



FINANCIAL STATEMENTS FOR THE
PERIOD ENDED AUGUST 31, 2023 AND 2022
(EXPRESSED IN CANADIAN DOLLARS)

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Boreal Gold Inc.

Opinion

We have audited the financial statements of Boreal Gold Inc. (the "Company"), which comprise the statements of financial position as at August 31, 2023 and 2022, and the statements of loss and comprehensive loss, statements of shareholders' equity and statements of cash flows for the year ended August 31, 2023 and for the period from incorporation (May 24, 2022) to August 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023 and 2022, and its financial performance and its cash flows for the year ended August 31, 2023 and for the period from incorporation (May 24, 2022) to August 31, 2022 in accordance with International Financial Reporting Standards ("IFRS").

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 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 financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Company incurred a net loss during the year ended August 31, 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

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

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

McGovern Hurley LLP



**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
March 22, 2024



BOREAL GOLD INC.
STATEMENTS OF FINANCIAL POSITION

As at	Notes	August 31, 2023	August 31, 2022
Assets			
Current Assets			
Cash		\$ 207,246	\$ 10,067
Prepaid expenses		13,323	5,000
Total Current Assets		\$ 220,569	\$ 15,067
Total Assets		\$ 220,569	\$ 15,067
Liabilities			
Current liabilities			
Accounts payable		\$ 42,941	\$ 30,103
Amounts due to related parties	8	61,449	5,156
Flow-through share premium liability		24,168	–
Total Current Liabilities		\$ 128,558	\$ 35,259
Total Liabilities		\$ 128,558	35,259
Equity			
Share capital	7	\$ 689,733	\$ 30,000
Deficit		(597,722)	(50,192)
Total Equity		\$ 92,011	\$ (20,192)
Total Equity and Liabilities		\$ 220,569	\$ 15,067

Going concern (Note 1)
Commitments and Contingencies (Note 10)
Subsequent Events (Note 11)

Approved by the Board of Directors:

“Stephen Masson”

“Michael Alexander”

Director

Director



BOREAL GOLD INC.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Notes	For the year ended August 31, 2023	For the period from incorporation, May 24, 2022, to August 31, 2022
General and administrative			
Office		\$ 27,702	\$ 848
Professional fees		52,709	14,550
Regulatory and transfer agent fees		11,462	–
Total, general and administrative		\$ 91,873	\$ 15,398
Exploration	6	813,653	34,794
Other Income			
Flow-through share premium liability		\$ (157,996)	\$ –
Government grants	6(d)	(200,000)	–
Net and Comprehensive Loss		\$ 547,530	\$ 50,192
Comprehensive Loss per share basic and undiluted			
		(0.06)	(0.02)
Weighted average number of common shares outstanding, basic and diluted			
		8,476,014	3,000,000



BOREAL GOLD INC.
STATEMENT OF SHAREHOLDERS' EQUITY

	Notes	Number of Shares	Amount	Deficit	Total
Balance as at incorporation, May 24, 2022		–	\$ –	\$ –	–
Share issuance	7	3,000,000	30,000	–	30,000
Net and comprehensive loss for the period		–	–	(50,192)	(50,192)
Balance as at August 31, 2022		3,000,000	\$ 30,000	\$ (50,192)	(20,192)
Shares issuance	7	7,835,800	865,644	–	865,644
Share issuance costs	7	–	(25,747)	–	(25,747)
Shares issued for property acquisition	7	20,000	2,000	–	2,000
Flow through premium liability	7	–	(182,164)	–	(182,164)
Net and comprehensive loss for the year		–	–	(547,530)	(547,530)
Balance as at August 31, 2023		10,855,800	\$ 689,733	\$ (597,722)	\$ 92,011



BOREAL GOLD INC.
STATEMENT OF CASH FLOWS

	For the year ended August 31, 2023	For the period from incorporation, May 24, 2022 to August 31, 2022
Cash Flows from (used in) Operating Activities		
Net Income (Loss)	\$ (547,530)	\$ (50,192)
Non-cash items		
Shares issued for property payments	2,000	—
Flow-through share, premium liability	(157,996)	—
Changes in non-cash working capital items		
Prepaid expenses	(8,322)	(5,000)
Accounts payable	12,837	30,104
Amounts due to related parties	56,295	5,156
Net Cash provided by (used in) Operating Activities	\$ (642,718)	\$ (19,933)
Cash Flows from (used in) Financing Activities		
Share issuances	\$ 865,644	30,000
Costs of financing	(25,747)	—
Net Cash provided by (used in) Financing Activities	\$ 839,897	\$ 30,000
Increase (Decrease) in Cash	\$ 197,179	\$ 10,067
Cash at Beginning of Period	\$ 10,067	\$ —
Cash at End of Period	\$ 207,246	\$ 10,067

1) NATURE AND CONTINUANCE OF OPERATIONS

Boreal Gold Inc. (the "Company" or "Boreal") was incorporated under the laws of the Province of Saskatchewan on May 24, 2022. The Company's registered and records office is located at Suite 800, 230 – 22nd Street East, Saskatoon, Saskatchewan, Canada, S7K 0E9. The Company's business office is located at 12 Mitchell Road, Flin Flon, Manitoba. The Company is presently conducting exploration and advancing various technical and economic studies with an intent to advance projects towards a development decision.

The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Boreal for the year ended August 31, 2023 and the period from incorporation, May 24, 2022 to August 31, 2022, were approved and authorized by the Board of Directors on March 22, 2024.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The continuance of the Company is dependent upon completion of the acquisition of the exploration and evaluation properties, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Although the Company has taken steps to verify title to its exploration and evaluation properties, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory and, environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at August 31, 2023, the Company had a cumulative deficit of \$597,722 (August 31, 2022 – \$50,192). It also had continuing losses and was not yet generating positive cash flows from operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue its operations as a going concern.

These financial statements were prepared on a going-concern basis in accordance with International Financial Reporting Standards ("IFRS"). Funding for operations has been obtained primarily through private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all (See Note 11). These financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2) SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These financial statements, including comparatives, have been prepared in accordance with IFRS.

b) BASIS OF PRESENTATION

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

c) CONSOLIDATION

The Company is not owned by another company and has no subsidiaries.

d) EXPLORATION AND EVALUATION PROPERTIES

The acquisition costs of exploration and evaluation properties are expensed the statements of loss in the period incurred, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources.

The acquisition costs of exploration and evaluation properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

Exploration costs are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as acquisition costs as they are made. Administrative expenditures are expensed in the period incurred.

e) GOVERNMENT GRANTS

Government grants are transfers of resources to an entity by government in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government assistance is action by government designed to provide an economic benefit that is specific to an entity or range of entities qualifying under certain criteria.

Government grants and assistance are recognized where there is a reasonable assurance that the grants and assistance will be received, and conditions will be complied with. Government grants and assistance are recognized as an offset to the expenses to which they relate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized in profit or loss of the period in which it becomes receivable.

f) FINANCIAL INSTRUMENTS

Financial assets at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured using the effective interest method, less any impairment losses.

Significant Accounting Policies (Continued)

A financial asset is classified as fair value through profit and loss (“FVPL”) if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVPL if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company’s documented risk management or investment strategy. Realized and unrealized gains and losses are reflected in the statement of loss. Transaction costs associated with FVPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities at amortized cost are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

g) IMPAIRMENT OF FINANCIAL ASSETS:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of a provision for expected credit losses. When an account receivable is considered uncollectible, it is written off against the provision for expected credit losses account. Changes in the carrying amount of the provision for expected credit losses are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

h) FINANCIAL INSTRUMENTS RECORDED AT FAIR VALUE:

Financial instruments recorded at fair value on the statements 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);

Significant Accounting Policies (Continued)

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

i) IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to a periodic impairment assessment. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

j) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of financial position comprise cash at banks, on hand and short-term money market investments with original maturities of 90 days or less which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and are available on demand by the Company. When cash and cash equivalents include an amount to be incurred in relation to a flow-through commitment, an amount equal to the minimum commitment is kept in a separate bank account. As at August 31, 2023 and 2022, the Company had no cash equivalents.

k) PROVISIONS

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions at August 31, 2023 and August 31, 2022.

l) SHARE-BASED PAYMENT TRANSACTIONS

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Significant Accounting Policies (Continued)

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Unexercised expired stock option values are transferred to deficit.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the transaction is measured at the fair value of the equity instrument granted.

m) INCOME TAXES

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or 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 for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

n) EQUITY

Share capital, stock options, warrants and broker units are classified as equity. Incremental costs directly attributable to the issuance of shares, warrants and broker units are recognized as a deduction from equity and allocated between share capital and warrants. Expired stock options and warrants are transferred to deficit.

o) FLOW-THROUGH SHARES

The Company finances some exploration expenditures through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. When the common shares are offered, the difference ("premium") between the amount recognized in common shares and the amount the investors pay for the shares is recognized as a flow-through share related liability which is reversed into the statement of loss when the eligible expenditures are incurred. The amount recognized as a flow-through share related liability represents the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. The Company indemnifies the subscribers of flow-through shares for additional taxes payable by the subscribers if the Company does not meet its expenditure requirements.

Significant Accounting Policies (Continued)

p) 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, development or ongoing production of a property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects

the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at August 31, 2023 and August 31, 2022.

q) LOSS PER SHARE

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants, finders' warrants and stock options outstanding that may add to the total number of common shares. Diluted loss per share does not include the effect of stock options, warrants and finders' warrants as they are anti-dilutive. As at August 31, 2023, no Options or Warrants had been issued.

r) SIGNIFICANT ACCOUNTING, JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results may differ from those estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Significant Accounting Policies (Continued)

i. Income 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.

ii. Contingencies

See Note 10.

s) NEW AND FUTURE ACCOUNTING POLICIES

During the year ended August 31, 2023, the Company adopted a number of amendments and improvements of existing standards. These included amendments to IFRS 9 and IAS 16. These new standards and changes did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods commencing on or after September 1, 2023. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2021 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

3) CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

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

Capital Management (Continued)

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

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit which at August 31, 2023 totalled \$92,011 (August 31, 2022 - \$(20,192)). The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the years ended August 31, 2023 and 2022. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

4) FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity price risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There have been no changes in the risks, objectives, policies and procedures during the years ended August 31, 2023 and 2022.

a) CREDIT RISK

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and amounts receivable. Cash is held with reputable banks, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is remote.

b) LIQUIDITY RISK

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at August 31, 2023, the Company had a cash balance of \$207,246 (August 31, 2022 - \$10,067) to settle accounts payable and amounts due to related parties of \$128,558 (August 31, 2022 - \$35,259). All of the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

c) MARKET RISK

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Financial Risk Factors (Continued)
d) INTEREST RATE RISK

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit or interest-bearing accounts at major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks. Management believes that interest rate risk is minimal as cash investments have maturities of three months or less.

e) COMMODITY PRICE RISK

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of commodities. Commodity prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of base and/or precious metals may be produced in the future, a profitable market will exist for them. A decline in the market price of commodities may also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. As at August 31, 2023, the Company is not a commodities producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

5) CATEGORIES OF FINANCIAL INSTRUMENTS
a) FAIR VALUE

The carrying values of cash, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at August 31, 2023	Amortised Cost	FVPL	Total
Cash	\$ 207,246	– \$	207,246
Amounts due to related parties	61,449	–	61,449
Accounts payable	42,941	–	42,941

As at August 31, 2022	Amortised Cost	FVPL	Total
Cash	\$ 10,067	– \$	10,067
Amounts due to related parties	5,156	–	5,156
Accounts payable	30,103	–	30,103

6) EXPLORATION AND EVALUATION EXPENDITURES
a) EXPENDITURES

The Company holds Options to acquire interests in two properties, the Fay Lake and the Melgurd Lake properties. Because the properties are held by way of Option Agreements that require annual payments of Cash and Shares, plus minimum work commitments on the properties, the properties will not be owned until those commitments are fulfilled.

	Total	Fay Lake	Melgurd Lake	Other
Fiscal 2022				
Claim acquisition and holding	\$ 28,504	\$ 15,754	\$ 12,750	\$ –
Geological	1,290	1,290	–	–
Field labour	5,000	–	–	5,000
Total Fiscal 2022	\$ 34,794	\$ 17,044	\$ 12,750	\$ 5,000
Claim acquisition & holding	47,517	24,652	22,224	641
Assay	14,271	14,259	12	–
Geological	413,478	220,533	192,945	–
Field labour	269,211	194,606	15,275	59,330
Field costs	45,296	40,962	4,045	289
Project management fees	23,880	–	–	23,880
Total Fiscal 2023	\$ 813,653	\$ 495,012	\$ 234,501	\$ 84,140
Total Exploration to Date	\$ 848,447	\$ 512,056	\$ 247,251	\$ 89,140

b) FAY LAKE

On June 17, 2022, the Company entered into an option agreement, with 4058667 MB Ltd., a private company held by a director and officer of Boreal for the acquisition the Fay Lake Lake property, located in Manitoba. 4058667 MB Ltd will retain a 2% NSR over the property.

Terms and conditions are as follows:

Fay Lake					
Time of commitment	Cash or Royalty Payment	Status	Consideration in Shares	Issued	Dollar value of work commitment
Within 10 days of completion of funding	\$ 20,000	Paid (i)	–	–	\$ –
On or before the 1st anniversary	20,000	Paid (ii)	10,000	Issued (ii)	(iii) 100,000
On or before the 2nd anniversary	20,000	–	10,000	–	150,000
On or before the 3rd anniversary	20,000	–	10,000	–	200,000
On or before the 4th anniversary	20,000	–	200,000	–	200,000
On or before the 5th anniversary	20,000	–	200,000	–	200,000
On or before the 6th anniversary	30,000	–	1,000,000	–	250,000
Total	\$ 150,000	–	1,430,000	–	\$ 1,100,000

(i) Paid September 26, 2022.

(ii) The first anniversary commitment was extended to September 30, 2023. Both the cash was paid and shares issued September 30, 2023 (Note 11).

(iii) Work commitment met.

EXPLORATION AND EVALUATION EXPENDITURES (CONTINUED)
c) MELGURD

On May 26, 2022, the Company entered into an option agreement, with two directors of the Company (collectively, the “Partners”), for the acquisition of the Melgurd Lake property, located in Saskatchewan. The Partnership will retain a 2% net smelter returns royalty (“NSR”), which can be purchased for \$500,000.

Terms and conditions are as follows:

Melgurd Lake					
Time of commitment	Cash or Royalty Payment	Paid	Consideration in Shares	Issued	Dollar value of work commitment
Within 10 days of completion of funding	\$ 10,000	Paid (i)	–	–	\$ –
On or before the 1st anniversary	10,000	Paid (ii)	20,000	Issued (ii)	(iii) 110,000
On or before the 2nd anniversary	15,000	–	30,000	–	150,000
On or before the 3rd anniversary	20,000	–	50,000	–	150,000
On or before the 4th anniversary	25,000	–	450,000	–	300,000
On or before the 5th anniversary	50,000	–	600,000	–	300,000
Total	\$ 130,000	–	1,150,000	–	\$ 1,010,000

(i) Paid, September 30, 2022.

(ii) Cash paid May 31, 2023 and shares issued May 26, 2023 (Note 7).

(iii) Work commitment met.

d) MANITOBA MINERAL DEVELOPMENT FUND

During the year-ended August 31, 2023 Company applied for a \$300,000 grant of which \$200,000 was received. The grant was for \$300,000 and was based on a budget for mineral exploration expenditures. The Company received \$200,000 during fiscal 2023 (2022 – Nil).

7) SHARE CAPITAL

The authorized share capital consisted of an unlimited number of common shares.

As at August 31, 2023, the following Common shares were issued and outstanding:

	Notes	Shares Issued	Price per Share	Amount
Balance – May 24, 2022		–	–	–
Share issuance		3,000,000	0.01	\$ 30,000
Balance – August 31, 2022		3,000,000	0.01	\$ 30,000
Share issuance		7,835,800	0.11	865,644
Share issuance costs		–	–	(25,747)
Flow through premium liability		–	–	(182,164)
Shares issued for property acquisition	6	20,000	0.10	2,000
Balance – August 31, 2023		10,855,800	–	\$ 689,733

**SHARE CAPITAL (CONTINUED)**

On May 24, 2022, the Company issued 3,000,000, common shares at \$0.01 per share to founders for gross proceeds of \$30,000. All directors of the Company acquired, in aggregate, 2,200,000 common shares for gross proceeds of \$22,000.

On September 16, 2022, the Company issued 1,802,000 common shares at \$0.05 for gross proceeds of \$90,100. Agent fees of \$14,332 were paid and an aggregate of 200,000 shares as a finder's shares were issued at \$0.05 per share. Three directors acquired an aggregate of 60,000 common shares for gross proceeds of \$3,000.

On November 30, 2022, the Company completed a private placement issuing 690,000 common shares at \$0.10 per share and 3,538,800 flow-through shares at \$0.13 per share for gross proceeds of \$529,044. Other share issuance costs of \$2,669 were also paid. \$106,164 was allocated to flow-through premium. A director and an officer of the Company acquired, in aggregate, 1,462,300 flow-through shares for gross proceeds of \$190,099.

On May 26, 2023, pursuant to the Melgurd option agreement, the Company issued 10,000 shares at an estimated fair value of \$0.10 per share, based on the most recent financing price.

On June 5, 2023, the Company completed a private placement, issuing 85,000 common shares at \$0.10 and 1,520,000 flow through shares at \$0.15 per share for gross proceeds of \$236,500. Other share issuance costs of \$3,745 were paid. \$76,000 was allocated to flow-through share premium. A director and an officer acquired, in aggregate, 350,000 flow-through shares for gross proceeds of \$52,500.

8) RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and key management personnel (CEO and CFO) and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

a) RELATED PARTY AMOUNTS PAYABLE

	August 31, 2023	August 31, 2022
Corporation controlled by an officer and director	\$ 1,646	\$ –
Corporation controlled by an officer, director and significant shareholder	59,803	5,156
Total	\$ 61,449	\$ 5,156

These amounts are non-interest bearing and payable on demand.

RELATED PARTY TRANSACTIONS (CONTINUED)

b) RELATED PARTY TRANSACTIONS

Related party	Purpose	Amounts charged during the periods ended August 31	
		2023	2022
Corporation controlled by an officer and director	Filing fees	\$ 1,646	\$ –
Corporation controlled by an officer, director and significant shareholder	Exploration	357,825	5,000
	General and administrative	32,398	–
Total		\$ 391,869	\$ 5,000

c) OPTION AGREEMENTS

See Note 6.

d) PRIVATE PLACEMENTS

See Note 7.

9) INCOME TAXES

a) PROVISION FOR INCOME TAXES:

Major items causing the Company's income tax to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2022 – 26.5%) were as follows:

	2023	2022
Combined Canadian income tax rate	26.5%	26.5%
Loss before income taxes	\$ (547,530)	\$ (50,192)
Expected income tax recovery based on statutory rate	\$ (145,000)	\$ (13,000)
Permanent differences and other	4,000	–
Deferred tax assets not recognized	145,000	13,000
Deferred income tax provision/(recovery)	\$ –	\$ –

b) DEFERRED INCOME TAX

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	2023	2022
Non-capital losses	\$ 143,000	\$ 50,000
Mineral properties	31,000	–
Share issue costs	11,000	–
Total	\$ 185,000	\$ 50,000

**INCOME TAXES (CONTINUED)****c) TAX LOSS CARRY FORWARD**

As at August 31, 2023, the Company had \$143,000 of non-capital losses, which may be used to reduce taxable income in futures years. The losses expire as follows:

Year	Amount
2042	\$ 50,000
2043	93,000
Total	\$ 143,000

10) COMMITMENTS AND CONTINGENCIES**a) OPTION AGREEMENTS**

See Note 6.

b) FLOW-THROUGH OBLIGATION

As at August 31, 2023, the company was required to incur \$104,302 in qualifying expenditures by December 31, 2024 to meet its flow-through commitments. At this time, management anticipates meeting that obligation, and, as a result, no additional provisions are required.

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

c) ENVIRONMENTAL CONTINGENCIES

The Company's mining and exploration activities are subject to various 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 operations 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.

11) SUBSEQUENT EVENTS

On September 29, 2023, pursuant to the Fay Lake option agreement, the Company issued 10,000 common shares at an estimated fair value of \$0.10 per share, based on the most recent financing price.

On September 30, 2023, the Company paid the \$20,000 first anniversary payment pursuant to the Fay lake Option agreements.

On December 5, 2023, the Company issued 1,054,558 flow-through shares at \$0.15 for gross proceeds of \$158,200.