 acres and one unpatented mill site claim of about 5 acres.

The principal operating permits are currently in place for a heap leach operation in the center of the property. The status of all approved permits is current and can be maintained with the appropriate fees being paid on an annual basis. The balance of the property is prospective for epithermal gold and silver mineralization, with several exploration permits active and in good standing for drilling and other activities.

Appreciable gold mineralization was first identified in 1979 by Houston International Minerals Company, which led to rapid exploration and development the resulted in production beginning in October 1981 as an open-pit mining and heap leaching operation. The project was then acquired by Tenneco Minerals in 1981, who assumed operations and also identified and developed several additional gold deposits (all of which now comprise the Borealis Project). In 1986, Echo Bay Mines acquired the Nevada assets of Tenneco Minerals, including the Borealis Project, and assumed operations. In 1990, mining operations ceased. During the period of mining from 1981 through to 1990, gold recovered from material placed on heap leach pads was approximately 500,000 troy ounces plus an estimated 1,500,000 troy ounces of silver. Reclamation of the mine began immediately upon cessation of production and continued for several years.

In subsequent years, a number of operators conducted various exploration activities on the Borealis Project. In 2005, Gryphon Gold Corporation, through its wholly owned subsidiary Borealis Mining Company, earned 100% in the Borealis Project and conducted several exploration campaigns. In June of 2011, Gryphon Gold began construction of the Borealis Project, and its first shipment of loaded carbon was sent out in October 2011. Owing to cost overruns and construction delays, Gryphon entered into a debt facility with Waterton Global Value. Gryphon filed for voluntary Chapter 11 bankruptcy protection in July of 2013, triggering a protracted series of lawsuits over the ownership of the Borealis Project. The case was dismissed in Waterton's favour, who foreclosed on Gryphon. Waterton assumed control of Borealis Mining Company and operated the project until April of 2023, when it was sold to Borealis Mining Company Limited.

The Borealis Project is an advanced exploration and development asset that is permitted for production and maintains all necessary permits and infrastructure for possible future development. Office buildings, laboratory facilities, an adsorption, desorption, and recovery (ADR) plant, and storage facilities were constructed or installed after 2011 and are in good condition. Roads in the Borealis Project area are a mix of open and maintained haul roads to recently operating pit areas, two-track roads along previously reclaimed roadways, and a number of all-terrain trails to access undeveloped portions of the Project. Power is supplied to the site via 69kV overhead line from the Hawthorne Substation located approximately 14.5 miles from the

site. Water is supplied to the site from a topographically isolated basin. Two wells are located approximately 3 miles from the mine facilities and are in operable condition.

OPERATIONAL HIGHLIGHTS AND BUSINESS DEVELOPMENTS

- During the year ended July 31, 2024, the Company completed a public listing of its securities on the Toronto Stock Venture Exchange and completed its reverse takeover of 1329300 B.C. Ltd. Management also attended several investment conferences and roadshows to generate awareness of the Company ahead of its public listing.
- During the year ended July 31, 2024, the Company's operations team engaged a third-party consulting firm which designed conceptual pits for the project. Initial conceptual pits identified areas of improvement and added value for next phase of project. A seven ton bulk sample was taken of the ~330kt ore stockpile to validate ore head grade and test crush size to recovery relationship and agglomeration requirements. This work is being done by an outside lab and will provide data to support future heap leaching operations. Seven tons of spent carbon fines were shipped offsite to Just Refiners, which will generate revenue for the project. Operations conducted plant improvements, including replacing outside barren safety screen box and EW cell anodes and cathodes, replacement of pumps, repair of pad and pond liners, and general refurbishment. Ongoing residual leaching of the historic heap leach pad, without additional fresh cyanide, continues to load carbon and add a source of revenue.
- During the year ended July 31, 2024, the geology department was mostly focused on the ongoing drill program focused on confirming and expanding upon known areas of mineralization. Key learnings from the drilling program include the appreciation of the amount and location of structure within the Graben/Freedom Flats ore zones and the challenges it poses to diamond drilling. Ore zones are usually found within fault and hydrothermal breccias with sulfide content occasionally reaching greater than 80 percent. The lithologies of the ore zones are also often 100% replaced by silica and sulfide mineralization, indicating a very acidic and hot mineralizing fluid which is indicative of a proximal source. The Company switched to RC drilling which dramatically improved production and recoveries. The geology department also engaged outside consultants to compile the multitude of geophysical, spectral, assay and drill log data into a usable database.
- On September 14, 2023, the Company completed a brokered financing, raising gross proceeds of \$5,919,349 (CAD\$8,000,000) through the issuance of 16,000,000 units at a price of \$0.37 (CAD\$0.50) per unit. Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.55 (CAD\$0.75) for a period of 2 years. The Company incurred cash issuance costs of \$455,090 in the form of agents' expenses, legal expenses and filing fees. Pursuant to the financing, the Company issued 902,568 agent's options with an exercise price of \$0.37 (CAD\$0.50) for a period of 2 years. Certain officers of the Company participated in the financing and purchased 350,000 units on aggregate.
- On January 3, 2024, the Company issued an additional 2,166,800 units a price of \$0.37 (CAD\$0.50) per unit, raising gross proceeds of \$811,171 (CAD\$1,083,400). Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.56 (CAD\$0.75), expiring September 14, 2025. The Company incurred cash issuance costs of \$41,577 in the form of agents' expenses, legal expenses and filing fees. Pursuant to the financing, the Company issued 88,608 agent's options with an exercise price of \$0.37 (CAD\$0.50), expiring September 14, 2025. An officer participated in the financing and purchased 100,000 units on aggregate.

- On April 4, 2024, the Company issued an additional 8,411,000 units a price of \$0.37 (CAD\$0.50) per unit, raising gross proceeds of \$3,114,262 (CAD\$4,205,500). Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.56 (CAD\$0.75), expiring September 14, 2025. The Company incurred cash issuance costs of \$72,881 in the form of agents' expenses, legal expenses and filing fees. Pursuant to the financing, the Company issued 131,960 agent's options with an exercise price of \$0.37 (CAD\$0.50), expiring September 14, 2025.
- On June 19, 2024, the Company issued an additional 5,425,000 units a price of \$0.36 (CAD\$0.50) per unit, raising gross proceeds of \$1,978,627 (CAD\$2,712,500). Each unit consists of one common share and one half warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.55 (CAD\$0.75), expiring September 14, 2025. The Company incurred cash issuance costs of \$19,519 in the form of agents' expenses, legal expenses and filing fees. Pursuant to the financing, the Company issued 51,200 agent's options with an exercise price of \$0.36 (CAD\$0.50), expiring September 14, 2025.

ACQUISITION OF BOREALIS MINING COMPANY, LLC

On April 17, 2023, the Company completed the acquisition of 100% of the outstanding membership interests in Borealis Mining Company, LLC ("BMC LLC"), which owns the Borealis Project. The Company determined that it obtained control over BMC LLC on the acquisition date. The transaction was classified as an asset acquisition as the assets and liabilities acquired as part of this transaction did not meet the definition of a business.

The fair value of the consideration for its interest and the net assets acquired is as follows:

Cash	\$	100,000
Contingent consideration		5,013,307
<hr/>		
Total consideration		5,113,307

Identifiable assets acquired and liabilities assumed:

Cash and cash equivalents	5,489
Restricted cash	25,630
Prepaid expenses	194,417
Property and equipment	509,234
Accounts payable and accrued liabilities	(286,801)
Decommissioning obligation	(10,357,983)
Mineral property interests acquired	15,023,321

The Company recognized the value of mineral properties acquired as project acquisition expense for the period. In conjunction with the acquisition, the Company incurred \$86,656 in legal fees that have been recorded as transaction costs in the period from November 17, 2022 (date of incorporation) to July 31, 2023. The Company estimated the useful lives of property, plant and equipment acquired to range between 1 to 2 years at the date of acquisition.

Pursuant to the transaction, the Company has committed to the following contingencies:

- i) Upon the completion of a future reverse takeover transaction ("RTO") between the Company and an RTO target, the resulting issuer shall issue common shares to the seller of BMC LLC in the amount that is equal to the greater of:
 - a. 19.99% of the issued and outstanding common shares of the resulting issuer at

- the closing of the RTO; and
- b. That number of common shares having value equal to \$5,000,000, based on the value of the resulting issuer's common stock at the closing of the RTO.

On May 9, 2024, the Company issued 15,558,338 shares to satisfy this commitment. As at July 31, 2024, contingent consideration balance was \$Nil (as at July 31, 2023, the Company had accrued a total of \$5,000,000 for this contingency).

- ii) \$5,000,000 payable in cash upon publishing an NI 43-101 resource report for the sulphide portion of the BMC LLC property describing a resource of 2,800,000 or more ounces of gold equivalents;
- iii) \$2,500,000 payable in cash upon passing environmental assessment, permitting and approval for underground mining site;
- iv) \$7,500,000 payable in cash upon commercial production of sulphide ore at the BMC LLC property;

As at July 31, 2024, the Company has provided for the contingencies noted in (ii) to (iv) above in the amount of \$13,307 (July 31, 2023: \$13,307), reflecting management's estimate that the likelihood of these being paid is low.

- v) \$500,000 payable in cash if such an RTO transaction is not completed by October 17, 2023 ("RTO Deadline"). Subsequent to July 31, 2023, the parties amended the agreement and the RTO Deadline was extended to April 15, 2024. During the year ended July 31, 2024, the contingency noted in (i) above was transferred by the seller to a third party, and this contingency was waived.

SELECTED FINANCIAL INFORMATION

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Revenue	995,563	-
Net loss	(6,119,888)	(16,344,645)
Comprehensive loss	(6,259,285)	(16,365,977)
Net loss per share (basic and diluted)	(\$0.11)	(\$0.99)

	As at July 31, 2024	As at July 31, 2023
	\$	\$
Total assets	7,374,188	2,126,614
Working capital	4,103,274	(4,150,252)
Total non-current liabilities	10,694,234	10,839,882

Since inception, the Company has incurred losses while advancing its business plan. The comprehensive loss for the year ended July 31, 2024 was \$6,259,285 (for the period from date of incorporation (November 17, 2022) to July 31, 2023: \$16,365,977).

As at July 31, 2024, the Company had not yet achieved profitable operations, has accumulated losses since its inception and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. The Company has been successful in raising funds, therefore, the Company's ability to

obtain additional financing is enough to assume that the Company will continue as a going concern, however there is no certainty this will occur in the future at terms acceptable to the Company.

RESULTS OF OPERATIONS

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Project acquisition expense	-	15,109,977
Exploration and evaluation costs	2,464,559	6,464
Operating expenses	902,362	275,190
Consulting and professional fees	942,299	177,862
General and administrative	1,083,722	67,425

Exploration and evaluation costs are provided in additional detail below:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
Drilling	1,803,376	-
Personnel	589,766	-
Travel	52,430	-
Permits, licenses and subscriptions	6,006	-
Other	12,981	6,464
	2,464,559	6,464

The Company incurred \$2,464,559 in exploration and evaluation costs for the year ended July 31, 2024, respectively, an increase of \$2,458,095 over the comparative period. The Company began its first drilling program on the project during the year, which is focused on both the western JRCD area as well as the Freedom Flats and Graben areas, as well as continued compilation and review of existing geophysical and geological data to generate exploration targets. The program commenced in November 2023 and was paused between December 17, 2023 and January 6, 2024. The program resumed intermittently for the balance of the period. In addition to the exploration work, engineering evaluation was conducted on the permitted footprint of the Project.

Operating expenses are provided in additional detail below:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
Personnel	101,800	35,422
Transportation	110,557	31,038
Utilities	126,081	67,863
Repairs, consumables and rent	67,173	3,126
Property and business taxes	62,790	7,080
Permitting	254,436	93,075
Royalties	48,508	-
Depreciation	70,082	31,981
Other	60,935	5,605
Total	902,362	275,190

Operating expenses for the year ended July 31, 2024 was \$902,362 (period ended July 31, 2023 - \$275,190). Operating expenses were higher in the current year due to the acquisition of Borealis Mining Company, LLC occurring in April 2023.

Consulting and professional fees for year ended July 31, 2024 was \$942,299, which was \$764,437 higher than the comparative period, due to higher professional fees related to financing and the reverse acquisition, as well as higher environmental and engineering consulting costs.

General and administrative expenses are provided in additional detail below:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Advertising and marketing	881,770	56,387
Office and general	114,482	5,204
Travel	93,307	6,958
Foreign exchange	(5,837)	(1,124)
Total	1,083,722	67,425

The largest component of the general and administrative expenses related to advertising and marketing costs, including investor relations incurred during the period. Advertising and marketing expenses during the year ended July 31, 2024 were \$881,770, compared to \$56,387 in the previous year, an increase of \$825,383, due to increased marketing efforts around financing activity and the RTO transaction. Similarly, travel costs were also higher as a result. Office and general expenses were higher year over year, due to listing costs of the RTO, and higher insurance and IT-related expenses.

LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2024, the Company had cash of \$ 2,633,977 (July 31, 2023 - \$1,029,363) and working capital of \$4,103,274 (July 31, 2023: working capital deficit of \$4,150,252). The Company has sufficient working capital on hand to pay all commitments, but anticipates requiring additional financing to pay for capital expenditures, exploration and administrative costs required to move the business forward. Company has operating losses and of negative cash flows from operations. The Company will remain reliant on capital markets for future funding to meet its ongoing obligations.

RELATED PARTY TRANSACTIONS

Related parties are defined as management and directors of the Company and/or members of their immediate family and/or other companies and/or entities in which a board member or senior officer is a principal owner or senior executive. Other than disclosed elsewhere in the consolidated financial statements, related party transactions and balances are as follows:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Short-term compensation	375,750	101,359

As at July 31, 2024, \$72,417 related to unpaid management salaries and were recorded in accounts payable and accrued liabilities. The amounts owing to related parties are unsecured, non-interest bearing and due on demand.

Management of the Company participated in the September 14, 2023 and January 3, 2024 financings and purchased 350,000 units and 100,000 units on aggregate, respectively.

REVERSE ACQUISITION

On May 9, 2024, the Company completed an acquisition by way of a plan of arrangement under Division 5 of Part 9 of the Business Corporations Act (British Columbia) (the "Arrangement"). The Arrangement was carried out pursuant to an arrangement agreement dated February 6, 2024, between 1329300 B.C. Ltd. (the "Issuer"), 1000693081 Ontario Ltd., a wholly-owned subsidiary of the Issuer and Borealis Mining Company Limited.

The closing of the Arrangement resulted in the Issuer acquiring all of the issued and outstanding common shares in the capital of Borealis Mining Company Limited (each, a "Target Share"). The Target Shares outstanding immediately prior to the completion of the Arrangement have been cancelled, and the former holders of the Target Shares received common shares in the capital of the Issuer (each, an "Issuer Share"), resulting in the Issuer issuing an aggregate of 76,057,838 Issuer Shares (including 15,558,338 Issuer Shares to settle the contingent consideration).

In addition, the 13,288,900 common share purchase warrants of Borealis Mining Company Limited (each, a "Target Warrant") and 1,123,136 compensation options of Borealis Mining Company Limited (each, a "Target Compensation Option") have been cancelled, and the former holders of the Target Warrants and the Target Compensation Options received economically equivalent securities of the Issuer.

The Arrangement resulted in the non-diluted Issuer Shares being held as follows: (i) 76,057,838 Issuer Shares (approximately 97.77%) held by former shareholders of Borealis Mining Company Limited; and (ii) 1,737,745 Issuer Shares (approximately 2.23%) held by existing shareholders of the Issuer. The value of the 1,737,745 shares issued to shareholders of the Issuer were valued at \$575,468, based on the estimated fair value of the shares which were estimated using the most recent financing completed by Borealis Mining Company Limited prior to the Arrangement.

In connection with the closing of the Arrangement, Borealis Mining Company Limited and 1000693081 Ontario Ltd. amalgamated pursuant to the provisions of the Business Corporations Act (Ontario) and the resulting entity has become a wholly-owned subsidiary of the Issuer, which was renamed Borealis Holdings Inc. ("BHI") and which carries on the previous business of Borealis Mining Company Limited. In addition, the Issuer has changed its name to Borealis Mining Company Limited.

This transaction was accounted for as a reverse acquisition of the Issuer by Borealis Mining Company Limited and the purchase price allocation was determined as follows:

Shares issued	\$ 575,468
Total consideration	575,468
Identifiable assets acquired and liabilities assumed:	
Accounts payable and accrued liabilities	(92,576)
Listing expense	668,044

SUBSEQUENT EVENT

Exercise of warrants

Subsequent to year end, 17,850 agent's options were exercised for gross proceeds of \$8,925, and 15,000 warrants were exercised for gross proceeds of \$11,250.

Issuance of restricted share units and options

Subsequent to the year end, the Company granted an aggregate of 4,500,000 stock options to purchase common shares in the capital of the Company and an aggregate of 175,000 restricted share units ("RSUs") convertible into common shares of the Company to certain officers, directors, employees and consultants of the Company and a company performing investor relation activities to the Company in accordance with the omnibus long term incentive plan of the Company. The stock options are exercisable at a price of \$0.81 per common share for a period of five (5) years. The RSUs vest on the date that is one (1) year from the date of grant. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

EQUITY

The Company's authorized share capital consists of an unlimited number of common shares. As at the date thereof, please see the table below for information regarding outstanding share capital of the Company.

Type of security	Number outstanding
Common shares	83,253,433
Warrants	15,986,400
Agent's options	1,156,486
Fully diluted	100,396,319

RISK OF FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks in its financial instruments resulting from both its operations and its investment activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes. The Company's main financial risk exposures and its financial policies are as follows:

Credit Risk

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposures at July 31, 2024 are the carrying amount of cash. To reduce credit risk, all significant cash balances are placed with major, reputable, Canadian and U.S. financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due. The Company has the following undiscounted contractual obligations:

	Less than 1 year \$	2 to 3 years \$	4 to 5 years \$	Greater than 5 years \$	Total \$
Accounts payable and other payables	647,182	-	-	-	647,182
Decommissioning obligations	-	11,456,530	65,879	69,012	11,591,421
July 31, 2024	647,182	11,456,530	65,879	69,012	12,238,603

Commodity Price Risk

The Company is exposed to fluctuations in commodity prices as its ability to monetize inventory is impacted by prevailing gold prices.

Currency Risk

The Company is subject to currency risk on its financial instruments which are denominated in a currency that is not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact profit or loss. At July 31, 2024, the Company held CAD\$3,523,634 in Canadian currency. A 10% change in the CADUSD foreign exchange rate would have following impact (in US\$) on the balance held in CAD\$:

	\$ Impact
10% increase	(231,972)
10% decrease	283,522

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently, the Company has no assets or liabilities with a variable interest rate. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As at July 31, 2024, the Company did not have any outstanding loans and borrowings that are subject to variable interest rates.

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The classification of the financial instruments as at July 31, 2024, as well as their gross carrying values, are shown in the table below:

Item	Classification	Measurement (\$)
Cash	Amortized cost	2,633,977
Total financial assets		2,633,977
Accounts payable and accrued liabilities	Amortized cost	647,182
Contingent consideration	Amortized cost	13,307
Total financial liabilities		660,489

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

There have been no transfers between fair value levels during the year ended July 31, 2024.

Cash, accounts payable and all other current payables are all short-term in nature and, as such, their carrying values approximate fair value.

As at July 31, 2024, there were no financial assets or liabilities measured and recognized in the consolidated statements of financial position at fair value.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES

See notes 3 and 4 of the Company's consolidated financial statements for the year ended July 31, 2024 for more information.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

See notes 3 and 4 of the Company's consolidated financial statements for the year ended July 31, 2024 for more information.

RISKS AND UNCERTAINTIES

There are various risk factors that could cause the Company's future results to differ materially from those described in this MD&A. The risks and uncertainties described below are those the Company currently believes to be material, but they are not the only ones the Company faces. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified or that it currently considers not to be material, actually occur or become material risks, the Company's business, financial condition, results of operations and cash flows, and consequently the price of the Shares, could be materially and adversely affected. See "Risk Factors" in the Company's filing statement dated July 29, 2024.