

Targa Exploration Corp.

Condensed Interim Consolidated Financial Statements

For the three and nine months ended December 31, 2022 and 2021

(Unaudited - Expressed in Canadian dollars)

Notice of Disclosure of Non-auditor Review of the Condensed Interim Consolidated Financial Statements for the Three and Nine months ended December 31, 2022 and 2021.

Pursuant to National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Targa Exploration Corp. for the interim periods ended December 31, 2022 and 2021, have been prepared in accordance with the International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and are the responsibility of management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

February 28, 2023

TARGA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Note	December 31, 2022	March 31, 2022
		\$	\$
ASSETS			
Current			
Cash		794,621	1,240,496
Goods and services tax recoverable		11,495	-
Prepaid expenses		23,984	-
Total assets		830,100	1,240,496
LIABILITIES			
Current			
Accounts payable and accrued liabilities	9	2,828	12,657
Total liabilities		2,828	12,657
SHAREHOLDERS' EQUITY			
Share capital	7(b)	1,729,413	804,413
Subscription receivable	7(e)	-	(5,000)
Reserves		46,800	665,000
Deficit		(948,941)	(236,574)
Total shareholders' equity		827,272	1,227,839
Total liabilities and shareholders' equity		830,100	1,240,496

Nature of operations and going concern (Note 1)

Subsequent event (Note 11)

Approved and authorized for issue on behalf of the Board of Directors:

/s/ "Karlene Collier"

Director

/s/ "Jon Ward"

Director

TARGA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended December 31,		Nine months ended December 31,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Operating expenses					
Exploration and evaluation expenditures	6	353,895	79,089	506,277	104,089
Filing and transfer agent fees		5,504	-	23,315	-
General and administrative		16,692	91	24,641	185
Investor relations		-	-	2,590	-
Legal and professional fees		60,369	-	77,744	-
Management and consulting fees	9	15,000	3,000	31,000	8,000
Share-based compensation	7(f), 9	-	-	46,800	-
		451,460	82,180	712,367	112,274
Other expenses					
Transaction expense	5	-	-	-	59,413
Net loss and comprehensive loss		451,460	82,180	712,367	171,687
Net loss per share:					
Basic and diluted		0.01	0.00	0.02	0.01
Weighted average number of common shares:					
Basic and diluted		40,311,620	33,188,250	35,798,469	33,188,250

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

TARGA EXPLORATION CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	Nine months ended December 31,	
	2022	2021
	\$	\$
Operating activities:		
Net loss and comprehensive loss for the period	(712,367)	(171,687)
Item not affecting cash:		
Shares issued for acquisition cost included in exploration and exploration expenditures	250,000	25,000
Share-based compensation	46,800	-
Transaction expense	-	59,413
Changes in non-cash working capital items:		
Goods and services tax recoverable	(11,495)	-
Prepaid expenses	(23,984)	-
Accounts payable and accrued liabilities	(9,829)	1,000
Cash used in operating activities	(460,875)	(86,274)
Financing activities:		
Subscription receivable collected	5,000	-
Proceeds received from warrants exercised	10,000	-
Issuance of units in private placements, net of issuance cost	-	597,500
Cash provided by financing activities	15,000	597,500
Net change in cash	(445,875)	511,226
Cash, beginning of the period	1,240,496	122,380
Cash, end of the period	794,621	633,606

During the nine months ended December 31, 2022 and 2021, no cash payments were made for income tax or interest.

TARGA EXPLORATION CORP.**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

(Unaudited - Expressed in Canadian dollars, except number of shares)

	Common shares	Share capital	Subscription receivable	Reserves	Deficit	Total shareholders' equity
	#	\$	\$	\$	\$	\$
Balance, March 31, 2021	12,875,000	122,500	-	-	(120)	122,380
Units issued in private placement	11,125,000	222,500	-	-	-	222,500
Units issued in private placement	7,500,000	375,000	-	-	-	375,000
Shares issued to purchase mineral property	500,000	25,000	-	-	-	25,000
Shares issued to Bellatrix on amalgamation	1,188,250	59,413	-	-	-	59,413
Net loss and comprehensive loss	-	-	-	-	(171,687)	(171,687)
Balance, December 31, 2021	33,188,250	804,413	-	-	(171,807)	632,606
Special warrants issued in private placement	-	-	(5,000)	665,000	-	660,000
Net loss and comprehensive loss	-	-	-	-	(64,767)	(64,767)
Balance, March 31, 2022	33,188,250	804,413	(5,000)	665,000	(236,574)	1,227,839
Subscription receivable collected	-	-	5,000	-	-	5,000
Shares issued to purchase mineral property	500,000	250,000	-	-	-	250,000
Issuance of common shares upon special warrant conversion	6,650,000	665,000	-	(665,000)	-	-
Shares issued on exercise of special warrants	50,000	10,000	-	-	-	10,000
Share-based compensation	-	-	-	46,800	-	46,800
Net loss and comprehensive loss	-	-	-	-	(712,367)	(712,367)
Balance, December 31, 2022	40,388,250	1,729,413	-	46,800	(948,941)	827,272

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

TARGA EXPLORATION CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended December 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Targa Exploration Corp. (the "Company") was incorporated pursuant to the Business Corporations Act of British Columbia on September 26, 2017, and changed its name from RCM Minerals Ltd. to Targa Exploration Corp. on July 20, 2021. The Company's registered office is located at #700-1090 West Georgia Street, Vancouver, BC, V6E 3V7. On September 27, 2022, the Company's common shares commenced trading on the Canadian Securities Exchange (the "Exchange") under the ticker symbol "TEX".

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of exploration and evaluation expenditures is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

a) Going concern

These unaudited condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 and 2021 ("financial statements") have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for at least the next twelve months. As at December 31, 2022, the Company has working capital of \$827,272 (March 31, 2022 - \$1,227,839) and an accumulated deficit of \$948,941 (March 31, 2022 - \$236,574). For the three and nine months ended December 31, 2022, the Company generated a net loss of \$451,460 and \$712,367, respectively (2021 - \$82,180 and \$171,687 respectively) and used cash in operating activities of \$460,875 (2021 - \$82,274). These factors indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. As a result, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent upon its ability to generate positive cash flows from operations, and/or raise adequate funding through equity or debt financing to discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Should the Company be unable to continue as a going concern, asset and liability realization values may be substantially different from their carrying values. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

b) COVID -19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. The COVID-19 outbreak has resulted and continued as a widespread health crisis that has adversely affected workforces, economies, and financial markets around the world, resulting in an economic downturn for some industries. As of the date of these financial statements, COVID-19 has had no impact on the Company's ability to access and explore its current property but may impact the Company's ability to raise funding or explore its property should restrictions related to COVID-19 be extended or expanded in scope.

2. BASIS OF PRESENTATION

a) Statement of compliance

These financial statements were approved by the Board of Directors and authorized for issue on February 28, 2023.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee applicable to the preparation of interim financial statements including International Accounting Standard 34 *Interim Financial Reporting*. These financial statements do not include all disclosures required for annual audited consolidated financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited consolidated financial statements for the years ended March 31, 2022, 2021 and 2020 (the "Annual Financial Statements").

b) Basis of presentation

The financial statements have been prepared using the historical cost basis, except for certain financial assets and liabilities which are measured at fair value, as specified by IFRS, as well as information presented in the condensed interim consolidated statements of cash flows.

2. BASIS OF PRESENTATION (continued)

c) Functional and presentation currency

The functional currency is the currency of the primary economic environment in which an entity operates. These financial statements have been prepared in Canadian dollars, which is the Company's and its subsidiaries functional and presentation currency, except as otherwise noted.

d) Basis of consolidation

These financial statements include the accounts of the Company and its wholly owned subsidiary, 1326091 B.C. Ltd. All intercompany transactions and balances are eliminated on consolidation. Control exists where the parent entity has power over the investee and is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A subsidiary is included in the financial statements from the date control commences until the date control ceases.

e) Reclassification of prior period presentation

Certain prior period amounts have been reclassified to conform to the current period presentation. These reclassifications had no effect on the reported results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES

In the preparation of these financial statements, the Company used the same accounting policies as in the Annual Financial Statements, except the following:

Share-based compensation

The Company grants share-based compensation to directors, officers, employees, and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair value method of accounting for share-based compensation and the fair value is calculated using the Black-Scholes option pricing model.

Share-based compensation for employees and others providing similar services are determined based on the grant date fair value of the share-based compensation. Share-based compensation for non-employees is determined based on the fair value of the goods and services received. If the fair value of the goods and services received cannot be reliably estimated, the transaction is measured at the fair value of the share-based compensation on the date the Company obtains such goods and services. Share-based compensation is recognized over each tranche's vesting period in earnings or capitalized as appropriate, based on the number of awards expected to vest.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenues 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 and which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a) Fair value of shares issued for mineral property and services

If shares are issued for proceeds other than cash, the shares are valued at the fair market value of goods/services received. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the share consideration. (Refer to Note 6 and 7(b)).

b) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating and mineral property expenditures and meet its liabilities for the ensuing year as they fall due involves judgment based on historical experience and other factors including the expectation of future events that are believed to be reasonable under the circumstances. Management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions exist that may cast significant doubt upon the Company's ability to continue as a going concern.

c) Fair value calculation of share-based compensation

The fair value of share-based compensation in relation to the options granted is calculated using a Black-Scholes option pricing model. There are a number of estimates used in the calculation such as the expected option life, rate of forfeiture of options granted, risk-free interest rate used and the future price volatility of the underlying security, which can vary from actual future events. The factors applied in the calculation are management's best estimates based on industry averages and future forecasts.

5. AMALGAMATION

Amalgamation with Bellatrix Capital Corp.

The Company entered into an amalgamation agreement dated September 3, 2021 (the "Amalgamation Agreement") with Bellatrix Capital Corp. ("Bellatrix"), and 1322768 B.C. Ltd., a wholly owned subsidiary of the Company ("1322768"). Pursuant to the Amalgamation Agreement, Bellatrix, and 1322768 amalgamated (the "Amalgamation") to form 1326091 B.C. Ltd. ("Amalco").

The Company issued the following consideration with the following effect:

- One Company share in exchange for the 188,250 Class B common shares of Bellatrix issued and outstanding at the time of the Amalgamation; and
- Eighty Company shares in exchange for the 12,500 Class A common shares of Bellatrix issued and outstanding at the time of the Amalgamation.

The 1,188,250 common shares that were issued to the shareholders of Bellatrix by the Company pursuant to the Amalgamation were valued at \$59,413, or \$0.05 per share. The Amalgamation has been accounted for as an asset acquisition in accordance with the guidance provided in IFRS 2 *Share-based Payment* since it did not constitute a business combination under IFRS 3 *Business Combinations* as the significant inputs, processes, and outputs, that together constitute a business, did not exist in Bellatrix at the time of the transaction. Since 1326091 B.C. Ltd. had no assets or liabilities, the total amount of \$59,413 was allocated as transaction expense on the consolidated statements of loss and comprehensive loss.

Pursuant to the Amalgamation, the one common share of 1322768 was cancelled and replaced by one common of Amalco. The Amalgamation took effect September 28, 2021.

The financial statements include the financial statements of the Company and its one subsidiary, 1326091 B.C. Ltd. All significant intercompany transactions are eliminated on consolidation. An amount of \$59,413 was recognized as transaction expense during the year ended March 31, 2022.

TARGA EXPLORATION CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended December 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION EXPENDITURES

a) Shanghai Property

The Company entered into the option agreement (the "Agreement") dated October 6, 2021 with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood"), who were the owners of 70% and 30%, respectively, of the mineral claims situated in the Mayo Mining District, Yukon Territory, which are generally known and described as the Shanghai Property (the "Shanghai Property"). Pursuant to the Agreement, the Company was granted an option to acquire a 100% right, title, and interest in those mineral claims.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Shanghai Property. In exchange for transferring the consideration and making the investments below.

- i. Pay to Wildwood an aggregate of \$750,000, as follows:
 - \$50,000 ten business days from October 6, 2021, the effective date of the Agreement (paid)
 - \$100,000 on or before October 6, 2022 (paid)
 - \$100,000 on or before October 6, 2023
 - \$100,000 on or before October 6, 2024
 - \$150,000 on or before October 6, 2025
 - \$250,000 on or before October 6, 2026
- ii. Issue and deliver to Shawn Ryan an aggregate of 4,000,000 common shares, as follows:
 - 500,000 common shares within ten business days after October 6, 2021 (issued, refer to Note 7(b))
 - an additional 500,000 common shares on or before October 6, 2022 (issued, refer to Note 7(b))
 - an additional 600,000 common shares on or before October 6, 2023
 - an additional 650,000 common shares on or before October 6, 2024
 - an additional 750,000 common shares on or before October 6, 2025
 - an additional 1,000,000 common shares on or before October 6, 2026
- iii. Incur expenditures in the aggregate amount of not less than \$2,850,000, as follows:
 - \$75,000, on or before November 15, 2021 (incurred)
 - in the additional amount of \$150,000 on or before November 15, 2022 (incurred)
 - in the additional amount of \$375,000 on or before November 15, 2023
 - in the additional amount of \$500,000 on or before November 15, 2024
 - in the additional amount of \$750,000 on or before November 15, 2025
 - in the additional amount of \$1,000,000 on or before November 15, 2026

Under the Agreement, the Company is required to pay Shawn Ryan and Wildwood in accordance with their respective interests, a Net Smelter Returns royalty ("NSR") equal to 2.5% of net smelter returns. The Company may reduce the NSR by 1.0% for a payment of \$2,000,000.

The Company's exploration and evaluation expenditures for the Shanghai Property for the three and nine months ended December 31, 2022, are \$353,895 and \$506,277, respectively (2021 - \$79,089 and \$104,089, respectively).

b) Lithium Projects

On December 12, 2022, the Company entered into an agreement (the "Kenorland Agreement") with Kenorland Minerals North America Ltd. ("Kenorland") who were the owners of a 100% interest in two lithium exploration projects. The project situated in the James Bay region of northern Quebec is generally known and described as the Opinaca Project (the "Opinaca Project"), and the project located in eastern Manitoba is generally known and described as the Superior Project (the "Superior Project"), together known as the "Lithium Projects".

On January 25, 2023, in accordance with the Kenorland Agreement, the Company acquired a 100% undivided interest in the Lithium Projects, in exchange for 4,377,375 common shares of the Company, a payment of \$100,000 in cash, and a 3% net smelter royalty. In addition, the Company is required to issue 9.9% of the issued common shares to Kenorland when the Company has raised an aggregate of \$5,000,000 in funding through future common share issuances.

TARGA EXPLORATION CORP.
Notes to the Condensed Interim Consolidated Financial Statements
For the three and nine months ended December 31, 2022 and 2021
(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

During the nine months ended December 31, 2022, the Company had the following share capital transactions:

On October 7, 2022, the Company issued 500,000 common shares at \$0.50 per share for the total value of \$250,000 to Shawn Ryan in connection with the Shanghai Property agreement (Note 6).

On December 21, 2022, the Company issued 50,000 common shares from the exercise of special warrants for proceeds of \$10,000. The \$5,000 fair value attributed to the special warrants exercised was reclassified from reserves to share capital.

On September 22, 2022, previously issued 6,650,000 special warrants (Note 7(d)) were automatically converted into 6,650,000 units for no additional consideration. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of five years until September 22, 2027. The total fair value of the common shares is \$665,000. The warrants were accounted for using the residual value method. As the fair value of the common shares issued exceeded the cash proceeds, there was \$nil residual value allocated to the warrants.

During the year ended March 31, 2022, the Company had the following share capital transactions:

On June 18, 2021, the Company completed a non-brokered private placement for gross proceeds of \$222,500 from the issuance of 11,125,000 units at a price of \$0.02 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. The gross proceeds were all allocated to share capital.

On September 28, 2021, the Company completed a non-brokered private placement for gross proceeds of \$375,000 from the issuance of 7,500,000 units at a price of \$0.05 per unit. Each unit consists of one common share of the Company and one warrant exercisable into one common share of the Company at price of \$0.10 for a period of five years from the closing date of the private placement. The gross proceeds were all allocated to share capital.

On September 28, 2021, the Company issued 500,000 common shares at \$0.05 per share for the total value of \$25,000 as a partial payment to acquire the Shanghai Property (Note 6).

On September 28, 2021, the Company issued 1,188,250 common shares at \$0.05 per share to the shareholders of Bellatrix in connection with the Amalgamation (Note 5). The share price of the common shares was determined with reference to the common shares issued in private placement on the same date.

c) Escrowed Securities

On September 15, 2022, an escrow agreement (the "Escrow Agreement") between the Company and certain shareholders of the Company was completed resulting in 502,500 common shares and 500,000 warrants (the "Escrowed Securities") being deposited in escrow. Pursuant to the Escrow Agreement, 10% of the Escrowed Securities were released from escrow on the Escrow Agreement date (the "Initial Release") and an additional 15% to be released every six-month interval thereafter, for a period of 36 months following the Initial Release. These Escrowed Securities, may not be transferred, assigned, or otherwise dealt without the consent of the regulatory authorities. As at December 31, 2022, 50,250 common shares and 50,000 warrants have been released from escrow. As at December 31, 2022, the remaining balance of Escrowed Securities is 452,250 common shares and 450,000 warrants (March 31, 2022 - nil).

TARGA EXPLORATION CORP.
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(Unaudited - Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Special warrants

On February 14, 2022, the Company completed a non-brokered private placement for gross proceeds of \$665,000 from the issuance of 6,650,000 special warrants ("Special Warrants") at \$0.10 per warrant, of which \$5,000 was outstanding for collection as at March 31, 2022 and subsequently received during the nine months ended December 31, 2022. The balance for the Special Warrants was \$665,000 recorded to reserves. Each Special Warrant will entitle the holder, on exercise, without additional consideration, to receive one common share and one warrant; each warrant entitles the holder to purchase one share at a price of \$0.20 for 5 years.

On September 22, 2022, the 6,650,000 Special Warrants were automatically converted into 6,650,000 units. Each unit consists of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.20 per share for a period of five years until September 22, 2027. The warrants were accounted for using the residual value method. The total fair value of the common shares is \$665,000. As the fair value of the common shares issued exceeded the cash proceeds, there was \$nil residual value allocated to the warrants.

During the nine months ended December 31, 2022, the Company did not issue any Special Warrants.

A summary of the Company's special warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2021	-	-
Issued	6,650,000	0.20
Balance, March 31, 2022	6,650,000	0.20
Exercised	(6,650,000)	0.20
Balance, December 31, 2022	-	-

As at December 31, 2022, the Company had no Special Warrants outstanding and exercisable (March 31, 2022 - 6,650,000).

e) Warrants

A summary of the Company's warrant activity is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2021	3,875,000	0.10
Issued	18,625,000	0.10
Balance, March 31, 2022	22,500,000	0.10
Issued	6,650,000	0.20
Exercised	(50,000)	0.20
Balance, December 31, 2022	29,100,000	0.12

A summary of the Company's outstanding warrants as at December 31, 2022 is as follows:

Date of expiry	Weighted average exercise price	Number of warrants	Weighted average life remaining
	\$	#	years
December 15, 2025	0.10	3,875,000	2.96
June 18, 2026	0.10	11,125,000	3.47
September 28, 2026	0.10	7,500,000	3.75
September 22, 2027	0.20	6,600,000	4.73
	0.10	29,100,000	3.76

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7. SHARE CAPITAL (continued)

During the nine months ended December 31, 2022, the weighted average share price on the date of exercise of warrants was \$1.24 per share (2021 - \$nil).

f) Stock options

The Company has a Stock Option Plan (the "Plan") under which directors, employees and consultants are eligible to receive stock option grants. Under the Plan, granted options are exercisable over periods up to 10 years as determined by the Board of Directors. The maximum number of outstanding options under the plan is limited to 10% of the number of issued and outstanding common shares.

On April 14, 2022, the Company issued 1,425,000 stock options to directors, officers and consultants with an exercise price of \$0.10 and expiry date of April 14, 2027. The options vested immediately and were valued at \$46,800 using the Black-Scholes option pricing model with the following assumptions:

Exercise price	\$0.10
Closing price	\$0.05
Risk-free interest rate	2.61%
Estimated life	5 years
Expected volatility	100.00%
Expected dividend yield	0.00%

The expected life in years represents the period of time the options granted are expected to be outstanding. The volatility rate is based on comparable companies with a historical volatility. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

A summary of the Company's stock options is as follows:

	Number of stock options	Weighted average exercise price
	#	\$
Balance, March 31, 2021, and March 31, 2022	-	-
Issued	1,425,000	0.10
Balance, December 31, 2022	1,425,000	0.10

As at December 31, 2022, the Company had 1,425,000 stock options outstanding and exercisable (March 31, 2022 - nil) with an exercise price of \$0.10 and expire on April 14, 2027. As at December 31, 2022, the remaining life of these options is 4.3 years.

During the three and nine months ended December 31, 2022, the Company recorded share-based compensation expense of \$nil and \$46,800, respectively (2021 - \$nil and \$nil, respectively) related to the vesting of stock options.

8. FINANCIAL INSTRUMENTS AND RISKS

a) Fair value

As at December 31, 2022, the fair value of the financial instruments cash and accounts payable and accrued liabilities are classified and measured at amortized cost. The carrying value of cash and accounts payable and accrued liabilities approximate the fair value due to the relatively short-term maturity of these instruments.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet an obligation under contract. As at December 31, 2022, the Company has minimal exposure of credit risk on its cash as the Company's cash is held with a high credit quality financial institution in Canada.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company is exposed to liquidity risk through accounts payable and accrued liabilities but controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations.

As the Company's operations does not generate cash, financial liabilities are discharged using funding through the issuance of common stock or debt as required. As at December 31, 2022, the Company had sufficient cash on hand to discharge its financial liabilities as they become due.

d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's results. The Company is not exposed to market risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's financial assets and financial liabilities do not have variable interest rates. The Company is not exposed to interest rate risk as at December 31, 2022.

Foreign currency risk

The Company does not carry financial assets or liabilities that are denominated in a foreign currency and is therefore not exposed to significant foreign currency risk.

9. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having the authority and responsibility of planning, directing and executing the activities of the Company. The Company has determined that its key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three and nine months ended December 31, 2022, the Company incurred management and consulting fees of \$12,000 and \$23,000, respectively (2021 - \$3,000 and \$8,000, respectively) to the Chief Executive Officer ("CEO"), and \$3,000 and \$8,000, respectively (2021 - \$nil and \$nil, respectively) to the Chief Financial Officer ("CFO"), respectively; and recorded share-based compensation of \$nil and \$36,126, respectively (2021 - \$nil and \$nil, respectively) related to the vesting of stock options granted to the key management personnel.

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9. RELATED PARTY TRANSACTIONS (continued)

A summary of the Company's related party transactions with key management for the three and nine months ended December 31, 2022 and 2021 is as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Management and consulting fees	15,000	3,000	31,000	8,000
Share-based compensation	-	-	36,126	-
	15,000	3,000	67,126	8,000

As at December 31, 2022, there were no accounts payable and accrued liabilities payable to the CEO and CFO (March 31, 2022 - \$1,000). The payable is unsecured, due on demand and is non-interest bearing.

10. CAPITAL MANAGEMENT

The Company's capital structure consists of all components of shareholders equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the current operations comprising the acquisition, exploration and development of mineral properties. The Company obtains funding primarily through issuing share capital. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company's approach to capital management during the nine months ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENT

On February 21, 2023, 15,000 warrants were exercised at the price of \$0.10 for gross proceeds of \$1,500.

No further events, other than that referred to in Note 6(b), occurred subsequent to December 31, 2022.