GOSSAN RESOURCES LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY LETTER

Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Gossan Resources Limited

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at		**December 31, 2022**		March 31, 2022
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**189,280**	$	491,932
Accounts receivable (Note 5)		**42,611**		251,832
Prepaid expenses		**108,901**		750
	$	**340,792**	$	744,514
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 6 and 13)	**$**	**117,308**	$	394,903
SHAREHOLDERS' EQUITY				
Share capital (Note 8(b))		**15,412,098**		14,565,919
Contributed surplus		**2,281,428**		2,212,551
Deficit		**(17,470,042)**		(16,428,859)
		223,484		349,611
	$	**340,792**	$	744,514

See accompanying notes to these condensed interim financial statements.

Nature of Operations and Going Concern (Note 1)

Gossan Resources Limited

CONDENSED INTERIM STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	**2022**	2021
Expenses				
Exploration and evaluation expenditures (Note 7)	**$ 83,676**	$ 517,593	**$ 788,357**	$ 617,274
General expenses (Note 11)	**93,284**	164,560	**302,826**	339,270
Net loss before the following	**(176,960)**	(682,153)	**(1,091,183)**	(956,544)
Gain on disposition of mineral property interest (Note 7(iii))	**50,000**	50,000	**50,000**	50,000
Net loss and comprehensive loss	**$ (126,960)**	$ (632,153)	**$ (1,041,183)**	$ (906,544)
Basic and diluted net loss and comprehensive loss per share (Note 12)	**$ -**	$ (0.01)	**$ (0.02)**	$ (0.02)
Weighted average number of common shares outstanding	**66,801,651**	58,411,222	**65,137,004**	56,006,117

See accompanying notes to these condensed interim financial statements.

Gossan Resources Limited
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

For the Nine Months Ended December 31,	**2022**	2021
Cash (used in) provided by:		
Operating Activities		
Net loss for the period	**$ (1,041,183)**	$ (906,544)
Stock-based compensation	**11,331**	122,335
Non-cash working capital items:		
Accounts receivable	**209,221**	94,215
Prepaid expenses	**(108,151)**	(1,365)
Accounts payable and accrued liabilities	**(277,595)**	158,737
	(1,206,377)	(532,622)
Financing Activities		
Issuance of share capital	**903,725**	2,244,285
Net change in cash and cash equivalents	**(302,652)**	1,711,663
Cash and cash equivalents, beginning of period	**491,932**	331,480
Cash and cash equivalents, end of period	**$ 189,280**	$ 2,043,143

See accompanying notes to these condensed interim financial statements.

Gossan Resources Limited
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital	Contributed Surplus	Deficit	Total
Balance, March 31, 2021	$ 12,521,867	$ 1,859,949	$ (14,188,433)	$ 193,383
Shares issued on private placement	1,898,685	-	-	1,898,685
Fair value of warrants issued	(300,032)	300,032	-	-
Fair value of finders warrants issued	(48,528)	48,528	-	-
Exercise of stock options - cash	32,400	-	-	32,400
Exercise of stock option - Black-Scholes valuation	16,812	(16,812)	-	-
Share-based compensation	-	122,335	-	122,335
Exercise of warrants - cash	313,200	-	-	313,200
Exercise of warrants - valuation	103,358	(103,358)	-	-
Net loss and comprehensive loss for the period	-	-	(906,544)	(906,544)
Balance, December 31, 2021	**$ 14,537,762**	**$ 2,210,674**	**$ (15,094,977)**	**$ 1,653,459**
Balance, March 31, 2022	14,565,919	2,212,551	(16,428,859)	349,611
Shares issued on private placement	866,675	-	-	866,675
Fair value of warrants issued	(78,780)	78,780	-	-
Exercise of stock options	24,416	(8,166)	-	16,250
Share-based compensation	-	11,331	-	11,331
Exercise of warrants	33,868	(13,068)	-	20,800
Net loss and comprehensive loss for the year	-	-	(1,041,183)	(1,041,183)
Balance, December 31, 2022	**$ 15,412,098**	**$ 2,281,428**	**$ (17,470,042)**	**$ 223,484**

See accompanying notes to these condensed interim financial statements.

1. Nature of Operations and Going Concern

General

Gossan Resources Limited (the "Company") is a public corporation that was incorporated federally on June 16, 1980. The Company, directly and through joint arrangements, is in the business of acquiring and exploring resource properties that it believes contain mineralization. To date, the Company is considered to be in the exploration and evaluation stage.

The Company is traded on the TSX Venture Exchange under the symbol "GSS" and on the Frankfurt/Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435). To the Company's knowledge, there is one significant shareholder of the Company (defined as those holding greater than 10%). The Sprott Foundation, an entity controlled by Mr. Eric Sprott, holds 11.83%, for investment purposes.

The Company's head office is located at 171 Donald Street, Suite 404, Winnipeg, Manitoba, Canada, R3C 1M4.

Going Concern

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the basis of accounting principles applicable to a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not earned significant revenues. The ability of the Company to continue as a going concern is dependent upon the discovery of economically recoverable reserves; confirmation of the Company's ownership in the underlying mineral claims; the acquisition of required permits to mine; the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. 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. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that may cast significant doubt over the ability of the Company to continue as a going concern.

As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had working capital of $223,484 at December 31, 2022 (March 31, 2022 - working capital of $349,611). The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. The outbreak of COVID 19 and rising rates of inflation & interest rates, has resulted in global equity markets experiencing significant volatility and weakness. In the event that it impacts the Company's ability to obtain adequate financing, the Company may be required to curtail operations, exploration, and development activities and there could be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

As at December 31, 2022, the Company does not have sufficient cash on hand to meet operational expenses for the next twelve months. The Company plans to raise additional capital to execute its business plan, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized, or its liabilities discharged at their carrying amounts and these differences could be material.

2. Accounting Policies

a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were approved by the board of directors on March 1, 2023.

b) Basis of Presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these unaudited condensed interim financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

3. Capital Management

The Company manages its capital with the following objectives:

• To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and

• To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, comprising share capital, contributed surplus, and deficit, which at December 31, 2022, totalled $223,484 (March 31, 2022 - $349,611).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

4. Mineral Property and Financial Risk Factors

a) Mineral Property Risk

The Company's major mineral properties are listed in Note 7. Unless the Company acquires or develops additional material mineral properties, the Company will be mainly dependent upon its existing properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's properties would have a materially adverse effect on the Company's financial condition and results of operations.

b) Financial Risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate, commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

<u>Credit Risk</u>

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and accounts receivable. Cash and cash equivalents are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal. Accounts receivable consists of sales tax receivable from government authorities in Canada and advance royalty payments received after year end. Accounts receivable are in good standing as of December 31, 2022. See note 5.

The Company’s maximum exposure to credit risk as at December 31, 2022 is the carrying value of cash and cash equivalents and accounts receivable of $231,891 (March 31, 2022 - $743,764).

<u>Liquidity Risk</u>

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2022, the Company had cash of $189,280 (March 31, 2022 - $491,932) to settle current liabilities of $117,308 (March 31, 2022 - $394,903). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

<u>Market Risk</u>

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency rates, and commodity and equity prices.

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors relevant commodity prices and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) The Company has no term debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them.

As of December 31, 2022, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

(iv) Mineral property risk is significant. In particular, if an economic orebody is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.

5. Accounts Receivable

	December 31, 2022	March 31, 2022
Due from Canada Premium Sand (Note 7(iii))	**$ -**	$ 50,000
Harmonized sales tax receivable	**42,611**	201,832
	$ 42,611	$ 251,832

(Expressed in Canadian Dollars)

6. Accounts Payable and Accrued Liabilities

		December 31, 2022		March 31, 2022
Accounts payable and accrued liabilities	**$**	**60,956**	$	291,882
Due to related parties		**56,351**		103,021
	$	**117,307**	$	394,903

7. Exploration and Evaluation Expenditures

	Historical Expenditures, March 31, 2022	Current Expenditures	Historical Expenditures, December 31, 2022
Pipestone Lake (i)	$ 1,816,297	$ -	$ 1,816,297
Bird River (ii)	918,262	702	918,964
Gander Gold Property (vii)	311,302	356,231	667,533
Inwood	1,357,494	10,515	1,368,009
Separation Rapids	212,915	-	212,915
Sturgeon Lake (iv)	2,277,192	420,909	2,698,101
Royalties	4	-	4
Manigotagan Silica (iii)	796,434	-	796,434
Sharpe Lake	483,341	-	483,341
	$ 8,173,241	$ 788,357	$ 8,961,598

In addition to the above expenditures, during the nine months ended December 31, 2022, the Company incurred $*nil in evaluation expenditures on prospective property interests.*

	Historical Expenditures, March 31, 2021	Current Expenditures	Historical Expenditures, December 31, 2021
Pipestone Lake (i)	$ 1,816,297	$ -	$ 1,816,297
Bird River (ii)	917,586	485	918,071
Gander Gold property	215,066	96,236	311,302
Inwood	1,227,622	130,836	1,358,458
Separation Rapids	212,915	-	212,915
Sturgeon Lake	634,557	389,717	1,024,274
Royalties	4	-	4
Manigotagan Silica (iii)	792,368	-	792,368
Sharpe Lake	483,341	-	483,341
	$ 6,299,756	$ 617,274	$ 6,917,030

In addition to the above expenditures, during the nine months ended December 31, 2021, the Company incurred $*nil in evaluation expenditures on prospective property interests.*

7. Exploration and Evaluation Expenditures (Continued)

(i) The Pipestone project is a 50% joint operation with Cross Lake Mineral Explorations Inc.

(ii) The Bird River project is wholly-owned by the Company. Prior to March 24, 2012, the project was held pursuant to a joint venture agreement with Stillwater Mining Company ("Stillwater") who acquired the interest from Marathon PGM Corporation.

(iii) On June 18, 2013, the Company closed a purchase and sale agreement to vend its Manigotagan Silica Frac Sand Project, comprised of 9 quarry leases located near Seymourville Manitoba, to Claim Post Resources Inc., now Canadian Premium Sand Inc. ("Canadian Premium") (CPS-TSX.V). Gossan had been seeking a joint-venture partner or a purchaser for the Project since completing a marketing study in late 2010. In 2012, Claim Post acquired the adjacent Seymourville Property to the south and announced plans to develop a frac sand operation. The consolidation of the two properties should improve the viability of the project.

Under the terms of the agreement, Gossan received 3,000,000 common shares of Claim Post (ascribed a fair value of $95,000) and an initial two cash payments totalling $700,000. Consideration for this purchase and sale agreement is recognized in the Company's statement of earnings (loss) and comprehensive earnings (loss) as a gain on disposition of mineral property interest when it is received, or where the receipt of which is certain. One further cash payment totalling $430,000 was initially due on June 18, 2015, however, the Company amended the agreement to provide an extension in the due date of the $430,000 payment for 6 months to December 18, 2015, subject to interest at 1% per month, and a payment of 1,000,000 common shares of Claim Post (received June 25, 2015, and ascribed a fair value of $25,000 upon receipt), as well as an increase in the advance royalty provisions.

On September 15, 2017, the Company received payments totalling $787,356, inclusive of the outstanding final property payment of $430,000, four advance royalty payments totalling $200,000 in aggregate, and $157,356 of interest retroactive from their original due dates. These payments were held in trust until January 19, 2018, at which time they were released to the Company's treasury upon registration of title of the Claim Post interests which were recorded as a gain on disposition of mineral property on the statement of loss and comprehensive loss.

Under the terms of the revised agreement, semi-annual advance royalty payments of $50,000 each are payable as of June 18th and December 18th of each year and these royalty payments are recorded as a gain on disposition of mineral property. All frac sand produced, sold and paid from the nine Manigotagan leases is subject to a $1.00 per tonne production royalty payable quarterly and all other products are subject to a $0.50 per tonne production royalty. Although the royalty is solely payable on production from the Manigotagan leases, the agreement also provides for a minimum production royalty from both the Manigotagan and the adjacent Seymourville properties held by Canadian Premium, based on their relative mining reserves of frac sand at the time of permitting. Canadian Premium can acquire one half of Gossan’s production royalty interest for $1.5 million during the three years after commencing commercial production and $2 million for a further two years.

The advance royalty payments are non-refundable. The $50,000 advance royalty payment due on December 18 18, 2022 was received during the period. The next payment is due March 18, 2023.

7. Exploration and Evaluation Expenditures (Continued)

iv) On July 28, 2016, the Company acquired 15 claims at Glitter Lake, in the zinc-rich polymetallic Sturgeon Lake Greenstone Belt in northwestern Ontario. In November 2015, the Company staked three claims and subsequently acquired an additional 12 claims from Excalibur Resources Ltd. along with a significant amount of exploration data. Recent work now in the possession of Gossan includes: a VTEM electromagnetic geophysical survey by Geotech Ltd.; an Enzyme Leach geochem survey and a Soil Gas Hydrocarbon geochem survey, both processed by Actlabs; and results from a limited drill program on the eastern portion of the acquired claims. In September 2016, the Company conducted a geochemical survey on the property. During the winter of 2018, a preliminary drill program was completed, in relation to which, the Company received $100,000 of grant funding from Ontario’s Junior Exploration Assistance Program under the Northern Ontario Heritage Fund. In the fall of 2018, a gravity survey was conducted on the property. In the fall of 2021, a prospecting program and an additional gravity survey were completed. In December 2021, the Company initiated a winter drill program at the property which concluded on March 31, 2022.

v) On November 16, 2016, Gossan announced it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. (“SRML”) for the provision of high-purity dolomite.

Under the terms of the exclusive supply agreement, Gossan will receive a production royalty on all dolomite sold, including any purchased from other sources, by SRML of $1.00 per tonne for products with a price of less than $70 per tonne and a royalty of 2% for products with a price of $70 per tonne or greater. Gossan will also retain an equity interest in any project.

vi) The Company no longer holds mineral rights at the Sharpe Lake Property and its interest in the Manigotagen property is solely a Production Royalty with advance payments of $50,000 semi-annually.

vii) On August 31, 2020, the Company entered into a mineral property acquisition agreement to acquire a 100% interest in the Gander Gold Property located just outside Gander, Newfoundland from an arm's length party. The 9,050-hectare property is immediately adjacent to the Newfound Gold Corp.'s Queensway property along the Central Newfoundland Gold Belt. Under the terms of the agreement, the Company issued 2.1 million common shares of the Company (issued, and ascribed a fair value of $178,500); reimburse staking costs of $21,125; and granted a 2% net smelter returns royalty ("NSR"), subject to re-purchase of 1% of the NSR for $1,000,000. In the fall of 2021, a LiDAR survey was completed and in 2022, an airbourne geophysical program, and a till sample geochemical program were conducted.

(Expressed in Canadian Dollars)

8. Share Capital

a) Authorized share capital

At December 31, 2022, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value.

b) Common shares issued

At December 31, 2022, the issued share capital amounted to $15,412,098 (March 31, 2022 - $14,565,919).

	Number of Common Shares	Amount
Balance, March 31, 2021	47,480,400	$ 12,521,867
Issued on private placement, net of costs of issue	8,480,000	1,898,685
Fair value of warrants issued	-	(300,032)
Fair value of finders warrants issued	-	(48,528)
Exercise of options	450,000	49,212
Exercise of warrants	3,915,000	416,558
Balance, December 31, 2021	**60,325,400**	**$ 14,537,762**
Balance, March 31, 2022	60,759,400	14,565,919
Issued on private placement, net of costs of issue (i)	5,500,000	866,675
Fair value of warrants issued	-	(78,780)
Exercise of options	186,251	24,416
Exercise of warrants	356,000	33,868
Balance, December 31, 2022	**66,801,651**	**$ 15,412,098**

i) On May 13, 2022, the Company closed a non-brokered private placement through the issuance of 5,500,000 units at a price of $0.16 per unit for aggregate gross proceeds of $880,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each full warrant entitles the holder thereof to acquire one common share at an exercise price of $0.24 per common share for a period of two years from the closing of the private placement. Total cash costs of issue were $13,325.

The resulting 2,750,000 warrants issued in conjunction with this private placement were valued at $78,780, estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 2.66% and an expected life of 2 years.

(Expressed in Canadian Dollars)

9. Stock Options

The following table reflects the continuity of stock options for the nine months ended December 31, 2022 and 2021:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, March 31, 2021	3,400,000	0.07
Exercised	(450,000)	0.08
Granted	1,210,000	0.24
Balance, December 31, 2021	**4,160,000**	**0.14**
Balance, March 31, 2022	**3,877,500**	**0.16**
Exercised	(186,251)	0.09
Expired	(451,249)	0.08
Balance, December 31, 2022	**3,240,000**	**0.14**

The following table reflects the stock options issued and outstanding as of December 31, 2022:

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
March 21, 2023	0.10	0.22	520,000
June 21, 2023	0.24	0.47	860,000
September 23, 2023	0.07	0.73	150,000
March 21, 2024	0.24	1.23	350,000
March 29, 2024	0.07	1.24	250,000
September 21, 2024	0.06	1.73	90,000
September 21, 2024	0.10	1.73	580,000
March 25, 2025	0.10	2.23	440,000
	0.14	**1.08**	**3,240,000**

On October 7, 2021, the Company implemented, with the approval of the TSX Venture Exchange, a new fixed stock option plan, allowing for a maximum of 5,750,000 shares reserved for issuance upon exercise of stock options. As at September 30, 2022, the Company has 3,240,000 stock options outstanding, representing 4.9% of the issued and outstanding shares.

(Expressed in Canadian Dollars)

10. Warrants

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2021	8,718,400	0.09
Issued	4,480,000	0.29
Exercised	(3,915,000)	0.08
Balance, December 31, 2021	9,283,400	0.16
Balance, March 31, 2022	8,999,000	0.19
Exercised	(356,000)	0.06
Issued	2,750,000	0.24
Expired	(8,643,000)	0.20
Balance, December 31, 2022	**2,750,000**	**0.24**

The following table reflects the warrants issued and outstanding as of December 31, 2022:

Expiry Date	Exercise Price ($)	Number of Warrants Outstanding
May 13, 2024	0.24	2,750,000

11. General

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2022	2021	**2022**	2021
Administrative fees	**$ 5,404**	$ 5,588	**$ 14,984**	$ 19,403
Management fees	**24,000**	24,000	**72,000**	72,000
Office and general	**24,105**	12,455	**53,672**	32,480
Public company costs	**25,626**	15,401	**111,845**	61,798
Investor relations	**8,600**	9,424	**29,638**	26,759
Travel and related	**3,604**	2,771	**9,356**	4,495
Share-based compensation	**1,945**	94,921	**11,331**	122,335
	$ 93,284	$ 164,560	**$ 302,826**	$ 339,270

(Expressed in Canadian Dollars)

12. Net Loss per Common Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share for the three and nine months ended December 31, 2022 and 2021. During the nine months ended December 31, 2022 and 2021, shares issuable on exercise of all the outstanding stock options were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

13. Related Party Balances and Transactions

Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties:

		Three Months Ended December 31,		Nine Months Ended December 31,	
		2022	2021	**2022**	2021
Chief Executive Officer ("CEO") fees		**$ 12,000**	$ 12,000	**$ 36,000**	$ 36,000
Chief Financial Officer fees	(i)	**$ 12,000**	$ 12,000	**$ 36,000**	$ 36,000
Consulting fees paid to directors	(iii)	**$ -**	$ 4,550	**$ 945**	$ 4,550
Consulting fees paid to a son of a director	(iv)	**$ -**	$ -	**$ 19,686**	$ -

(i) As at December 31, 2022, $nil (March 31, 2022 - $2,890) was included in accounts payable and accrued liabilities with respect CFO's fees and reimbursable expenditures.

(ii) For the three and nine months ended December 31, 2022, $nil in directors fees were incurred (three months ended September 30, 2021 - $nil). As at December 31, 2022, $23,570 (March 31, 2022 - $57,657) was outstanding in regard to current and prior years' directors fees, of which $19,025 (March 31, 2022 - $33,975) was held for the purchase of the Company's common shares. An additional $4,545 (March 31, 2022 - $23,682) was included in accounts payable and accrued liabilities with respect to current and prior years directors fees to be settled in cash. The Company directors waived their fiscal 2019 directors fees which would have amounted to $38,000. During fiscal years ended March 31, 2013 and 2014, the Company's directors also waived their annual fees.

(iii) Consulting fees paid to directors of the Company relate to consulting services provided for evaluation, geological and community engagement services. As at December 31, 2022, $nil (March 31, 2022 - $31,402) was included in accounts payable and accrued liabilities.

(iv) Consulting fees paid to a sone of a director relate to fees charged for geological services. As at December 31, 2022, $nil (March 31, 2022 - $15,350) was included in accounts payable and accrued liabilities.

(v) During the three and nine months ended December 31, 2022, the Company expensed $1,734 and $10,101, respectively (three and nine months ended December 31, 2021 - $90,638 and $113,854, respectively) in share-based compensation to Directors and Officers of the Company.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.