BLUE LAGOON RESOURCES INC.

Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Blue Lagoon Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Blue Lagoon Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended 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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 6 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was $20,137,567 as of March 31, 2023. As more fully described in Notes 3 and 4 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Obtaining, on a test basis through government websites, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Assessment of Asset Retirement Obligations

As described in Note 10 to the consolidated financial statements, the Company recognized an asset retirement obligation of $2,533,968 as at March 31, 2023. As more fully described in Notes 3 and 4 to the consolidated financial statements, accounting for the Company's asset retirement obligation requires management to exercise judgement and make estimates on the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations.

The principal considerations for our determination that the asset retirement obligation is a key audit matter are that there was judgment made by management when assessing the reclamation work to be performed, and estimation uncertainty as to the amount and timing of costs to be incurred. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the estimates and judgments made by management in their assessment of the asset retirement obligation.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Obtaining an understanding of the key controls associated with management's evaluation of the asset retirement obligation.
- Assessing the appropriateness of the asset retirement obligation model.
- Evaluating the qualifications, competence and objectivity of management's expert who assisted management with the cost estimates.
- Evaluating the appropriateness of discount and inflation rates applied to calculate the net present value of the provision and comparing them against available market data.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes 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, 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 to 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment 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 risk 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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 year 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 on the audit resulting in this independent auditor's report is Zachary Faure.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 27, 2023

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at
(Expressed in Canadian dollars)

	Note		**March 31, 2023**		**March 31, 2022**
ASSETS					
Current assets					
Cash		**$**	1,056,756	**$**	8,688,697
Receivables	5		139,473		146,564
Prepaid expenses			44,511		138,977
Investment in marketable securities	7		955,500		25,000
Total Current Assets			2,196,240		8,999,238
Non-current assets					
Reclamation deposits	6		649,644		642,644
Security deposits			12,534		12,534
Long-term investments	7		409,500		75,000
Exploration and evaluation assets	6		20,137,567		24,538,866
Total Assets		**$**	23,405,485	$	34,268,282
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	11	$	254,600	$	916,367
Non-current liabilities					
Flow-through premium	13		-		887,126
Long-term accounts payable	8		1,729,933		1,729,933
CEBA loan payable	9		-		55,088
Asset retirement obligation	10		2,533,968		1,354,223
Total Liabilities			4,518,501		4,942,737
Equity					
Share capital	14		45,636,506		43,937,037
Obligation to issue shares	8, 14		2,271,767		2,271,767
Reserves	14		4,570,868		4,495,247
Deficit			(33,592,157)		(21,378,506)
Total Equity			18,886,984		29,325,545
Total Liabilities and Equity		**$**	23,405,485	$	34,268,282

Nature of operations and going concern (Note 1)

Approved for issuance on behalf of the Board of Directors on July 27, 2023:

"Rana Vig"
Director

"Gurdeep Bains"
Director

(The accompanying notes are an integral part of these consolidated financial statements)

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note		For the years ended March 31, 2023		March 31, 2022
Expenses					
General and administrative expenses		$	200,662	$	121,130
Consulting fees	11		211,792		735,530
Exploration expenses			7,399,924		7,360,085
Investor relations fees			20,913		206,967
Marketing			507,992		954,158
Professional fees			266,185		416,323
Stock-based compensation	11, 14		111,383		756,606
Total Operating Expenses			(8,718,851)		(10,550,799)
Other Items					
Accretion	9, 10		(49,602)		(59,687)
Interest income			92,475		20,666
Fair value gain on marketable securities	7		1,125,000		-
Gain on sale of marketable securities	7		136,555		-
Loss on termination of property sale	6		-		(105,000)
Impairment of exploration and evaluation asset	6		(5,686,354)		(5,254,114)
Flow-through premium recovery	13		887,126		419,904
Loss and comprehensive loss		$	(12,213,651)	$	(15,529,030)
Net loss attributable to:					
Owners of the Company		$	(12,213,651)	$	(15,299,028)
Non-controlling interests	12		-		(230,002)
		$	(12,213,651)	$	(15,529,030)
Basic and diluted loss per share		$	(0.12)	$	(0.18)
Weighted average number of common shares outstanding (basic and diluted)			101,280,242		84,872,543

(The accompanying notes are an integral part of these consolidated financial statements)

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity	Non-controlling interests	Total equity
		$	$	$	$	$	$	$
Balance, March 31, 2021	**73,406,049**	**29,515,010**	**2,271,767**	**2,962,477**	**(6,079,478)**	**28,669,776**	**1,423,953**	**30,093,729**
Flow through shares issued in private placement	12,738,840	9,782,144	-	-	-	9,782,144	-	9,782,144
Non-flow through shares issued in private placement	7,446,818	4,095,748	-	-	-	4,095,748	-	4,095,748
Share issuance costs – cash	-	(442,449)	-	-	-	(442,449)	-	(442,449)
Share issuance costs – warrants	-	(141,302)	-	141,302	-	-	-	-
Flow-through premium	-	(1,307,030)	-	-	-	(1,307,030)	-	(1,307,030)
Shares issued for interest in Gavin Mines	400,000	252,000	-	816,951	-	1,068,951	(1,193,951)	(125,000)
Shares issued for Dome Mountain net smelter royalty	1,937,500	843,250	-	-	-	843,250	-	843,250
Exercise of warrants	1,567,903	807,018	-	(23,066)	-	783,952	-	783,952
Exercise of stock options	710,000	532,648	-	(159,023)	-	373,625	-	373,625
Stock-based compensation	-	-	-	756,606	-	756,606	-	756,606
Loss	-	-	-	-	(15,299,028)	(15,299,028)	(230,002)	(15,529,030)
Balance, March 31, 2022	**98,207,110**	**43,937,037**	**2,271,767**	**4,495,247**	**(21,378,506)**	**29,325,545**	**-**	**29,325,545**
Non-flow through shares issued in private placement	2,753,636	1,514,500	-	-	-	1,514,500	-	1,514,500
Share issuance costs – cash	-	(48,400)	-	-	-	(48,400)	-	(48,400)
Share issuance costs – warrants	-	(22,784)	-	22,784	-	-	-	-
Exercise of warrants	395,214	256,153	-	(58,546)	-	197,607	-	197,607
Stock-based compensation	-	-	-	111,383	-	111,383	-	111,383
Loss	-	-	-	-	(12,213,651)	(12,213,651)	-	(12,213,651)
Balance, March 31, 2023	**101,355,960**	**45,636,506**	**2,271,767**	**4,570,868**	**(33,592,157)**	**18,886,984**	**-**	**18,886,984**

(The accompanying notes are an integral part of these consolidated financial statements)

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

		For the years ended March 31, 2023		March 31, 2022
Cash flows used in operating activities				
Loss for the year	$	(12,213,651)	$	(15,529,030)
Items not involving cash:				
Stock-based compensation		111,383		756,606
Accretion expense		49,602		59,687
Interest income		(10,445)		(7,421)
Gain on sale of marketable securities		(136,555)		-
Fair value gain on marketable securities		(1,125,000)		-
Flow-through premium recovery		(887,126)		(419,904)
Loss on termination of property sale		-		105,000
Impairment of exploration and evaluation asset		5,686,354		5,254,114
Changes in non-cash working capital:				
Receivables		17,536		79,951
Prepaid expenses		94,466		241,606
Accounts payable and accrued liabilities		(451,767)		185,385
Net cash used in operating activities		(8,865,203)		(9,274,006)
Cash flows used in investing activities				
Acquisition of reclamation deposit		(7,000)		-
Proceeds from sale of marketable securities		146,555		-
Acquisition of marketable securities		(150,000)		-
Exploration and evaluation assets		(360,000)		(45,000)
Investment in Gavin Mines		-		(125,000)
Net cash used in investing activities		(370,445)		(170,000)
Cash flows provided by financing activities				
CEBA loan repayment		(60,000)		-
Proceeds from issuance of shares in private placements		1,514,500		13,877,892
Proceeds from exercise of warrants		197,607		783,952
Proceeds from exercise of stock options		-		373,625
Share issue costs		(48,400)		(442,449)
Net cash provided by financing activities		1,603,707		14,593,020
Change in cash		(7,631,941)		5,149,014
Cash, beginning		8,688,697		3,539,683
Cash, ending	$	1,056,756	$	8,688,697
Supplemental cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for taxes	$	-	$	-
Non-cash transactions:				
Amounts reclassified from reserves to share capital upon the exercise of warrants and stock options (Note 14)	$	58,546	$	182,089
Warrants issued for finders' fees (Note 14)	$	22,784	$	141,302
Shares issued for Gavin Mines acquisition (Note 12)	$	-	$	252,000
Flow-through premium liability recognized (Note 13)	$	-	$	1,307,030
Change in estimate of asset retirement obligation (Note 10)	$	1,135,055	$	532,114
Reclamation deposit interest reinvested	$	-	$	7,644
Exploration and evaluation assets included in accounts payable	$	-	$	210,000
Shares issued for net smelter royalty	$	-	$	843,250

(The accompanying notes are an integral part of these consolidated financial statements)

1. NATURE OF OPERATIONS AND GOING CONCERN

Blue Lagoon Resources Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on March 17, 2017. The Company is in the business of acquiring, exploring, and evaluating mineral resource interests in Canada. The address of the Company's registered office is Suite 1200, 750 West Pender Street, Vancouver, British Columbia. The Company's common shares trade on the Canadian Securities Exchange under the stock symbol "BLLG" and in the United States on the OTCQB under the symbol "BLAGF."

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. There is no assurance that the Company will be able to obtain such financing or obtain financing on favorable terms. As at March 31, 2023, the Company had working capital of $1,941,640; however additional financing will be required in the next 12 months. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities or the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be deemed to be inappropriate. Such adjustments could be material.

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 outbreak has impacted a vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian federal government as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were authorized for issue by the Board of Directors on July 27, 2023.

2. BASIS OF PREPARATION (Continued)

Basis of Measurement and Consolidation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated financial statements are presented in Canadian dollars unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates**.**

It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries, from the date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include, ASIC Mining Inc. ("ASIC") (a Canadian corporation), Metal Mountain Resources Inc. (a Canadian corporation), which holds 100% interest in Lloyd Minerals Inc. (a Canadian corporation), and 100% interest in Gavin Mines Inc. (a Canadian corporation) whose principal place of business is British Columbia (Note 12). The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. The Company did not have any cash equivalents for the periods presented.

Exploration and Evaluation Expenditures

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit or loss immediately.

Exploration and evaluation costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated which would be when all the necessary permits have been granted, and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Management reviews the carrying value of capitalized mineral property interests at least annually. The review is based on management's assessment of the commercial viability of a property in addition to management's intentions for future development. Facts and circumstances which management may consider and may indicate impairment exists include: the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for mineral property interests, net of write-downs and recoveries, are not intended to represent present or future values.

Impairment of Long-lived Assets

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and finite life intangible assets to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it an identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows). If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

Income Taxes

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in the statement of operations, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable income or loss.

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for a decommissioning liability is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset.

The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

Stock-based Compensation

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non- market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For stock-based payment awards with non- vesting conditions, the grant date fair value of the stock-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled stock-based payments are reflected in reserves, unless exercised. Upon exercise, shares are issued from the treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Flow-through share private placement

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditure are completed.

Government Assistance

Loans received from government assistance programs are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received recorded as government assistance in the consolidated statements of loss and comprehensive loss.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period.

The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

Financial Instruments

Financial assets

<u>Initial recognition and measurement</u>

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets carried at fair value through profit or loss ("FVTPL"). On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets the conditions that:

i) the asset is held within a business model whole objective is to hold assets to collect contractual cash flows;
ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
iii) is not designated as fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of loss and comprehensive loss.

Financial assets through other comprehensive income
Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.

Financial assets measured at amortized cost
A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss, net of any directly attributable transaction costs, or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Share capital

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company’s common shares, warrants and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds. In the event that the financing is not completed, these costs are expensed to profit or loss.

The Company has adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued is first measured, based on the bid price on the date the units are priced, and then the residual value of the proceeds is allocated first to flow-through share premium liability (if any) and then to the warrants (if any).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognizes in the financial statements are discussed below.

Estimates

Stock-based compensation

The fair value of stock-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and forfeiture rates, changes in subjective input assumptions can materially affect the fair value estimate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

The Company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

Asset retirement obligation

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future property reclamation and closure costs. The provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability.

Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation. This liability is reassessed and re-measured at each reporting date.

Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable income will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Judgments

Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. Management considers both internal and external sources of information when making the assessment of whether there are indications of impairment, including geological and metallurgic information, economic assessments and/or studies, future exploration programs budgeted or planned, and permitting. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Title to exploration and evaluation assets

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

5. RECEIVABLES

Receivables are composed of the following amount:

		March 31, 2023		March 31, 2022
GST receivable	$	107,524	$	118,460
Due from related parties (Note 11)		-		6,600
Other		31,949		21,504
	$	**139,473**	**$**	**146,564**

6. EXPLORATION AND EVALUATION ASSETS

	Golden Wonder Project	*Pellaire Gold Property*	*Dome Mountain Mine*	*Big Onion Project*	*Total*
	$	*$*	*$*	*$*	*$*
Balance, March 31, 2021	**-**	**5,584,354**	**16,624,148**	**6,059,114**	**28,267,616**
Assignment of consideration	45,000	-	-	(150,000)	(105,000)
Acquisition costs – cash	-	-	255,000	-	255,000
Acquisition costs – shares	-	-	843,250	-	843,250
Impairment of exploration and evaluation assets	(45,000)	-	-	(5,209,114)	(5,254,114)
Asset retirement obligation – change in estimate	-	-	532,114	-	532,114
Balance, March 31, 2022	**-**	**5,584,354**	**18,254,512**	**700,000**	**24,538,866**
Acquisition costs – cash	-	-	150,000	-	150,000
Asset retirement obligation – change in estimate	-	102,000	1,033,055	-	1,135,055
Impairment of exploration and evaluation assets	-	(5,686,354)	-	-	(5,686,354)
Balance, March 31, 2023	**-**	**-**	**19,437,567**	**700,000**	**20,137,567**

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Golden Wonder Property

On April 18, 2019, the Company entered into an agreement to purchase a 100% interest in the Golden Wonder Property located in British Columbia, Canada by:

- Payment of $15,000 (paid) on execution of the agreement,
- Payment of $10,000 (paid) within three days of the final receipt of the prospectus; and
- Issuance of 200,000 common shares (issued) within 10 business days of the Company commencing trading on the Canadian Securities Exchange.

On July 16, 2019, the Company executed on its rights to purchase 100% interest in the Golden Wonder Property.

On February 2, 2021, the Company entered into an agreement with Gama Explorations Inc. ("Gama"), whereby the Company sold its 100% interest in the Golden Wonder Property for consideration of:

- $50,000 in cash (received);
- 1,000,000 common shares of Gama (received) (Note 7); and
- 0.5% net smelter return royalty.

On November 12, 2021, the Company and Gama agreed to terminate the sale of the Golden Wonder Property; and as a result, recorded a loss on termination of $105,000 during the year ended March 31, 2022. Pursuant to the termination agreement, the Company and Gama agreed to apply the consideration previously exchanged of $50,000 and 1,000,000 common shares of Gama to the option for purchase of an alternate property from the Company. On December 6, 2021, this consideration was applied to an option agreement related to the Big Onion project (described below).

During the year ended March 31, 2022, the Company recorded an impairment loss of $45,000 with respect to the Golden Wonder Property on the basis that the Company does not intend to further advance the property.

Pellaire Gold Property

During the year ended March 31, 2021, the Company exercised its option to acquire the 100% interest in the Pellaire Gold Property, located in the Clinton Mining Division of British Columbia.

The seller retains a 2.5% net smelter royalty interest ("NSR"). The Company has the right to purchase 2% of the NSR for US$1,000,000 at any time prior to commencement of commercial production, which if exercised would leave the vendor with a 0.5% NSR.

During the year ended March 31, 2023, the Company purchased a reclamation bond in the amount of $7,000 with respect to the Pellaire Gold Property. The Company recorded an impairment loss of $5,686,354 with respect to the Pellaire Gold Property during the year ended March 31, 2023, on the basis that the Company does not intend to further advance the property.

Dome Mountain Mine Group

On March 27, 2020, the Company acquired Dome Mountain Mine group of properties and Big Onion Project, both located near the town of Smithers in northwest British Columbia from the acquisition of Metal Mountain Resources Inc.

In addition, the Company acquired a 0.25% NSR in the Dome Mountain project in consideration for $75,000 (paid).

6. EXPLORATION AND EVALUATION ASSETS (Continued)

The Company holds a reclamation deposit of $600,000 related to the Dome Mountain Mine. As at March 31, 2023 and 2022, the accrued interest on the reclamation deposit of $7,644 was re-invested into the reclamation deposit's principal amount.

The Company owns 100% interest in the following mineral properties of the Dome Mountain Mine Group:

- Dome Mountain Project
    - Upon the property commencing production, the Company agreed to pay an NSR of 2%, or not less than $40,000 per annum. In the event that the property was not in production by January 28, 2011, an advance royalty payment in the amount of $40,000 per annum was required to be paid. An agreement was reached by both parties to defer certain annual royalty payments to the one-year anniversary date of the arrival of the 1st truckload of Dome ore at the Nicola Mining Inc. mill which was made on June 15, 2021. The Company had agreed to pay 7% interest on those deferred payments. The Company had further agreed that, upon the commencement of production, royalty payments will be paid within 5 business days of the Company and Nicola Mining Inc. receiving payment from the sale of the concentrates.
    - As a result of removing the mineralized material during the year ended March 31, 2022, an agreement was reached by both parties to settle all deferred and current royalty payments and accrued interest for total cash consideration of $210,000 which the Company paid during the year ended March 31, 2023. As at March 31, 2023, accounts payable and accrued liabilities include $nil (March 31, 2022 - $210,000) related to these royalty payments.
    - During the year ended March 31, 2022, the Company issued 1,937,500 common shares valued at $843,250 as consideration for the purchase of various NSRs (Note 14). The value of the shares was estimated using the market price on grant date. As a result, the annual royalty payment was reduced to $30,000 per annum beginning in January 2023. The Company made the annual royalty payment of $30,000 on January 30, 2023.
    - As at March 31, 2023 the Dome Mountain Project had not commenced commercial production.
- Freegold Property
    - The interest in the property will be subject to a 2% NSR and the Company is required to make annual royalty payments of $20,000 per annum. The Company has the right to purchase 1% of the NSR for the aggregate sum of $1,000,000.
    - During the year ended March 31, 2023, the Company made the annual royalty payment of $20,000 (2022 - $20,000).
- McKendrick Property
    - The interest in the property will be subject to an NSR of 2.5% and the Company is required to make annual royalty payment of $25,000 per annum.
    - An agreement was reached by both parties to defer 2016, 2017, and 2018 annual royalty payments to the one-year anniversary date of the arrival of the 1st truckload of Dome ore at the Nicola Mining Inc. mill which was made on June 15, 2021. The Company paid the deferred royalty payments totalling $75,000 and current royalty payments for total cash consideration of $100,000 on June 30, 2022.
- Hilo Property; and
- Federal Creek Property
    - The interest in the property will be subject to a 3% NSR.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Big Onion Project

On March 27, 2020, the Company acquired Dome Mountain Mine group of properties and Big Onion Project, both located near the town of Smithers in northwest British Columbia from the acquisition of Metal Mountain Resources Inc.

The Company holds a reclamation deposit of $35,000 related to the Big Onion Project.

On December 6, 2021, the Company entered into an option agreement with Gama for a 100% ownership and beneficial interest in the Big Onion Project. In order to exercise its option on the Big Onion Project, Gama is required to make cash and share payments to the Company and incur exploration and development expenditures on the property, as summarized below. The property is subject to an aggregate 3% net smelter return held by Metal Mountain Resources Inc. (1.125%) and an unrelated third party (1.875%).

- $500,000 in cash paid in the following installments:
  - $50,000 upon execution of the agreement (assigned from Golden Wonder);
  - $50,000 on or before 12 months from the date on which the common shares of Gama are listed on a Canadian stock exchange (April 11, 2022, the "Purchaser's Listing Date") (received subsequent to year-end);
  - $50,000 on or before 24 months following the Purchaser's Listing Date;
  - $100,000 on or before 36 months following the Purchaser's Listing Date; and
  - $250,000 on or before 48 months following the Purchaser's Listing Date.
- 2,000,000 common shares of Gama issued in the following installments:
  - 1,000,000 common shares upon execution of the agreement (assigned from Golden Wonder) issued into escrow and released in the following installments:
    - 100,000 on the Purchaser's Listing Date (released)
    - 150,000 6 months following the Purchaser's Listing Date (released)
    - 150,000 12 months following the Purchaser's Listing Date (released subsequent to year-end)
    - 150,000 18 months following the Purchaser's Listing Date
    - 150,000 24 months following the Purchaser's Listing Date
    - 150,000 30 months following the Purchaser's Listing Date
    - 150,000 36 months following the Purchaser's Listing Date
  - 250,000 common shares on or before 24 months following the Purchaser's Listing Date;
  - 250,000 common shares on or before 36 months following the Purchaser's Listing Date; and
  - 500,000 common shares on or before 48 months following the Purchaser's Listing Date.
- $1,500,000 expenditures on the Big Onion project as follows:
  - $250,000 on or before 12 months following the Purchaser's Listing Date (fulfilled subsequent to year-end);
  - An additional $250,000 on or before 24 months following the Purchaser's Listing Date;
  - An additional $250,000 on or before 36 months following the Purchaser's Listing Date; and
  - An additional $750,000 on or before 48 months following the Purchaser's Listing Date.

As a result of executing the option agreement with respect to the Big Onion Project, the Company assessed the recoverable amount of the Big Onion Project to be $700,000 based on the total consideration expected to be received from Gama and recorded an impairment loss of $5,209,114 during the year ended March 31, 2022.

(Expressed in Canadian dollars)

7. INVESTMENTS

The Company's investments consist of common shares held in Gama Explorations Inc. (CNSX: GAMA) which were issued to the Company in connection with agreements for the sale or option of its exploration and evaluation assets (Note 6). During the year ended March 31, 2023, the Company invested an additional $150,000 in Gama in connection with a private placement for common shares.

		Gama Explorations Inc.
Cost, March 31, 2021 and 2022	$	100,000
Additions		150,000
Disposals		(10,000)
Cost, March 31, 2023	$	240,000
Adjustment to fair value, March 31, 2021 and 2022	$	-
Fair value adjustment for the year		1,125,000
Adjustment to fair value, March 31, 2023	$	1,125,000
Fair value, March 31, 2022	**$**	**100,000**
Fair value, March 31, 2023	**$**	**1,365,000**

During the year ended March 31, 2023, the Company sold 100,000 common shares of Gama with a carrying value of $10,000 for proceeds of $146,555 and recorded a gain on sale of $136,555.

As of March 31, 2023, 750,000 common shares of Gama were held in escrow and restricted from trading and scheduled to be released from escrow as follows: 150,000 common shares on April 11, 2023, 150,000 common shares on October 11, 2023, 150,000 common shares on April 11, 2024, 150,000 common shares on October 11, 2024, and 150,000 common shares on April 11, 2025.

As of March 31, 2023, the fair value of the common shares of Gama was determined to be $1,365,000 (March 31, 2022 - $100,000), based on the closing share price of Gama on that date, of which $955,500 (March 31, 2022 - $25,000) is presented within current assets and relates to common shares which are free trading or become free trading within the next 12 months.

8. LONG-TERM ACCOUNTS PAYABLE

On March 27, 2020, the Company completed the acquisition of all the issued and outstanding shares of Metal Mountain Resources Inc. ("Metal Mountain") in exchange for a total of 12,153,651 common shares of the Company. This transaction was accounted for as an asset acquisition, and as a result, the Company assumed $5,548,030 in long-term accounts payable.

On May 13, 2020, the Company entered into an agreement to amend a debt assignment agreement with AG Partner Holdings Ltd., initially entered into on March 27, 2020.

The Company negotiated an agreement to pay $3,818,097 of the total long-term accounts payable, by way of issuance of 1,909,048 common shares of the Company with a fair value of $2,271,767 on the date of the commencement of commercial production from the Dome Mountain Mine (Note 14).

The shares will be subject to a hold period which will expire in accordance with the following schedule:

- 10% on each of 12 and 15 months of the date of issuance
- 15% on each of 18 and 24 months from the date of issuance; and
- 25% on each of 30 and 36 months from the date of issuance

Long-term accounts payable of $1,729,933 is unsecured, non-interest bearing, and payment is due within 30 months from the commencement date of commercial production at the Dome Mountain Mine. The payments will be made in quarterly payments from the available proceeds from the eventual sale of any gold and other metals or minerals mined and processed from the Dome Mountain Mine.

9. CEBA LOAN PAYABLE

During the year ended March 31, 2021, the Company obtained $80,000 in interest-free loans from the Government of Canada under the Emergency Business Account ("CEBA") COVID-19 Economic Response Plan. The loan was interest free until December 31, 2023 with up to 25% of the principal forgivable. The loan was initially recorded at a fair value of $44,342 using an effective rate of 11.39%, considering the grant, the interest-free loan and the forgivable portion. The difference between the amount received in cash and the relative fair value was recognized as income from government assistance during the year ended March 31, 2021.

During the year ended March 31, 2023, the Company repaid $60,000 (75%) of the loan balance and the remaining $20,000 (25%) was forgiven in accordance with the terms of the CEBA loan. As at March 31, 2023, the Company has no further obligations with respect to the CEBA loan.

During the year ended March 31, 2023, the Company recorded an accretion expense of $4,912 (March 31, 2022 - $5,904) related to the CEBA loan.

(Expressed in Canadian dollars)

10. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation consists of costs associated with the mine reclamation and closure activities on the Dome Mountain Mine (Note 6). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. The expenditures are expected to occur in 2033 and go on for a ten-year period.

A continuity of the asset retirement obligation is as follows:

Balance, March 31, 2021	**$**	**768,326**
Changes in estimates		532,114
Accretion expense		53,783
Balance, March 31, 2022		**1,354,223**
Changes in estimates		1,135,055
Accretion expense		44,690
Balance, March 31, 2023	**$**	**2,533,968**

The total undiscounted cash flow estimated to settle the obligations as at March 31, 2023 is $2,687,178 (March 31, 2022 - $1,588,342), which was adjusted for inflation at the rate of 2.15% and then discounted at a rate of 3.02%. Certain minimum amounts of asset retirement obligation will occur each year with significant amounts expected to be incurred from 2033 to 2042.

11. RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers.

For the years ended		March 31, 2023		March 31, 2022
Consulting fees	$	172,506	$	244,000
Stock-based compensation (Note 14)		-		289,416
	$	**172,506**	**$**	**533,416**

As at March 31, 2023, accounts payable and accrued liabilities include $52,275 (March 31, 2022 - $280) owing to the President, CEO and director of the Company. The amount payable is unsecured, non-interest bearing and has no fixed terms of repayment.

As at March 31, 2023, prepaid expenses include $12,000 (March 31, 2022 - $12,000) for management fees paid to a company controlled by the President, CEO and director of the Company which were applied to services rendered subsequent to the year end.

As at March 31, 2023, receivables include $nil (March 31, 2022 - $6,600) due from directors of the Company for amounts paid on behalf of the directors. The amounts were unsecured, non-interest bearing and had no fixed terms of repayment.

(Expressed in Canadian dollars)

12. NON-CONTROLLING INTEREST ("NCI")

The net change in non-controlling interest is as follows:		**Total**
Balance, March 31, 2021	**$**	**1,423,953**
Share of loss		(230,002)
Change in ownership interest		(1,193,951)
Balance, March 31, 2022 and 2023	**$**	**-**

As at March 31, 2021, the Company held a 78.28% ownership interest in Gavin Mines with $1,423,953 NCI balance. On May 27, 2021, the Company acquired an additional 13.67% ownership interest in Gavin Mines for cash consideration of $125,000. On July 21, 2021, the Company acquired the remaining 8.05% ownership interest in Gavin Mines for consideration of 400,000 common shares of the Company valued at $252,000 (Note 14). As the Company previously controlled Gavin Mines, the transactions resulted in a change to the Company's ownership interest and were accounted for as equity transactions. The difference of $816,951 between the non-controlling interest acquired of $1,193,951, and the fair value of consideration paid of $377,000, was recognized in reserves during the year ended March 31, 2022. As at March 31, 2023 and 2022, the Company held a 100% ownership interest in Gavin Mines.

13. FLOW-THROUGH PREMIUM LIABILITY

On July 15, 2021, the Company closed private placements and issued 4,761,154 flow-through units at a price of $0.7425 per unit for gross proceeds of $3,535,157 and 609,758 flow-through units at a price of $0.82 per unit for gross proceeds of $500,002 (Note 14). Upon closing of the private placements, the Company recognized an aggregate flow-through premium liability in the statement of financial position of $275,520 which reflects the value of income tax benefits that the Company will pass on to the flow-through shareholders.

On March 22, 2022, the Company closed private placements and issued 7,367,928 flow-through units at a price of $0.78 per unit for gross proceeds of $5,746,985 (Note 14). Upon closing of the private placements, the Company recognized an aggregate flow-through premium liability in the statement of financial position of $1,031,510 which reflects the value of income tax benefits that the Company will pass on to the flow-through shareholders.

During the year ended March 31, 2023, the Company incurred qualifying exploration expenditures resulting in recognition of flow-through premium recovery in the statement of loss and comprehensive loss of $887,126 (2022 – (419,904) and a balance of flow-through premium liability of $nil as of March 31, 2023 (2022 – $887,126).

Balance, March 31, 2021	**$**	**-**
Issuance of flow-through shares		1,307,030
Flow-through recovery		(419,904)
Balance, March 31, 2022		**887,126**
Flow-through recovery		(887,126)
Balance, March 31, 2023	**$**	**-**

14. SHARE CAPITAL AND RESERVES

Authorized: Unlimited number of common shares without par value.

COMMON SHARES

For the year ended March 31, 2023

- On April 8, 2022, the Company closed a second tranche of its non-brokered private placement of 2,753,636 units at a price of $0.55 per unit for aggregate proceeds of $1,514,500. Each unit is comprised of one common share of the Company and one-half of one warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of $0.78 per share until April 15, 2024. The Company paid finders' fees in cash of $48,400 and issued 88,000 finders' warrants with a fair value of $22,784 estimated using the Black-Scholes pricing model. The finders' warrants may be exercised to acquire common shares of the Company at a price of $0.78 per common share until April 15, 2024.

- In April 2022, the Company issued 395,214 common shares pursuant to the exercise of 395,214 warrants for gross proceeds of $197,607. In connection with the warrant exercises, the amount of $58,546 was reclassified from reserves to share capital for the finder's warrants exercised.

For the year ended March 31, 2022

- On July 15, 2021, the Company issued 4,761,154 flow-through units at a price of $0.7425 per flow-through unit for gross proceeds of $3,535,157. Each flow-through unit is comprised of one flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.75 per share for a period of 24 months. Upon issuance of the flow-through shares, the Company recognized a flow-through premium liability of $202,349 (Note 13).

- On July 15, 2021, the Company issued 609,758 flow-through units at a price of $0.82 per flow-through unit for gross proceeds of $500,002. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $1.10 per share for a period of 24 months. Upon issuance of the flow-through shares, the Company recognized a flow-through premium liability of $73,171 (Note 13).

- On July 15, 2021, the Company issued 7,446,818 units at a price of $0.55 per unit for gross proceeds of $4,095,748. Each unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.75 per share for a period of 24 months.

- In connection with the private placements which closed on July 15, 2021, the Company incurred share issuance costs of $200,129 and issued 159,516 finders' warrants with a fair value of $55,546 estimated using the Black-Scholes pricing model. Each finders' warrant entitles the holder to purchase one common share at a price of $0.75 per share until July 15, 2023. The Company also issued 42,683 finders' warrants with a fair value of $12,063 estimated using the Black-Scholes pricing model. Each finders' warrant entitles the holder to purchase one common share at a price of $1.10 per share until July 15, 2023.

- On July 21, 2021, the Company issued 400,000 common shares with a fair value of $252,000 as consideration for the acquisition of the remaining 8.05% ownership interest in Gavin Mines (Note 12).

14. SHARE CAPITAL AND RESERVES (Continued)

- On February 4, 2022, the Company issued 1,450,000 common shares with a fair value of $580,000 as consideration for the purchase of certain NSRs on the Dome Mountain Project (Note 6).

- On February 23, 2022, the Company issued 487,500 common shares with a fair value of $263,250 as consideration for the purchase of certain NSRs on the Dome Mountain Project (Note 6).

- On March 22, 2022, the Company issued 1,282,052 flow-through units at a price of $0.78 per flow-through unit for gross proceeds of $1,000,001. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.90 per share until April 15, 2024. Upon issuance of the flow-through shares, the Company recognized a flow-through premium liability of $179,487 (Note 13).

- On March 22, 2022, the Company issued 6,085,876 flow-through units at a price of $0.78 per flow-through unit for gross proceeds of $4,746,984. Each unit is comprised of one flow-through common share and one-half of one share purchase warrant. Each whole warrant is exercisable into one common share of the Company at an exercise price of $0.78 per share until April 15, 2024. Upon issuance of the flow-through shares, the Company recognized a flow-through premium liability of $852,023 (Note 13).

- In connection with the private placements which closed on March 22, 2022, the Company incurred share issuance costs of $234,719 and issued 224,000 finders' warrants with a fair value of $57,525 estimated using the Black-Scholes pricing model. Each finders' warrant entitles the holder to purchase one common share at a price of $0.78 per share until April 15, 2024. The Company also issued 76,923 finders' warrants with a fair value of $16,168 estimated using the Black-Scholes pricing model. Each finders' warrant entitles the holder to purchase one common share at a price of $0.90 per share until March 22, 2024.

- The Company issued 1,567,903 common shares pursuant to the exercise of 1,567,903 warrants with an exercise price of $0.50 per share for proceeds of $783,952. In connection with the warrant exercises, an amount of $23,066 was reclassified from reserves to share capital.

- The Company issued 710,000 common shares pursuant to the exercise of 710,000 stock options for proceeds of $373,625. In connection with the stock option exercises, an amount of $159,023 was reclassified from reserves to share capital.

- In connection with stock option exercises, the Company incurred share issuance costs of $7,601.

OBLIGATION TO ISSUE SHARES

As at March 31, 2023 and 2022, the balance of obligation to issue shares includes long-term accounts payable to be settled of $2,271,767 on the date of the commencement of commercial production on the Dome Mountain Project (Note 8).

(Expressed in Canadian dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

STOCK OPTIONS

Stock Option Plan

The Stock Option Plan was adopted by the Company's board of directors on December 14, 2018. The aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock Option Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options (including all options granted by the Company to date). The exercise price of any stock options granted under the Option Plan shall be determined by the Board, but may not be less than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

The term and vesting conditions of any stock options granted under the Stock Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death.

Stock Option Activity

Stock option activities are summarized in the table below.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2021	2,437,500	$0.95
Granted	1,810,000	$0.61
Exercised	(710,000)	$0.53
Expired/Cancelled	(150,000)	$0.98
Outstanding and exercisable, March 31, 2022	3,387,500	$0.86
Granted	400,000	$0.43
Outstanding and exercisable, March 31, 2023	3,787,500	$0.81

Details of stock options outstanding and exercisable as at March 31, 2023 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
February 17, 2025	250,000	250,000	$0.60
March 26, 2025	840,000	840,000	$1.50
April 11, 2025	100,000	100,000	$0.65
June 2, 2025	200,000	200,000	$1.20
July 13, 2025	237,500	237,500	$0.50
August 20, 2025	350,000	350,000	$0.60
March 19, 2026	100,000	100,000	$0.55
July 15, 2026	960,000	960,000	$0.70
January 11, 2027	450,000	450,000	$0.45
February 17, 2028	300,000	300,000	$0.35
Total	3,787,500	3,787,500	

As of March 31, 2023, the weighted average remaining life for outstanding options was 2.85 years (March 31, 2022 - 3.69 years).

(Expressed in Canadian dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

During the year ended March 31, 2023, the Company recorded stock-based compensation of $111,383 (March 31, 2022 - $756,606) related to the fair value of stock options which vested in the period. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model to estimate the fair value of stock options granted during the years ended March 31, 2023 and 2022:

	March 31, 2023	**March 31, 2022**
Risk-free interest rate	3.21%	1.14%
Expected life (years)	4.50	4.72
Annualized volatility	111%	101%
Dividend yield	-%	-%
Share price	$0.38	$0.58

WARRANTS

Warrant activities are summarized in the table below.

	Number of Warrants	**Weighted Average Exercise Price**
Outstanding and exercisable, March 31, 2021	12,231,115	$0.58
Exercised	(1,567,903)	$0.50
Issued	10,595,951	$0.78
Outstanding and exercisable, March 31, 2022	21,259,163	$0.69
Exercised	(395,214)	$0.50
Issued	1,464,818	$0.78
Expired	(9,014,878)	$0.50
Outstanding and exercisable, March 31, 2023	13,313,889	$0.83

As at March 31, 2023, the following warrants are outstanding:

Expiry date	**Number of warrants**	**Exercise price**
November 19, 2023	1,253,120	$1.30
July 15, 2023	6,263,502	$0.75
July 15, 2023	347,562	$1.10
April 15, 2024	641,026	$0.90
April 15, 2024	3,266,938	$0.78
March 22, 2024	76,923	$0.90
April 15, 2024	1,464,818	$0.78
Total	13,313,889	

As at March 31, 2023, the weighted average remaining life for outstanding warrants was 0.63 years (March 31, 2022 - 0.89 years).

(Expressed in Canadian dollars)

14. SHARE CAPITAL AND RESERVES (Continued)

During the year ended March 31, 2023, the Company issued finders' warrants in connection with private placements completed and recorded share issuance costs of $22,784 (March 31, 2022 - $141,302) related to the grant date fair value of the warrants. The following weighted average assumptions were applied using the Black-Scholes Option Pricing model to estimate the fair value of finders' warrants issued during the years ended March 31, 2023 and 2022:

	March 31, 2023	**March 31, 2022**
Risk-free interest rate	2.43%	1.43%
Expected life (years)	2.02	2.03
Annualized volatility	77.1%	87.66%
Dividend yield	-%	-%
Share price	$0.67	$0.66

15. SEGMENTED INFORMATION

The Company operates in one reportable operating segment – mineral exploration. The Company's resource properties are all located in Canada and its long-term assets are located in Canada. The Company is in the exploration stage, and accordingly, has no reportable segment revenues.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. The Company considers its capital structure to include equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms. The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended March 31, 2023.

(Expressed in Canadian dollars)

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

	Level		March 31, 2023		March 31, 2022
FINANCIAL ASSETS					
FVTPL					
Cash	1	$	1,056,756	$	8,688,697
Investment	1		1,365,000		100,000
Reclamation deposits	1		649,644		642,644
Other assets, at amortized cost					
Receivables			31,949		28,104
Total financial assets		$	3,103,349	$	9,459,445

FINANCIAL LIABILITIES				
Other liabilities, at amortized cost				
Accounts payable and accrued liabilities	$	254,600	$	916,367
Long-term accounts payable		1,729,933		1,729,933
CEBA loan payable		-		55,088
Total financial liabilities	$	1,984,533	$	2,701,388

The judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of the of the Company's financial assets and current financial liabilities are assumed to approximate their carrying values due to their short-term nature. The fair value of the Company's long-term accounts payable is assumed to approximate their carrying value, due to the nature of the item and are classified as long term as the Company is not expected to reach commercial production within the next 12 months (Note 8).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at March 31, 2023, the Company had cash of $1,056,756 to settle current liabilities of $254,600. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt, or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, deposits and receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash and deposits with high credit quality financial institutions. The Company's receivables primarily consist of input tax credits due from the Government of Canada, and as such, receivables are not subject to significant credit risk. The Company's maximum credit risk is equal to the carrying amount of its cash, receivables, and deposits.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company does not have any variable rate debt, The interest earned on cash is insignificant and the Company does not rely on interest to fund its operations. As a result, the Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

The Company is also exposed to price risk with respect to its investment in Gama (Note 7). The Company closely monitors those prices to determine the appropriate course of action. There can be no assurance that the Company can exit its position, if required, resulting in proceeds approximating the carrying value of the investment.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. As at March 31, 2023, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

(Expressed in Canadian dollars)

18. INCOME TAXES

The reconciliation of the provision for income taxes at the federal statutory rate compared to the Company's income tax expense as reported is as follows:

For the years ended	March 31, 2023	March 31, 2022
Net loss	$ (12,213,651)	$ (15,529,030)
Statutory rate	27%	27%
Expected income tax expense (recovery)	(3,297,000)	(4,193,000)
Tax effect of:		
Change in statutory, foreign tax, foreign exchange rates and other	19,000	126,000
Permanent differences	(375,000)	1,110,000
Impact of flow-through shares	1,334,000	1,307,000
Share issue costs	(13,000)	(119,000)
Other	-	2,083,000
Change in unrecognized deferred income tax assets	2,332,000	(314,000)
Income tax provision	$ –	$ –

The significant components of deferred income tax assets at March 31, 2023 and March 31, 2022 are as follows:

	March 31, 2023	March 31, 2022
Non-capital losses carried forward	$ 3,860,000	$ 4,219,000
Allowable capital losses	143,000	129,000
Property and equipment	678,000	678,000
Exploration and evaluation assets	4,053,000	1,657,000
Asset retirement obligation	684,000	366,000
Share issuance costs	130,000	168,000
Unrecognized deferred income tax assets	(9,548,000)	(7,217,000)
	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	March 31, 2023	Expiry Date	March 31, 2022	Expiry Date
Exploration and evaluation assets	$14,449,000	No expiry date	$6,137,000	No expiry
Property and equipment	$2,509,000	No expiry date	$2,509,000	No expiry
Share issue costs	$481,000	2042 to 2046	$623,000	2042 - 2045
Asset retirement obligation	$2,534,000	No expiry date	$1,354,000	No expiry
Allowable capital losses	$531,000	No expiry date	$478,000	No expiry
Non-capital losses available for future periods	$14,298,000	2028 to 2043	$15,624,000	2028 - 2042

The potential future tax benefits of these expenses and losses carried-forward have not been reflected in these financial statements due to the uncertainty regarding their ultimate realization. Tax attributes are subject to review, and potential adjustment by tax authorities.