LANCASTER RESOURCES INC.

(formerly NeonMind BioSciences Inc.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Nine Months Ended December 31, 2023 and 2022

February 26, 2024

This Management's Discussion and Analysis ("MD&A") relates to the financial position and financial performance of Lancaster Resources Inc. ("Lancaster") (formerly NeonMind BioSciences Inc.) for three and nine months ended December 31, 2023 and 2022. All references to "us", "we", the "Company", and "our" refer to Lancaster on a consolidated basis.

Except where otherwise indicated, the financial information contained in this MD&A was prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with our audited financial statements for the years ended March 31, 2023 and 2022 and condensed interim consolidated financial statements for the three and nine months ended December 31, 2023 and 2022 (collectively the "Financial Statements").

Financial information contained in this MD&A has been prepared on the basis that we will continue as a going concern, which assumes that we will be able to realize our assets and satisfy our 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 our ability to continue as a going concern.

We had no revenues, incurred a net loss of $3,195,967, and used cash of $1,007,150 for continuing operations during the nine months ended December 31, 2023. As at December 31, 2023, we had an accumulated deficit of $6,916,071. Our continued operations are dependent on future profitable operations, management's ability to manage costs, and the future availability of equity or debt financing. Whether and when we 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.

Except where otherwise indicated, all financial information is expressed in Canadian dollars.

CORPORATE OVERVIEW AND DEVELOPMENT

We were incorporated under British Columbia's provincial laws on July 12, 2019. We were initially engaged in psychedelic research projects which was discontinued in late 2022.

On December 14, 2022, we entered into a Letter Agreement for a merger with Lancaster Lithium Inc. ("Lancaster Lithium"). The merger was completed through a reverse takeover transaction on June 9, 2023. Currently we are engaged in exploring energy transition minerals to take advantage of the global shift towards decarbonization and electrification. Our goal is to identify, acquire, explore, and develop high-quality mineral-rich properties, integrating sustainable energy sources and innovative technologies for climate-positive resource production.

Lancaster Lithium:

- In September 2022, Lancaster Lithium identified the potential of the Alkali Flat Lithium Project. After several months of negotiations and due diligence, we entered into a definitive option agreement for the project on November 17, 2022. The Alkali Flat Lithium Project comprises 260 claims (~5200ac) with prospective lithium brine deposits in the Lordsburg area of southwestern New Mexico, USA. Subsequently, the Option Agreement was amended to extend the deadline for the initial payment, and the first option payment of USD $25,000 was made.

- In February 2023, Lancaster Lithium closed a first tranche of private placement of $305,000 through the issuance of 1,525,000 units. Each unit consisted of one share and one warrant to purchase another share at $0.40 for 3 years. In connection with the private placement, we paid finders fees of $24,400 and issued 122,000 Broker Warrants to buy shares at $0.20 per share.

- On February 15, 2023, Lancaster Lithium entered a merger agreement with Tevera Energy Corp. ("Tevera"). The agreement was a related party agreement in that both companies had some officers, directors and shareholders in common. Subsequently, on February 28, 2023, we held our annual general meeting and a special shareholders' meeting to obtain approval for the merger with Tevera Energy. The attending shareholders unanimously voted in favour of the resolutions to approve the merger. The amalgamation with

Tevera Energy was finalized on March 9, 2023.

- On April 4, 2023 a special meeting of the shareholders of Lancaster Lithium approved the merger and 100% of the shareholders in attendance at the meeting in person or by proxy voted in favour of the merger.

- In April 2023 Lancaster Lithium discontinued two subsidiaries that were not being used that had been wholly owned subsidiaries of Tevera Energy.

On June 9, 2023, we 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. On June 9, 2023, after obtaining all necessary approvals the merger with Lancaster Lithium was completed via a three-cornered amalgamation between the Company, Lancaster Lithium and the Company’s wholly owned subsidiary. In this process, the Company acquired 100% of Lancaster Lithium’s issued and outstanding common shares in exchange for common shares of the Company on a 1:1 basis. The Company’s outstanding warrants and options were exchanged into warrants and options of Lancaster Lithium an identical basis. Upon closing the transaction, the company resulting from the amalgamation of Lancaster Lithium and the Company’s subsidiary became a wholly owned subsidiary of the Company, and the Company changed its name to Lancaster Resources Inc. and continues to advance the Lancaster Lithium exploration and development strategy.

On June 26, 2023, Andrew Watson, P.Eng., joined us as our Vice President of Engineering and Operations. Mr. Watson brings with him 21 years of rich technical leadership, operations, corporate strategy, and commercialization experience in lithium, hydrogen, and conventional oil and gas production. As the newly appointed Vice President of Engineering and Operations, Mr. Watson will spearhead Lancaster’s Alkali Flat Lithium Project exploration operations in Lordsburg, New Mexico, USA along with Trans-Taiga.

On August 31, 2023, we entered into a definitive agreement (the “Agreement”) to acquire 100% of the Trans-Taiga Lithium Project (the “Property“) in the Eeyou Istchee James Bay region of Quebec. The Property, hosting several historical pegmatite samples, lies ~120 km west of Patriot Battery Metals’ Corvette Project, ~74 km west of Winsome Resources’ Cancet Project, and a few kilometres east of Loyal Lithium’s Brisk Lithium Project. With the acquisition of the Property, we have diversified our exploration projects. Our focus expands from its existing lithium brine exploration at the Alkali Flat Project in New Mexico to include hard rock lithium exploration in Quebec’s James Bay region. This strategic move enhances our exploration capabilities and geographical diversity, positioning it to unlock different types of lithium resources in varied geological settings all within Tier 1 mining jurisdictions.

Reverse Takeover Transaction

On June 9, 2023, the Company completed the Transaction. 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's outstanding	252,295
Fair value of 47,209 stock options of the Company's 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%.

Mineral Properties

Alkali Flat Lithium Project

We hold an interest in Alkali Flat Lithium Project located in New Mexico, USA. The Alkali Flat Lithium Project comprises 260 claims (~5200ac) with prospective lithium brine deposits in the Lordsburg area of southwestern New Mexico, USA. To earn its interest in the Option Agreement, the Company must pay an aggregate of US$2,975,000 to Majuba Mining Limited (“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 the acquisition;
- US$1,000,000 on or before the third anniversary of the acquisition; and
- US$1,750,000 on or before the fourth anniversary of the acquisition.

Subsequently, the Option Agreement was amended to extend the deadline for the initial payment, and the first option payment of $25,000 and the second payment of $50,000 were made according to the amended Option Agreement.

Additionally, in February 2023, we paid an extra USD $25,000 to secure certain federal claims, as agreed in the Option Agreement. We also extended our claim group by 8 claims, informed by publicly released exploration results from Arizona Lithium Ltd., a non-related company, on their contiguous Lordsburg property.

In February 2023, we expanded our advisory team, and we enlisted Gold Canyon Partners LLC, under the leadership of Rodney Blakestad, to execute a sampling program of playa sediments to assess the distribution of lithium and related elements typically found in lithium brine deposits. The program entailed collecting 109samples arranged in a grid, along with two newsoil profile pits (10 samples each) and an existing tst pit (14 samples) to analyze element variation at depths up to 36 inches. In total, 143 samples were collected, and the estimated cost, including laboratory fees, was around USD $18,700 (approximately $25,500). The sampling was conducted in February and March 2023, and we announced the results in July 2023.

In February 2023, we commissioned EarthEx Geophysical Solutions to perform a UAV-Borne Detailed Magnetometry survey, anticipated to cover 315 line-km with 50-meter line spacing and 500-meter tie line spacing. The estimated survey cost was CAD $62,965. The drone surveys were completed in March 2023. We received final results in September.

On June 29, 2023, we engaged Socialsuite, an ESG Impact SaaS Platform, to support our ability to measure and report the sustainability of our current and planned operations.

On July 11, 2023, we reported results from our geochemical sampling program on our Alkali Flat Lithium Project in New Mexico. The samples were taken in March 2023 to assess the distribution of lithium and lithium pathfinder elements over a broad portion of the Property. The geochemical results of lithium values in the 143 sediment samples taken ranged from 69.6 ppm Li to 149.5 ppm Li, and the mean was 113.8 ppm Li. The results show several zones of notably high lithium concentrations in the sediments found in the northern and eastern parts of the Property. These results line up with the sediment analysis reported by Arizona Lithium Inc. from its adjacent Lordsburg property.

On September 14, 2023, we reported results from our Magneto-Telluric (MT) geophysics program at the Alkali Flat Lithium Project. KLM Geoscience successfully completed the detailed MT program including data acquisition and inversions. The MT survey consisted of three east-west lines with ~500m spacing between receivers and lines. The MT results along with our recent exploratory and geochemical results have highlighted multiple high priority drill locations believed to host lithium-rich aquifers. Results indicate a near surface highly conductive layer ~150m in thickness from surface. A much larger high conductivity target is seen at ~660m below surface, and appears to 450m or more in thickness. Results also confirm the N-S trending basin continues from Arizona Lithium claims through Lancaster's property.

On November 7, 2023, we announced the administrative approval of our maiden drill program at its Alkali Flat Project. The New Mexico Mining and Minerals Division (“MMD”) has declared Lancaster’s Minimal Impact Exploration Permit Application for its Phase 1 Exploration Drilling at the Alkali Flat Lithium Brine Project to be administratively complete, marking a significant step forward in this pioneering exploration effort.

<u>Trans Taiga Lithium Project</u>

On August 29, 2023, we 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. 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.

We 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.

We also 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.

Summary of Investments in Mineral Properties

During the nine months ended December 31, 2023, our investments in our mineral properties are as follows:

	Alkali Flat Lithium Project $	Tran Taiga Lithum Project $	Total $
Acquisition costs:			
Balance, March 31, 2023	137,030	-	137,030
Additions	-	37,000	37,000
Balance, December 31, 2023	137,030	37,000	174,030
Exploration costs:			
Balance, March 31, 2023	109,100	-	109,100
Additions	107,277	-	107,277
Balance, December 31, 2023	216,377	-	216,377
Carrying values:			
March 31, 2023	246,130	-	246,130
December 31, 2023	353,407	37,000	390,407

SELECTED ANNUAL INFORMATION

Management considers that the main indicators of our performance are the following: revenues, net income and loss, total assets, earnings or loss per share. The following information was derived from our financial statements for the years ended March 31, 2023 and 2022.

	2023 $	2022 $
Revenues	-	-
Net Loss	(3,102,687)	(628,475)
Basic and diluted loss per shares from continuing operations	(0.15)	(0.05)
Total Assets	1,162,151	485,832
Dividends declared and paid out in cash	-	-

OVERALL PERFORMANCE

As at December 31, 2023, we did not have any revenues. For three and nine months ended December 31, 2023, we incurred a net loss of $450,984, and $3,195,967 respectively as compared to $313,500 and $615,828 in the same periods of the prior year. The net loss for the three and nine months ended December 31, 2023 was generated from operating expenses, primarily share based compensation expenses, wages and consulting fees for the operating team. Net loss for the nine months ended December 31, 2023 included a one time listing cost through a reverse takeover transaction.

We made additional investment in our Alkali Flat project in the amount of $107,277 during the nine months ended December 31, 2023 and $37,000 to acquire the option rights to the Trans Taiga Lithium project.

DISCUSSION ON OPERATIONS

EXPENSES:

Consulting fees

We are a developing business and we engage consultants and contractors regularly to obtain expertise in various business areas without having to commit to employment costs. For three and nine months ended December 31, 2023, we incurred consulting fees of $46,000 and $228,975 respectively as compared to $18,425 and $41,425 in the same periods of the prior year. The increase in consulting fees was driven by the RTO listing process and the development of our mineral projects.

Investor relations

For the three and nine months ended December 31, 2023, we incurred investor relations expenses of $21,417 and $90,867 as compared to $nil for the same periods in the prior year. The increase in investor relations were driven by the RTO listing process.

Listing expenses

Listing fees were related to the application and ongoing fees for the listing of our common shares on the Canadian Securities Exchanges (CSE). For the three and nine months ended December 31, 2023, we recorded listing fees of $39,905 and $156,295 as compared to $nil for the same period in the prior year.

Marketing, publicity and digital media

Marketing, publicity and digital media expenses included advertising media spent to promote our corporate brand. For three and nine months ended December 31, 2023, we incurred marketing, publicity and digital media expenses of $109,337 and $235,141 respectively as compared to $1,750 for the same periods in the prior year.

Office and administrative expenses

Office and administrative expenses primarily included insurance fees, broker and filing fees, interest expense and other general office expenses. For three and nine months ended December 31, 2023, we incurred office and administration expenses of $8,192 and $37,223 respectively as compared to $8,092 and $17,286 for the same periods in the prior year. The increase in office and administrative expenses were drive increased business activities in the development our mining project as well as our RTO listing transaction.

Professional fees

Professional fees include legal, accounting, audit and taxation fees. For three and nine months ended December 31, 2023, we incurred professional fees of $5,289 and $68,516 as compared to $22,011 and $80,952 in the same periods of the prior year. The increase was primarily driven by legal, accounting and audit fees to support of the acquisition of mining projects and the RTO merger transaction.

Research and development

Research and development expenses are related to our cost in the study of early-stage projects. For the three and nine months ended December 31, 2023, we incurred research and development costs of $16,464 and $56,978 as compared to $nil for the same periods of the prior year.

Share-based compensation

Share-based compensation expenses were related to the stock options granted our directors, advisors, officers, employees and consultants. For three and nine months ended December 31, 2023, we incurred share-based compensation expense of $138,707 and $530,225 as compared to $169,278 and $216,825 for the same periods in the prior year. We expect to continue to utilize stock options, and other forms of equity instruments, to incentivize our teams.

Travel and entertainment

For three and nine months ended December 31, 2023, we incurred travel and entertainment cost of $2,749 and $20,281 as compared to $nil for the same period in the prior year.

Wages

Wages for three and nine months ended December 31, 2023 were $nil and $28,615 as compared to $62,922 and 181,461 for the same periods in the prior year. The decrease in wages was driven by reduction of full-time employee of the team.

Accretion

Accretion expense was related to our convertible debentures. For the three and nine months ended December 31, 2023, we recorded accretion expense of $35,529 and $88,129. We did not have convertible debentures and accretion costs for the same periods in the prior year.

Foreign exchange

Foreign exchange costs were related to expenditures we incurred to develop our Alkali Flat project in USA. For the three and nine months ended December 31, 2023, we incurred foreign exchange costs of $2,633 and $4,971 as compared to $nil for the same period of the prior year.

Interest expense

Interest expense was related to our convertible debentures. For the three and nine months ended December 31, 2023, we recorded interest expense of $24,860 and $55,638. We did not have convertible debentures and interest costs for the same periods in the prior year.

Listing costs

Reverse takeover cost represents the purchase price paid in excess of the net assets acquired for our RTO transaction (see section “Reverse Takeover Transaction” above). For the three and nine months ended December 31, 2023, we recorded reverse takeover cost of $nil and $1,491,870 and we did not incur such costs in the same period of the prior year.

Unrealized loss on marketable securities

During the three and nine months ended December 31, 2023, we held 240,257 shares of Komo Plant Based Foods Inc. These shares were revalued based on their closing price on December 31, 2023 resulting in an unrealized loss of $nil and $33,696 for three and nine months ended December 31, 2023 as compared to $28,572 and $71,429 for the same periods of the prior year.

Write off of amounts receivable

Write-off of amounts receivable was related to debt owed by Tevera Energy and Better Plant Sciences. We completed a merger transaction with Tevera Energy in March 2023 and such debt of $28,069 was written off following the merger. We previously made retainer payments to Better Plant Sciences to secure various corporate services under an operating agreement. The operating agreement was terminated in March 2023. The remaining balance of this prepayment of $40,670 was provided with a full allowance due to significant doubt in its recovery.

Net loss from continuing operations

We incurred a net loss of $450,984 and $3,195,967 for three and nine months ended December 31, 2023 as compared to $311,050 and $611,128 for the same periods in the prior year.

Loss per share from continuing operations on basic and fully diluted basis was $0.01 and $0.07 for three and nine months ended December 31, 2023, compared to $0.02 and $0.03 for the same periods in the prior year.

Loss from discontinued operations

In 2022, we made the decision to cease the development of nut milk products as our principal business and started 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.

For three and nine months ended December 31, 2023, we incurred loss from discontinued operations of $nil as compared to $2,450 and $4,700 for the same periods in the prior year.

<u>Net and comprehensive Loss</u>

For three and nine months ended December 31, 2023, we incurred a net and comprehensive loss of $450,984 and $3,195,967 as compared to $313,500 and $615,828 for the same periods in the prior year.

Net loss per share was $0.01 and $0.07 for three and nine months ended December 31, 2023 respectively as compared to $0.02 and $0.03 for the same periods in the prior year.

<u>Dividends</u>

No dividends were declared or paid for the three and nine months ended December 31, 2023 and 2022.

SUMMARY OF QUARTERLY RESULTS

The summary of our quarterly results are as follows:

For the quarters ended:

	Dec. 31, 2023 $	Sep. 30, 2023 $	Jun. 30, 2023 $	Mar. 31, 2023 $
Operating Expenses	388,060	309,417	755,668	384,287
Net loss from continuing operations	(450,984)	(438,092)	(2,306,891)	(2,491,059)
Basic and diluted loss per share from continuing operations	(0.01)	(0.01)	(0.06)	(0.11)
Loss (income) from discontinued operations	-	-	-	4,200
Net Loss	(450,984)	(438,092)	(2,306,891)	(2,486,859)
Basic and diluted loss per share	(0.01)	(0.01)	(0.06)	(0.11)
Weighted average shares outstanding	46,609,318	42,956,894	40,194,622	36,257,439

	Dec. 31, 2022 $	Sep. 30, 2022 $	Jun. 30, 2022 $	Mar. 31, 2022 $
Operating Expenses	282,478	282,478	153,702	305,036
Net loss from continuing operations	(311,050)	(311,050)	(196,559)	(305,036)
Basic and diluted loss per share from continuing operations	(0.02)	(0.02)	(0.01)	(0.02)
Loss from discontinued operations	(2,450)	(2,450)	-	-
Net Loss	(313,500)	(313,500)	(196,559)	(305,036)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.02)
Weighted average shares outstanding	19,000,100	19,000,100	19,000,100	19,000,100

LIQUIDITY

		December 31, 2023		March 31, 2023
Current ratio(1)		1.5		8.4
Cash	$	204,064	$	591,599
Working capital surplus (2)	$	146,886	$	807,254
Debt (3)	$	993,564	$	-
Total shareholders' equity	$	456,271	$	1,053,385

(1) Current ratio is current assets divided by current liabilities.
(2) Working capital is current assets minus current liabilities
(3) Debt refers to commercial loans and convertible debentures

Cash Position

As at December 31, 2023, we had $204,064 in cash. During nine months ended December 31, 2023, we spent $1,007,150 of cash in operating activities from continuing operations, to finance operating expenses, wages, and consulting fees, as compared to $212,159 for the same period of the prior year. Cash provided by investing activities for nine months ended December 31, 2023 was $20,978 representing cash of $138,255 acquired through the RTO transaction offset by investment in mineral properties of $117,277. Cash provided by financing activities was $598,637 for nine months ended December 31, 2023, as compared to $nil for the same period in the prior year, which was primarily from proceeds received from the issuance of common shares and exercise of warrants and stock options.

We aim to issue more commons shares through private placements and listing processes to obtain funding needed for the future development of our business.

Working Capital

We had a working capital of $146,886 as at December 31, 2023, which primarily consists of cash, marketable securities and prepaids and deposits offset by accounts payable, as compared to working capital of $807,254 as at March 31, 2023.

CAPITAL RESOURCES AND MANAGEMENT

We are authorized to issue an unlimited number of common shares. As at June 30, 2023, there were 43,047,872 common shares issued and outstanding. We had 24,473,894 share purchase warrants outstanding with a weighted average exercise price of $0.37. We had 6,732,834 stock options outstanding with a weighted average exercise price of $0.18 per share of which 4,982,834 are exercisable with a weighted average exercise price of $0.20 per share.

Our principal business is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. Currently, we are evaluating and reviewing potential resource properties and other business opportunities as possible options or joint ventures. Once we acquire an interest in a resource property or other business opportunity, we anticipate that we will require more funds to further our business.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2023 and 2022, we had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three and nine months ended December 31, 2023 and 2022, compensation of key management personnel were as follows:

	Three months ended September 30,		Nine months ended December 31,	
	2023	2022	2023	2022
	$	$	$	$
Consulting fees	11,495	33,000	194,000	96,000
Development costs	15,983	-	55,488	-
Share-based compensation	17,933	6,903	96,577	58,689
Wages and benefits	-	62,000	26,495	175,333
	45,411	101,903	372,559	330,022

As at December 31, 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 and nine months ended December 31, 2023, the Company incurred $nil and $nil (2022 - $22,500 and $62,813) operating expenses to Better Plant.

As at December 31, 2023, the Company owed $1,220 (2022 – $1,877) to officers and directors, which is included in due to related parties. These amounts are unsecured and non-interest-bearing.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of 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 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 condensed interim financial statements include the factors that are used in determining whether we have significant influence over another entity, and 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.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

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.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the consolidated statement of financial position as at December 31, 2023 and March 31, 2023, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, March 31, 2023 $
Marketable securities	6,007	–	–	6,007

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
1
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.

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 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.

QUALIFIED PERSON

Andrew Watson, P. Eng.., who is a Qualified Person as defined by NI 43-101, and member in good standing with the Association of Professional Engineers and Geoscientists of Alberta (member number 75486) has reviewed and approved the technical information in this MD&A. Mr. Watson is the Vice President, Engineering and Operations for the Company. Mr. Watson holds stock options in the Company. Mr. Watson consents to the inclusion in this MD&A of the matters based on his information in the form and context in which it appears.

ADDITIONAL INFORMATION

Additional information can be found on the Company's website at https://lancaster-resources.com and on the Company's profile on SEDAR+ at www.sedarplus.ca.

SUBSEQUENT EVENTS

On February 2, 2024, the Company issued a total of 2,125,000 units ("Units") at $0.05 per Unit, including 1,580,000 Units issued for cash with gross proceeds of $79,000 and 1,220,000 Units issued to settle debts in an aggregated amount of $27,250. Each Unit consists of one common share of the Company and one share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder thereof to acquire one common share in the capital of the company at an exercise price of $0.08 until the date that is 3 years from the date of issuance. In connection with the issuance of the Units, the Company paid finder's fees of $2,000 in cash and issued 40,000 finder's warrants. Each finder's warrant is exercisable at $0.08 for a period of three years from the issuance date for an additional common share.

On February 7, 2024, the Company granted 500,000 stock options to a consultant. The options are exercisable at a price of $0.10 per option, being the lowest exercise price at not less than $0.10 per option, exercisable for five years from the date of issuance.