



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

CONSOLIDATED FINANCIAL STATEMENTS

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

(Expressed in United States Dollars)

Independent Auditor's Report

To the Shareholders of Borealis Mining Company Limited

Opinion

We have audited the consolidated financial statements of Borealis Mining Company Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the year ended July 31, 2024 and for the period from November 17, 2022 (date of incorporation) to July 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred continuing losses during the year ended July 31, 2024 and, as of that date, the Company has an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material uncertainty related to going concern section, we have determined that there were no additional key audit matters to communicate in our report.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Chris Milios.

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
November 20, 2024

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT JULY 31, 2024 AND 2023

(Expressed in United States dollars, except indicated otherwise)

	Note	July 31, 2024 \$	July 31, 2023 \$
Assets			
Current assets			
Cash		2,633,977	1,029,363
Accounts receivable		129,330	-
Prepaid expenses		678,184	308,301
Inventory		1,308,965	316,569
Total current assets		4,750,456	1,654,233
Non-current assets			
Restricted cash		-	25,630
Deposits	10	2,284,169	-
Property, plant, and equipment	8	339,563	446,751
Total assets		7,374,188	2,126,614
Liabilities			
Accounts payable and accrued liabilities			
Current portion of contingent consideration	5	-	5,000,000
Total current liabilities		647,182	5,804,485
Non-current liabilities			
Decommissioning obligation	11	10,680,927	10,826,575
Contingent consideration	5	13,307	13,307
Total liabilities		11,341,416	16,644,367
Shareholders' deficiency			
Share capital	9	17,249,087	1,848,224
Equity reserves	9	1,408,947	-
Accumulated deficit		(22,464,533)	(16,344,645)
Accumulated other comprehensive loss		(160,729)	(21,332)
Total shareholders' deficiency		(3,967,228)	(14,517,753)
Total liabilities and shareholders' deficiency		7,374,188	2,126,614

Nature of operations and going concern (Note 1)

Commitments and contingencies (Note 10)

Subsequent events (Note 18)

Approved and authorized for issue by the Board on November 20, 2024:

"Kelly Malcolm"
Signed: Director

"Richard Patricio"
Signed: Director

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

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEAR ENDED JULY 31, 2024 AND FOR THE PERIOD FROM DATE OF INCORPORATION
(NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

	Note	For the year ended July 31, 2024 \$	For the period from date of incorporation (November 17, 2022) to July 31, 2023 \$
Revenue		995,563	-
Cost of sales	7	(866,866)	(196,997)
Gross profit		128,697	(196,997)
Project acquisition expense	5	-	15,109,977
Exploration and evaluation costs	14	2,464,559	6,464
Operating expenses		902,362	275,190
Consulting and professional fees	12	942,299	177,862
General and administrative		1,083,722	67,425
Loss before other items		(5,264,245)	(15,833,915)
Other items:			
Finance expense	11	(187,599)	(513,270)
Listing expense	6	(668,044)	-
Other income		-	2,540
Net loss		(6,119,888)	(16,344,645)
Other comprehensive loss			
Foreign exchange translation adjustment		(139,397)	(21,332)
Comprehensive loss		(6,259,285)	(16,365,977)
Weighted-average number of shares outstanding - basic and diluted (#)	13	56,454,353	16,428,586
Basic loss per share	13	(\$0.11)	(\$0.99)
Diluted loss per share	13	(\$0.11)	(\$0.99)

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

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE YEAR ENDED JULY 31, 2024 AND FOR THE PERIOD FROM DATE OF INCORPORATION (NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

	Note	Share capital		Equity reserves	Accumulated deficit	Accumulated comprehensive loss	Total
		Common shares	Share capital				
		#	\$				
Balance, November 17, 2022		-	-	-	-	-	-
Net loss for the year		-	-	-	(16,344,645)	-	(16,344,645)
Other comprehensive loss for the year		-	-	-	-	(21,332)	(21,332)
Issuance of shares and warrants	9	33,921,700	1,858,291	-	-	-	1,858,291
Share issuance costs		-	(10,067)	-	-	-	(10,067)
Balance, July 31, 2023		33,921,700	1,848,224	-	(16,344,645)	(21,332)	(14,517,753)
Net loss for the year		-	-	-	(6,119,888)	-	(6,119,888)
Other comprehensive loss for the year		-	-	-	-	(139,397)	(139,397)
Issuance of shares pursuant to reverse acquisition	6	1,737,745	575,468	-	-	-	575,468
Contingent consideration paid in shares	5	15,558,338	5,000,000	-	-	-	5,000,000
Issuance of shares and warrants	9	32,002,800	10,474,474	1,491,135	-	-	11,965,609
Issuance costs	9	-	(649,079)	(82,188)	-	-	(731,267)
Balance, July 31, 2024		83,220,583	17,249,087	1,408,947	(22,464,533)	(160,729)	(3,967,228)

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

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2024 AND FOR THE PERIOD FROM DATE OF INCORPORATION
(NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

	Note	For the year ended July 31, 2024 \$	For the period from incorporation (November 17, 2022) to April 30, 2023 \$
Cash flow from operating activities			
Net loss		(6,119,888)	(16,344,645)
Items not affecting cash:			
Depreciation of property, plant, and equipment	8	335,056	92,181
(Recovery) accretion on decommissioning obligation	11	(145,648)	468,592
Project acquisition expense recognized on acquisition of BMC LLC	5	-	15,023,321
Changes in non-cash working capital items:			
Increase in accounts receivable		(129,330)	-
Increase in prepaid expenses		(369,883)	(113,884)
Increase in inventory		(992,396)	(316,569)
(Decrease) increase in accounts payable and accrued liabilities		(157,303)	517,684
Cash flow used in operating activities		(7,579,392)	(673,320)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant, and equipment	8	(227,868)	(29,698)
Deposits made	10	(2,258,539)	-
Cash paid for the acquisition of BMC LLC	5	-	(100,000)
Cash acquired from BMC LLC	5	-	5,489
Cash flow used in investing activities		(2,486,407)	(124,209)
CASH FLOW FROM FINANCING ACTIVITIES			
Gross proceeds from issuance of shares and warrants	9	12,547,198	1,858,291
Share issuance costs	9	(737,388)	(10,067)
Cash flow from financing activities		11,809,810	1,848,224
Effect of exchange rate changes on cash		(139,397)	(21,332)
Increase in cash		1,744,011	1,050,695
Cash, beginning of period		1,029,363	-
Cash, end of period		2,633,977	1,029,363
Supplemental information			
Non-cash share issuance costs paid	9	148,320	-
Non-cash considerations paid	5	-	5,013,307

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

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
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(NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

1. NATURE OF OPERATIONS AND GOING CONCERN

Borealis Mining Company Limited (“Borealis”, “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 Heap Leach 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 plant, located near Hawthorne, Nevada. 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. The Borealis Project is an exploration and development asset that is permitted for production and maintains permits and infrastructure for possible future development. The Company is currently focused on exploring its exploration and evaluation properties and other than the leaching from the historical leach pad, it has not carried out any mining activities during 2024 and 2023.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements. Such adjustments could be material. As at July 31, 2024, the Company had a working capital of \$4,103,274 (July 31, 2023: working capital deficit of \$4,150,252). Net loss for the year ended July 31, 2024 was \$6,119,888 (For the period from date of incorporation (November 17, 2022) to July 31, 2023: loss of \$16,344,645. The accumulated deficit as at July 31, 2024 was \$22,464,533 (July 31, 2023: \$16,344,645). These conditions indicate that material uncertainties exist that cast significant doubt on the Company’s ability to continue as a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material. 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.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company for the year ended July 31, 2024 and for the period from the date of incorporation (November 17, 2022) to July 31, 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee (“IFRIC”). These consolidated financial statements for the year ended July 31, 2024 and for the period from date of incorporation (November 17, 2022) to July 31, 2023 were approved and authorized for issue by the Board of Directors of the Company on November 20, 2024. These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

3. BASIS OF PRESENTATION AND MEASUREMENT

Basis of consolidation

These statements consolidate the accounts of the Company and its wholly owned subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from the Company’s involvement with the entity and have the ability to affect those returns through the power over the entity.

BOREALIS MINING COMPANY LIMITED (FORMERLY 1329300 B.C. LTD.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Significant intercompany accounts and transactions have been eliminated on consolidation.

The Company has the following subsidiaries:

Name of Entity	% Ownership*	Country of incorporation
Borealis Holdings Inc.	100	Canada
Borealis Mining Company, LLC	100	United States

These consolidated financial statements have been prepared under the historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and Presentation Currency

BMCL's and Borealis Holdings Inc.'s functional currency is the Canadian dollar. Borealis Mining Company, LLC's functional currency, as determined by management, is the United States ("U.S.") dollar. For financial reporting purposes, the consolidated financial statements of the Company have been presented in the U.S. dollars, the presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Cash

Cash include cash deposits with financial institutions.

Accounts receivable

Accounts receivables are measured at amortized cost, net of expected credit losses ("ECLs"). The Company applies a simplified approach in calculating ECLs which is determined based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Accounts receivables are written off when there is no reasonable expectation of recovering the asset or a portion thereof.

Property, Plant, and Equipment

Property, plant, and equipment ("PPE") are stated at cost less any accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the depreciable asset using the following terms and methods:

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(NOVEMBER 17, 2022) TO JULY 31, 2023
(Expressed in United States dollars, except indicated otherwise)

Building	5 to 20 years
Plant & equipment	3 to 20 years
Furniture and fixtures	3 Years
Computers	3 Years
Vehicles	5 Years

An asset's residual value, useful life and depreciation method are reviewed, and adjusted if appropriate, on an annual basis.

Depreciation begins from the date when the asset is available for use. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. The asset is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in the statement of loss in the year the asset is derecognized.

Exploration and evaluation properties

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral property rights and exploration and evaluation activities.

Once a project has been established as commercially viable, technically feasible and the decision to proceed with development has been approved by the Board of Directors, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production.

Inventory

Inventories of broken ore, and refined and converted products are measured at the lower of cost and net realizable value. Net realizable value is the relevant market price less estimated cost of selling the product. Cost is determined by the weighted average method and comprises raw material, direct labour, repairs and maintenance, utilities, depreciation and mine-site overhead expenses.

Supplies and consumables, used during different stages of the production, are carried at the lower of cost and net realizable value. Provisions are recorded to reduce materials and supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the material or supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand. Refer to note 7.

Revenue Recognition

Revenues and expenses are recognized on an accrual basis regardless of when the resulting monetary or financial flow arises.

Revenues are measured at the fair value of the consideration received or receivable and represent the amounts receivable for goods delivered and services rendered in the ordinary course of business.

Sales of gold and silver are recognized when all significant risks and rewards of ownership of the goods have been transferred to the buyer.

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(NOVEMBER 17, 2022) TO JULY 31, 2023
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Financial Instruments

Financial Assets

Recognition and Initial Measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in the Consolidated statement of loss when incurred.

Classification and Subsequent Measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in the Consolidated statement of loss. Financial assets measured at amortized cost would comprise of accounts receivable, cash and restricted cash.
- FVTOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at FVTOCI. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. The Company does not hold any financial assets measured at FVTOCI.
- FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or FVTOCI, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold and financial assets measured at FVTPL.

Impairment

An expected credit loss ("ECL") model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. In determining the ECLs management makes estimates related to the probability-weighted amount of ECLs based on a range of outcomes, the discount rate that reflects the effective interest rate of the asset and other information available as of the reporting date relating to past events, current conditions and forecasts regarding future economic conditions.

The Company applies simplified approach in calculating ECLs. Under the simplified approach, the Company does not track credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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Derecognition of Financial Assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial Liabilities

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at FVTPL for which transaction costs are immediately recorded in the consolidated statement of loss and comprehensive loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in the consolidated statement of loss and comprehensive loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

Classification of Financial Instruments

The Company has classified its financial instruments as follows:

Cash	Amortized cost
Accounts receivable	Amortized cost
Accounts payable and other payables	Amortized cost
Contingent consideration	Amortized cost

Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. A provision is a liability of uncertain timing or amount.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

Restoration, rehabilitation, and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, evaluation, development, or ongoing production of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation

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work are discounted to their net present value, are provided for, and charged to the Consolidated statement of loss as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate, and if required, for changes to the current market-based discount rate, amount and timing of the underlying cash flows needed to settle the obligation. Refer note 11.

Foreign Currency

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the consolidated statements of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Revenues and expenses are translated at the average exchange rate over a given period. Foreign currency gains and losses resulting from translation are reflected in the Consolidated statement of loss and comprehensive loss for the period. On consolidation, the assets and liabilities of foreign operations are translated into U.S. dollars at the rate of exchange prevailing at the reporting date and their Consolidated statement of loss are translated at average exchange rates during the period. The exchange differences arising on translation for consolidation are recognized in accumulated other comprehensive loss.

Impairment of Non-Financial Assets

Non-financial assets, including Property, plant, and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable or if there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the asset group to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment charge is recognized in the Consolidated statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized in the Consolidated statement of loss in the period it occurred.

Share-based payments

For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of goods and services received, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, it measures their value by reference to the fair value of the equity instrument granted. Transactions measured by reference to the fair value of the equity instrument granted have their fair values re-measured each vesting and reporting date until fully vested.

The Company estimates the fair value of stock options granted using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions including, among other things, estimates regarding the length of time a holder will retain vested options before exercising them, the estimated volatility of the Company's common share price and the number of options that will be forfeited prior to vesting. Changes in these estimates and assumptions can materially affect the determination of the fair value of share-based payments.

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Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in the Consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements unless such differences arise from goodwill or the initial recognition (other than in a business combination) of other assets or liabilities in a transaction that affects neither the taxable profit nor the accounting profit or loss.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment occurs.

Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share Capital

Common shares are classified as shareholders' equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Loss per Share

Basic loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

In computing diluted earnings per share, an adjustment is made for the dilutive effect of the exercise of stock options and warrants. The number of additional shares is calculated by assuming that outstanding stock options and warrants are exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting periods. In periods where a net loss is reported, all outstanding options and warrants are excluded from the calculation of diluted loss per share, as they are anti-dilutive.

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Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) *Estimated useful lives of property, plant, and equipment*

Depreciation of property, plant, and equipment are dependent upon estimates of useful lives which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

(ii) *Impairment of non-financial assets*

Property, plant, and equipment are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or asset group is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. The reduction is recognized immediately as an impairment loss. When an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. The previously recognized impairment loss is reversed during the period in the Consolidated statement of loss.

The estimate of recoverable amounts with respect to non-financial assets is based on numerous assumptions and may differ significantly from actual recoverable amounts. The recoverable amounts are based, in part, on certain factors that may be partially or totally outside of the Company's control. This evaluation involves a comparison of the estimated recoverable amounts of non-financial assets to their carrying values. The recoverable amount estimates may differ from actual recoverable amounts, and these differences may be significant and could have a material impact on the Company's financial position and results of operations. The cash-generating unit is reviewed for an indication of impairment at each statement of financial position date or when a triggering event is identified. This determination requires significant judgment.

(iii) *Estimated reclamation and closure costs*

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities. Cost estimates are updated annually to reflect known developments and are subject to review at regular intervals.

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(iv) *Going concern risk assessment*

The Company's management has made an assessment of the Company's ability to continue as a going concern. See Note 1.

(v) *Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

(vi) *Recoverability of potential deferred tax assets*

In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

(vii) *Asset Acquisition*

The determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require management to make certain judgments as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 - Business Combinations. The Company determined that the assets and liabilities acquired through Borealis Mining Company, LLC did not meet the definition of a business based on the criteria outlined by IFRS 3. As such, the Company determined that the acquisition of Borealis Mining Company, LLC was not a business combination and accordingly this acquisition was accounted for as an asset acquisition. See Note 5.

(viii) *Provisions and contingencies*

The amounts recorded for provisions are based on a number of factors, including the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the cash flows and may change with future changes to costs, environmental laws and regulations and remediation practices. See note 11.

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Significant judgment is involved in the determination of the probability of contingent consideration becoming due in the future. No assurance can be given that the actual amounts paid under these agreements will not differ significantly from current estimates. The determination of the Company's provision for contingently payable amounts depends on certain assumptions which includes the likelihood of certain events taking place. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

(ix) *Fair value of share-based payments*

Management uses the Black-Scholes option-pricing model to calculate the fair value of stock options and warrants. Use of this method requires management to make assumptions and estimates about the expected life of options, the risk free rate, and the expected volatility of the Company's share price. In making these assumptions and estimates, management relies on historical market data, including that of comparable entities.

(x) *Valuation of inventory*

Quantities of gold ore are assessed primarily through surveys and assays. Certain estimates, including expected metal recoveries, are calculated using available industry, engineering, and scientific data, and are periodically reassessed, taking into account technical analysis and historical performance.

New and amended IFRS standards effective this year

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2023. The following standards have been adopted and were assessed to not have a material impact on the Company's consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. In February 2021, the IASB issued 'Disclosure of Accounting Policies' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.

IAS 8 – Accounting policies, changes in accounting estimates and errors (“IAS-8”) - In February 2021, the IASB issued 'Definition of Accounting Estimates' to help entities distinguish between accounting policies and accounting estimates.

IAS 12 – Income taxes (“IAS 12”) - In May 2021, the IASB issued 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' that clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.

New and amended IFRS standards not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2024 or later periods. Many are not applicable to, or do not have a significant impact on the Company and have therefore been excluded. The following has not been adopted and is being evaluated to determine the impact on the Company's consolidated financial statements:

IAS 21 – Amendments to the Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB introduced amendments to IAS 21, impacting entities with transactions or operations in a foreign currency that is not exchangeable into another currency at a measurement date for a

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specified purpose. These amendments are effective for annual periods beginning on or after January 1, 2025.

IFRS 9 & IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments

In May 2024, the IASB introduced amendments to IFRS 9 providing guidance on the classification of financial assets, including those with contingent features. IFRS 7 amendments will require entities to provide additional disclosures on financial assets and financial liabilities that have certain contingent features. These amendments are effective for annual periods beginning on or after January 1, 2026.

IFRS 18 - Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. The new standards replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new categories and required subtotals in the statement of profit and loss and also requires disclosure of management-defined performance measures. It also includes new requirements for the location, aggregation and disaggregation of financial information. The standard is effective for annual reporting periods beginning on or after January 1, 2027, including interim financial statements. Retrospective application is required and early adoption is permitted.

5. 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, from an arm’s length party. The Company determined that it obtained control over Borealis Mining Company, 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
Total consideration	5,113,307
Identifiable assets acquired and liabilities assumed:	
Cash	5,489
Restricted cash	25,630
Prepaid expenses	194,417
Property, plant, 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 property interests 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. 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

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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 (note 9). 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 the date of acquisition and 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.

6. 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 note 5(i)).

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 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.

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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
<u>Total consideration</u>	<u>575,468</u>
Identifiable assets acquired and liabilities assumed:	
Accounts payable and accrued liabilities	(92,576)
<u>Listing expense</u>	<u>668,044</u>

7. INVENTORY

During the year ended July 31, 2024, the Company recorded an inventory impairment of \$406,751 (period from date of incorporation (November 17, 2022) to July 31, 2023: \$196,997) as part of cost of sales. The carrying amount of inventory carried at fair value less costs to sell as at July 31, 2024 was \$1,308,965 (July 31, 2023: \$316,569) and consists of \$1,237,120 of work-in-progress inventory and \$71,845 of by-product inventory, and is recorded at fair value less cost to sell.

8. PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment consisted of:

	Buildings	Plant & equipment	Furniture & fixtures	Computers	Vehicles	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, November 17, 2022	-	-	-	-	-	-
Additions	16,700	380,530	2,221	26,481	113,000	538,932
Balance, July 31, 2023	16,700	380,530	2,221	26,481	113,000	538,932
Additions	6,026	114,050	9,282	-	98,510	227,868
Balance, July 31, 2024	22,726	494,580	11,503	26,481	211,510	766,800
Accumulated depreciation						
Balance, November 17, 2022	-	-	-	-	-	-
Depreciation	2,435	54,557	648	7,724	26,817	92,181
Balance, July 31, 2023	2,435	54,557	648	7,724	26,817	92,181
Depreciation	9,555	206,496	2,347	18,757	97,901	335,056
Balance, July 31, 2024	11,990	261,053	2,995	26,481	124,718	427,237
Net book value						
At July 31, 2023	14,265	325,973	1,573	18,757	86,183	446,751
At July 31, 2024	10,736	233,527	8,508	-	86,792	339,563

During the year ended July 31, 2024, depreciation of \$264,974 (period from date of incorporation (November 17, 2022) to July 31, 2023: depreciation of \$60,200) was allocated to the cost of inventory.

9. SHARE CAPITAL, WARRANTS AND OPTIONS

Authorized share capital

The Company is authorized to issue an unlimited number of common shares without par value.

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Outstanding share capital as at July 31, 2024

		Number of shares	Share capital \$
Balance, November 17, 2022		-	-
Issuance of shares for cash	(a)	33,921,700	1,858,291
Share issuance costs	(a)	-	(10,067)
Balance, July 31, 2023		33,921,700	1,848,224
Issuance of shares for cash	(b, c, d, e)	32,002,800	10,474,474
Share issuance costs	(b, c, d, e)	-	(649,079)
Shares issued pursuant to reverse acquisition	(note 6)	1,737,745	575,468
Shares issued for contingent consideration	(note 5)	15,558,338	5,000,000
Balance, July 31, 2024		83,220,583	17,249,087

Period ended July 31, 2023

- a) During the period, the Company issued 33,921,700 common shares for gross proceeds of Canadian Dollars ("CAD")\$2,457,760 (\$1,858,291). The Company incurred share issuance costs of \$10,067 in the form of legal fees.

Year ended July 31, 2024

- b) 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.
- c) 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.
- d) 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.
- e) 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.

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Warrants

The following table summarizes the Company's warrant activity for the period indicated:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date
Balance, November 17, 2022 and July 31, 2023	-	-	
Granted (b, c, d, e)	16,001,400	CAD\$ 0.75	September 14, 2025
Balance, July 31, 2024	16,001,400	CAD\$ 0.75	

The fair value of warrants granted during the year ended July 31, 2024 was \$1,260,627 (for the period from date of incorporation (November 17, 2022) to July 31, 2023: \$nil), and was estimated using the Black-Scholes option pricing model using the weighted average assumptions of an expected forfeiture rate of 0%, risk-free interest rates of 3.86% to 4.69%, an expected dividend yield of 0%, an expected stock price volatility of 74.2% to 96.5%, share price of \$0.32 to \$0.33, and an expected life of 1.2 to two years. The Company incurred \$82,688 of issuance costs that were allocated to these warrants.

Agent's options

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, November 17, 2022 and July 31, 2023	-	-	
Granted (b, c, d, e)	1,174,336	CAD\$ 0.50	September 14, 2025
Balance, July 31, 2024	1,174,336	CAD\$ 0.50	

The fair value of agent's options issued during the period ended July 31, 2024 was \$148,320, and was estimated using the Black-Scholes option pricing model using the weighted average assumptions of an expected forfeiture rate of 0%, risk-free interest rates of 3.86% to 4.69%, an expected dividend yield of 0%, an expected stock price volatility of 74.2% to 96.5%, share price of \$0.32 to \$0.33, and an expected life of 1.2 to two years.

10. COMMITMENTS AND CONTINGENCIES

Reclamation

The Company has reclamation and closure cost obligations related to the historical operations of the Borealis project in Mineral and Nye County, Nevada. The accrual represents the Company's best estimate of the present value of the total future reclamation cost based on assumptions as to levels of treatment which will be required in the future.

During the year ended July 31, 2024, the Company provided \$2,284,169 of cash collateral to an insurance company that provides the Company insurance coverage for its reclamation obligations with the USDA Forest Service and the US Department of the Interior, Bureau of Land Management. The collateral is held by the insurance company until their obligation to pay claims on the reclamation bonds have been extinguished. These funds are stored in non-interest bearing accounts.

Royalty

The Company has a mining lease which requires a monthly payment of \$13,854 for advance royalty payments which is adjusted each year for inflation. Once in production, the agreement attracts a net smelter royalty of 5%, which can be offset by the advance royalty payments made previously.

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Title

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory, environmental and social requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

Environmental

The Company's exploration and evaluation activities and projects are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See note 11.

Contingent consideration

See note 5.

11. DECOMMISSIONING OBLIGATION

The Company has reclamation and closure cost obligations related to the operations of the Borealis Project in Hawthorne, Nevada. The accrual represents the Company's best estimate of the present value of the total future reclamation cost based on assumptions as to levels of treatment, which will be required in the future, discounted at a risk-free rate of 4.09% (July 31, 2023: 3.97%) with an inflation rate of 2.35%(July 31, 2023: 3.26%). As at July 31, 2024, the undiscounted amount of estimated future reclamation costs is \$11,591,421 (July 31, 2023: \$12,187,890). During the year ended July 31, 2024, the Company recorded a recovery of accretion related to its decommissioning obligation of \$145,648, of which \$296,092 was due to a change in estimate.

12. 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 (see note 9) and purchased 350,000 units and 100,000 units on aggregate, respectively.

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13. LOSS PER SHARE

The following table shows the components used in the calculation of basic and diluted loss per share for loss attributable to common shareholders.

	Year ended July 31, 2024	Period from November 17, 2022 (date of incorporation) to July 31, 2023
Weighted-average number of shares outstanding - basic (#)	56,454,353	16,428,586
Weighted-average number of shares outstanding - diluted (#)	56,454,353	16,428,586
Net loss attributable to common shares (\$)	6,119,888	16,344,645
Basic loss per share	(\$0.11)	(\$0.99)
Diluted loss per share	(\$0.11)	(\$0.99)

As the Company is in a loss position, the effects of all convertible instruments are anti-dilutive and they have been excluded from the diluted calculation. Therefore, the weighted-average number of common share outstanding used to calculate both basic and diluted net loss per share attributable to common shareholders is the same.

14. EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs consisted of:

	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

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15. INCOME TAXES

The reconciliation of the combined Canadian Federal and Provincial statutory income tax rate of 26.5% to the effective tax rate is as follows:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Net loss before recovery of income taxes	(6,119,888)	(16,344,645)
Expected income tax recovery based on statutory rate	(1,622,000)	(4,331,331)
Adjustment to expected income tax benefit:		
Difference in foreign tax rate and other adjustments	231,000	885,906
Other non-deductible expenses	177,000	211
Change in tax benefits not recognized	1,240,000	3,445,214
Tax assets acquired on RTO	(26,000)	-
Deferred income tax provision (recovery)	-	-

Deferred income tax assets and liabilities are recognized for temporary differences between the carrying value of the consolidated financial position and their corresponding tax values. Deferred tax assets have not been recognized in respect of the following net deductible temporary differences:

	For the year ended July 31, 2024	For the period from incorporation (November 17, 2022) to July 31, 2023
	\$	\$
Non-capital losses carried forward - Canada	2,025,000	237,261
Non-capital losses carried forward - US	3,589,000	-
Property, plant, and equipment	258,000	-
Issuance costs	579,000	-
	6,451,000	237,261

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. The Company also expects it has non-capital losses in the United States which have not been recognized as the availability of future taxable income in that country is uncertain. Tax losses consisting of Canadian non-capital loss carry forwards in the amount of approximately \$2,025,000 are expected to expire in 2043 and 2044.

16. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company's capital management objectives, policies and processes have remained unchanged during the years ended July 31, 2024 and July 31, 2023.

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Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of July 31, 2024, the Company believes it is compliant with the policies of the TSXV.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

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.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management mitigate these risks by assessing, monitoring and approving the Company’s risk management processes:

a. 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.

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b. Commodity Price Risk

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

c. 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

d. 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

e. 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.

18. SUBSEQUENT EVENTS

Exercise of warrants

Subsequent to July 31, 2024, 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 July 31, 2024, 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.