

Borealis Mining Company Limited

(formerly 1329300 B.C. LTD.)

MANAGEMENT'S DISCUSSION AND ANALYSIS **OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** **MARCH 31, 2024**

Management's discussion and analysis (MD&A) is current to May 27, 2024 and is management's assessment of the operations and the financial results together with future prospects of Borealis Mining Company Limited (formerly 1329300 B.C. Ltd.) (the "Company"). This MD&A should be read in conjunction with our unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023 and notes thereto, prepared in accordance with International Financial Reporting Standards. All figures are in Canadian dollars unless stated otherwise. This discussion contains forward-looking statements that are not historical in nature and involves risks and uncertainties. Forward-looking statements are not guarantees as to the Company's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in the forward-looking statements. The Company has adopted National Instrument 51-102F1 as the guideline in presenting the MD&A. Additional information relevant to the Company's activities, including the Company's Press Releases can be found on SEDAR+ at www.sedarplus.ca.

OVERVIEW OF THE BUSINESS

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. The Company issued 22,590,750 common shares. On the same day, the Company became a reporting issuer.

PLAN OF 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.

Borealis Mine

The Borealis mine property, located close to the town of Hawthorne, NV, is fully permitted and equipped for present mine operations and future expansion, with existing open pits, heap leach pads, modern infrastructure, and a functional ADR facility which produces doré bars. The project has historically produced over 600,000 ounces of gold from an open pit heap leach operation. It is an under-explored property and has not been drilled since 2011. The property possesses high grade expansion potential with excellent historical drilling results, along with a number of untested regional targets.

The Arrangement

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.

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.

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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.

OPERATIONAL DISCUSSION

The following is management's discussion and analysis of the results of operations and liquidity and financial condition of the Company for the three months ended March 31, 2024 and 2023. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and related notes for the three months ended March 31, 2024 and 2023.

The following MD&A provides a summary of the financial information of the Company contained elsewhere herein. This discussion contains forward looking statements that involve certain risks and uncertainties. See "*Forward Looking Information*".

Results of Operations and Selected Annual Information

Statements of Loss	Three months ended March 31, 2024	Year ended December 31, 2023
Expenses		
Consulting fees	\$ 10,000	\$ 40,000
Professional fees	28,654	25,582
Shareholder information	28,309	5,585
Net Loss	\$ (66,963)	\$ (71,167)
Basic and diluted loss per share – total	\$ (0.04)	\$ (0.04)

Three months ended March 31, 2024 vs March 31, 2023

The Company incurred a net loss of \$66,963 or \$0.04 per share for the three months ended March 31, 2024 compared to \$11,415 or \$0.01 per share for the three months ended March 31, 2023 – consulting fees in the amount \$10,000 (2023 - \$10,000); professional fees of \$28,654 (2023 - \$1,500); and shareholder information of \$28,309 (2023 - \$(85)).

Results for the eight most recent three-month periods ended

	March 31, 2024 \$	December 31, 2023 \$	September 30, 2023 \$	June 30, 2023 \$
Expenses				
Consulting fees	10,000	10,000	10,000	10,000
Professional fees	28,654	20,307	1,850	1,925
Shareholder information	28,309	4,428	621	621
Net loss	(66,963)	(34,735)	(12,471)	(12,546)
Loss per share	(0.04)	(0.02)	(0.01)	(0.01)

	March 31, 2023 \$	December 31, 2022 \$	September 30, 2022 \$	June 30, 2022 \$
Expenses				
Consulting fees	10,000	10,000	10,000	10,000
Professional fees	1,500	6,634	500	7,000

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Shareholder information	(85)	982	221	3,148
Net loss	(11,415)	(17,616)	(10,721)	(20,148)
Loss per share	(0.00)	(0.01)	(0.01)	(0.01)

RELATED PARTY DISCLOSURES

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. However, the Company did pay contract-based remuneration to directors, officers and other members of key management as disclosed below.

ii) Other related party transactions

Included in the unaudited condensed interim consolidated 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	2022
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.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficit of \$202,907 as at March 31, 2024 (December 31, 2023 - \$135,944). The Company does not have revenues from operations and relies on outside funding for its continuing financial liquidity. The Company will need additional financing in order to continue operations. A related party undertakes to finance the Company until self-sustainability is achieved.

Management cautions that the Company's ability to raise additional funding is not certain. Additional funds will be required in order to pursue the Company's current business plans. An inability to raise additional funds would adversely impact the future assessment of the Company as a going concern.

Share Capital Transactions

On October 20, 2021, the company issued 1 common share upon incorporation for proceeds of \$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.

On May 9, 2024, the Company issued an aggregate of 76,057,838 shares pursuant to the Plan Of Arrangement.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

The Company has no off-statement of financial position arrangements.

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DIVIDEND INFORMATION

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

OUTSTANDING SHARE DATA

As at the date of this MD&A, there were 77,795,583 common shares outstanding.

CRITICAL ACCOUNTING ESTIMATES

Use of management estimates, judgments and measurement uncertainty

The preparation of these financial statements using accounting policies in accordance with IFRS requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as at the date of the financial statements. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Significant estimates and judgments made by management in the preparation of these financial statements are outlined below:

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 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.

Functional currency

The Company's management is required to make judgments as to the currency of the primary economic environment in which an entity operates to determine the functional currency of the entity. The Company has determined the functional currency of the parent company to be the Canadian dollar.

FINANCIAL RISK FACTORS

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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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 other financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

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 and cash equivalents** – 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.

ii) 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.

iii) 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.

OTHER RISK FACTORS

There are a number of risks and uncertainties that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's proposed plans, prospects, strategies, events, operating and financial performance and results to differ materially from the estimates described in forward-looking statements and forward-looking information in this MD&A related to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business. An investment in the Company Shares, as well as the Company's prospects, is highly speculative due to the high-risk nature of its business, as well as due to the limited assets and cash resources of the Company. Shareholders of the Company may lose their entire investment. The risks described below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair the Company's proposed plans, prospects, strategies, events, business, operations, financial performance and results. If any of the following risks actually occur, the Company's plans, strategies, events, business, financial performance and condition, results and prospects could be adversely affected.

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Absence of Public Trading Market

Currently there is no public market for the Common Shares, and there can be no assurance that an active market for the Common Shares will develop or be sustained. If an active public market for the Common Shares does not develop, the liquidity of an investor's investment may be limited and the share price may decline below an investor's initial purchase price.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

DISCLOSURE AND INTERNAL CONTROLS

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (Form 52-109FV2), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for the design and effectiveness of disclosure controls and procedures ("DC&P") and the design of internal control over financial reporting ("ICFR") to provide reasonable assurance that material information related to the Company is made known to the Company's certifying officers. The Company's controls are based on the Committee of Sponsoring Organizations ("COSO") 2013 framework. The Company's CEO and the CFO have evaluated the design and effectiveness of the Company's DC&P as of March 31, 2024 and have concluded that these controls and procedures are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company. The CEO and CFO have also evaluated the design and effectiveness of the Company's ICFR as of March 31, 2024 and concluded that these controls and procedures are effective in providing

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reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

During the current period, there have been no changes in the Company's DC&P or ICFR that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Cautionary Note Regarding Forward-Looking Information

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of precious and/or base metals; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; the uncertainty of conducting activities within a joint venture structure; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in mineral exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Management's Responsibility for Financial Information

Management is responsible for all information contained in this report. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on management's informed judgments and estimates.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded.

The Audit Committee has reviewed the unaudited condensed interim consolidated financial statements with management. The Board of Directors has approved the unaudited condensed interim consolidated financial statements on the recommendation of the Audit Committee.