BADLANDS RESOURCES INC.
(FORMERLY MINERAL MOUNTAIN RESOURCES LTD.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nine Months Ended December 31, 2023

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

BADLANDS RESOURCES INC.
(FORMERLY MINERAL MOUNTAIN RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(EXPRESSED IN CANADIAN DOLLARS)
(Prepared by Management)

	Note	December 31, 2023 (unaudited)	March 31, 2023
ASSETS			
Current assets			
Cash		$ 3,784	$ 81,600
Accounts receivable		5,696	29,916
Prepaid expenses and deposits	4	90,704	83,542
		100,184	195,058
Non-current assets			
Exploration and evaluation assets	7	11,161,628	10,756,625
Restricted cash	5	-	25,013
Property and equipment	6	12,873	46,768
		11,174,501	10,828,406
Total assets		$ 11,274,685	$ 11,023,464
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	5, 8	$ 1,271,257	$ 852,762
Amounts due to related parties	11	475,381	428,665
Lease liability – current portion	9	13,388	51,234
Loans payable	10	137,655	-
Total liabilities		1,897,681	1,332,661
Equity			
Share capital	12	50,358,063	49,998,582
Share subscription proceeds	12	-	213,001
Share-based payments reserve	13	2,610,119	2,507,421
Deficit		(43,591,178)	(43,028,201)
Total equity		9,377,004	9,690,803
Total liabilities and equity		$ 11,274,685	$ 11,023,464

Commitments (Note 9)
Subsequent Events (Note 19)

The condensed consolidated interim financial statements were authorized for issue by the board of directors on February 28, 2024 and were signed on its behalf by:

Nelson Baker Director *Trevor Thomas* Director

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

BADLANDS RESOURCES INC.
(FORMERLY MINERAL MOUNTAIN RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	Note	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022
EXPENSES					
Consulting fees		$ -	$ 61	$ 16,342	$ 13,494
Depreciation	6	10,722	11,388	32,367	34,164
Interest and accretion	10	4,012	2,125	7,590	11,768
Management fees	11	180,000	88,500	288,500	260,500
Media and news dissemination		9,373	500	12,978	11,039
Office and miscellaneous		9,399	16,574	44,855	51,913
Professional fees	11	34,268	11,271	69,389	39,582
Rent	9	12,514	12,377	37,542	42,862
Share-based payments	11, 13	2,048	-	110,584	55,861
Transfer agent and filing fees		18,665	9,870	36,669	33,452
Loss before items below		(281,001)	(152,666)	(656,816)	(554,635)
Interest income		523	2	827	2
Foreign exchange		22,158	(12,506)	20,127	(44,659)
Gain on sale of exploration and evaluation assets	7	-	-	50,000	50,000
Other income		-	-	14,999	-
Loss and Comprehensive loss for the period		$ (258,320)	$ (165,170)	$ (570,863)	$ (549,292)
Basic and diluted loss per common share		$ (0.02)	$ (0.02)	$ (0.05)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted		11,307,265	10,941,514	11,251,405	10,682,587

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

BADLANDS RESOURCES INC.
(FORMERLY MINERAL MOUNTAIN RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN CANADIAN DOLLARS)
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share Capital	Share Subscription Proceeds	Share-based Payments Reserve	Deficit	Total Equity
Balance, March 31, 2023		10,941,514	$ 49,998,582	$ 213,001	$ 2,507,421	$ (43,028,201)	$ 9,690,803
Private placements	12	365,751	365,751	(213,001)	-	-	152,750
Share issuance costs	12	-	(6,270)	-	-	-	(6,270)
Share-based payments	13	-	-	-	110,584	-	110,584
Adjustment on expiration of stock options		-	-	-	(7,886)	7,886	-
Loss and comprehensive loss for the period		-	-	-	-	(570,863)	(570,863)
Balance, December 31, 2023		11,307,265	$ 50,358,063	$ -	$ 2,610,119	$ (43,591,178)	$ 9,377,004

	Note	Number of Shares	Share Capital	Share Subscription Proceeds	Share-based Payments Reserve	Deficit	Total Equity
Balance, March 31, 2022		10,354,171	$ 49,599,852	$ 7,380	$ 2,966,871	$ (42,795,018)	$ 9,779,085
Private placements	12	587,343	458,690	(7,380)	-	-	451,310
Share issuance costs	12	-	(750)	-	-	-	(750)
Share-based payments	13	-	-	-	55,861	-	55,861
Adjustment on expiration of stock options		-	-	-	(192,931)	192,931	-
Loss and comprehensive loss for the period		-	-	-	-	(549,292)	(549,292)
Balance, December 31, 2022		10,941,514	$ 50,057,792	$ -	$ 2,829,801	$ (43,151,379)	$ 9,736,214

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

BADLANDS RESOURCES INC.
(FORMERLY MINERAL MOUNTAIN RESOURCES LTD.)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(EXPRESSED IN CANADIAN DOLLARS)
NINE MONTHS ENDED DECEMBER 31
(Unaudited – Prepared by Management)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	$ (570,863)	$ (549,292)
Items not affecting cash:		
Depreciation	32,367	34,164
Foreign exchange	62,676	42,512
Gain on sale of exploration and evaluation assets	(50,000)	(50,000)
Interest expense	7,590	11,768
Share-based payments	110,584	55,861
Changes in non-cash working capital items:		
Accounts receivable	24,220	(9,964)
Prepaid expenses and deposits	(2,626)	40,067
Accounts payable and accrued liabilities	140,432	(71,908)
Amounts due to related parties	46,716	211,939
Net cash used in operating activities	(198,904)	(284,853)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(167,611)	(151,419)
Proceeds from sale of exploration and evaluation assets	50,000	50,000
Net cash used in investing activities	(117,611)	(101,419)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	152,750	451,310
Share issuance costs	(6,270)	(750)
Payment of lease liability	(40,968)	(31,864)
Loans from related parties	133,187	3,000
Loans repaid from related parties	-	(23,000)
Interest paid	-	(494)
Net cash provided by financing activities	238,699	398,202
Change in cash during the period	(77,816)	11,930
Cash, beginning of the period	81,600	3,969
Cash, end of the period	$ 3,784	$ 15,899

Supplemental cash flow information (Note 14)

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

1. NATURE OF BUSINESS

Badlands Resources Inc. (formerly Mineral Mountain Resources Ltd.) (the "Company") was incorporated on September 1, 2006 under the laws of British Columbia, Canada, and maintains its head office at 1615 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6. Its registered office is located at 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. Effective December 1, 2023, the Company changed its name to Badlands Resources Inc. The Company is engaged in the acquisition, exploration and development of mineral properties in North America. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "BLDS", on the OTCQX under the symbol "BDLNF" and on the Frankfurt Stock Exchange under the symbol "B7Q".

On December 1, 2023, the Company consolidated its shares on a 10:1 basis. All shares shown in these condensed consolidated interim financial statements are at their post-consolidated value.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. The unaudited condensed consolidated interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements as at March 31, 2023 and for the year then ended, which have been prepared in accordance with IFRS, as issued by the IASB.

These condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly owned United States (or "US") subsidiary, Mineral Mountain Resources (SD) Inc. All intercompany transactions, balances, income and expenses are eliminated in full on consolidation.

Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

Going concern

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body to finance its exploration and development costs, and to resolve any environmental, regulatory or other constraints that may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION (cont'd…)

Going concern (cont'd…)

The Company's ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing, in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company's ability to raise funds in the short term, adopt the going concern basis in preparing its condensed consolidated interim financial statements.

These condensed consolidated interim financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the condensed consolidated interim financial statements. These adjustments could be material.

Critical accounting estimates

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

i) The determination of the fair value of stock options and agent warrants using stock pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.

ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

Significant judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments include:

i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amount.

ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.

(EXPRESSED IN CANADIAN DOLLARS)

2. BASIS OF PREPARATION (cont'd…)

Significant judgments (cont'd…)

iii) The classification of financial instruments.

iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company's audited annual consolidated financial statements for the year ended March 31, 2023 were consistently applied to all the periods presented unless otherwise noted below.

New accounting standards

The Company has reviewed future new and amended IFRS pronouncements and determined that there are no standards that are not yet effective that would be expected to have a material impact on the Company's condensed consolidated interim financial statements.

4. PREPAID EXPENSES AND DEPOSITS

	December 31, 2023	March 31, 2023
Exploration deposits	$ 27,678	$ 27,567
Prepaid expenses	41,265	25,305
Rental deposit	21,761	30,670
	$ 90,704	$ 83,542

5. RESTRICTED CASH

The Company provided corporate credit cards to a director with a credit limit totaling $21,760 ($15,000 in Canadian and $5,000 in US) for the Company's expenses. As collateral for the credit cards, the Company had a one-year term deposit of $17,250 earning average annual interest at the prime rate minus 2.27% and a one-year US term deposit of US$5,750 earning annual interest of 0.2%. The credit cards were cancelled and the term deposits redeemed during the nine months ended December 31, 2023.

(EXPRESSED IN CANADIAN DOLLARS)

6. PROPERTY AND EQUIPMENT

	Right-of-use Asset	Computer Equipment	Office Equipment	Field Equipment	Total
Cost					
Balance as at March 31, 2023 and December 31, 2023	$ 214,457	$ 7,970	$ 13,299	$ 20,367	$ 256,093
Accumulated depreciation					
Balance as at March 31, 2023	171,566	7,970	13,100	16,689	209,325
Depreciation for the period	32,168	-	199	1,528	33,895
Balance as at December 31, 2023	203,734	7,970	13,299	18,217	243,220
Net value as at December 31, 2023	$ 10,723	$ -	$ -	$ 2,150	$ 12,873

	Right-of-use Asset	Computer Equipment	Office Equipment	Field Equipment	Total
Cost					
Balance as at March 31, 2022 and March 31, 2023	$ 214,457	$ 7,970	$ 13,299	$ 20,367	$ 256,093
Accumulated depreciation					
Balance as at March 31, 2022	128,674	7,970	10,440	14,653	161,737
Depreciation for the year	42,892	-	2,660	2,036	47,588
Balance as at March 31, 2023	171,566	7,970	13,100	16,689	209,325
Net value as at March 31, 2023	$ 42,891	$ -	$ 199	$ 3,678	$ 46,768

During the nine months ended December 31, 2023, the Company expensed $32,367 (2022 - $34,164) in depreciation to the condensed consolidated interim statement of comprehensive loss and capitalized $1,528 (2022 - $1,527) to exploration and evaluation assets.

(EXPRESSED IN CANADIAN DOLLARS)

7. EXPLORATION AND EVALUATION ASSETS

	March 31, 2022	Additions	March 31, 2023	Additions	December 31, 2023
Standby Gold Project, South Dakota					
Acquisition costs					
Option payments	$ 2,150,850	$ -	$ 2,150,850	$ -	$ 2,150,850
Staking and other property costs	1,448,813	121,093	1,569,906	113,188	1,683,094
	3,599,663	121,093	3,720,756	113,188	3,833,944
Exploration costs					
Assays	196,668	1,472	198,140	9,030	207,170
Drilling	3,391,594	-	3,391,594	34,874	3,426,468
Equipment rental	127,136	3,937	131,073	1,528	132,601
Fieldwork	202,464	2,038	204,502	769	205,271
Geological consulting	1,515,830	152,792	1,668,622	229,927	1,898,549
Geophysical survey	447,254	-	447,254	-	447,254
Miscellaneous	575,944	17,076	593,020	11,342	604,362
State and local taxes (recovery)	220,952	7,375	228,327	(11,484)	216,843
Travel	173,337	-	173,337	15,829	189,166
	6,851,179	184,690	7,035,869	291,815	7,327,684
	$ 10,450,842	$ 305,783	$ 10,756,625	$ 405,003	$ 11,161,628

(EXPRESSED IN CANADIAN DOLLARS)

7. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Standby Gold Project, South Dakota

The Company's Standby Gold Project is located in the Rochford Mining District of the Black Hills, South Dakota. The Standby Gold Project includes the following properties:

<u>BHB Claims</u>

On March 7, 2016, the Company and its wholly owned US subsidiary entered into a purchase and sale agreement with four individuals (collectively, the "Owners") to purchase a 100% interest in 19 unpatented lode mineral claims ("BHB Claims") located in the Rochford Mining District and the historical database pertaining to the BHB Claims in consideration of 400,000 shares of the Company (issued during the year ended March 31, 2017 with a fair value of $1,500,000).

In addition, the Company agreed to grant the Owners a collective 2% net smelter returns royalty ("NSR") on the BHB Claims, a collective 1% NSR on the Company's Rochford Claims and a collective 1.5% NSR on claims falling within the area of mutual interest ("Area of Interest Claims Royalty"). The Area of Interest Claims Royalty will only be granted if the acquired property or properties are not already burdened with a royalty.

<u>Standby Property</u>

On September 2, 2016, the Company and its wholly owned US subsidiary entered into an option agreement to acquire a 100% interest in the 9 patented lode mineral claims located in the Rochford Mining District. Pursuant to the option agreement, the Company made cash payments of US$500,000 to the optionor and earned a 100% interest in the Standby Property.

In addition, the Company agreed to grant the optionor a 2% NSR and the Company has the option to purchase up to one-half of the NSR (1%) at the price of US$1,500,000 for 1% NSR or a proportionate amount if the Company purchases less than 1% of the NSR.

Straw Lake Property, Ontario

The Company holds a 100% interest in certain mineral claims in the Kenora Mining District in northwestern Ontario, previously known as the Straw Lake project. On June 3, 2021, the Company entered into an agreement to sell its interest in the Straw Lake claims for a total of $200,000, receivable in four equal instalments over a three-year period. The Company received the first instalment of $50,000 upon the signing of the agreement, and during the year ended March 31, 2023, received the second instalment of $50,000. During the nine months ended December 31, 2023, the Company received the third instalment of $50,000, which has been recorded as a gain on sale of exploration and evaluation assets in the condensed consolidated interim statements of comprehensive loss.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2023		March 31, 2023
Accounts payable	$	1,106,257	$	830,477
Accrued liabilities		165,000		22,285
	$	1,271,257	$	852,762

(EXPRESSED IN CANADIAN DOLLARS)

9. LEASE LIABILITY

A continuity of the Company's lease liability is as follows:

Balance as at March 31, 2022	$	87,732
Interest accrued		9,023
Lease payments paid during the year		(45,521)
Balance as at March 31, 2023		51,234
Interest accrued		3,122
Lease payments paid during the period		(40,968)
Balance as at December 31, 2023	$	13,388
Current liability	$	13,388
Long-term liability	$	-

The Company discounted remaining lease payments using its incremental borrowing rate, which was a weighted average rate of 12%. The Company's share of operating costs for the nine months ended December 31, 2023 were $37,542 (2022 - $42,862), which are variable and were therefore expensed in net loss.

The Company has entered into an office lease agreement for its office premises for a term ending on March 31, 2024. The undiscounted remaining lease payments are $13,656.

10. LOANS PAYABLE

On August 25, 2023, the Company entered into a bridge loan agreement with a company controlled by the chair and director of the Company. Under the terms of the agreement, the Company borrowed $113,188. The loan is unsecured and bears interest at 10% per annum payable on maturity. The maturity date of the loan is the earlier of February 25, 2024 and the day the Company closes a financing resulting in gross proceeds equal to or greater than $1,000,000. During the nine months ended December 31, 2023, the Company has accrued $4,023 (2022 - $nil) of interest, resulting in a balance of $117,211 as at December 31, 2023 (March 31, 2023 - $nil).

On October 12, 2023, the Company entered into a bridge loan agreement with a company controlled by the chief financial officer of the Company. Under the terms of the agreement, the Company borrowed $20,000. The loan is unsecured and bears interest at 10% per annum payable on maturity. The maturity date of the loan is the earlier of April 12, 2024 and the day the Company closes a financing resulting in gross proceeds equal to or greater than $1,000,000. During the nine months ended December 31, 2023, the Company has accrued $444 (2022 - $nil) of interest, resulting in a balance of $20,444 as at December 31, 2023 (March 31, 2023 - $nil).

Balance as at March 31, 2022 and March 31, 2023	$	-
Advances		133,188
Interest accrued		4,467
Balance as at December 31, 2023	$	137,655
Current liability	$	137,655
Long-term liability	$	-

(EXPRESSED IN CANADIAN DOLLARS)

11. RELATED PARTY TRANSACTIONS

Amounts due to related parties of $475,381 (March 31, 2023 - $428,665) were for services rendered to the Company by its directors and officers or companies controlled by its directors and officers, and are unsecured, non-interest-bearing and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the nine months ended December 31, 2023 and 2022 is as follows:

	2023	2022
Management fees	$ 213,500	$ 260,500
Professional fees	7,554	5,815
Share-based payments	82,902	-
Total	$ 303,956	$ 266,315

The Company entered the following transactions relating to key management personnel and entities over which they have control or significant influence during the nine months ended December 31, 2023:

a) Incurred management fees of $60,000 (2022 - $90,000) to a company controlled by a director (and formerly the president) of the Company.

b) Incurred management fees of $15,000 (2022 - $40,000) to a company controlled by a former director of the Company.

c) Incurred management fees of $21,000 (2022 - $63,000) to a former director of the Company.

d) Incurred management fees of $12,500 (2022 - $22,500) to the former chief financial officer of the Company.

e) Incurred professional fees of $7,066 (2022 - $5,440) and other fees of $488 (2022 - $375) to a company with the secretary in common with the Company.

f) Incurred management fees of $45,000 (2022 - $nil) to a company controlled by the chief executive officer.

g) Incurred management fees of $45,000 (2022 - $nil) to a company controlled by the executive chair.

h) Incurred management fees of $15,000 (2022 - $nil) to a company controlled by the chief financial officer.

i) Incurred management fees of $nil (2022 - $45,000) to a company controlled by a former director of the Company.

During the year ended March 31, 2022, the Company entered into three agreements with a company controlled by a current director, a company controlled by a now former director and a now former director for management and corporate consulting services for a total monthly fee of $22,000 plus applicable taxes. These agreements are for a one-year term and continue thereafter on a month-to-month basis and may be terminated with six months' notice or a termination payment equal to six months' remuneration.

12. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Issued and outstanding

During the nine months ended December 31, 2023, the Company completed a non-brokered private placement of 365,751 units at a price of $1.00 per unit for gross proceeds of $365,751. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of $2.50. No value was allocated to the warrants based on the residual method. The Company received subscription proceeds of $213,001 in the period prior to March 31, 2023 and the balance of $152,750 subsequent to March 31, 2023. The Company incurred share issuances costs of $6,271 in connection with the private placement. Related parties subscribed to 92,084 units for proceeds of $92,084.

During the year ended March 31, 2023, the Company:

a) Completed a non-brokered private placement of 158,500 units at a price of $1.00 per unit for gross proceeds of $158,500. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 12 months at an exercise price of $2.50. Of the proceeds, $25,550 was allocated to the warrants based on the residual method. The Company incurred filing expenses of $1,542 in connection with the private placement. Related parties subscribed to 90,000 units for proceeds of $90,000.

b) Completed a non-brokered private placement of 428,843 units at a price of $0.70 per unit for gross proceeds of $300,190. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 6 months at an exercise price of $1.50. No value was allocated to the warrants based on the residual method. The Company paid $8,119 as a finders' fee and incurred legal and filing expenses of $24,749 in connection with the private placement. Related parties subscribed to 76,000 units for proceeds of $53,200.

13. SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one-quarter of the options vesting in any three-month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the TSX-V's policies.

(EXPRESSED IN CANADIAN DOLLARS)

13. SHARE-BASED PAYMENTS (cont'd…)

Stock options (cont'd…)

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, March 31, 2022	667,500	$	2.50
Granted	365,000	$	1.10
Cancelled/expired	(280,000)	$	3.00
Balance, March 31, 2023	752,500	$	1.70
Granted	15,000	$	1.20
Expired	(30,000)	$	1.00
Balance at December 31, 2023	737,500	$	1.73
Exercisable at December 31, 2023	737,500	$	1.73

The options outstanding at December 31, 2023 have exercise prices in the range of $1.00 to $4.00 and a weighted average remaining contractual life of 2.29 years.

The fair value calculated for stock options granted during the nine months ended December 31, 2023 was $13,227 (2022 - $55,861) using the Black-Scholes option pricing model. For the nine months ended December 31, 2023, the Company recognized share-based payment expense of $108,536 (2022 - $55,861) for the portion of stock options that vested during the period. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2023	2022
Risk-free interest rate	3.54%	2.55%
Expected life of options	3 Years	3.58 Years
Annualized volatility	107%	100%
Dividend rate	Nil	Nil
Weighted average grant date fair value	$0.88	$0.60

(EXPRESSED IN CANADIAN DOLLARS)

13. SHARE-BASED PAYMENTS (cont'd…)

Stock options (cont'd…)

As at December 31, 2023, the following stock options were outstanding:

Number of Options	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
32,500	$ 2.50	0.06	January 21, 2024*
25,000	$ 1.50	0.27	April 9, 2024
137,500	$ 1.75	0.77	October 7, 2024
20,000	$ 4.00	1.01	January 3, 2025
15,000	$ 1.00	1.32	April 26, 2025
172,500	$ 2.50	2.06	January 21, 2026
65,000	$ 1.20	2.10	February 5, 2026
15,000	$ 1.20	2.40	May 26, 2026
50,000	$ 1.00	3.25	April 1, 2027
205,000	$ 1.20	4.10	February 5, 2028
737,500	$ 1.73	2.29	

* expired unexercised subsequent to December 31, 2023 (note 19)

Warrants

Warrants are issued as private placement incentives. Value was allocated to the warrants issued with private placement units based on the residual method. Agent warrants are measured at fair value on the date of the grant, as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2022	666,394	$ 3.80
Granted	587,343	$ 1.80
Balance, March 31, 2023	1,253,737	$ 2.80
Granted	365,751	$ 2.50
Expired	(1,205,237)	$ 2.86
Balance, December 31, 2023	414,251	$ 2.50

(EXPRESSED IN CANADIAN DOLLARS)

13. SHARE-BASED PAYMENTS (cont'd…)

Warrants (cont'd…)

As at December 31, 2023, the following warrants were outstanding:

Number of Warrants	Exercise Price	Weighted Average Remaining Contractual Life (Years)	Expiry Date
48,500	$ 2.50	0.04	January 15, 2024*
365,751	$ 2.50	0.36	February 5, 2028
414,251	$ 2.50	0.33	

* expired unexercised subsequent to December 31, 2023 (note 19)

14. SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash investing and financing transactions during the nine months ended December 31, 2023 included:

a) The Company allocated depreciation of equipment of $1,528 to exploration and evaluation assets.

b) Included in accounts payable and accrued liabilities is $878,227 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the nine months ended December 31, 2022 included:

a) The Company allocated depreciation of equipment of $1,527 to exploration and evaluation assets.

b) Included in accounts payable and accrued liabilities is $567,553 related to exploration and evaluation assets.

15. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows: cash and restricted cash are classified as subsequently measured at amortized cost; accounts payable and accrued liabilities, amounts due to related parties and loans payable, as subsequently measured at amortized cost financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

Financial risk management

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

<u>Credit risk</u>

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and restricted cash. The credit risk with respect to its cash and restricted cash is minimal, as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

15. FINANCIAL INSTRUMENTS (cont'd…)

Liquidity risk

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at December 31, 2023, the Company had a cash balance of $3,784 and current liabilities of $1,897,681. The Company's financial liabilities include accounts payable and accrued liabilities, which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants, as well as loans from related parties. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

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 is exposed to interest rate risk to the extent of cash maintained at financial institutions. The interest rate risks on cash and restricted cash are not considered significant due to their short-term nature and maturity.

Foreign exchange rate risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At December 31, 2023, the Company had financial assets of $1,452 and financial liabilities of $869,207 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately $87,000. The Company does not hedge its foreign exchange risk.

16. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at December 31, 2023, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the nine months ended December 31, 2023.

(EXPRESSED IN CANADIAN DOLLARS)

17. SEGMENTED INFORMATION

Operating segments

The Company operates in a single reportable segment – the acquisition, exploration and development of mineral properties.

Geographic segments

The Company's non-current assets are located in Canada and the United States as follows:

At December 31, 2023:

	Canada	US	Total
Property and equipment	$ 10,723	$ 2,150	$ 12,873
Exploration and evaluation assets	-	11,161,628	11,161,628
	$ 10,723	$ 11,163,778	$ 11,174,501

At March 31, 2023:

	Canada	US	Total
Property and equipment	$ 43,090	$ 3,678	$ 46,768
Exploration and evaluation assets	-	10,756,625	10,756,625
	$ 43,090	$ 10,760,303	$ 10,803,393

18. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets.

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There has been no change in the Company's approach to capital management from the prior period. The Company's capital is not subject to any external restrictions.

19. SUBSEQUENT EVENTS

a) Subsequent to December 31, 2023, 32,500 stock options and 48,500 warrants expired unexercised.