

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Assets		
Current Assets		
Cash	\$ 1	\$ 1,525
Accounts receivable (Note 5)	5,769	3,676
Prepaid expenses	6,073	4,537
Total assets	\$ 11,843	\$ 9,738
Liabilities		
Current Liabilities		
Trade and other payables (Notes 6 & 8)	\$ 214,750	\$ 145,682
Total liabilities	214,750	145,682
Shareholder's deficiency		
Share capital (Note 7)	1	1
Deficit	(202,908)	(135,945)
Total shareholder's deficiency	(202,907)	(135,944)
Total liabilities and shareholder's deficiency	\$ 11,843	\$ 9,738

Nature of Operations and Going Concern (Note 1)

Plan of Arrangement (Note 9)

Subsequent Events (Note 10)

Approved on behalf of the Board of Directors on May 27, 2024

"Kelly Malcolm" (signed)

Director

"Richard Patricio" (signed)

Director

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

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31,	
	2024	2023
Expenses		
Consulting fees (Note 8)	\$ 10,000	\$ 10,000
Professional fees	28,654	1,500
Shareholder information	28,309	(85)
Net loss and comprehensive loss	\$ (66,963)	\$ (11,415)
Basic and diluted loss per share	\$ (0.04)	\$ (0.01)
Weighted average number of shares outstanding:		
Basic and diluted (see Note 7)	1,737,745	1,737,745

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

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)

For the three months ended March 31, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Deficit	Total Shareholder's Deficiency
	Shares*	Amount		
Balance, December 31, 2022	1,737,745	\$ 1	\$ (64,778)	\$ (64,777)
Net loss and comprehensive loss for the period	-	-	(11,415)	(11,415)
Balance, March 31, 2023	1,737,745	\$ 1	\$ (76,193)	\$ (76,192)
Net loss and comprehensive loss for the period	-	-	(59,752)	(59,752)
Balance, December 31, 2023	1,737,745	\$ 1	\$ (135,945)	\$ (135,944)
Net loss and comprehensive loss for the period	-	-	(66,963)	(66,963)
Balance, March 31, 2024	1,737,745	\$ 1	\$ (202,908)	\$ (202,907)

*Post 13:1 share consolidation

Effective March 15, 2024, the Company consolidated its common shares on the basis of one new common share for every thirteen old common shares issued and outstanding at that time. All references to share and per share amounts in these financial statements have been retroactively restated to reflect the share consolidation.

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

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Condensed Interim Consolidated Statements of Cash Flow

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended March 31,	
	2024	2023
Operating activities		
Net loss and comprehensive loss for the period	\$ (66,963)	\$ (11,415)
Change in non-cash operating working capital:		
Prepaid expenses	(1,536)	-
Receivables	(2,093)	(109)
Trade and other payables	69,068	11,524
Cash flows from operating activities	(1,524)	-
Net change in cash	(1,524)	-
Cash, beginning of period	1,525	1
Cash, end of period	\$ 1	\$ 1

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

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

Notes to the Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Borealis Mining Company Limited (formerly 1329300 B.C. Ltd.) (the “Company”), was incorporated on October 20, 2021 under the *Business Corporations Act* (British Columbia). Its principal business is to effect mergers, arrangements, reverse takeover transactions and other corporate transactions with other entities with a view to providing liquidity in connection with “go public” transactions. The Company’s head office is located at 890 Pender Street, Suite 600, Vancouver, British Columbia V6C 1J9.

The Company was a wholly-owned subsidiary of Veta Resources Inc. (“Veta”) until a plan of arrangement was completed on February 18, 2022 under which the Company’s common shares were distributed to shareholders of Veta on a pro-rata basis (refer to Note 7).

These consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business. As at March 31, 2024, the Company had accumulated losses of \$202,908 since its incorporation. The continuation of the Company is dependent upon obtaining necessary financing to meet its ongoing operational levels of corporate overhead. These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to discharge its liabilities in the normal course of business. Additional funds will be required to enable the Company to continue its operations and there can be no assurance that financing will be available on terms which are acceptable to the Company. These financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements of Borealis Mining Company Limited have been prepared in accordance with IAS 34, Interim Financial Reporting. These condensed interim consolidated financial statements do not include all notes of the type normally included within the annual financial report and should be read in conjunction with the audited consolidated financial statements of the Company for year ended December 31, 2023 and 2022, which has been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

These condensed interim consolidated financial statements of the Company for the period ended March 31, 2024 were approved and authorized for issue by the Board of Directors on May 27, 2024.

2.2 Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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Three Months Ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

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2. BASIS OF PREPARATION (continued)

2.3 Basis of consolidation

The condensed interim consolidated financial statements as at March 31, 2024 and 2023 include the accounts of the Company for the period and those of its wholly owned subsidiary - 1000693081 Ontario Ltd., incorporated under the laws of the Province of Ontario. The consolidated entity is hereinafter collectively referred to as the "Company". All significant inter-company balances and transactions have been eliminated upon consolidation.

2.4 Use of management estimates, judgments and measurement uncertainty

These condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the financial statements of the Company as at and for the year ended December 31, 2023 and 2022.

Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for year ended December 31, 2023 and 2022.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and the industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital and deficit which at March 31, 2024 totaled a deficit of \$202,908 (December 31, 2023 – a deficit of \$135,944).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. Selected information is provided to the Board of Directors of the Company. The Company is not subject to any capital requirements.

4. FINANCIAL INSTRUMENTS

Fair value hierarchy and fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

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4. FINANCIAL INSTRUMENTS (continued)

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data.

As at March 31, 2024, the Company did not have any financial instruments measured at fair value and that classification within the fair value hierarchy. As at March 31, 2024, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

- a. **Cash** – Cash is held in trust with the lawyer. The risk of loss is minimal.

The Company's maximum exposure to credit risk as at March 31, 2024 is the carrying value of cash.

i) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. At March 31, 2024, the Company had a working capital deficiency of \$202,908 (December 31, 2023 - \$135,944). Working capital deficiency as at March 31, 2024 consisted of: cash of \$1 (December 31, 2023 - \$1,525), accounts receivables of \$5,769 (December 31, 2023 - \$3,676), prepaid expenses of \$6,073 (December 31, 2023 - \$4,537), and trade and other payables of \$214,750 (December 31, 2023 - \$145,682). The Company had not yet achieved profitable operations, has accumulated losses of \$202,908 (December 31, 2023 - \$135,945) and expects to incur further losses in the development of its business.

ii) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short-term guaranteed investment certificates, as appropriate.

5. ACCOUNTS RECEIVABLE

The Company's accounts receivable is comprised of the following:

	March 31, 2024	December 31, 2023
HST recoverable	\$ 5,769	\$ 3,676

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6. TRADE AND OTHER PAYABLES

The Company's trade and other payables are comprised of the following:

	March 31, 2023		December 31, 2023
Trade payables	\$ 112,100	\$	59,682
Accrued liabilities	102,650		86,000
	\$ 214,750	\$	145,682

7. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares without par value. The issued and outstanding common shares consist of the following:

	No. of Shares	Amount
Balance at March 31, 2024 and December 31, 2023	1,737,745	\$ 1

On February 18, 2022, under a statutory plan of arrangement, the Company cancelled the 1 outstanding common share issued upon incorporation and issued 22,590,750 new common shares from treasury for no additional consideration. Those shares have been consolidated effective March 15, 2024 to 1,737,745.

Long Term Incentive Plan

The Company has a long term incentive plan ("LTIP") whereby the Company can provide different types of incentives to be granted to certain of the executive officers, employees, and consultants of the Company (in the case of options ("Options"), performance share units ("PSUs") and restricted share units ("RSUs")) and directors (in the case of Options, RSUs and deferred share units ("DSUs")). Options, PSUs, RSUs and DSUs are collectively referred to herein as "Awards". Each Award will represent the right to receive Company Shares, or in the case of PSUs, RSUs, and DSUs, Company Shares or cash, in accordance with the terms of the LTIP.

Under the terms of the LTIP, the Board, or if authorized by the Board, the Corporate Governance, Nominating and Compensation Committee, may grant Awards to eligible participants, as applicable. Participation in the LTIP is voluntary and, if an eligible participant agrees to participate, the grant of Awards will be evidenced by a grant agreement with each such participant. The interest of any participant in any Award is not assignable or transferable, whether voluntary, involuntary, by operation of law or otherwise, other than by will or the laws of descent and distribution.

The maximum number of Company Shares reserved for issuance, in the aggregate, under the LTIP will be 10% of the aggregate number of Company Shares issued and outstanding from time to time, which represents 173,775 Company Shares. For the purposes of calculating the maximum number of Company Shares reserved for issuance under the LTIP, any issuance from treasury by the Company that is issued in reliance upon an exemption under applicable stock exchange rules applicable to equity-based compensation arrangements used as an inducement to person(s) or company(ies) not previously employed by and not previously an insider of the Company shall not be included. All of the Company Shares covered by the exercised, cancelled or terminated Awards will automatically become available Company Shares for the purposes of Awards that may be subsequently granted under the LTIP. As a result, the LTIP is considered an "evergreen" plan.

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7. SHARE CAPITAL (continued)

The maximum number of Company Shares that may be: (i) issued to insiders of the Company within any one-year period; or (ii) issuable to insiders of the Company at any time, in each case, under the LTIP alone, or when combined with all of the Company's other security-based compensation arrangements, cannot exceed 10% of the aggregate number of Company Shares issued and outstanding from time to time determined on a non-diluted basis.

An Option is exercisable during a period established by the Board which commences on the date of the grant and terminates no later than ten years after the date of the granting of the Option or such shorter period as the Board may determine. The minimum exercise price of an Option will be determined based on the closing price of the Company Shares on the stock exchange the Company Shares may be listed on the last trading day before the date such Option is granted. The LTIP will provide that the exercise period will automatically be extended if the date on which it is scheduled to terminate falls during a black-out period. In such cases, the extended exercise period will terminate ten business days after the last day of the black-out period.

In order to facilitate the payment of the exercise price of the Options, the LTIP has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker assisted "cashless exercise" or a "net exercise" subject to the procedures set out in the LTIP, including the consent of the Board, where required.

8. RELATED PARTY TRANSACTIONS

i) Key management personnel compensation

The company did not pay employment-based remuneration to directors, officers or other members of key management for the period ended March 31, 2024 and 2023. However, the Company did pay contract-based remuneration to directors, officers and other members of key management as disclosed in Note 8(ii).

i) Other related party transactions

Included in these interim condensed financial statements are the following related party transactions, which have been determined by negotiation amongst the related parties. These transactions are in the normal course of operations and are measured at the same value as if the transactions had occurred with non-related parties.

<i>Three months ended March 31,</i>	2024	2023
Consulting expenses	\$ 10,000	\$ 10,000
Professional fees	22,504	-
	\$ 32,504	\$ 10,000

Related party balances

Included in trade and other payables at March 31, 2024 is \$129,721 (December 31, 2023 – \$113,676) due to related parties. Such amounts are due on demand, non-interest bearing and are unsecured.

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9. PLAN OF ARRANGEMENT

On March 1, 2024, the Company entered into an amalgamation agreement (the “Amalgamation Agreement”) with Borealis Mining Company Limited (“Borealis”) and 1000693081 Ontario Ltd. (“Subco”), a wholly-owned subsidiary of the Company, in connection with proposed business combination by way of a plan of arrangement (the “Arrangement”) dated February 6, 2024. In order to facilitate the Arrangement, Borealis and Subco will amalgamate upon the terms and conditions of the Amalgamation Agreement.

The Arrangement will result in the Company acquiring all of the issued and outstanding common shares of Borealis (each, a “Borealis Share”) on the effective date of the Arrangement. Borealis and Subco will amalgamate, the resulting entity will be a wholly-owned subsidiary of the Company carrying on the business of Borealis.

On March 15, 2024, the Company consolidated its common shares (each, a “Company Share”) on the basis of one (1) post-consolidation Company Share for every thirteen (13) pre-consolidation Company Shares (the “Consolidation”), resulting in 1,737,745 Company Shares being outstanding post-Consolidation.

In connection with the Arrangement, the Company will issue 52,088,500 Company Shares to acquire all of the issued and outstanding Borealis Shares (this does not include up to 8,000,000 Borealis Shares comprising part of the units issuable in connection with the proposed Current Financing (as defined below)). Additionally, there are 9,083,400 common share purchase warrants (each, a “Borealis Warrant”) to acquire Borealis Shares (this does not include up to 4,000,000 Borealis Warrants comprising part of the units issuable in connection with the proposed Current Financing) and 991,176 compensation options (each, a “Borealis Compensation Option”) to acquire Borealis Shares.

In connection with the closing of the Arrangement, it is expected that, among other things:

- Borealis and Subco will be amalgamated under the provisions of the Business Corporations Act (Ontario) and the resulting entity will become a wholly-owned subsidiary of the Company.
- Each Borealis Share outstanding immediately prior to the completion of the Arrangement will be cancelled, and the former holders of the Borealis Shares will receive one (1) Company Share.
- The Borealis Warrants and Borealis Compensation Options will be cancelled, and the former holders of such securities will receive economically equivalent securities of the Company.

Upon completion of the Arrangement, the non-diluted Company Shares shall be held as follows: 52,088,500 Company Shares (96.8%) held by former Borealis shareholders; and 1,737,750 Company Shares (3.2%) held by existing Company shareholders (assuming completion of the Consolidation), subject to change as a result of the Concurrent Financing and other issuances of securities of Borealis prior to closing of the Arrangement.

It is anticipated that all Company Shares issued in exchange for the Borealis Shares on closing of the Arrangement will be freely tradable pursuant to applicable securities laws in Canada. In connection with the Arrangement, the Company will change its name to “Borealis Mining Company Limited”, or such other similar name as the parties may agree (the “Name Change”).

The completion of the Arrangement is subject to the satisfaction of various conditions as are standard for a transaction of this nature, including but not limited to (i) receipt of all necessary regulatory approvals, court or governmental approvals, authorizations and consents; (ii) the completion of the Consolidation; (iii) the approval of not less than 66 2/3% of the votes cast by shareholders of the Company at the Meeting; and (iv) Borealis having received appropriate approvals from its shareholders. There can be no assurance that the Arrangement will be completed on the terms proposed above or at all.

Borealis Mining Company Limited

(formerly 1329300 B.C. Ltd.)

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(Expressed in Canadian dollars)

(Unaudited)

10. SUBSEQUENT EVENTS

The Arrangement

On May 9, 2024, the Company closed its business combination 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 Company (formerly, 1329300 B.C. Ltd.), 1000693081 Ontario Ltd. ("Subco"), a wholly-owned subsidiary of the Company and Borealis Mining Company Limited (the "Target"). The Target owns a 100% interest in the Borealis mine property.

The closing of the Arrangement resulted in the Company acquiring all of the issued and outstanding common shares in the capital of the Target (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 Company (each, a "Company Share"), resulting in the Company issuing an aggregate of 76,057,838 Company Shares.

In addition, the 13,288,900 common share purchase warrants of the Target (each, a "Target Warrant") and 1,123,136 compensation options of the Target (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 Company.

The Arrangement resulted in the non-diluted Company Shares being held as follows: (i) 76,057,838 Company Shares (approximately 97.77%) held by former Target shareholders; and (ii) 1,737,745 Company Shares (approximately 2.23%) held by existing Company shareholders.

Name Change and Amalgamation

In connection with the closing of the Arrangement, the Target 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 Company changed its name from 1329300 B.C. Ltd. to Borealis Mining Company Limited.