LANCASTER RESOURCES INC.

(formerly Lancaster Lithium Inc.)

Consolidated Financial Statements

For the Years Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
Suite 1605, 1166 Alberni Street
Vancouver, BC Canada V6E 3Z3

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lancaster Resources Inc. (formerly Lancaster Lithium Inc.)

Opinion

We have audited the consolidated financial statements of Lancaster Resources Inc. (formerly Lancaster Lithium Inc.) (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues, incurred negative cash flows from operations, and incurred a net loss of $3,608,456 during the year ended March 31, 2024 and, as of that date, the Company has a working capital deficit of $1,053,677, and an accumulated deficit of $7,328,560. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 for the year ended March 31, 2024. 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. Except for the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

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. If, based on the work we have performed, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 for the entities or business activities within the Group 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 period and therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter of 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 Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

July 31, 2024

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

	Notes	March 31, 2024 $	March 31, 2023 $
Current assets:			
Cash and cash equivalents		52,219	591,599
Marketable securities	4	83,183	25,000
Amounts receivable		38,546	64,790
Prepaid expenses and deposits	6, 7	104,592	169,632
Due from related parties	7	-	65,000
Total current assets		278,540	916,021
Non-current assets:			
Exploration and evaluation assets	5	440,785	246,130
Total assets		719,325	1,162,151
Current liabilities:			
Accounts payable and accrued liabilities	7	216,113	108,767
Due to related parties	7	3,954	-
Flow-through premium	9	75,000	-
Convertible debentures	3, 8	1,037,150	-
Total liabilities		1,332,217	108,767
Shareholders' equity (deficit):			
Share capital	9	4,480,736	3,275,881
Share subscriptions received	9	30,000	70,000
Share-based equity reserves	10	2,204,932	1,459,209
Deficit		(7,328,560)	(3,751,706)
Total shareholders' equity (deficit)		(612,892)	1,053,384
Total liabilities and shareholder equity (deficit)		719,325	1,162,151

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 July 31, 2024:

/s/ "Daniel Kang"
Director

/s/ "Penny White"
Director

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

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

	Notes	Year ended March 31, 2024 $	Year ended March 31, 2023 $
Expenses:			
Consulting	7	485,366	115,925
Investor relations		113,841	-
Marketing, publicity, and digital media		302,186	22,635
Office and administrative		58,441	88,010
Professional fees		119,113	103,982
Research and development		2,021	29,775
Share-based compensation	11	670,634	320,143
Transfer agent and filing fees		91,060	8,020
Travel and entertainment		30,151	-
Wages	7	28,615	235,496
Total expenses		1,901,428	923,986
Net loss before other items		(1,901,428)	(923,986)
Other items:			
Accretion of discounts on convertible debentures	8	(110,109)	-
Excess of consideration paid on acquisition	3	(1,476,370)	(2,088,339)
Foreign exchange		(5,393)	-
Other income (expense)		(24,996)	1,274
Unrealized gain on marketable securities	4	(20,075)	(89,286)
Write-off of amounts receivable	7	(70,085)	(1,850)
Total other items		(1,707,028)	(2,178,201)
Net loss from continuing operations		(3,608,456)	(3,102,187)
Net loss from discontinued operations		-	(500)
Total net loss and comprehensive loss		(3,608,456)	(3,102,687)
Loss per share from continuing operations, basic and diluted		(0.08)	(0.15)
Loss per share from discontinued operations, basic and diluted		-	-
Weighted average of shares outstanding, basic and diluted		45,074,151	20,328,095

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

Lancaster Resources Inc.
(formerly Lancaster Lithium Inc.)
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian Dollars)

	Share capital					
	Number of shares	Amount $	Share subscriptions received $	Equity reserves $	Deficit $	Total shareholders equity (deficit) $
Balance at March 31, 2022	19,000,100	900,723	-	199,330	(649,019)	451,034
Units issued for cash	1,975,000	395,000	-	-	-	395,000
Share issuance costs	-	(44,345)	-	19,945	-	(24,400)
Acquisition of Tevera	18,321,761	2,124,503	(39,375)	919,791	-	3,004,919
Debt applied to subscription receivable	-	-	39,375	-	-	39,375
Subscription received in advance	-	-	70,000	-	-	70,000
Cancellation of shares	(500,000)	(100,000)	-	-	-	(100,000)
Share-based compensation	-	-	-	320,143	-	320,143
Net loss for the year	-	-	-	-	(3,102,687)	(3,102,687)
Balance at March 31, 2023	38,796,861	3,275,881	70,000	1,459,209	(3,751,706)	1,053,384
Units and shares issued for cash	9,121,000	633,050	(70,000)	-	-	563,050
Flow-through share premium	-	(75,000)	-	-	-	(75,000)
Acquisition of Lancaster Lithium Inc.	3,036,011	607,202	-	18,312	-	625,514
Modification of broker warrants	-	(117,861)	-	117,861	-	-
Shares to settle accounts payable	545,000	27,250	-	-	-	27,250
Shares issued for services	280,000	14,000	-	-	-	14,000
Shares to acquire exploration and evaluation assets	135,000	20,250	-	-	-	20,250
Exercise of share purchase warrants	300,000	111,688	-	(66,688)	-	45,000
Exercise of stock options	100,000	28,679	-	(13,679)	-	15,000
Share issuance costs	-	(44,403)	-	19,283	-	(25,120)
Subscriptions received	-	-	30,000	-	-	30,000
Share-based compensation	-	-	-	670,634	-	670,634
Net loss for the year	-	-	-	-	(3,608,456)	(3,608,456)
Deconsolidation of dissolved subsidiaries	-	-	-	-	31,602	31,602
Balance at March 31, 2024	52,313,872	4,480,736	30,000	2,204,932	(7,328,560)	(612,892)

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

(Expressed in Canadian Dollars)

	Notes	Year ended March 31, 2024 $	2023 $
Operating activities:			
Net loss from continuing operations		(3,608,456)	(3,102,187)
Items not involving cash:			
Accretion and interest accrued for convertible debentures		190,489	-
Excess of consideration paid on acquisition	3	1,476,370	2,088,339
Share-based compensation		670,634	320,143
Shares issued for services		14,000	-
Stock options received for other income		(63,556)	-
Unrealized loss on marketable securities		20,075	89,286
Write-off of amounts receivable		70,085	-
Changes in non-cash operating working capital:			
Amounts receivable		20,360	(17,988)
Prepaid expenses and deposits		69,328	(90,658)
Accounts payable and accrued liabilities		10,920	104,094
Due from related parties		(1,409)	-
Net cash used in operating activities - continuing operations		(1,131,160)	(608,971)
Net cash used in operating activities - discontinued operations		-	(500)
Investing activities:			
Cash received on acquisitions	3	138,255	99,273
Loans to related party		-	(65,000)
Acquisition of exploration and evaluation assets		(174,405)	(137,030)
Exploration and evaluation expenditures		-	(109,100)
Net cash used in investing activities		(36,150)	(211,857)
Financing activities:			
Proceeds from Tevera		-	682,875
Proceeds from issuance of units and shares		563,050	395,000
Proceeds from exercise of share purchase warrants		45,000	-
Proceeds from exercise of stock options		15,000	-
Share issuance costs		(25,120)	(24,400)
Share subscriptions received		30,000	70,000
Net cash provided by financing activities		627,930	1,123,475
Change in cash and cash equivalents		(539,380)	302,147
Cash and cash equivalents, beginning of year		591,599	289,452
Cash and cash equivalents, end of year		52,219	591,599

Supplement cash flow disclosure (Note 12)

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

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. On June 9, 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 controlling 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 consolidated 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. During the year ended March 31, 2024, the Company had no revenues, incurred a net loss of $3,608,456, and used cash of $1,131,160 for continuing operations. As at March 31, 2024, the Company has a working capital deficit of $1,053,677, and an accumulated deficit of $7,328,560. 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. Material Accounting Policy Information

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, Lancaster Lithium Inc. Nelson Lake Copper Corp., and 1371432 B.C. Ltd. and 1385122 B.C. Ltd. up to their date of dissolution on May 8, 2023. All intercompany balances and transactions have been eliminated on consolidation.

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.

2. Material Accounting Policy Information (continued)

Significant Accounting Estimates and Judgments

The preparation of these 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, fair value of convertible debentures and 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; 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.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

Marketable Securities

Marketable securities consist of common shares or stock options of publicly-traded companies. The fair value of common shares has been determined by reference to public price quotations in an active market. The fair value of stock options has been determined based on the Black-Scholes option pricing model. Marketable securities are classified as fair value through profit or loss in accordance with IFRS 9, with unrealized gains and losses recorded in the consolidated statement of operations.

Loss Per Share

Basic loss per common share is computed by dividing their respective net income (loss) by the weighted average number of common shares outstanding during the year. The treasury stock method is used for the calculation of diluted loss per share, where 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, the basic and diluted loss per share is considered anti-dilutive. As at March 31, 2024, the Company had 34,794,103 (2023 – 20,361,593) potentially dilutive shares outstanding.

2. Material Accounting Policy Information (continued)

Business Combinations

The Company evaluates acquisitions to determine whether it is a business combination or an asset acquisition. The Company accounts for business combinations under the acquisition method of accounting. The Company includes the results of operations of acquired businesses in its consolidated financial statements as of the respective dates of acquisition. The purchase price is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, with the excess recorded to goodwill.

The determination of fair value requires considerable judgment and is sensitive to changes in the underlying assumptions. The Company's estimates are preliminary and subject to adjustment, which may result in material changes to the final valuation. During the measurement period, which will not exceed one year from closing, the Company may continue to obtain information to assist in finalizing the acquisition date fair values. Any qualifying changes to the preliminary estimates will be recorded as adjustments to the respective assets and liabilities, with any residual amounts allocated to goodwill. Acquisition costs are expensed as incurred, unless they qualify to be treated as debt issue costs, or as cost of issuing equity securities.

Asset acquisitions are accounted for using a cost accumulation model, with the cost of the acquisition allocated to the acquired assets based on their relative fair values. Goodwill is not recognized in an asset acquisition.

Financial Instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit and loss ("FVTPL").

The following is the Company's accounting policy for financial instruments under IFRS 9:

Financial instrument	Classification under IFRS 9
Cash and cash equivalents	Amortized cost
Marketable securities	FVTPL
Investment in stock options	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Due from and to related parties	Amortized cost
Convertible debentures	Amortized cost

Financial Assets

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

2. Material Accounting Policy Information (continued)

Financial Instruments (continued)

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

Subsequent to initial recognition, financial liabilities are measured at amortized cost unless designated as fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

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

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of long-lived assets to determine whether there is an indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment charge.

The recoverable amount used for this purpose is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Material Accounting Policy Information (continued)

Financial Instruments (continued)

Impairment of non-financial assets (continued)

If the recoverable amount of an asset is estimated to be less than its recorded amount, the recorded amount of the asset is reduced to its recoverable amount. An impairment charge is recognized immediately in the consolidated statements of operations, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial Liabilities

Financial liabilities (including loans and borrowings and trade payables and other liabilities) are initially measured at fair value, net of transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized as the proceeds received, net of direct issue costs.

Exploration and Evaluation Expenditures

Exploration expenditures excluding acquisition costs and claim maintenance costs are capitalized. Costs incurred relating to the acquisition and claim maintenance of mineral properties, including option payments and annual fees to maintain the property in good standing are capitalized and deferred until the project to which they relate is sold, abandoned, impaired, or placed into production.

The Company assesses its exploration and evaluation assets for indications of impairment on each statement of financial position date and when events and circumstances indicate a risk of impairment. A property is written down or written off when the Company determines that an impairment of value has occurred or when exploration results indicate that no further work is warranted.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations.

2. Material Accounting Policy Information (continued)

Exploration and Evaluation Expenditures (continued)

Industry-specific indicators for an impairment review arise typically when one of the following applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired, or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of operations.

Reclamation and remediation provisions

The Company recognizes a provision for statutory, contractual, constructive, or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in exploration and evaluation assets. These costs are depleted using either the unit of production or straight-line method depending on the asset to which the obligation relates.

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases, changes in interest rates, and as new information concerning the Company’s closure and reclamation obligations becomes available.

Share Capital

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

2. Material Accounting Policy Information (continued)

Share-based Payments

The stock option plan allows Company employees and consultants to acquire shares of the Company. The grant date fair value of share options granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the share options. The amount recognized as an expense is adjusted to reflect the number of share options 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 share options that do meet the related service and non-market performance conditions at the vesting date. For share options with non-vesting conditions, the grant date fair value of the share-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 share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

Income Taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only if it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. Management has determined that the Company shall not recognize any deferred income tax assets due to the early stage of the business and the uncertainty regarding the future of the ability to generate income.

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.

(Expressed in Canadian Dollars)

3. Acquisitions

Acquisition of Lancaster Lithium Inc.

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 stock options in exchange for 100% of the issued and outstanding common shares, warrants, and options of Lancaster Lithium.

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 as there was a change of control. As the Company did not qualify as a business prior to the closing of the transaction according to the definition in IFRS 3, Business Combinations, this 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 $607,202, 2,060,110 warrants with a fair value of $11,146 and 47,209 stock options with a fair value of $7,166, 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 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, stock options, and share purchase warrants have been allocated to the fair value of the net assets acquired and liabilities assumed, as follows:

	$
Fair value of 3,036,011 common shares	607,202
Fair value of 2,060,110 share purchase warrants	11,146
Fair value of 47,209 stock options	7,166
Total consideration	625,514
Net assets and liabilities acquired:	
Cash	138,255
Marketable securities (Note 4)	13,636
Amounts receivable	65,267
Prepaid expenses	4,288
Accounts payable and accrued liabilities	(123,676)
Convertible debt (Note 9)	(846,660)
Due to related parties	(101,966)
Net liabilities assumed	(850,856)
Excess of consideration paid on acquisition	1,476,370

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 163%, expected life of 2 years, no dividends, no forfeitures, and a risk-free rate of 4.5%.

(Expressed in Canadian Dollars)

3. Acquisitions (continued)

Acquisition of Tevera Energy Corp. ("Tevera")

On February 15, 2023, the Company entered into a merger agreement with Tevera, which was completed on March 9, 2023, resulting in the amalgamation of the Company and Tevera into one legal entity. As part of the acquisition of Tevera, the Company issued:

- 18,321,761 common shares in exchange for the issued and outstanding shares of Tevera,
- 8,358,593 warrants including broker warrants with exercise prices ranging from $0.15 to $0.20 per share in exchange for the same number of warrants in Tevera Energy, and the expiry date for the warrants was set to March 31, 2026,
- 800,000 options at an exercise price of $0.20 in exchange for the same number of options in Tevera Energy.

The acquisition has been accounted for as an asset acquisition for accounting purposes, as the transaction is outside of the scope of IFRS 3, *Business Combinations*, as Tevera was not a business at the time of the acquisition. As such, the transaction is accounted for in accordance with IFRS 2, *Share-based payments*, whereby the Company is deemed to have issued common shares in exchange for the net assets of Tevera. The transaction did not result in a change of control, as the Company retained 55% of the voting common shares upon completion of the acquisition, maintained control of management and directors of the amalgamated company, and is continuing its existing business with the exploration of the Alkali Flat Lithium Project acquired on November 17, 2022.

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

	$
Fair value of common shares	2,124,503
Fair value of share purchase warrants	776,135
Fair value of stock options	143,656
Total consideration	3,044,294
Net assets and liabilities acquired:	
Cash and cash equivalents	99,273
Loans receivable – Lancaster	682,875
Loan receivable from a related party	100,000
GST receivable	34,431
Prepaid expenses	9,251
Accounts payable and accrued liabilities	(9,250)
Subscriptions receivable	39,375
Net assets acquired	955,955
Excess of consideration paid on acquisition	2,088,339

(Expressed in Canadian Dollars)

4. Marketable Securities

As at March 31, 2024, the Company owns 240,257 (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, 2022 fair value $	Unrealized loss $	March 31, 2023 fair value $	Additions $	Unrealized loss $	March 31, 2024 fair value $
114,286	(89,286)	25,000	13,636	(33,831)	4,805

On March 5, 2024, the Company was granted 125,000 stock options of Greenridge Exploration Inc. ("Greenridge") with a fair value of $63,556 as compensation for consulting and advisory services. The Greenridge options vested immediately, are exercisable at $0.63 per share, until March 5, 2026. As at March 31, 2024, the stock options were revalued to $78,378, resulting in an unrealized gain on marketable securities of $14,822, which has been recorded in the consolidated statement of operations.

5. Exploration and Evaluation Assets

	Alkali Flat Lithium Project $	Trans Taiga Lithium Project $	Nelson Lake Copper Project $	Athabasca Basin Uranium Project $	Total $
Acquisition costs:					
Balance, March 31, 2022	-	-	-	-	-
Additions	137,030	-	-	-	137,030
Balance, March 31, 2023	137,030	-	-	-	137,030
Additions	-	30,250	3,447	4,870	38,567
Balance, March 31, 2024	137,030	30,250	3,447	4,870	175,597
Exploration costs:					
Balance, March 31, 2022	-	-	-	-	-
Geological	24,035	-	-	-	24,035
Geophysical	61,678	-	-	-	61,678
Mapping and analysis	6,437	-	-	-	6,437
Technical reports	16,950	-	-	-	16,950
Balance, March 31, 2023	109,100	-	-	-	109,100
Claims maintenance	57,036	-	-	-	57,036
Consulting	25,629	-	-	-	25,629
Geological	18,610	-	27,765	-	46,375
Surveys	27,048	-	-	-	27,048
Balance, March 31, 2024	237,423	-	27,765	-	265,188
Carrying values:					
March 31, 2023	246,130	-	-	-	246,130
March 31, 2024	374,453	30,250	31,212	4,870	440,785

5. Exploration and Evaluation Assets (continued)

Alkali Flat Lithium Project

On November 17, 2022, the Company entered into an option purchase 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 100% interest, 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 for the full acquisition of the Trans Taiga Lithium Project (the "Trans Taiga") situated in the James Bay region of Quebec. The 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 $115,000 is payable to as follows:

- $37,000 due within 10 days of entering into the long form agreement, paid through $10,000 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 (“NSR”) royalty, of which one-half of the NSR (or 1%) can be purchased by the Optionors for $1,000,000.

The Company 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; and
- A payment of $1,000,000 is due if the Company publishes a 43-101 technical report for a resource of not less than 5 million tons with 1% lithium concentration.

Nelson Lake Copper Project

On December 18, 2023, the Company directly staked 1 mining claim covering a contiguous block of 5,746 hectares in Saskatchewan (the “Nelson Lake Copper Property”) for $3,447, which was paid to the Government of Saskatchewan, as administered through the Mineral Administration Registry Saskatchewan (MARS).

Subsequent to March 31, 2024, the Nelson Lake Copper Project was spun off. Refer to Note 16.

Athabasca Basin Uranium Project

In February 2024, the Company obtained two claims at its Catley Lake and Centennial East Uranium properties located in the Athabasca Basin.

(Expressed in Canadian Dollars)

6. Prepaid Expenses and Deposits

	March 31,	
	2024	2023
	$	$
Prepaid services	104,592	129,766
Deposits	-	39,866
	104,592	169,632

7. Related Party Transactions

During the years ended March 31, 2024 and 2023, compensation of key management personnel were as follows:

	2024	2023
	$	$
Consulting fees	330,650	63,000
Share-based compensation	154,794	162,626
Wages and benefits	26,495	225,333
	511,939	450,959

As at March 31, 2024, Better Plant Sciences Inc. (“BPS”) held a $nil (2023 - $39,866) deposit from the Company. The Company had a shared services agreement with Better Plant for back office and general support services. The agreement was terminated in March 2024, which resulted in the impairment of the carrying value of the deposit.

As at March 31, 2024, the Company owed $3,954 (2023 – $4,877) 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 assumed the following convertible debentures on acquisition on June 9, 2023 (refer to Note 3):

<u>November 29, 2021 issuance (the “2021 Debentures”)</u>

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.

8. Convertible debentures (continued)

<u>November 29, 2021 issuance (the “2021 Debentures”)</u> (continued)

In connection with the issuance of the 2021 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%.

<u>April 8, 2022 issuance (the “2022 Debentures”)</u>

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%.

<u>Extension of maturity:</u>

During the year ended March 31, 2024, 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 2, 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.

(Expressed in Canadian Dollars)

8. Convertible Debentures (continued)

Accretion and accrued interest

During the year ended March 31, 2024, accretion and accrued interest for the debentures are as follows:

	November 29, 2021 issuance	April 8, 2022 issuance	Total
	$	$	$
Carrying amount at March 31, 2022 and 2023	-	-	-
Addition through RTO at June 9, 2023 (Note 3)	628,368	218,292	846,660
Accretion	89,144	20,965	110,109
Accrued interest	60,221	20,160	80,381
Carrying amount at March 31, 2024	777,733	259,417	1,037,150

9. Share Capital

Authorized: unlimited number of common shares without par value.

Year ended March 31, 2024

On February 2, 2024, the Company issued 2,125,000 units at a price of $0.05 per unit for gross proceeds of $106,250. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of $0.08 per share expiring on February 2, 2027. In connection with the private placement, the Company paid finder's fees of $2,000 and issued 40,000 finder's warrants with fair value of $2,177, where each finder's warrant is exercisable at $0.08 per share until February 2, 2027. The fair value of the finders' warrants was determined using the Black-Scholes option pricing model with the following assumptions: volatility of 300%; expected life of 3 years; no expected dividends; and a risk-free rate of 3.84%.

On November 28, 2023, the Company issued 4,641,000 units at a price of $0.05 per unit for gross proceeds of $232,050. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at an exercise price of $0.07 per share until November 28, 2028. In connection with the private placement, the Company paid finder's fees of $5,120 and issued 102,400 finder's warrants with fair value of $5,116, where each finder's warrant is exercisable at $0.07 per share until November 28, 2028. The fair value of the finders' warrants was determined using the Black-Scholes option pricing model with the following assumptions: volatility of 300%; expected life of 3 years; no expected dividends; and a risk-free rate of 3.67%.

On November 28, 2023, the Company issued 2,500,000 flow-through common shares at a price of $0.08 per share for gross proceeds of $200,000. In connection with the private placement, the Company paid $18,000 of finder's fees and issued 240,000 finder's warrants with fair value of $11,990, where each finder's warrant is exercisable at $0.07 per share until November 28, 2028. As part of the issuance, the Company recorded a flow-through share premium liability of $75,000 with a corresponding entry to share capital. The fair value of the finders' warrants was determined using the Black-Scholes option pricing model with the following assumptions: volatility of 300%; expected life of 3 years; no expected dividends; and a risk-free rate of 3.67%.

On August 31, 2023, the Company issued 135,000 common shares with a fair value of $20,250 to acquire option rights to the Tran Taiga Lithium project (Note 5).

9. Share Capital (continued)

Year ended March 31, 2024 (continued)

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

On June 16, 2023, the Company issued 300,000 common shares for the exercise of broker warrants at an exercise price of $0.15 per common share for total proceeds of $45,000. Equity reserves in the amount of $66,688 were reclassified to share capital.

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

On April 3, 2023, the Company completed a non-brokered private placement offering of 680,000 share units at a price of $0.20 per unit. Each unit consisted of one common share and one non-transferable common share purchase warrant, with each warrant entitling the holder to acquire an additional common share at an exercise price of $0.40 per share expiring on April 3, 2026. Subscriptions of $70,000 received during a previous period were applied to this offering.

Year ended March 31, 2023

On February 6, 2023, the Company issued 1,525,000 units at $0.20 per unit for proceeds of $305,000 pursuant to a private placement. Each unit consisted of one common share and one share purchase warrant with an exercise price of $0.40 per common share until February 6, 2026. The Company paid finders' fees of $24,400 and issued 122,000 finders' warrants with a fair value of $19,945. Each finders' warrant entitles the holder thereof to purchase one common share at $0.20 per common share until February 6, 2026. The fair value associated with the finders' warrants was determined using the Black-Scholes pricing model with the following assumptions: an annualized volatility of 150%; an expected life of 2 years; a dividend yield of 0%; a forfeiture rate of 0%, and a risk-free rate of 3.94%.

On March 14, 2023, the Company received 500,000 common shares which were returned by Better Plant to settle a loan owed to Tevera of $100,000, and the common shares were cancelled and returned to the treasury.

On March 22, 2023, the Company issued 450,000 units at $0.20 per unit for proceeds of $90,000. Each unit is comprised of one common share and one share purchase warrant with an exercise price of $0.40 per common share until March 24, 2026.

As at March 31, 2023, the Company applied $39,375 of subscription receivable assumed from the acquisition of Tevera to settle debt owed by the Company.

As at March 31, 2023, the Company received share subscriptions of $70,000.

(Expressed in Canadian Dollars)

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	0.39
Issued	9,888,510	0.29
Exercised	(300,000)	0.15
Balance, March 31, 2024	26,644,103	0.35

As at March 31, 2024, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
1,108	9.60	April 8, 2024
50,004	16.80	November 29, 2024
31,197	9.60	April 8, 2025
5,209	16.80	March 31, 2026
6,000,000	0.30	March 31, 2026
122,000	0.20	March 31, 2026
1,975,000	0.40	March 31, 2026
897,668	0.18	March 31, 2026
300,000	0.15	March 31, 2026
7,460,925	0.50	March 31, 2026
1,972,592	0.40	June 9, 2026
680,000	0.40	April 3, 2026
2,165,000	0.08	February 2, 2027
4,983,400	0.07	November 28, 2028
26,644,103		

(Expressed in Canadian Dollars)

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

	Number of options	Weighted average exercise price $
Outstanding, March 31, 2022	2,752,000	0.15
Granted	2,550,000	0.20
Cancelled/Expired	(1,996,000)	0.14
Outstanding, March 31, 2023	3,306,000	0.18
Granted	5,380,000	0.15
Exercised	(100,000)	0.15
Cancelled/Expired	(436,000)	0.20
Outstanding, March 31, 2024	8,150,000	0.16
Exercisable, March 31, 2024	7,737,500	0.16

Additional Information regarding stock options outstanding and exercisable as at March 31, 2024 is as follows:

Range of exercise prices	Stock options outstanding	Stock options exercisable	Weighted average remaining contracted life (years)	Weighted average exercise price $
$0.10 - $0.19	4,160,000	3,747,500	4.13	0.12
$0.20 - $0.29	3,990,000	3,990,000	3.95	0.21
	8,150,000	7,737,500	4.04	0.16

During the year ended March 31, 2024, the Company recorded share-based compensation expense from stock options of $670,634 (2023 - $320,143). Share-based compensation expense related to stock options was determined using the Black-Scholes option pricing model. Weighted average assumptions used in calculating the fair value of share-based compensation expense, including no expected dividends or forfeitures, are as follows:

	2024	2023
Risk-free interest rate	3.66%	2.99%
Expected volatility	216%	150%
Expected life (years)	4.70	4.98

As at March 31, 2024, the weighted average fair value of stock options granted was $0.13 (2023 - $0.13) per share. During the year ended March 31, 2024, the weighted average share price of the exercise of stock options was $0.23 (2023 - $nil) per share.

(Expressed in Canadian Dollars)

12. Supplemental Cash Flow Disclosures

	Year ended March 31, 2024 $	2023 $
Cash and cash equivalents is comprised of:		
Cash in bank	44,578	260,699
Cash held in cashable guaranteed investment certificates	-	301,274
Cash held in legal trust	7,641	29,626
Total cash and cash equivalents	52,219	591,599
Non-cash investing and financing activities		
Fair value of brokers' warrants issued as finders' fees	19,283	44,345
Fair value of equity instruments issued for acquisitions	625,514	3,044,294
Fair value of modification of broker warrants	117,860	-
Flow through share premium	75,000	-
Return of common shares to settle related party receivable	-	100,000
Settlement of debt with subscription receivable	-	39,375
Shares issued to acquire exploration and evaluation assets	20,250	-
Shares issued to settle accounts payable	27,250	-
Transfer from reserves to share capital for exercise of stock options	13,679	-
Transfer from reserves to share capital for exercise of warrants	66,688	-

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.

(Expressed in Canadian Dollars)

14. 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 March 31, 2024 and 2023, as follows:

March 31, 2024

	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, 2024 $
Marketable securities	4,805	78,378	-	83,183

March 31, 2023

	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, 2024 $
Marketable securities	25,000	-	-	25,000

The fair values of other financial instruments, including cash and cash equivalents, accounts payable and accrued liabilities, amounts due from and to related parties, and convertible debentures 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 and cash equivalents 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 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.

(Expressed in Canadian Dollars)

14. Financial Instruments and Risk Management (continued)

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. Income Taxes

The Company is subject to Canadian federal and provincial tax at the rate of 27%. The tax effect of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2024 $	2023 $
Net loss	(3,608,456)	(3,102,687)
Statutory income tax rate	27%	11%
Income tax provision at statutory rate	(974,283)	(341,296)
Tax effect of:		
Permanent differences and other	599,350	269,267
True up of prior year differences	(124,289)	-
Change in statutory rate	(407,709)	-
Change in unrecognized deferred income tax assets	906,931	72,029
Income tax provision	-	-

The significant components of deferred income tax assets and liabilities are as follows:

	2024 $	2023 $
Deferred income tax assets		
Non-capital losses carried forward	952,077	111,129
Marketable securities	48,701	19,250
Intangible assets	43,065	17,545
Share issuance costs	19,099	8,087
Unrecognized deferred income tax assets	(1,062,942)	(156,011)
Net deferred income tax assets	-	-

(Expressed in Canadian Dollars)

15. Income Taxes (continued)

As of March 31, 2024, the Company has Canadian non-capital losses carried forward of $3,521,186, which are available to offset future years' taxable income. These losses expire as follows:

	$
2040	1,120
2041	19,424
2042	679,307
2043	1,471,915
2044	1,354,444
	3,526,210

The Company also has available mineral resource related expenditure pools totaling $440,785, which may be deducted against future taxable income on a discretionary basis.

16. Subsequent Events

On April 2, 2024, the Company completed a transaction to spin off its wholly owned subsidiary Nelson Lake. The Company subscribed for 1,650,000 common shares of Nelson Lake at a price of $0.02 per common share with a payment of $33,000. On the same date, the Company declared a dividend of 1,046,269 Nelson Lake shares on the basis of 0.02 common shares in Nelson Lake issued for each of the Company's common shares held by a shareholder of the Company as of the record date of February 5, 2024. On the same date, the Company issued 550,000 fully paid and non-assessable shares to Nelson Lake for a payment of $33,000.

On April 4, 2024, the Company's wholly owned subsidiary 1466777 B.C. Ltd directly staked a claim in Saskatchewan, the Piney Lake Gold Property, for staking costs of less than $10,000.

On April 10, 2024, the Company closed a non-brokered private placement of 1,000,000 units of the Company at a price of $0.05 per unit for proceeds of $30,000 and a conversion of debt of $20,000, which includes $2,560 owed to a director of the Company. Each unit consisted of one common share and one share purchase warrant; Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.08 per share until April 10, 2027.

On May 8, 2024, the Company amended its restricted share unit ("RSU") plan) to maximize the number of common shares which may be reserved for issuance under the Plan, in combination with all share compensation arrangements of the Company, to not at any time exceed 20% of the issued and outstanding shares of the Company when taken together with shares reserved for issuance pursuant to all of the Company's share compensation arrangements. Pursuant to the Plan, the Company granted 1,600,000 RSU's to its directors, an officer of the Company, and a consultant, which vests immediately.

On May 21, 2024, the Company granted a total 540,000 RSU's to various consultants, 240,000 of which vested immediately and 300,000 of which vested in six months from the grant date. On the same date, the Company granted 800,000 stock options to a director and various consultants. These options vest quarterly in five equal tranches starting June 30, 2024 with an exercise price of $0.10 per share and expire five years from the grant date.