

LANCASTER RESOURCES INC.

(formerly NeonMind BioSciences Inc.)

Condensed Interim Consolidated Financial Statements

For the Three and Six Months Ended September 30, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

The accompanying condensed interim consolidated financial statements of Lancaster Resources Inc. (“the Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”). Management acknowledges responsibility for the preparation and presentation of the condensed interim consolidated financial statements, including responsibility for significant accounting estimates and the choice of accounting principles and methods that are appropriate to the Company’s circumstances. These condensed interim consolidated financial statements have not been reviewed by the Company’s independent auditor.

Lancaster Resources Inc.
(formerly NeonMind BioSciences Inc.)
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

		September 30, 2023 (Unaudited) \$	March 31, 2023 \$
	Notes		
Current assets:			
Cash and cash equivalents		124,059	591,599
Marketable securities	4	6,007	25,000
Amounts receivable		101,565	64,790
Prepayments and deposits	5, 7	47,189	169,632
Due from related parties	7	-	65,000
Total current assets		<u>278,821</u>	<u>916,021</u>
Non-current assets:			
Exploration and evaluation assets	6	390,407	246,130
Total assets		<u>669,227</u>	<u>1,162,151</u>
Current liabilities:			
Accounts payable and accrued liabilities	7	206,663	108,767
Due to related parties		7,077	-
Total current liabilities		<u>213,740</u>	<u>108,767</u>
Non-current liabilities:			
Convertible debentures	3,8	933,411	-
Total liabilities		<u>1,147,151</u>	<u>108,767</u>
Shareholders' equity:			
Share capital	9	3,924,200	3,275,881
Subscriptions received	9	-	70,000
Share-based equity reserves	10	2,062,963	1,459,209
Retained earnings		(6,465,087)	(3,751,706)
Total shareholders' equity		<u>(477,924)</u>	<u>1,053,384</u>
Total liabilities and shareholder equity		<u>669,227</u>	<u>1,162,151</u>

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 16)

Approved and authorized for issuance on behalf of the Board of Directors on November 29, 2023:

/s/ "Daniel Kang"
Director

/s/ "Penny White"
Director

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

Lancaster Resources Inc.
(formerly NeonMind BioSciences Inc.)
Consolidated Statements of Operations and Comprehensive Loss
Expressed in Canadian Dollars
Unaudited

	Notes	Three months ended		Six months ended	
		September 30,		September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses:					
Consulting		54,200	3,000	182,975	23,000
Investor relations		47,600	-	69,450	-
Listing fees		85,546	-	116,390	-
Marketing, publicity and digital media		44,310	-	125,804	-
Office and administrative		10,870	3,930	29,030	9,194
Professional fees		35,081	43,378	63,227	58,941
Research and development		23,806	-	40,514	-
Share-based compensation	10	6,135	29,359	391,548	47,547
Travel and entertainment		1,344	-	17,533	-
Wages		527	74,675	28,615	118,539
Total expenses		309,417	154,342	1,065,085	257,221
Income before other items		(309,417)	(154,342)	(1,065,085)	(257,221)
Other items:					
Accretion		(42,649)	-	(52,600)	-
Foreign exchange		(1,839)	-	(2,338)	-
Interest expense		(24,860)	-	(30,778)	-
Listing cost	3	-	-	(1,491,870)	-
Unrealized gain or loss on marketable securities		(19,086)	14,286	(33,696)	(42,857)
Write off of amounts receivable		(40,670)	-	(68,740)	-
Other expense		429	-	124	-
Total other items		(128,675)	14,286	(1,679,898)	(42,857)
Net income from continuing operations		(438,092)	(140,056)	(2,744,983)	(300,078)
Net income from discontinued operations		-	(2,250)	-	(2,250)
Total net and comprehensive income		(438,092)	(142,306)	(2,744,983)	(302,328)
Loss per share from continuing operations, basic and diluted		(0.01)	(0.07)	(0.07)	(0.16)
Loss per share from discontinued operations, basic and diluted		-	(0.00)	-	(0.00)
Weighted average of shares outstanding, basic and diluted		42,956,894	1,900,100	41,583,305	1,900,100

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

Lancaster Resources Inc.

(formerly NeonMind BioSciences Inc.)

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

Expressed in Canadian Dollars

Unaudited

Notes	Share capital		Shares issuable \$	Equity Reserves \$	Deficit \$	Total \$
	Number of shares	Amount \$				
Balance at March 31, 2022	19,000,100	900,722	-	199,330	(649,019)	451,033
Share based compensation	-	-	-	47,547	-	47,547
Net loss	-	-	-	-	(302,328)	(302,328)
Balance at September 30, 2022	19,000,100	900,722	-	246,877	(951,347)	196,252
Balance at March 31, 2023	38,796,861	3,275,881	70,000	1,459,209	(3,751,706)	1,053,384
Unit issued for cash	680,000	136,000	(70,000)	-	-	66,000
Shares issued for RTO transaction	3,036,011	379,501	-	-	-	379,501
Warrants issued and options granted for RTO transaction 3	-	-	-	271,356	(13,333)	258,023
Shares issued to acquire options to a mineral property	135,000	27,000	-	-	-	27,000
Warrants exercised	300,000	45,000	-	-	-	45,000
Transfer of reserves for warrants exercised	-	30,067	-	(30,067)	-	-
Options exercised	100,000	15,000	-	-	-	15,000
Transfer of reserves for options exercised	-	13,679	-	(13,679)	-	-
Adjustment in restricted share units reserve	-	-	-	(79,500)	79,500	-
Share based compensation	-	-	-	391,548	-	391,548
Net loss	-	-	-	-	(2,744,983)	(2,744,983)
Loss from dissolving subsidiaries	-	-	-	-	31,602	31,602
Balance at September 30, 2023	43,047,872	3,922,128	-	1,998,868	(6,398,919)	(477,923)

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

Lancaster Resources Inc.
(formerly NeonMind BioSciences Inc.)
Condensed Interim Consolidated Statements of Cashflows
Expressed in Canadian Dollars
Unaudited

	Notes	Six months ended September 30	
		2023	2022
		\$	\$
Operating activities:			
Net Loss from continuing operations		(2,744,983)	(302,328)
Items not involving cash:			
Share-based compensation		391,548	47,546
Unrealized loss on marketable securities		32,629	42,857
Accretion and interest accrued for convertible debentures		83,261	-
Write off accounts receivable		68,740	-
Acquisition loss	3	1,491,870	-
Changes in non-cash operating working capital:			
Amounts receivable		(40,248)	(4,214)
Prepaid expenses & other assets		126,730	5,093
Accounts payable and accrued liabilities		(25,779)	47,271
Due from related parties		1,714	-
Net cash used in operating activities - continuing operations		(614,519)	(163,775)
Net cash used in operating activities - discontinued operations		-	(2,250)
Investing activities:			
Mineral property option payment		(117,277)	-
Net assets acquired from RTO transaction		138,255	-
Net cash provided by (used in) investing activities		20,978	-
Financing activities:			
Proceeds from issuance of units and shares		66,000	-
Proceeds from warrants exercise		45,000	-
Proceeds from stock options exercise		15,000	-
Net cash provided by financing activities		126,000	-
Change in cash		(467,540)	(166,025)
Cash, beginning of period		591,599	289,452
Cash, end of period		124,059	123,427

Supplement cash flow disclosure (Note 11)

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

Lancaster Resources Inc.

(formerly NeonMind BioSciences Inc.)

Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

(Unaudited)

1. Nature of Operations and Continuance of Business

Lancaster Resources Inc. (the "Company") was incorporated under the laws of the province of British Columbia on September 18, 2019. On April 9, 2020, the Company changed its name to NeonMind BioSciences Inc. The Company was previously engaged in drug development research into potential therapeutic uses of psychedelic compounds. On December 30, 2020, the Company completed an initial public offering and the Company's common shares were listed on the Canadian Securities Exchange (the "Exchange"). On June 7, 2023, the Company changed its name to Lancaster Resources Inc. and on June 8, 2023, the Company completed a reverse takeover ("RTO") transaction with Lancaster Lithium Inc. ("Lancaster Lithium") (Note 3), whereby the former shareholders of Lancaster Lithium became the shareholders of the Company, and Lancaster Lithium became a wholly owned subsidiary of the Company, and the Company changed its business from drug development to exploration of energy transition metals. On June 14, 2023, the Company's common shares resumed trading on the Exchange under the ticker symbol "LCR".

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and satisfy its liabilities in the normal course of business for the foreseeable future. Management is aware, in making its going concern assessment, of material uncertainties related to events and conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company had no revenues, incurred a net loss of \$2,744,983 (Note 3), and used cash of \$614,519 for continuing operations during the six months ended September 30, 2023. As at September 30, 2023, the Company has an accumulated deficit of \$6,465,087. The continued operations of the Company are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when the Company can generate sufficient operating cash flows to pay for its expenditures and settle its obligations as they fall due is uncertain. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption be inappropriate. The impact of those adjustments to the consolidated financial statements could be material.

2. Significant Accounting Policies

Statement of Compliance

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Basis of Presentation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, 1371432 B.C. Ltd and 1385122 BC Ltd. All intercompany balances and transactions have been eliminated on consolidation. On February 15, 2023, the Company's wholly owned subsidiary Lancaster Lithium entered into a merger agreement with Tevera Energy Corp. ("Tevera"), which was completed on March 9, 2023 culminating with the amalgamation of Tevera and Lancaster Lithium.

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information. The presentation and functional currency of the Company is the Canadian dollar. In the opinion of the Company's management, all adjustments considered necessary for a fair presentation have been included.

Lancaster Resources Inc.

(formerly NeonMind BioSciences Inc.)

Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

(Unaudited)

2. Significant Accounting Policies (continued)Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant areas requiring the use of estimates include the carrying value of marketable securities, recoverability of exploration and evaluation assets, fair value of share-based compensation, and measurement of unrecognized deferred income tax assets. Judgments made by management in the application of IFRS that have a significant effect on the consolidated financial statements include:

- the application of the going concern assumption, which requires management to consider all available information about the future, which is at least but not limited to 12 months from the end of the reporting period;
- the determination of whether a set of assets acquired and liabilities assumed in an acquisition constitutes a business may require the Company to make certain judgments, considering all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs, or economic benefits. The acquisition of Tevera, as described in Note 15, did not constitute a business, and was accounted for as an asset acquisition transaction; and
- judgment in determining whether it is likely that the future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular, whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

Future Accounting Pronouncements

Certain pronouncements have been issued by the IASB, or the IFRS Interpretations Committee that are not mandatory for the current period and have not been early adopted. Management has assessed that there are no future accounting pronouncements that are expected to have a material impact on the Company in the current or future reporting periods.

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

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3. Reverse Takeover Transaction

On June 9, 2023, the Company completed a reverse takeover transaction (the "Transaction") pursuant to which it acquired all of the issued and outstanding common shares of Lancaster Lithium, a company incorporated in the province of British Columbia. Under the terms of the Transaction, the Company issued 39,476,861 common shares, 17,735,594 share purchase warrants and 3,276,000 options in exchange for the issued and outstanding common shares, warrants and options of Lancaster Lithium. As of the date of the condensed interim consolidated financial statements, the Agreement is subject to final regulatory review and approval.

As a result of the completion of the Transaction, the former shareholders of Lancaster Lithium acquired 93% of the outstanding common shares of the Company, and, for accounting purposes, are considered to have acquired control of the Company. Accordingly, the Transaction constitutes a reverse acquisition of the Company by Lancaster Lithium and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payment and IFRS 3, Business Combinations. As the Company did not qualify as a business prior to the closing of the transaction according to the definition in IFRS 3, this reverse acquisition did not constitute a business combination; rather, it was treated as an issuance of shares by Lancaster Lithium for the net assets of the Company. Accordingly, no goodwill was recorded with respect to the Transaction. The Transaction was measured at the fair value of the common shares that Lancaster Lithium would have had to issue to the shareholders of the Company, being 3,036,011 common shares with a fair value of \$379,501, fair value of 2,060,110 warrants of \$252,295 and the fair value of 47,209 stock options of the Company with a fair value of \$5,728, to give the shareholders of the Company the same percentage of equity interest in the combined entity that results from the reverse acquisition had it taken the legal form of Lancaster Lithium acquiring the Company. The fair value of common shares, warrants and stock options issued were estimated based on the Company's financing event, which took place concurrently with the reverse takeover transaction at the price of \$0.20 per common share. These condensed interim consolidated financial statements include the accounts of the Company as at June 9, 2023, and the historical accounts of the business of Lancaster Lithium since its incorporation on July 12, 2019.

The total consideration of the common shares and the performance shares has been allocated to the fair value of the net assets acquired and liabilities assumed, as follows:

	\$
Fair value of the Company's shares (3,036,011 common shares)	379,501
Fair value of 2,060,110 warrants of the Company outstanding	252,295
Fair value of 47,209 stock options of the Company outstanding	5,728
Total consideration	637,524
Less: fair value of identifiable assets and liabilities acquired:	
Cash	138,255
Accounts receivable	65,267
Prepaid expenses	4,288
Marketable securities	13,636
Accounts payable and accrued liabilities	(123,676)
Convertible debt	(850,150)
Due to related parties	(101,965)
Net liabilities	(854,345)
Listing costs	1,491,870

The fair value of warrants and stock options of the Company was calculated using the Black-Scholes option pricing model with the following assumptions in weighted average: volatility of 306%, expected life of 2.96 years, no dividends, no forfeitures, and a risk-free rate of 4.0%.

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

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4. Marketable Securities

As at September 30, 2022, the Company owns 240,257 (March 31, 2023 - 142,758) common shares of Komo Plant Based Foods Inc. ("KPBF"), a company traded on the Canadian Stock Exchange. The fair value adjustments to the KPBF common shares are shown below.

March 31, 2023 fair value \$	Additions \$	Unrealized loss \$	September 30, 2023 fair value \$	March 31, 2022 fair value \$	Unrealized loss \$	September 30, 2022 fair value \$
25,000	13,637	(32,630)	6,007	114,286	(42,857)	71,429

5. Prepaid Expenses and Deposits

	September 30, 2023 \$	March 31, 2023 \$
Prepaid services	47,189	129,766
Deposits	-	39,866
	47,189	169,632

6. Exploration and Evaluation Assets

	Alkali Flat Lithium Project \$	Tran Taiga Lithium Project \$	Total \$
<u>Acquisition costs:</u>			
Balance, March 31, 2023	137,030	-	137,030
Additions	-	37,000	37,000
Balance, September 30, 2023	137,030	37,000	174,030
<u>Exploration costs:</u>			
Balance, March 31, 2023	109,100	-	109,100
Additions	107,277	-	107,277
Balance, June 30, 2023	216,377	-	216,377
<u>Carrying values:</u>			
March 31, 2023	246,130	-	246,130
June 30, 2023	353,407	37,000	390,407

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

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(Unaudited)

6. Exploration and Evaluation Assets (continued)

Alkali Flat Lithium Project

On November 17, 2022, the Company entered into an option purchase agreement (the "Option Agreement") with Majuba Mining Ltd. ("Majuba"), pursuant to which the Company was granted the exclusive right and option to acquire, subject to the reservation of 1.5% net production royalty, a 100% interest in the Alkali Flat Lithium Project located near Lordsburg in Hidalgo County, New Mexico.

To earn its interest in the Option Agreement, the Company must pay an aggregate of US\$2,975,000 to Majuba as follows:

- US\$25,000 within 18 business days of acquisition (paid);
- US\$50,000 within 90 calendar days of acquisition (paid);
- US\$150,000 on or before the second anniversary of acquisition;
- US\$1,000,000 on or before the third anniversary of acquisition; and
- US\$1,750,000 on or before the fourth anniversary of acquisition.

Trans Taiga Lithium Project

On August 29, 2023, the Company entered into an option purchase agreement (the "Option Agreement") for the full acquisition of the Trans Taiga Lithium Project (the "Project") situated in the James Bay region of Quebec. The Project is home to several identified pegmatite outcrops.

The Option Agreement grants the Company an exclusive option to acquire 100% ownership of the Project from a group that includes Bounty Gold Corp. and Last Resort Resources (the "Optionors"). A total purchase price of \$110,000 is payable to as follows:

- \$32,000 due within 10 days of entering into the long-form agreement, paid through \$5,000 cash plus \$27,000 via the issuance of 135,000 common shares in Lancaster's stock at a deemed price of \$0.20 per share;
- \$26,000 due on the first-anniversary date of the Option Agreement;
- \$26,000 due on the second-anniversary date; and
- \$26,000 due on the third-anniversary date.

The Company may, at its discretion, make 50% of each payment in common stock;

The agreement includes a 2% net smelter returns royalty, of which 1% can be bought back by the Optionors for \$1,000,000.

The Company agreed to make the following additional payments:

- A \$50,000 fee is payable if exploration results yield a minimum of 10 contiguous meters of lithium with values of 1% or more;
- A payment of \$1,000,000 is due if Lancaster publishes a 43-101 technical report for a resource of not less than 5 million tons with 1% lithium concentration.

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

Expressed in Canadian Dollars

(Unaudited)

7. Related Party Transactions

During the three and six months ended September 30, 2023 and 2022, compensation of key management personnel were as follows:

	Three months ended		Six months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Consulting fees	90,505	15,000	182,505	30,000
Share-based compensation	975	7,430	78,644	16,279
Wages and benefits	495	54,532	26,495	5,206
	91,974	76,962	287,643	51,485

As at September 30, 2023, Better Plant Sciences Inc. (“BPS”) held a \$40,702 (2022 - \$62,780) deposit from the Company, which is which was written off due to significant doubt in its ability to repay. The Company had a shared services agreement with Better Plant for back office and general support services. The agreement was terminated in March 2023. During the three months and six ended September 30, 2023, the Company incurred \$nil and \$nil (2022 - \$18,000 and \$33,000) operating expenses to Better Plant.

As at September 30, 2023, the Company owed \$742 (2022 – \$1,877) to officers and directors, which is included in due to related parties. These amounts are unsecured and non-interest-bearing.

8. Convertible debentures

The Company acquired the following convertible debenture liabilities at RTO on June 9, 2023.

November 29, 2021 issuance (the “2021 Debentures”)

On November 29, 2021, 750 convertible debenture units were issued at a price of \$1,000 per unit for gross proceeds of \$750,000. Each unit consisted of a repayable note with a face value of \$1,000 (the “Debentures”) and 66 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 50,000 warrants to the debenture holders.

The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders’ option, into common shares of the Company at a price of \$14.40 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$16.80 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, 5,208 agent’s options (the “Agent’s Options”) were granted with a fair value of \$61,993, entitling the holder to purchase a unit of the Company (the “Agent’s Option Unit”) at \$14.40 per Agent’s Option until November 29, 2023. Each Agent’s Option Unit consists of one common share of the Company (each, an “Agent’s Option Share”) and one share purchase warrant (each, an “Agent’s Option Warrant”). Each Agent’s Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of \$16.80 for a period of 36 months from the Agent’s Options issue date of November 29, 2021. The estimated fair value associated with the Agent’s Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of \$16.92; annualized volatility of 132%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 1.08%.

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

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8. Convertible Debentures (continued)April 8, 2022 issuance (the “2022 Debentures”)

On April 8, 2022, 285 convertible debenture units were issued at a price of \$1,000 per unit for gross proceeds of \$285,000, and 109 convertible debenture units at a price of \$1,000 per unit to settle accounts payable of \$109,000. Each unit consisted of a repayable note with a face value of \$1,000 (the “Debentures”) and 79 warrants to purchase common shares of the Company. The Debentures bear interest at a rate of 10% per annum on an accrual basis from issuance, calculated and payable semi-annually in arrears on May 31 and November 30 of each year. The Company issued an aggregate of 31,192 warrants to the debenture holders. The Debentures have a redemption date that is 24 months from the date of issuance and are convertible in full or in part, at the holders’ option, into common shares of the Company at a price of \$9.00 per common share, at any time prior to their redemption. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of \$9.60 per share for a period of 36 months from the date of issue.

In connection with the issuance of the Debentures, 1,108 agent’s options (the “Agent’s Options”) were granted with a fair value of \$3,809, entitling the holder to purchase a unit of the Company (the “Agent’s Option Unit”) at \$9.00 per Agent’s Option until April 8, 2024. Each Agent’s Option Unit consists of one common share of the Company (each, an “Agent’s Option Share”) and one share purchase warrant (each, an “Agent’s Option Warrant”). Each Agent’s Option Warrant further entitles the holder to purchase one additional common share of the Company at a price of \$9.60 for a period of 36 months from the Agent’s Options issue date of April 8, 2022. The estimated fair value associated with the Agent’s Options granted was determined using the Black-Scholes Pricing model with the following assumptions: stock price at grant date of \$6.00; annualized volatility of 129%; expected life of 2 years; dividend yield of 0%; expected forfeiture rate of 0%; and risk-free rate of 2.42%.

Extension of maturity:

During the three months ended March 31, 2023, the Company reached agreements with the registered holders of the 2021 Debentures and the 2022 Debentures. The maturity date of the remaining principal balance of the 2021 Debentures and 2022 Debentures in the total amount of \$994,400 was extended to December 4, 2024. Interest will continue to accrue at 10% per annum and will be payable on the maturity date. All other terms of the convertible debentures remain unchanged.

Accretion and accrued interest

During the six ended September 30, 2023, accretion and accrued interest for the debentures are as follows:

	November 29, 2021 issuance \$	April 8, 2022 issuance \$	Total \$
Carrying amount of liability at RTO (June 9, 2023)	605,513	244,637	850,150
Accretion	42,663	9,937	52,600
Accrued interest	22,971	7,690	30,661
Carrying amount of liability at September 30, 2023	671,147	262,264	933,411

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Notes to the Consolidated Financial Statements for the Three Months Ended September 30, 2023 and 2022

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(Unaudited)

9. Share Capital

Authorized: unlimited number of common shares without par value.

Six months ended September 30, 2023

On April 4, 2023, the Company completed a non-brokered private placement offering of share units at a price of \$0.20 per unit. Each unit consists of one common share of the Company and one non-transferable common share purchase warrant, with each warrant entitling the holder to acquire an additional common share in the capital of the Company an exercise price of \$0.40 per share for a period of 36 months from the issuance date. Subscriptions of \$70,000 received during a previous period were applied to this offering.

On June 9, 2023, the Company issued 3,036,011 common shares in an RTO transaction (Note 3).

On June 19, 2023, the Company issued 300,000 common shares for the exercise of the same number of broker warrants at \$0.15 per common share for total proceeds of \$45,000. Warrant reserves in the amount of \$54,680 were reclassified to share capital.

On June 27, 2023, the Company issued 100,000 common shares for the exercise of the same number of stock options at \$0.15 per common share for total proceeds of \$15,000. Equity reverses in the amount of \$13,679 was reclassified to share capital.

On August 31, 2023, the Company issued 135,000 common shares in total to Bounty Gold Corp. and Last Resort Resources with a contracted value of \$0.20 per share as part of a payment to acquire option rights to the Tran Taiga Lithium project (Note 6).

Six months ended September 30, 2022

There were no share capital activities during the three months ended September 30, 2022.

10. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weight average exercise price
Balance, March 31, 2022	13,828,238	\$ 0.38
Issued	3,227,355	\$ 0.42
Balance, March 31, 2023	17,055,593	\$ 0.45
Issued	2,740,110	\$ 0.12
Exercised	(300,000)	\$ 0.00
Balance, September 30, 2023	19,495,703	\$ 0.45

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10. Share Purchase Warrants (continued)

As at September 30, 2023, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price	Expiry date	Weighted average exercise price
300,000	\$ 0.15	November 16, 2023	\$ 0.00
6,000,000	\$ 0.30	November 16, 2023	\$ 0.09
5,209	\$ 16.80	November 29, 2023	\$ 0.00
1,108	\$ 9.60	April 8, 2024	\$ 0.00
50,004	\$ 16.80	November 29, 2024	\$ 0.04
31,197	\$ 9.60	April 8, 2025	\$ 0.02
122,000	\$ 0.20	February 6, 2026	\$ 0.00
1,525,000	\$ 0.40	February 6, 2026	\$ 0.03
450,000	\$ 0.40	March 24, 2026	\$ 0.01
897,668	\$ 0.18	March 31, 2026	\$ 0.01
7,460,925	\$ 0.50	March 31, 2026	\$ 0.19
1,972,592	\$ 0.40	June 9, 2026	\$ 0.04
680,000	\$ 0.40	April 3, 2027	\$ 0.01
19,495,703			\$ 0.45

11. Stock Options

On October 16, 2021, the Company adopted an incentive stock option plan. Pursuant to the Company's stock option plan, directors may, from time to time, authorize the issuance of options to directors, officers, employees, and consultants of the Company. The terms of the granted stock options as well as the vesting conditions, are at the sole discretion of the directors.

The following tables summarize the information of the Company's stock options:

Expiry date	Exercise price	Outstanding	Exercisable
April 27, 2025	\$ 12.00	167	167
October 26, 2026	\$ 0.15	960,000	960,000
February 4, 2027	\$ 0.15	126,000	126,000
June 7, 2027	\$ 3.00	6,667	6,667
September 13, 2027	\$ 0.20	800,000	800,000
March 17, 2028	\$ 0.20	240,000	240,000
December 8, 2027	\$ 0.20	1,050,000	1,050,000
June 9, 2028	\$ 0.20	1,200,000	1,200,000
June 27, 2028	\$ 0.23	600,000	600,000
September 25, 2028	\$ 0.12	1,750,000	-
		6,732,834	4,982,834

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11. Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price
Outstanding, March 31, 2022	2,752,000	\$ -
Granted	2,750,000	\$ 0.20
Expired	(1,378,791)	\$ 0.15
Cancelled	(800,000)	\$ 0.11
Outstanding, March 31, 2023	3,323,209	\$ 0.24
Exercisable, March 31, 2023	1,790,400	\$ 0.19
Granted	3,730,000	\$ 0.09
Exercised	(100,000)	\$ 0.00
Expired	(220,375)	\$ 0.03
Outstanding, September 30, 2023	6,732,834	\$ 0.18
Exercisable, September 30, 2023	4,982,834	\$ 0.20

Additional information regarding stock options outstanding and exercisable as at September 30, 2023 is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)
\$0.10 - \$0.30	6,726,000	4,976,000	4.34
\$3.00 - \$12.00	6,834	6,834	0.00
	6,732,834	4,982,834	4.34

Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. During the six and three months ended September 30, 2023, the Company recognized share-based compensation expense relating to stock options of \$6,135, and \$385,423, respectively (2022 - \$29,359 and \$47,547) in share-based equity reserves. The weighted average fair value of options granted during the six months ended September 30, 2023, was \$0.105 (2022 - \$0.03) per share. Weighted average assumptions used in calculating the fair value of share-based compensation expense, including no expected dividends or forfeitures, are as follows:

	2023	2022
Risk-free interest rate	4.28%	3.09%
Dividend yield	0%	0%
Expected volatility	300%	150%
Expected life (years)	5.00	4.85

As at September 2023, there was \$174,746 (2022- \$111,023) of unrecognized share-based compensation related to unvested stock options.

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12. Supplemental Cash Flow Disclosures

	Six months ended	
	September 30	
	2023	2022
	\$	\$
Non-cash investing and financing activities		
Assets acquired and liabilities assume through RTO	(499,269)	-
Share issuance for RTO transaction	637,524	-
Shares issued to acquire a mineral property	27,000	-

13. Capital Management

The Company manages its capital structure and makes adjustments, based on the funds available to the Company, to support the general operations of the Company and facilitate the liquidity needs of its operations. The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and share capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

14. Financial Instruments and Risk ManagementFair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the consolidated statement of financial position as at September 30, 2023, as follows:

	Fair Value Measurements Using			Balance, September 30, 2023
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$	\$	\$	\$
Marketable securities	6,007	-	-	6,007

Fair Values (continued)

The fair values of other financial instruments, including cash and cash equivalents, accounts payable and accrued liabilities, and amounts due from and to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter-party default on its obligation. The Company's credit risk is primarily attributable to cash and cash equivalents. The Company minimizes its credit risk associated with its cash balance by dealing with major financial institutions in Canada and has no other significant concentration of credit risk arising from operations. The carrying amount of financial assets represents the maximum credit exposure.

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14. Financial Instruments and Risk Management (continued)Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to a shortage of funds. All of the Company's obligations are due within one year. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there are sufficient funds to meet short-term and specific obligations.

Price Risk

The Company is exposed to price risk with respect to commodity prices and publicly traded market prices for marketable securities. 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.

15. Discontinued Operations

During the three months ended September 30, 2023, management made the decision to cease the development of nut milk products as the Company's principal business changed to acquire, explore, and develop mineral properties. As a result, the nut milk development operating unit met the criteria to be classified as discontinued operations as of August 10, 2022, the date on which the Company changed its name to Lancaster Minerals Inc., and therefore, the results of operations of this unit have been classified as discontinued operations on the consolidated statements of operations.

Net loss from discontinued operations:

	Three months ended		Six months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Rent expense	-	2,250	-	2,250
Income from discontinued operations	-	(2,250)	-	(2,250)

Cash flows from discontinued operations:

	Six months ended	
	September 30,	
	2023	2022
	\$	\$
Cash from operating activities	-	(2,250)

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16. Subsequent Events

On November 28, 2023, the Company issued 4,641,400 units at an issue price of \$0.05 per unit for gross proceeds of \$232,050. Each unit was comprised of one common share and one common share purchase warrant. Each warrant is exercisable into one common share of the Company at an exercise price of \$0.07 per share for a period of five years from the issuance date.

On November 28, 2023, the Company issued 2,500,000 flow-through shares for the purposes of the Income Tax Act (Canada) at a price of \$0.08 per share for gross proceeds of \$200,000.

On November 28, 2023, the Company issued 342,400 finders warrants pursuant to private placements. Each finder's warrant is exercisable into one common share of the Company at an exercise price of \$0.07 per share for a period of five years from the issuance date.