



Borealis Mining Company Limited

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States Dollars)

BOREALIS MINING COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT

(Expressed in United States dollars, except as indicated otherwise)
(unaudited)

	Note	April 30, 2024 \$	July 31, 2023 \$
Assets			
Current assets			
Cash		2,990,053	1,029,363
Accounts receivable		-	-
Prepaid expenses		828,605	308,301
Inventory		861,557	316,569
Total current assets		4,680,215	1,654,233
Non-current assets			
Restricted cash		-	25,630
Deposits	9	2,284,169	-
Property, plant and equipment	7	315,366	446,751
Total assets		7,279,750	2,126,614
Liabilities			
Accounts payable and accrued liabilities			
Current portion of contingent consideration	5	5,000,000	5,000,000
Total current liabilities		5,816,800	5,804,485
Non-current liabilities			
Decommissioning obligation	10	10,741,117	10,826,575
Contingent consideration	5	13,307	13,307
Total liabilities		16,571,224	16,644,367
Shareholders' deficiency			
Share capital	8	9,902,053	1,848,224
Equity reserves	8	1,221,405	-
Accumulated deficit		(20,266,488)	(16,344,645)
Accumulated other comprehensive loss		(148,444)	(21,332)
Total shareholders' deficiency		(9,291,474)	(14,517,753)
Total liabilities and shareholders' deficiency		7,279,750	2,126,614

Nature of operations and going concern (Note 1)
Acquisition of Borealis Mining Company, LLC (Note 5)
Commitments and contingencies (Note 9)
Subsequent events (Note 17)

Approved and authorized for issue by the Board on June 26, 2024:

“Kelly Malcolm”
Signed: Director

“Richard Patricio”
Signed: Director

BOREALIS MINING COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND NINE MONTHS ENDED APRIL 30, 2024
(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

	Note	For the three months ended April 30, 2024 \$	For the nine months ended April 30, 2024 \$	For the three months ended April 30, 2023 \$	For the period from incorporation (November 17, 2022) to April 30, 2023 \$
Revenue		-	865,494	-	-
Cost of sales	6	-	(736,573)	-	-
Gross profit		-	128,921	-	-
Project acquisition expense		-	-	15,023,321	15,023,321
Exploration and evaluation costs		1,153,650	2,040,226	-	-
Operating expenses		179,079	572,675	117,230	117,230
Consulting and professional fees	11	153,833	503,563	16,921	16,921
General and administrative		261,852	792,862	2,918	2,918
Loss before other items		(1,748,414)	(3,780,405)	(15,160,390)	(15,160,390)
Other items:					
Finance income (expense)	10	(136,956)	(141,438)	(11,605)	(11,605)
Transaction cost		-	-	(64,010)	(64,010)
Other income		-	-	2,540	2,540
Net loss		(1,885,370)	(3,921,843)	(15,233,465)	(15,233,465)
Other comprehensive loss					
Foreign exchange translation adjustment		(33,846)	(127,112)	(3,257)	(3,257)
Comprehensive loss		(1,919,216)	(4,048,955)	(15,236,722)	(15,236,722)
Weighted-average number of shares outstanding - basic and diluted (#)	12	55,987,974	49,122,234	18,636,364	10,914,634
Basic loss per share	12	(\$0.03)	(\$0.08)	(\$0.82)	(\$1.40)
Diluted loss per share	12	(\$0.03)	(\$0.08)	(\$0.82)	(\$1.40)

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

BOREALIS MINING COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)

(Unaudited)

	Note	Share capital		Equity reserves	Accumulated deficit	Accumulated comprehensive loss	Total
		Common shares	Share capital				
		#	\$				
Balance, July 31, 2023		33,921,700	1,848,224	-	(16,344,645)	(21,332)	(14,517,753)
Net loss for the period		-	-	-	(3,921,843)	-	(3,921,843)
Other comprehensive loss for the period		-	-	-	-	(127,112)	(127,112)
Issuance of shares and warrants	8	26,577,800	8,680,193	1,301,259	-	-	9,981,452
Issuance costs	8	-	(626,364)	(79,854)	-	-	(706,218)
Balance, April 30, 2024		60,499,500	9,902,053	1,221,405	(20,266,488)	(148,444)	(9,291,474)

	Note	Share capital		Equity reserves	Accumulated deficit	Accumulated comprehensive loss	Total
		Common shares	Share capital				
		#	\$				
Balance, November 17, 2022		-	-	-	-	-	-
Net loss for the period		-	-	-	(15,233,465)	-	(15,233,465)
Other comprehensive loss for the period		-	-	-	-	(3,257)	(3,257)
Issuance of shares and warrants	8	20,000,000	299,045	-	-	-	299,045
Balance, April 30, 2023		20,000,000	299,045	-	(15,233,465)	(3,257)	(14,937,677)

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

BOREALIS MINING COMPANY LIMITED
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except indicated otherwise)
(Unaudited)

	Note	For the nine months ended April 30, 2024 \$	For the period from incorporation (November 17, 2022) to April 30, 2023 \$
Cash flow from operating activities			
Net loss		(3,921,843)	(15,233,465)
Items not affecting cash:			
Depreciation of property, plant and equipment	7	270,641	41,125
Recovery on decommissioning obligation	10	(85,458)	-
Project acquisition expense recognized on acquisition of BMC LLC		-	15,023,321
Changes in non-cash working capital items:			
Increase in subscriptions receivable		-	(25,777)
(Increase) decrease in prepaid expenses		(520,304)	25,310
Increase in inventory		(544,988)	-
Decrease in accounts payable and accrued liabilities		12,315	463,284
Cash flow used in operating activities		(4,789,637)	293,798
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment	7	(139,256)	-
Deposits made	9	(2,258,539)	-
Cash paid for the acquisition of BMC LLC		-	(100,000)
Cash acquired from BMC LLC		-	5,489
Cash flow used in investing activities		(2,397,795)	(94,511)
CASH FLOW FROM FINANCING ACTIVITIES			
Gross proceeds from issuance of shares and warrants	8	9,678,615	299,045
Share issuance costs	8	(403,381)	-
Cash flow from financing activities		9,275,234	299,045
Effect of exchange rate changes on cash		(127,112)	(3,257)
Increase in cash		2,087,802	498,332
Cash, beginning of period		1,029,363	-
Cash, end of period		2,990,053	495,075
Supplemental information			
Non-cash share issuance costs paid	8	148,260	-

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

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

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 is has not carrying out any mining activities during the period.

These unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements. Such adjustments could be material. As at April 30 2024, the Company had working capital deficit of \$1,136,585 (July 31, 2023: deficit of \$4,150,252). Net loss for the nine months ended April 30, 2024 was \$3,921,843 (For the period from incorporation November 17, 2022 to April 30, 2023: loss of \$15,233,465). The accumulated deficit as at April 30, 2024 was \$20,266,488 (July 31, 2023: \$16,344,645). These condition indicate material uncertainties exist that cast significant doubt as to the Company's ability to continue as a going concern. These unaudited condensed consolidated interim 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.

2. STATEMENT OF COMPLIANCE

The unaudited condensed consolidated interim financial statements of the Company for the three and nine months ended April 30, 2024 have been prepared in accordance *IAS 34 - Interim Financial Reporting* and do not include all disclosures required for annual financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Company's annual financial statements for the period ended July 31, 2023. These unaudited condensed consolidated interim financial statements for the three and nine months ended April 30, 2024 were approved and authorized for issue by the Board of Directors of the Company on June 26, 2024. These unaudited condensed consolidated interim 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 financial statements consolidate the accounts of the Company and its wholly owned subsidiary. 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

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
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entity. 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 subsidiary:

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

Functional and Presentation Currency

BMCL's functional currency is the Canadian dollar and that of its wholly owned subsidiary, 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 U.S. dollars, the presentation currency.

Use of estimates and judgments

The preparation of these unaudited condensed consolidated interim financial statements under IFRS requires management to make certain estimates, judgments and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgements, estimates and assumptions in determining carrying values include are the same as those described in the Company's most recent annual financial statements in addition to the following:

a) 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.

4. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company's most recent annual consolidated financial statements unless otherwise noted below. Accordingly, they should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the period from November 17, 2022 (date of incorporation) to July 31, 2023. In addition, the Company has used the following accounting policies in the preparation of these financial statements:

a) 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.

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

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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.

Effective August 1, 2023, the Company adopted the following amended accounting standards. There was no impact on the Company's financial statements resulting from the adoption of these amendments:

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 August 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:

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined; however 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. 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.

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

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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)
<hr/>		
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.

As at April 30, 2024, the Company has accrued this contingent consideration in the amount of \$5,000,000.

- ii) \$5,000,000 payable in cash upon publishing an NI 43-101 resource report for the sulphide portion of the 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 property;

As at April 30, 2024, the Company has provided for the contingencies noted in (ii) to (iv) above in the amount of \$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 the period, the parties amended the agreement and the RTO Deadline was extended to April 15, 2024. During the period ended April 30, 2024, the contingency noted in (i) above was transferred by the seller to a third party, and this contingency was waived.

6. INVENTORY

During three and nine months ended April 30, 2024, the value of inventory recognized as a part of expense was \$nil and \$736,573 (2023: \$nil and \$nil), respectively. For the three and nine months ended April 30, 2024, the Company recorded inventory impairment of \$nil and \$406,751 (2023 - \$nil and \$nil) as part of cost of sales.

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

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7. PROPERTY, PLANT AND EQUIPMENT

As at April 30, 2024, 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	34,720	-	-	98,510	139,256
Balance, April 30, 2024	22,726	415,250	2,221	26,481	211,510	678,188
Accumulated depreciation						
Balance, November 17, 2022	-	-	-	-	-	-
Additions	-	-	-	-	-	-
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	7,166	155,393	1,573	18,757	87,752	270,641
Balance, April 30, 2024	9,601	209,950	2,221	26,481	114,569	362,822
Net book value						
At July 31, 2023	14,265	325,973	1,573	18,757	86,183	446,751
At April 30, 2024	13,125	205,300	-	-	96,941	315,366

8. SHARE CAPITAL, WARRANTS AND OPTIONS

Authorized share capital

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

Outstanding share capital as at April 30, 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) 26,577,800	8,680,193
Share issuance costs	(b, c, d) -	(626,364)
Balance, April 30, 2024	60,499,500	9,902,053

Period ended July 31, 2023

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

Period ended April 30, 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 \$508,955 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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
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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. 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. 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.

Warrants

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

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, July 31, 2023	-	-	
Granted (b, c, d)	13,288,900	CAD\$ 0.75	September 14, 2025
Balance, April 30, 2024	13,288,900	CAD\$ 0.75	

The fair value of warrants granted during the period ended April 30, 2024 was \$1,164,589, 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 3.96% 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 1.5 to two years. The Company incurred \$80,334 of issuance costs that were allocated to these warrants.

Agent's options

	Number of Options	Weighted Average Exercise Price	Expiry Date
Balance, July 31, 2023	-	-	
Granted (b, c, d)	1,123,136	CAD\$ 0.50	September 14, 2025
Balance, April 30, 2024	1,123,136	CAD\$ 0.50	

The fair value of agent's options issued during the period ended April 30, 2024 was \$142,790, 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 3.96% 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 1.5 to two years.

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9. COMMITMENTS AND CONTINGENCIES

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 nine months ended April 30, 2024, the Company provided \$2,258,539 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.

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.

The Company has committed to certain contingent payments pursuant to its acquisition of BMC LLC. See note 5 for details.

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.

10. 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 4.49% (July 31, 2023: 3.97%) with an inflation rate of 2.39% (July 31, 2023: 3.26%). As at April 30, 2024, the undiscounted amount of estimated future reclamation costs is \$11,877,938 (July 31, 2023: \$12,187,890). During the three and nine months ended April 30, 2024, the Company had an expense of \$22,246 and recovery of \$85,458 related to its decommissioning obligation due to a change in estimate.

11. 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 condensed consolidated interim financial

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

statements, related party transactions and balances are as follows:

	Three months ended April 30, 2024	Nine months ended April 30, 2024	Three months ended April 30, 2023	Nine months ended April 30, 2023
	\$	\$	\$	\$
Short-term compensation	103,428	310,668	-	-

As at April 30, 2024, \$58,199 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 8) and purchased 350,000 units and 100,000 units on aggregate, respectively.

12. 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.

	For the three months ended April 30, 2024	For the nine months ended April 30, 2024	For the three months ended April 30, 2023	For the period from incorporation (November 17, 2022) to April 30, 2023
Weighted-average number of shares outstanding - basic (#)	55,987,974	49,122,234	18,636,364	10,914,634
Weighted-average number of shares outstanding - diluted (#)	55,987,974	49,122,234	18,636,364	10,914,634
Net loss attributable to common shares (\$)	(1,885,370)	(3,921,843)	(15,233,465)	(15,233,465)
Basic earnings per share	(\$0.03)	(\$0.08)	(\$0.82)	(\$1.40)
Diluted earnings per share	(\$0.03)	(\$0.08)	(\$0.82)	(\$1.40)

All outstanding options and warrants have been excluded from the calculation of diluted loss per share, as they are anti-dilutive.

13. EXPLORATION AND EVALUATION COSTS

For the period ended April 30, 2024, exploration and evaluation costs consisted of:

	For the three months ended April 30, 2024	For the nine months ended April 30, 2024	For the three months ended April 30, 2023	For the period from incorporation (November 17, 2022) to April 30, 2023
	\$	\$	\$	\$
Drilling	960,193	1,578,339	-	-
Personnel	174,474	408,542	-	-
Travel	11,656	33,847	-	-
Permits, licenses and subscriptions	8	6,006	-	-
Other	7,319	13,492	-	-
	1,153,650	2,040,226	-	-

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

14. OPERATING EXPENSES

For the period ended April 30, 2024, operating expenses consisted of:

	For the three months ended April 30, 2024	For the nine months ended April 30, 2024	For the three months ended April 30, 2023	For the period from incorporation (November 17, 2022) to April 30, 2023
	\$	\$	\$	\$
Personnel	28,344	74,501	38,053	38,053
Transportation	34,551	78,450	1,430	1,430
Utilities	33,511	97,564	22,302	22,302
Repairs, consumables and rent	4,847	11,224	2,056	2,056
Property and business taxes	8,204	54,634	27	27
Permitting	38,223	107,037	12,094	12,094
Royalties	-	42,068	-	-
Depreciation	16,582	60,433	41,125	41,125
Other	14,817	46,764	143	143
Total	179,079	572,675	117,230	117,230

15. 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.

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

16. 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 April 30, 2024, as well as their gross carrying values, are shown in the table below:

	Classification	Measurement (\$)
Financial assets at amortized cost		
Cash	Amortized cost	2,990,053
Deposits	Amortized cost	2,284,169
Total financial assets		5,274,222
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	Amortized cost	816,800
Contingent consideration	FVTPL level 3	5,013,307
Total financial liabilities		5,830,107

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

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 three months ended April 30, 2024.

Cash, trade receivables, other receivable, accounts payable and all other payables are all short-term in nature and, as such, their carrying values approximate 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 April 30, 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.

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	816,800	-	-	-	816,800
Decommissioning obligations	-	11,706,917	32,608	138,413	11,877,938
Contingent consideration	5,000,000	-	-	-	5,000,000
Balance as at April 30, 2024	5,816,800	11,706,917	32,608	138,413	17,694,738

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 April 30, 2024, the Company held CAD\$4,023,412 in Canadian currency. A 10% change in the USDCAD foreign exchange rate would have following impact (in US\$) on the balance held in CAD\$:

BOREALIS MINING COMPANY LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED APRIL 30, 2024

(Expressed in United States dollars, except as indicated otherwise)
(Unaudited)

	\$ Impact
10% increase	(266,088)
10% decrease	325,219

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 April 30, 2024, the Company did not have any outstanding loans and borrowings.

17. SUBSEQUENT EVENTS

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 the Borealis Mining Company Limited (formerly, 1329300 B.C. Ltd.) ("Issuer"), 1000693081 Ontario Ltd. ("Subco"), a wholly-owned subsidiary of the Issuer and the Company.

The closing of the Arrangement resulted in the Issuer acquiring all of the issued and outstanding common shares in the capital of the Company (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.

In addition, the 13,288,900 common share purchase warrants of the Company (each, a "Target Warrant") and 1,123,136 compensation options of the Company (each, a "Target Compensation Option") have been cancelled, and the former holders of the Target Warrants and the Target Compensation Options will receive 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 the Company; and (ii) 1,737,745 Issuer Shares (approximately 2.23%) held by existing Issuer shareholders.

In connection with the closing of the Arrangement, the Company and Subco amalgamated pursuant to the provisions of the Business Corporations Act (Ontario) and the resulting entity has become a wholly-owned subsidiary of the Company, carrying on the business of the Target. In addition, the Issuer changed its name from 1329300 B.C. Ltd. to Borealis Mining Company Limited.

The Arrangement is expected to be accounted for as the acquisition of the Issuer by the Company.

Subsequent Financing

Subsequent to the period ended April 30, 2024 the Company issued 5,425,000 whole units at a price of 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 CAD\$0.75, expiring September 14, 2025. Pursuant to the financing, the Company issued 51,200 agent's options with an exercise price of CAD\$0.50, expiring September 14, 2025.