


# Borealis Mining Company Limited

## CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEARS ENDED JULY 31, 2026, AND 2025

*(Expressed in United States Dollars)*

McGovern Hurley

*Audit. Tax. Advisory.*

**Independent Auditor's Report**

To the Shareholders of Borealis Mining Company Limited

**Opinion**

We have audited the consolidated financial statements of Borealis Mining Company Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2026 and 2025, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders' deficiency and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at July 31, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

**Basis for opinion**

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

**Key audit matters**

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

We have determined that there were no key audit matters to communicate in our report.

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**Other information**

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

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

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

**McGovern Hurley LLP**



**Chartered Professional Accountants**
**Licensed Public Accountants**

Toronto, Ontario

November 6, 2026

**BOREALIS MINING COMPANY LIMITED**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**AS AT JULY 31, 2026, AND 2025**
(Expressed in United States dollars, except indicated otherwise)

| | Note | July 31, 2026 $ | July 31, 2025 $ |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | | **16,348,970** | **3,183,238** |
| Accounts receivable | | **513,624** | **381,525** |
| Prepaid expenses | | **669,278** | **759,947** |
| Inventory | **6** | **12,545,016** | **1,934,006** |
| Total current assets | | **30,076,888** | **6,258,716** |
| Non-current assets | | | |
| Deposits | **9** | **2,968,276** | **2,484,025** |
| Property, plant, and equipment | **7** | **706,803** | **271,355** |
| **Total assets** | | **33,751,967** | **9,014,096** |
| **Liabilities** | | | |
| Accounts payable and accrued liabilities | | **4,889,370** | **1,098,337** |
| Total current liabilities | | **4,889,370** | **1,098,337** |
| Non-current liabilities | | | |
| Decommissioning obligation | **10** | **11,666,482** | **10,721,375** |
| Contingent consideration | **9** | **13,307** | **13,307** |
| **Total liabilities** | | **16,569,159** | **11,833,019** |
| **Shareholders' equity (deficiency)** | | | |
| Share capital | **8** | **54,382,124** | **29,281,563** |
| Equity reserves | **8** | **4,512,492** | **5,250,740** |
| Accumulated deficit | | **(41,432,898)** | **(37,336,856)** |
| Accumulated other comprehensive loss | | **(278,910)** | **(14,370)** |
| **Total shareholders' equity (deficiency)** | | **17,182,808** | **(2,818,923)** |
| **Total liabilities and shareholders' equity** | | **33,751,967** | **9,014,096** |

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 9 and 10)
Subsequent events (Note 18)

Approved and authorized for issue by the Board on November 6, 2026:

"Kelly Malcolm"
Signed: Director

"Richard Patricio"
Signed: Director

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

**BOREALIS MINING COMPANY LIMITED**
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
**FOR THE YEARS ENDED JULY 31, 2026, AND 2025**
(Expressed in United States dollars, except indicated otherwise)

| | Note | For the year ended July 31, 2026 $ | For the year ended July 31, 2025 $ |
|---|---|---|---|
| Revenue | | **12,646,859** | **3,782,015** |
| Cost of sales | **6** | **(7,700,706)** | **(3,289,458)** |
| Gross profit | | **4,946,153** | **492,557** |
| | | | |
| Exploration and evaluation costs | **13** | **1,620,098** | **1,735,456** |
| Operating expenses | **14** | **432,658** | **443,231** |
| Consulting and professional fees | **11** | **3,883,505** | **3,349,057** |
| General and administrative | | **2,214,716** | **2,400,740** |
| **Loss before other items** | | **(3,204,824)** | **(7,435,927)** |
| **Other items:** | | | |
| Exploration and evaluation acquisition expenses | **5** | **-** | **(6,887,776)** |
| Finance expense | **9,10** | **(1,538,843)** | **(548,620)** |
| **Net loss** | | **(4,743,667)** | **(14,872,323)** |
| | | | |
| **Other comprehensive income (loss)** | | | |
| Foreign exchange translation adjustment | | **(264,540)** | **146,359** |
| **Comprehensive loss** | | **(5,008,207)** | **(14,725,964)** |
| | | | |
| **Weighted-average number of shares outstanding - basic and diluted** | **12** | 137,900,317 | 96,313,853 |
| **Basic loss per share** | **12** | **($0.03)** | **($0.15)** |
| **Diluted loss per share** | **12** | **($0.03)** | **($0.15)** |

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

**BOREALIS MINING COMPANY LIMITED**
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**
**FOR THE YEARS ENDED JULY 31, 2026, AND 2025**
(Expressed in United States dollars, except indicated otherwise)

| | Note | Share capital | | Equity reserves | Accumulated deficit | Accumulated comprehensive income (loss) | Total |
|---|---|---|---|---|---|---|---|
| | | Common shares | Share capital | | | | |
| | | # | $ | $ | $ | $ | $ |
| **Balance, July 31, 2024** | | **83,220,583** | **17,249,087** | **1,408,947** | **(22,464,533)** | **(160,729)** | **(3,967,228)** |
| Net loss for the year | | - | - | - | (14,872,323) | - | (14,872,323) |
| Other comprehensive income for the year | | - | - | - | - | 146,359 | 146,359 |
| Exercise of agent's options | **8** | 144,488 | 70,757 | (18,088) | - | - | 52,669 |
| Exercise of warrants | **8** | 430,093 | 242,181 | (104,961) | - | - | 137,220 |
| Issuance of stock options | **8** | - | - | 1,998,073 | - | - | 1,998,073 |
| Issuance of RSUs | **8** | - | | 121,909 | - | - | 121,909 |
| Equity financing | **8** | 17,857,150 | 5,577,201 | 800,246 | - | - | 6,377,447 |
| Gold Bull transaction | **5** | 14,048,403 | 6,142,337 | 1,044,614 | - | - | 7,186,951 |
| **Balance, July 31, 2025** | | **115,700,717** | **29,281,563** | **5,250,740** | **(37,336,856)** | **(14,370)** | **(2,818,923)** |
| Net loss for the year | | - | - | - | (4,743,667) | - | (4,743,667) |
| Other comprehensive loss for the year | | - | - | - | - | (264,540) | (264,540) |
| Issuance of common shares | **8** | 15,341,000 | 16,539,567 | | | | 16,539,567 |
| Share issuance costs | **8** | - | (1,579,272) | 359,735 | | | (1,219,537) |
| Exercise of agent's options | **8** | 1,923,791 | 1,005,526 | (275,484) | - | - | 730,042 |
| Exercise of warrants | **8** | 14,310,239 | 8,892,278 | (1,257,877) | - | - | 7,634,401 |
| Exercise of stock options | **8** | 196,500 | 181,224 | (76,538) | - | - | 104,686 |
| Issuance of stock options | **8** | - | - | 1,120,674 | - | - | 1,120,674 |
| Issuance of RSU's | **8** | - | - | 169,501 | - | - | 169,501 |
| Expired warrants | **8** | - | - | (442,475) | 442,475 | - | - |
| Expired options | **8** | - | - | (176,578) | 176,578 | - | - |
| Exercise of RSUs | **8** | 120,000 | 61,238 | (124,392) | - | - | (63,154) |
| Forfeited RSUs | **8** | - | - | (34,814) | 28,572 | - | (6,242) |
| **Balance, July 31, 2026** | | **147,592,247** | **54,382,124** | **4,512,492** | **(41,432,898)** | **(278,910)** | **17,182,808** |

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

**BOREALIS MINING COMPANY LIMITED**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED JULY 31, 2026, AND 2025**
(Expressed in United States dollars, except indicated otherwise)

| | Note | For the year ended July 31, 2026 $ | For the year ended July 31, 2025 $ |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Net loss | | **(4,743,667)** | (14,872,323) |
| Items not affecting cash: | | | |
| Depreciation of property, plant, and equipment | **7** | **163,778** | 236,374 |
| Accretion on decommissioning obligation | **10** | **328,915** | 40,448 |
| Change in estimate on decommissioning obligation | **10** | **616,192** | - |
| Loss on settlement of RSUs | **8** | **11,709** | - |
| Share based compensation | **8,11** | **1,290,175** | 2,119,982 |
| Exploration and evaluation acquisition expenses | | **-** | 6,887,776 |
| Changes in non-cash working capital items: | | | |
| Accounts receivable | | **(132,099)** | (247,771) |
| Prepaid expenses | | **90,669** | (31,441) |
| Inventory | | **(10,611,010)** | (625,041) |
| Accounts payable and accrued liabilities | | **3,791,033** | 195,050 |
| **Cash flow from operating activities** | | **(9,194,305)** | (6,296,946) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant, and equipment | **7** | **(599,226)** | (168,166) |
| Deposits | **9** | **-** | 271,067 |
| Pledge of bond collateral | | **(484,251)** | |
| Cash from Gold Bull acquisition | | **-** | 29,611 |
| **Cash flow from investing activities** | | **(1,083,477)** | 132,512 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Gross proceeds from financing | **8** | **16,539,567** | 6,973,989 |
| Share issuance costs | **8** | **(1,219,537)** | (596,542) |
| Gross proceeds from exercise of agent's options | **8** | **730,042** | 52,669 |
| Gross proceeds from exercise of warrants | **8** | **7,634,401** | 137,220 |
| Gross proceeds from exercise of stock options | **8** | **104,686** | - |
| Settlement of RSUs | **8** | **(81,105)** | - |
| **Cash flow from financing activities** | | **23,708,054** | 6,567,336 |
| Effect of exchange rate changes on cash | | **(264,540)** | 146,359 |
| Change in cash | | **13,165,732** | 402,902 |
| Cash, beginning of year | | **3,183,238** | 2,633,977 |
| **Cash, end of year** | | **16,348,970** | 3,183,238 |
| **Supplemental information** | | | |
| Non-cash share issuance costs paid | | **359,735** | 119,334 |

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

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Borealis Mining Company Limited ("Borealis," "BMCL," or the "Company") was incorporated under the Business Corporations Act (British Columbia) on October 20, 2021. The head office and registered office is located at 5th Floor, 410 West Georgia Street, Vancouver, British Columbia, V6B 1Z3, and a mailing address 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 gold-silver 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 commenced commercial production during the twelve months ended July 31, 2026.

The Company acquired two exploration properties on March 13, 2025 from Gold Bull Resources; the Sandman project (held by Sandman Resources Inc) and Big Balds project (held by GRU Resources Corp) projects both located in Nevada (note 5).

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will, in the foreseeable future realize on its assets and discharge its liabilities in the normal course of business as they come due. Accordingly, the consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in these consolidated financial statements. Such adjustments could be material. As at July 31, 2026, the Company had a working capital of $25,187,518 (July 31, 2025 – $5,160,379). Net loss for the year ended July 31, 2026, was $4,743,667 (July 31, 2025 – $14,872,323). The accumulated deficit as at July 31, 2026, was $41,432,898 (July 31, 2025 – $37,336,856). These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate, and those adjustments could be material. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due.

## 2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company for the years ended July 31, 2026 and 2025 have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements for the years ended July 31, 2026 and 2025 were approved and authorized for issue by the Board of Directors of the Company on November 6, 2026. These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

## 3. BASIS OF PRESENTATION AND MEASUREMENT

*Basis of consolidation*

These statements consolidate the accounts of the Company and its wholly owned subsidiaries. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, are exposed to, or have rights to, variable returns from the Company's involvement with the entity and have the ability to affect those returns through the power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. Significant intercompany accounts and transactions have been eliminated on consolidation.

The Company has the following subsidiaries:

| Name of Entity | % Ownership* | Country of incorporation |
|---|---|---|
| Borealis Holdings Inc. | 100 | Canada |
| Borealis Mining Company, LLC | 100 | United States |
| Sandman Resources Inc | 100 | United States |
| GRU Resources Corp | 100 | United States |
| Blue Mountain Power Company Inc (inactive) | 100 | Canada |
| Nevada Geothermal Power US Holdings Inc (inactive) | 100 | United States |
| Nevada Geothermal Power Company (inactive) | 100 | United States |
| 0955767 BC Ltd (inactive) | 100 | Canada |
| 1262175 BC Ltd (inactive) | 100 | Canada |
| 1252265 BC Ltd (inactive) | 100 | Canada |

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

*Functional and presentation currency*

BMCL's, Borealis Holdings Inc, Blue Mountain Power Company Inc, 0955767 BC Ltd, 1262175 BC Ltd, and 1252265 BC Ltd.'s functional currency is the Canadian dollar ("CAD"). Borealis Mining Company, LLC's, Sandman Resources, GRU Resources Corp, Nevada Geothermal Power US Holdings Inc, and Nevada Geothermal Power Company's functional currency, as determined by management, is the United States ("U.S.") dollar. For financial reporting purposes, these consolidated financial statements of the Company have been presented in U.S. dollars, the presentation currency.

*Transactions and balances*

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

## 4. MATERIAL ACCOUNTING POLICIES

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

### Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid investments, such as Guaranteed Investment Certificates (GICs), subject to minimal risk of changes in value and which have original maturities of 3 months or less at the date of purchase or can be converted to cash at any time. Cash and cash equivalents also include cash balances that are restricted in use but remain liquid, including amounts held in trust in connection with the acquisition of customer contracts. Interest income on the Company's GICs is recognized in profit or loss using the effective interest method.

### Accounts receivable

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

**Property, Plant, and Equipment**

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

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

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

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

**Exploration and evaluation properties**

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

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

**Inventory**

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

Supplies and consumables, used during different stages of the production, are carried at the lower of cost and net realizable value. Provisions are recorded to reduce materials and supplies to net realizable value, which is generally calculated by reference to its salvage or scrap value, when it is determined that the material or supplies are obsolete. Provisions are reversed to reflect subsequent recoveries in net realizable value where the inventory is still on hand. Refer to note 6.

**Revenue Recognition**

Revenue is measured at the amount of consideration the Company expects to be entitled to receive in exchange for transferring goods to customers. Revenue from the sale of gold and silver is recognized at a point in time when control of the goods transfers to the customer, generally upon receipt of funds from the customer, in accordance with the terms of the sales agreement.

**Financial Instruments**

***Financial Assets***

*Recognition and Initial Measurement*

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

*Classification and Subsequent Measurement*

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

Financial assets are classified as follows:

• Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in the Consolidated statement of loss. Financial assets measured at amortized cost would comprise of accounts receivable, cash and cash equivalents.

• FVTOCI - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at FVTOCI. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. The Company does not hold any financial assets measured at FVTOCI.

• FVTPL - Assets that do not meet the criteria to be measured at amortized cost, or FVTOCI, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets measured at FVTPL.

*Impairment*

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

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

*Derecognition of Financial Assets*

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

***Financial Liabilities***

*Recognition and Initial Measurement*

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

*Classification and subsequent measurement*

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

*Derecognition of financial liabilities*

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

***Classification of Financial Instruments***

The Company has classified its financial instruments as follows:

| | |
|---|---|
| Cash and cash equivalents | Amortized cost |
| Accounts receivable | Amortized cost |
| Accounts payable and other payables | Amortized cost |

**Provisions**

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

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

**Restoration, rehabilitation, and environmental obligations**

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

Such costs arising from the decommissioning of a plant and other site preparation work are discounted to their net present value, are provided for, and charged to the Consolidated statement of loss as soon as the obligation to incur such costs arises. The discount rate used is based on a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted each period for the unwinding of the discount rate, and if required, for changes to the current market-based discount rate, amount and timing of the underlying cash flows needed to settle the obligation. Refer to note 10.

**Foreign Currency**

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

**Impairment of Non-Financial Assets**

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

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

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

**Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. For equity-settled share-based payment transactions with parties other than employees, 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.

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. For those options that expire after vesting, the recorded value is transferred to accumulated deficit.

**Income Taxes**

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

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

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

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

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

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

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

**Share Capital**

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

**Loss per Share**

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

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

**Significant Accounting Judgments, Estimates and Assumptions**

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

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

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

conditions and the useful lives of assets.

(ii) *Impairment of non-financial assets*

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

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

(iii) *Estimated reclamation and closure costs*

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

(iv) *Going concern risk assessment*

The Company's management has assessed the Company's ability to continue as a going concern. See Note 1.

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

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

(vi) *Recoverability of potential deferred tax assets*

In assessing the probability of realizing deferred income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon

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

(vii) *Provisions and contingencies*

The amounts recorded for provisions are based on a number of factors, including the expected timing of cash flows, anticipated inflation rates and pre-tax risk-free interest rates on which the estimated cash flows have been discounted. Actual results could differ from these estimates. The estimates require considerable judgment about the nature, cost and timing of the cash flows and may change with future changes to costs, environmental laws and regulations and remediation practices. See note 100.

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

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

Management uses the Black-Scholes option-pricing model to estimate 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.

(ix) *Valuation of inventory*

Quantities of gold ore are assessed primarily through surveys and assays. Certain estimates, including expected metal recoveries, are calculated using available industry, engineering, and scientific data, and are periodically reassessed, considering technical analysis and historical performance. Inventories consist of stockpiles, leach pad, carbon columns, supplies and consumables. Dore and all other saleable products are valued at the lower of cost and estimated net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Where the net realizable value is less than cost, the difference is charged to the consolidated statement of loss as an impairment. Cost of production of inventory is determined on a weighted average cost. The cost of production includes direct costs associated with conversion of production inventory: material, labour, contractor expenses, and an attributable portion of production overheads and depreciation of all property, plant and equipment involved with the mining and production process.

Materials and supplies include consumable stores and spare parts used in operations. Appropriate allowances for damage, obsolescence and slow-moving items are recorded based on an identification process. Spare parts include spares that are regularly replaced, usually as part of a replacement programme (circulating spares). However, major spare parts on hand to ensure the uninterrupted operation of the production equipment before an unexpected breakdown or equipment failure and stand-by equipment are accounted for as property, plant and equipment and depreciated over the same period as the component they are associated with.

**New and amended IFRS standards not yet effective**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after August 1, 2026. Many are not applicable to, or do not have a significant impact on the Company and have therefore been excluded. The following has not yet been adopted and are being evaluated to determine the impact on the Company's consolidated financial statements:

*Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)*

In May 2024, the IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments – Disclosures. The amendments clarify the derecognition of financial liabilities and introduces an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments (CLIs). Further, the amendments mandate additional disclosures in IFRS 7 for financial instruments with contingent features and equity instruments classified at FVOCI. The amendments are effective for annual periods starting on or after January 1, 2026. Retrospective application is required.

*IFRS 18 - Presentation and Disclosure in Financial Statements*

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

## 5. ACQUISTION OF GOLD BULL RESOURCES (the "GB Acquisition")

On March 13, 2025, the Company completed the acquisition of 100% of Gold Bull Resources Corp. ("Gold Bull"), which owned the Sandman Project (held by Sandman Resources Inc) and Big Balds Project (held by GRU Resources Corp). The Company determined that it obtained control over Sandman Resources Inc ("Sandman") and GRU Resources Corp ("Big Balds") on the acquisition date. The GB Acquisition was classified as an asset acquisition as Gold Bull did not meet the definition of a business.

The fair value of the consideration for its interest and the allocation of the purchase price are as follows:

| | | $ |
|---|---|---|
| Shares | Note 8 (b) | 6,142,337 |
| Options | Note 8 (b) | 150,546 |
| Warrants | Note 8 (b) | 894,068 |
| Total consideration | | 7,186,951 |
| | | |
| Allocation of the purchase price: | | |
| Cash and cash equivalents | | 29,611 |
| Accounts receivable | | 4,424 |
| Prepaid expenses | | 50,322 |
| Reclamation bond | | 470,923 |
| Accounts payable and accrued liabilities | | (256,105) |
| Total purchase price | | (299,175) |
| **Mineral property interests acquired** | | **6,887,776** |

The Company recognized the value of mineral property interests acquired as project acquisition expense for the year ended July 31, 2025.

## 6. INVENTORY

The carrying amount of inventory recorded at cost as at July 31, 2026, was $12,545,016 (July 31, 2025 – $1,934,006) and consists of $4,564,634 of stockpile inventory (July 31, 2025 - nil), $7,980,382 of work-in-progress inventory (July 31, 2025 - $1,934,006). During the year ended July 31, 2026, the Company recognized $7,700,706 (2025 – $3,289,458) of inventory, depreciation and related production costs within cost of sales.

## 7. PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment consisted of:

| | Buildings $ | Plant & equipment $ | Furniture & fixtures $ | Computers $ | Vehicles $ | Total $ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance, July 31, 2024 | 22,726 | 494,580 | 11,504 | 26,481 | 211,510 | 766,800 |
| Additions | - | 175,494 | - | - | - | 175,494 |
| Disposals | - | - | - | - | (7,328) | (7,328) |
| Balance, July 31, 2025 | 22,726 | 670,074 | 11,504 | 26,481 | 204,182 | 934,967 |
| Additions | 11,287 | 504,529 | - | - | 86,310 | 602,126 |
| Disposals | - | (2,900) | - | - | (14,801) | (17,701) |
| **Balance, July 31, 2026** | **34,013** | **1,171,703** | **11,504** | **26,481** | **275,691** | **1,519,392** |
| | | | | | | |
| **Accumulated depreciation** | | | | | | |
| Balance, July 31, 2024 | 11,990 | 261,053 | 2,995 | 26,481 | 124,718 | 427,237 |
| Depreciation | 7,120 | 192,894 | 3,094 | - | 33,266 | 236,374 |
| **Balance, July 31, 2025** | **19,110** | **453,947** | **6,089** | **26,481** | **157,984** | **663,611** |
| Depreciation | 1,393 | 100,163 | 3,094 | - | 59,129 | 163,779 |
| Disposals | - | - | - | - | (14,801) | (14,801) |
| **Balance, July 31, 2026** | **20,503** | **554,110** | **9,183** | **26,481** | **202,312** | **812,589** |
| | | | | | | |
| **Net book value** | | | | | | |
| At July 31, 2025 | 3,616 | 216,127 | 5,414 | - | 46,198 | 271,355 |
| **At July 31, 2026** | **13,510** | **617,593** | **2,320** | **-** | **73,380** | **706,803** |

During the year ended July 31, 2026, depreciation of $163,779 (July 31, 2025 – $228,590) was allocated to the cost of inventory.

## 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 July 31, 2026*

| | | Number of shares | Share capital $ |
|---|---|---|---|
| **Balance, July 31, 2024** | | **83,220,583** | **17,249,087** |
| Exercise of agent's options | | 17,850 | 8,472 |
| Exercise of warrants | | 556,731 | 304,466 |
| Issuance of shares for cash | (a) | 17,857,150 | 5,577,201 |
| Gold Bull transaction | (b) | 14,048,403 | 6,142,337 |
| **Balance, July 31, 2025** | | **115,700,717** | **29,281,563** |
| Exercise of agent's options | (c) | 1,923,791 | 1,005,526 |
| Exercise of warrants | (d) | 14,310,239 | 8,892,278 |
| Exercise of options | (e) | 196,500 | 181,224 |
| Issuance of shares for cash, net of share issuance costs | (f) | 15,341,000 | 14,960,295 |
| Settlement of RSUs | (g) | 120,000 | 61,238 |
| **Balance, July 31, 2026** | | **147,592,247** | **54,382,124** |

*Year ended July 31, 2025*

a) On February 26, 2025, the Company completed a brokered financing, raising gross proceeds of $6,973,990 (CAD$10,000,004) through the issuance of 17,857,150 units at a price of CAD$0.56 ($0.39) 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$0.78 ($0.54) for a period of 2 years. The Company incurred cash issuance costs of $596,542 in the form of agents' expenses, legal expenses and filing fees. The Company issued 1,000,001 agent's options with an exercise price of CAD$0.56 ($0.39) for a period of 2 years.

b) On March 13, 2025, the Company closed the GB Acquisition by issuing 14,048,403 Borealis shares valued at $6,142,337 based on the quoted market price of the Company's share at the date of closing and adjusted to former Gold Bull shareholders. In addition, Borealis issued an aggregate of 1,302,000 options to acquire Borealis shares in exchange for the issued and outstanding options to acquire Gold Bull shares. Below is a chart of terms of the options which were valued with input variables of the stock price at closing of transaction, exercise price of options, expected life in years remaining, expected annualized volatility of 54% and a risk-free interest rate of 2.57% for options expiring prior to February 26, 2026; 2.56% for options expiring November 22, 2026; and 2.650% for options expiring on April 19, 2029. The total valuation related to the options was $150,546. The following Company options were issued in replacement of Gold Bull's options.

| | Number of Options | Weight Average Exercise Price | | Expiry Date |
|---|---|---|---|---|
| | 162,750 | CAD$ | 2.69 | Expired |
| | 148,800 | CAD$ | 5.38 | Expired |
| | 22,692 | CAD$ | 4.30 | Expired |
| | 28,458 | CAD$ | 4.30 | Expired |
| | 232,500 | CAD$ | 3.23 | Expired |
| | 706,800* | CAD$ | 0.55 | 19-Apr-29 |
| **Balance, July 31, 2026** | **1,302,000** | **CAD$** | **1.99** | |

**46,500 of the 706,800 were exercised during the year ended July 31, 2026*

The issued and outstanding warrants to acquire Gold Bull Shares became exercisable at closing the GB Acquisition at a price of CAD$0.43 ($0.30) to acquire 4,503,846 Borealis Shares, in accordance with the terms of such warrants. All warrants expire March 7, 2027, valued with input variables of the stock price of the Company at the closing date of the GB Acquisition, exercise price of warrants, expected life in years remaining, estimated annualized volatility of 54% and a discount rate-bond yield of 2.56%. The valuation related to the warrants was $894,068.

*Year ended July 31, 2026*

c) During the year ended July 31, 2026, 1,923,791 agent's options were exercised at a weighted average exercise price of CAD$0.53 ($0.38) for gross proceeds of $730,042 (CAD$1,013,006).

d) During the year ended July 31, 2026, 14,310,239 warrants were exercised at a weighted average exercise price of CAD$0.74 ($0.53) for gross proceeds of $7,634,401 (CAD$10,535,928).

e) During the year ended July 31, 2026, 196,500 stock options were exercised at a weighted average exercise price of CAD$0.74 ($0.53) for gross proceeds of $104,686 (CAD$147,001).

f) On January, 15, 2026, the Company completed a bought deal private placement offering (the "Offering") of an aggregate of 15,341,000 common shares at a price per share of CAD$1.50 ($1.08) for gross proceeds of $16,539,567 (CAD$23,011,500). In connection with the Offering, the Company paid the underwriters an aggregate cash commission of $984,660 (CAD$1,380,690), incurred underwrites fees of $115,549 (CAD$162,012), and issued 913,793 compensation warrants (the "Compensation Warrants"). The Compensation Warrants are exercisable at a price of CAD$1.50 ($1.08) per common share for a period of 24 months and had an estimated fair value of $359,735 (CAD$500,499).

g) During the year ended July 31, 2026, 120,000 shares were issued upon exercise of RSUs.

*Warrants*

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

| | Number of Warrants | Weighted Average Exercise Price | | Expiry Date |
|---|---|---|---|---|
| **Balance, July 31, 2024** | **16,001,400** | **CAD$** | **0.75** | |
| Exercised | (15,000) | CAD$ | 0.75 | |
| Granted | 8,928,575 | CAD$ | 0.78 | February 26, 2027 |
| Granted | 4,503,846 | CAD$ | 0.43 | March 07, 2027 |
| Exercised | (415,093) | CAD$ | 0.43 | |
| **Balance, July 31, 2025** | **29,003,728** | **CAD$** | **0.71** | |
| Exercised | (10,530,350) | CAD$ | 0.75 | |
| Exercised | (2,893,499) | CAD$ | 0.78 | |
| Exercised | (886,390) | CAD$ | 0.43 | |
| Expired | (5,456,050) | CAD$ | 0.75 | |
| **Balance, July 31, 2026** | **9,237,439** | **CAD$** | **0.66** | |

The following summarizes information about warrants outstanding as at July 31, 2026:

| Expiry date | Exercise price ($CAD) | Warrants outstanding | Remaining contractual life (in years) |
|---|---|---|---|
| March 7, 2027 | 0.43 | 3,202,363 | 0.60 |
| February 26, 2027 | 0.78 | 6,035,076 | 0.58 |
| | | **9,237,439** | |

The estimated fair value of the warrants granted during year ended July 31, 2026, was calculated using the Black-Scholes option pricing model with the following assumptions:

| | For the year ended July 31, 2026 | For the year ended July 31, 2025 |
|---|---|---|
| Number of warrants granted | - | 8,928,575 |
| Risk-free interest rate | - | 2.65% |
| Expected annual volatility | - | 66.65% |
| Expected life (in years) | - | 2 |
| Expected dividend yield | - | - |
| Grant date fair value per warrant (CAD$) | - | 0.16 |
| Share price at grant date (CAD$) | - | 0.57 |

*Agent's options*

| | Number of Options | Weighted Average Exercise Price | | Expiry Date |
|---|---|---|---|---|
| **Balance, July 31, 2024** | **1,174,336** | **CAD$** | **0.50** | |
| Exercised | (144,488) | CAD$ | 0.50 | |
| Granted | 1,000,001 | CAD$ | 0.56 | February 26, 2027 |
| **Balance, July 31, 2025** | **2,029,849** | **CAD$** | **0.53** | |
| Exercised | (1,029,848) | CAD$ | 0.50 | |
| Exercised | (893,943) | CAD$ | 0.56 | |
| Issued | 913,793 | CAD$ | 1.50 | January 15, 2028 |
| **Balance, July 31, 2026** | **1,019,851** | **CAD$** | **1.40** | |

The following summarizes information about agent's outstanding and exercisable options as at July 31, 2026:

| Expiry date | Exercise price ($CAD) | Options outstanding | Options exercisable | Remaining contractual life (in years) |
|---|---|---|---|---|
| February 26, 2027 | 0.56 | 106,058 | 106,058 | 0.58 |
| January 15, 2028 | 1.50 | 913,793 | 913,793 | 1.46 |
| | | **1,019,851** | **1,019,851** | |

The estimated fair value of the agent's options granted during year ended July 31, 2026, was calculated using the Black-Scholes option pricing model with the following assumptions:

| | For the year ended July 31, 2026 | For the year ended July 31, 2025 |
|---|---|---|
| Number of warrants granted | 913,793 | 1,000,001 |
| Risk-free interest rate | 2.53% | 2.65% |
| Expected annual volatility | 68.64% | 66.685% |
| Expected life (in years) | 2 | 2 |
| Expected dividend yield | - | - |
| Grant date fair value per warrant (CAD$) | 1.45 | 0.15 |
| Share price at grant date (CAD$) | 1.50 | 0.57 |

**Equity Incentive Plan (the "Incentive Plan")**

To provide a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Company and its subsidiaries, the Company implemented an Incentive Plan which includes stock options, Restricted Share Units ("RSU") and Deferred Share Units (the "DSU"). The Incentive Plan is administered by the Board of Directors, which sets the terms of incentive awards under the Incentive Plan. The maximum number of common shares available for issuance under the Incentive Plan is limited to 10% of the Company's outstanding common shares at any one time.

Under the Incentive Plan, an option's maximum term is ten years from the grant date. Under the stock option plan, the Board has the option of determining vesting periods. Grants of RSUs and DSUs vest as to one-third on each of the first, second and third anniversaries of the date of grant, unless otherwise set by the Board or plan administrator.

No DSUs have been issued as of July 31, 2026. The Incentive Plan was approved at the annual general and special meeting held on May 21, 2025.

*Stock options*

The changes in stock options during the year ended July 31, 2026, are as follows:

| | Number outstanding | Weighted average exercise price (CA$) |
|---|---|---|
| **As at July 31, 2024** | **-** | **-** |
| Granted | 5,802,000 | 1.08 |
| **As at July 31, 2025** | **5,802,000** | **1.08** |
| Expired | (995,200) | 2.57 |
| Exercised | (150,000) | 0.81 |
| Exercised | (46,500) | 0.55 |
| Granted | 2,500,000 | 1.58 |
| **As at July 31, 2026** | **7,110,300** | **1.06** |

*During the year ended July 31, 2025*

h) On August 28, 2024, the Company granted 4,350,000 stock options to certain directors, officers, employees, and consultants with an exercise price of CAD$0.81 ($0.60) per share, of which 3,550,000 were issued to management. These options are exercisable for a period of five years and vested on December 28, 2024.

i) On August 28, 2024, the Company granted 150,000 stock options to consultants with an exercise price of CAD$0.81 ($0.60) per share. These options are exercisable for a period of five years, with 25% vesting each quarter starting November 28, 2024.

The estimated fair value of the options granted during year ended July 31, 2025, was calculated using the Black-Scholes option pricing model with the following assumptions:

| | For the year ended July 31, 2025 |
|---|---|
| Number of options granted | 4,500,000 |
| Risk-free interest rate | 2.97% |
| Expected annual volatility | 107% |
| Expected life (in years) | 5 |
| Expected dividend yield | - |
| Grant date fair value per option (CAD$) | 0.62 |
| Share price at grant date (CAD$) | 0.79 |

*During the year ended July 31, 2026*

j) During the year ended July 31, 2026, 995,200 stock options with a weighted average exercise price of CAD$2.57 ($1.90) expired unexercised.

k) On November 12, 2025, the Company granted 2,300,000 stock options to certain directors, officers, employees, and consultants with an exercise price of CAD$1.63 ($1.20), of which 1,400,000 were issued to management. These options are exercisable for a period of five years and vest on November 12, 2026 with the exception of 150,000 which vest 1/4 on February 12, 2026; 1/4 on May 12, 2026; 1/4 on August 12, 2026; and 1/4 on November 12, 2026.

l) On June 19, 2026, the Company granted 200,000 stock options to a consultant with an exercise price of CAD$1.00 ($0.71). These options are exercisable for a period of five years and vest as 50% on December 19, 2026 and 50% on June 19, 2027.

The estimated fair value of the options granted during the year ended July 31, 2026, was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | Granted November 12, 2025 | Granted June 19, 2026 |
|---|---|---|
| Number of options granted | 2,300,000 | 200,000 |
| Risk-free interest rate | 2.74% | 3.04% |
| Expected annual volatility | 62.78% | 68.10% |
| Expected life (in years) | 5 | 5 |
| Expected dividend yield | - | - |
| Grant date fair value per option (CAD$) | 1.63 | 0.80 |
| Share price at grant date (CAD$) | 1.65 | 1.00 |

During the year ended July 31, 2026, the Company recognized share-based payments of $1,115,766 (July 31, 2025 – $1,997,938) arising from the stock options.

The following summarizes information about stock options outstanding and exercisable as at July 31,2026:

| Expiry date | Exercise price ($CAD) | Options outstanding | Options exercisable | Weighted average remaining contractual life (in years) |
|---|---|---|---|---|
| April 19, 2029 | 0.55 | 660,300 | 660,300 | 2.72 |
| August 28, 2029 | 0.81 | 3,950,000 | 3,950,000 | 3.08 |
| November 12, 2030 | 1.63 | 2,300,000 | - | 4.29 |
| June 19, 2031 | 1.00 | 200,000 | - | 4.89 |
| | | 7,110,300 | 4,610,300 | |

*Restricted Share Unit ("RSU")*

The Incentive Plan permits the Company, at the discretion of the Board of Directors, to either redeem RSUs for cash, issue common shares of the Company from treasury, or some combination thereof to satisfy all or any portion of a vested RSU award.

*Year ended July 31, 2025*

On August 28, 2024, the Company issued 175,000 RSUs, vesting August 28, 2025, with grant date fair value of $95,450 (CAD$138,250) to certain officers, employees, and consultants.

On March 21, 2025, the Company issued 150,000 RSUs, vesting March 21, 2026, with grant date fair value of $73,181 (CAD$105,000) to certain employees. The grant date fair value of the RSU's is estimated on the trading price of the Company's common shares at the date of grant.

*Year ended July 31, 2026*

During the year ending July 31, 2026, 172,500 RSUs were forfeited. The grant date fair value of these RSUs of $34,814 was reversed through share-based compensation expense upon forfeiture.

On September 17, 2025, 120,000 RSUs were exercised and settled through an aggregate cash payment of $81,105 (CAD $111,600).

On November 12, 2025, the Company granted 128,500 RSUs to certain employees and one consultant and vest on November 12, 2026.

On March 21, 2026, 120,000 RSUs were exercised and settled through the issuance of common shares. The RSUs had a fair value of $61,238 (CAD $84,000) which was reclassified from reserve to share capital on settlement.

On March 31, 2026, the Company granted 142,500 RSUs to certain employees of which 72,500 were forfeited prior to July 31, 2026. These RSUs vest on March 31, 2027.

On June 19, 2026, the Company granted 47,500 RSUs to certain employees and vest on June 19, 2027.

As at July 31, 2026, the Company had 231,000 RSUs (July 31, 2025 – 325,000) issued and outstanding which comprise 113,500 RSUs that vest on November 23, 2026, 70,000 RSUs that vest on March 31, 2027, and 47,500 RSUs that vest on June 19, 2027, and are exercisable into common shares of the Company for no further consideration.

The changes in RSUs during the year ending July 31, 2026, are as follows:

| | Number outstanding |
|---|---|
| **As at July 31, 2024** | - |
| Granted | 325,000 |
| **As at July 31, 2025** | **325,000** |
| Exercised – settled in cash | (120,000) |
| Exercised | (120,000) |
| Forfeited | (172,500) |
| Granted | 318,500 |
| **As at July 31, 2026** | **231,000** |

The following summarizes information about RSUs outstanding and exercisable as at July 31, 2026:

| Vesting date | RSUs outstanding | RSUs exercisable |
|---|---|---|
| November 12, 2026 | 113,500 | - |
| March 31, 2027 | 70,000 | - |
| June 19, 2027 | 47,500 | |
| | 231,000 | - |

## 9. COMMITMENTS AND CONTINGENCIES

*Reclamation*

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

As at July 31, 2026, the Company had $2,737,858 (July 31, 2025 - $2,258,539) cash collateral to an insurance company that provides the Company insurance coverage for its reclamation obligations with the USDA Forest Service. The Company expensed $593,736 (July 31, 2025 – $508,171) in interest on the surety portion on the obligation and $945,107 (July 31, 2025 - $40,448) for the accretion and change in estimate related to decommissioning obligation. The Company also holds a cash bond with the US Department of the Interior, Bureau of Land Management of $36,857 (July 31, 2025 - $31,925). The collateral is held by the insurance company until their obligation to pay claims on the reclamation bonds has been extinguished. These funds are stored in interest-bearing accounts.

As at July 31,2026, Sandman Resources Inc had $193,561 (July 31, 2025 - $193,561) cash collateral to an insurance company that provides the Company insurance coverage for its future exploration disturbances of land to the US Department of the Interior, Bureau of Land Management. These funds are stored in interest-bearing accounts.

During the year ended July 31, 2026, GRU Resources secured a $41,479 (July 31, 2025 – nil) surety bond with the US Department of the Interior, Bureau of Land Management. The surety is for its future exploration disturbances of land.

*Royalty*

The Company has a mining lease which requires a monthly payment of $14,612 (2025 - $14,228) 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. In February 2026 the credit of previously made advance royalty payments was exhausted, and the Company began making the 5% net smelter royalty payment. As at July 31, 2026 $124,817 recorded in accounts payable was due to the royalty holders.

*Management Contracts*

The Company is party to certain employment and consulting contracts. These contracts contain minimum commitments of approximately $179,628 (CAD$252,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum commitments under these contracts due within one year are $179,628 (CAD$252,000).

*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.

*Maintenance of claims in Exploration and Evaluation Properties*

To maintain the mineral claims in good standing, the Company is required to incur minimum annual exploration expenditures. For 2027, the minimum annual expenditures is expected to be approximately $369,564. Any expenditures incurred in excess of the minimum requirement may be carried forward and applied to future periods.

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

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

As at July 31,2026, and July 31, 2025, the Company has provided for the contingencies above in the amount of $13,307, reflecting management's estimate that the likelihood of these being paid is low.

*Environmental*

The Company's exploration and evaluation activities and projects are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its activities are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. See note 10.

## 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 4.18% (July 31, 2025 – 4.02%) with an inflation rate of 2.43% (July 31, 2025 – 2.47%). As at July 31, 2026, the undiscounted amount of estimated future reclamation costs is $13,466,652 (July 31, 2025 – $11,619,456).

| | |
|---|---|
| **Balance, July 31, 2024** | **$ 10,680,927** |
| Accretion | 78,966 |
| Change in estimate | (38,518) |
| **Balance, July 31, 2025** | **$ 10,721,375** |
| Accretion | 328,915 |
| Change in estimate | 616,192 |
| **Balance, July 31, 2026** | **$ 11,666,482** |

## 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 consolidated financial statements, related party transactions and balances are as follows:

| | For the year ended July 31, 2026 $ | For the year ended July 31, 2025 $ |
|---|---|---|
| Short-term compensation | 875,919 | 446,801 |
| Share based compensation | 683,059 | 1,597,362 |

As at July 31, 2026 $115,475 related to unpaid directors fees were recorded in accounts payable (July 31, 2025 – $11,447). The amounts owing to related parties are unsecured, non-interest bearing and due on demand.

During the year ended July 31, 2026, management of the Company received 1,400,000 option grants and nil RSU's (July 31, 2025 – 3,550,000 and 50,000).

## 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.

| | Year ended July 31, 2026 | Year ended July 31, 2025 |
|---|---|---|
| Weighted-average number of shares outstanding - basic (#) | 137,900,317 | 96,313,853 |
| Weighted-average number of shares outstanding - diluted (#) | 137,900,317 | 96,313,853 |
| | | |
| Net loss attributable to common shares ($) | 4,743,667 | 14,872,323 |
| Basic loss per share | ($0.03) | ($0.15) |
| Diluted loss per share | ($0.03) | ($0.15) |

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

## 13. EXPLORATION AND EVALUATION COSTS

Exploration and evaluation costs consisted of:

| | For the year ended July 31, 2026 | For the year ended July 31, 2025 |
|---|---|---|
| | $ | $ |
| Drilling | 396,762 | 814,000 |
| Personnel | 372,589 | 451,928 |
| Travel | 111,096 | 17,074 |
| Contractors/Consultants | 355,645 | 246,941 |
| Claim staking costs | 368,862 | 195,898 |
| Other | 15,144 | 9,615 |
| | **1,620,098** | **1,735,456** |

## 14. OPERATING EXPENSES

During the year ended July 31, 2026, the Company's primary operational activities at the Borealis project consisted of crushing the existing stockpile and resuming commercial production. As the project had reached the stage of commercial operations, the majority of operating costs incurred during the period were expensed as cost of goods sold and recognized as inventory. Management exercised significant judgment in determining that the Borealis Project had reached the condition necessary to operate as intended by management and had entered commercial production during the period**.**

## 15. INCOME TAXES

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

| | For the year ended July 31, 2026 | For the year ended July 31, 2025 |
|---|---|---|
| | $ | $ |
| Net loss before recovery of income taxes | (4,743,667) | (14,872,323) |
| Expected income tax recovery based on statutory rate | (1,257,000) | (3,941,000) |
| Adjustment to expected income tax benefit: | | |
| Difference in foreign tax rate and other adjustments | 150,000 | 105,000 |
| Other non-deductible expenses | 347,000 | 709,000 |
| Change in tax benefits not recognized | 760,000 | 1,302,000 |
| Tax assets acquired on RTO | - | 1,825,000 |
| **Deferred income tax provision (recovery)** | **-** | **-** |

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

| | For the year ended July 31, 2026 $ | For the year ended July 31, 2025 $ |
|---|---|---|
| Non-capital losses carried forward - Canada | 8,211,000 | 4,828,000 |
| Non-capital losses carried forward - US | 7,569,000 | 6,599,000 |
| Property, plant, and equipment | - | 344,000 |
| Issuance costs | 1,772,000 | 1,018,000 |
| Decommissioning obligation | 11,666,000 | 10,721,000 |
| | 29,218,000 | 23,510,000 |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom. The Company also expects it has non-capital losses in the United States which have not been recognized as the availability of future taxable income in that country is uncertain. Tax losses consisting of Canadian non-capital loss carry forwards in the amount of approximately $8,211,000 are expected to expire in 2044 and 2046.

## 16. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company's capital management objectives, policies and processes have remained unchanged during the year ended July 31,2026. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of July 31, 2026, the Company believes it is compliant with the policies of the TSXV.

## 17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

### Financial Instruments

*Classification of financial instruments*

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The classification of the financial instruments as at July 31, 2026, as well as their gross carrying values, are shown in the table below:

| | Classification | Measurement ($) |
|---|---|---|
| **Financial assets at amortized cost** | | |
| Cash and cash equivalents | Amortized cost | 16,348,970 |
| **Total financial assets** | | **16,348,970** |
| **Financial liabilities at amortized cost** | | |
| Accounts payable and accrued liabilities | Amortized cost | 4,889,370 |
| **Total financial liabilities** | | **4,889,370** |

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

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

There have been no transfers between fair value levels during the year ended July 31, 2026, and July 31, 2025.

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

As at July 31, 2026, and July 31, 2025, there were no financial assets or liabilities that were measured and recognized in the consolidated statements of financial position at fair value.

**Financial Risk Management**

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

**a. Credit Risk**

Credit risk is the risk of a potential loss to the Company if one party of a financial instrument fails to meet its contractual obligations. The maximum credit exposures at July 31, 2026 are the carrying amount of cash and cash equivalents and accounts receivable. To reduce credit risk, all significant cash balances are placed with major, reputable, Canadian and U.S. financial institutions and the majority of the accounts receivable balance is with a major global refinery.

**b. Commodity Price Risk**

The Company is exposed to fluctuations in gold and silver prices, which impact revenue generated from the sale of doré and the realizable value of inventory.

**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 | 4,889,370 | - | - | - | **4,889,370** |
| Decommissioning obligations | - | - | - | 13,466,652 | **13,466,652** |
| Contingent consideration | - | - | - | 13,307 | **13,307** |
| **July 31, 2026** | **4,889,370** | **-** | **-** | **13,479,959** | **18,369,329** |

### d. Currency Risk

The Company is subject to currency risk on its financial instruments which are denominated in a currency that is different from the functional currency of the entity that holds them. Exchange gains and losses would impact profit or loss. At July 31, 2026, the Company held CAD$18,348,564 in Canadian currency. A 10% change in the CADUSD foreign exchange rate would have following impact (in US$) on the balance held in CAD$:

| | $ Impact |
|---|---|
| 10% increase | (1,189,002) |
| 10% decrease | 1,453,225 |

### e. Interest rate risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently, the Company has no assets or liabilities with a variable interest rate. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. As at July 31, 2026, and July 31, 2025, the Company did not have any outstanding loans and borrowings that are subject to variable interest rates.

## 18. SUBSEQUENT EVENTS

Subsequent to July 31, 2026 688,889 warrants were exercised for gross proceeds of $212,395 (CAD$296,227).