



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Barksdale Resources Corp.

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that, as at March 31, 2024, the Company has accumulated net losses of \$33,385,727 since inception and has a working capital deficit of \$1,090,629. The operations of the Company have primarily been funded by the issuance of common shares and convertible debentures. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicate in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 4 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$22,012,246 as of March 31, 2024. As more fully described in Note 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.



The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators in accordance with the applicable accounting standards.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements including reviewing option agreements and vouching cash payments and share issuances.
- Assessing the Company's rights to explore E&E Assets including confirmation request to optionors to ensure good standing of agreement.
- Confirming, on a test basis through government websites and legal confirmation, status of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

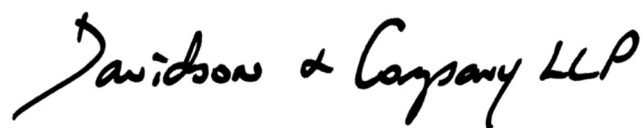
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 26, 2024

BARKSDALE RESOURCES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2024	March 31, 2023
	\$	\$
ASSETS		
Current		
Cash	1,713,733	5,914,177
Receivables	28,042	67,268
Prepays	251,130	313,558
	<u>1,992,905</u>	<u>6,295,003</u>
Exploration and evaluation assets (Notes 4 and 10)	22,012,246	16,010,127
Reclamation bond	280,621	8,120
Right-of-use assets (Note 5)	<u>47,032</u>	<u>73,907</u>
	<u>24,332,804</u>	<u>22,387,157</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 10)	1,635,302	201,616
Current portion of lease liabilities (Note 5)	30,614	28,514
Convertible debentures (Note 7)	1,417,618	1,446,378
	<u>3,083,534</u>	<u>1,676,508</u>
Government loan payable (Note 8)	-	60,000
Lease liabilities (Note 5)	<u>24,404</u>	<u>54,950</u>
	<u>3,107,938</u>	<u>1,791,458</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	52,064,302	47,905,461
Reserves (Note 9)	2,427,756	3,204,591
Equity component of convertible debentures (Note 7)	118,535	138,638
Deficit	<u>(33,385,727)</u>	<u>(30,652,991)</u>
	<u>21,224,866</u>	<u>20,595,699</u>
	<u>24,332,804</u>	<u>22,387,157</u>

Nature of Operations and Going Concern (Note 1)
Subsequent events (Note 16)

Approved on behalf of the Board of Directors on July 26, 2024:

"Darren Blasutti"

Director

"Peter McRae"

Director

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

BARKSDALE RESOURCES CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the years ended March 31,	
	2024	2023
	\$	\$
Expenses		
Advertising and marketing	354,420	352,087
Consulting fees	43,167	3,039
Depreciation (Note 5)	26,875	26,875
Accretion (Note 7)	159,408	167,012
Foreign exchange gain	(31,038)	(80,328)
Insurance	45,433	41,964
Interest expense (Notes 5 and 7)	164,469	163,311
Investor relations	29,445	24,229
Management fees (Note 10)	455,812	531,730
Office and general	253,836	95,164
Professional fees (Note 10)	380,485	269,928
Rent	102,205	75,262
Share-based compensation (Notes 9 and 10)	986,398	735,255
Transfer agent and filing fees	98,746	82,182
Travel and related	82,733	117,260
	(3,152,394)	(2,604,970)
Gain on write-off of accounts payable	14,771	-
Impairment of exploration and evaluation asset (Note 4)	(1,518,494)	-
Forgiveness of government loan (Note 8)	20,000	-
Loss on settlement of debt (Note 7)	(22,539)	(988,437)
Interest income	87,312	55,764
Loss before income tax	(4,571,344)	(3,537,643)
Deferred tax recovery (expense)	(54,905)	51,277
Loss and comprehensive loss for the year	(4,626,249)	(3,486,366)
Basic and diluted loss per share	(0.06)	(0.05)
Weighted average number of common shares outstanding – basic and diluted	83,537,558	70,632,707

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

BARKSDALE RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended March 31,	
	2024	2023
	\$	\$
Cash flows used in operating activities		
Loss for the year	(4,626,249)	(3,486,366)
Items not affecting cash		
Depreciation	26,875	26,875
Impairment of exploration and evaluation assets	1,518,494	-
Accretion	159,408	167,012
Forgiveness of government loan	(20,000)	-
Loss on settlement of debt	22,539	988,435
Gain on write-off of accounts payable and accrued liabilities	(14,771)	-
Deferred tax expense (recovery)	54,905	(51,277)
Share-based compensation	986,398	735,255
Interest expense	164,469	163,311
Unrealized foreign exchange loss	121	7,218
	(1,727,811)	(1,449,537)
Changes in non-cash working capital items		
Receivables	39,226	(54,659)
Prepays	62,428	(106,920)
Accounts payable and accrued liabilities	262,092	(117,046)
	(1,364,065)	(1,728,162)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(6,166,688)	(2,899,232)
Reclamation bond	(272,491)	-
	(6,439,179)	(2,899,232)
Cash flows provided from financing activities		
Proceeds from share issuance	3,910,388	2,483,000
Share issuance costs	(335,383)	(64,203)
Proceeds from stock options exercised	101,291	776,590
Proceeds from warrants exercised	-	4,432,333
Repayment of government loan payable	(40,000)	-
Repayment of interest from convertible debenture	-	(8,125)
Repayment of lease liabilities	(33,496)	(32,705)
	3,602,800	7,586,890
Net change in cash	(4,200,444)	2,959,496
Cash, beginning of the year	5,914,177	2,954,681
Cash, end of the year	1,713,733	5,914,177

Supplemental cash flow information (Note 12)

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

BARKSDALE RESOURCES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital \$	Reserves \$	Equity component of convertible debentures \$	Accumulated Deficit \$	Total Shareholders' Equity \$
Balance at March 31, 2022	64,838,754	39,246,915	2,672,111	128,343	(27,804,008)	14,243,361
Share issued for cash	5,172,917	2,483,000	-	-	-	2,483,000
Share issued for exploration and evaluation assets	67,736	31,836	-	-	-	31,836
Share issued for convertible debentures	795,021	366,530	-	(18,334)	-	348,196
Convertible debenture equity	-	-	-	28,629	-	28,629
Share issuance costs	-	(90,378)	26,175	-	-	(64,203)
Share-based compensation	-	-	735,255	-	-	735,255
Stock options exercised	1,893,803	1,378,932	(602,342)	-	-	776,590
Stock options expired	-	-	(637,383)	-	637,383	-
Warrants exercised	8,058,787	4,457,078	(24,745)	-	-	4,432,333
Warrants issued for convertible debentures	-	-	1,067,068	-	-	1,067,068
Warrants expired	-	31,548	(31,548)	-	-	-
Net loss for the year	-	-	-	-	(3,486,366)	(3,486,366)
Balance at March 31, 2023	80,827,018	47,905,461	3,204,591	138,638	(30,652,991)	20,595,699
Shares issued for cash	9,775,970	3,910,388	-	-	-	3,910,388
Share issued for exploration and evaluation assets	261,813	167,560	-	-	-	167,560
Shares issued for convertible debentures	467,708	177,729	-	-	-	177,729
Share-based compensation	-	-	986,398	-	-	986,398
Convertible debenture equity	-	-	-	(20,103)	-	(20,103)
Share issuance costs	-	(455,012)	119,629	-	-	(335,383)
Stock options exercised	280,570	358,176	(256,885)	-	-	101,291
Stock options expired	-	-	(826,444)	-	826,444	-
Warrants expired	-	-	(1,067,069)	-	1,067,069	-
Warrants issued for convertible debentures	-	-	267,536	-	-	267,536
Net loss for the year	-	-	-	-	(4,626,249)	(4,626,249)
Balance at March 31, 2024	91,613,079	52,064,302	2,427,756	118,535	(33,385,727)	21,224,866

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

BARKSDALE RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Resources Corp. ("Barksdale" or the "Company"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSXV") and the OTCQX in the United States and trades under the symbol BRO.V and BRKCF respectively. The Company's registered office is at 67 East 5th Avenue, Vancouver, British Columbia, Canada, V5T 1G7.

The Company's principal business activities include the acquisition and exploration of precious and base metal mineral properties in Arizona, USA and Sonora, Mexico. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Company has not generated revenues from its operations to date. As at March 31, 2024, the Company has accumulated net losses of \$33,385,727 since inception and has a working deficit of \$1,090,629. The operations of the Company have primarily been funded by the issuance of common shares and convertible debentures. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing, and commencing profitable operations in the future.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements for the year ended March 31, 2024 were authorized by the Board of Directors for issuance on July 26, 2024.

BARKSDALE RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, TBJ Resources (US) Inc., Arizona Standard Resources Corp., Arizona Standard (US) Corp., Arizona Standard LLC., IC Exploration Ltd., IC Exploration (US) Ltd., 1260938 BC Ltd., and Estrella de Cobre, S.A. de C.V. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation

d) Use of Estimates and Judgements

The preparation of these consolidated financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

Significant areas requiring the use of management estimates and judgments include:

- (i) 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, and therefore do not necessarily provide certainty as to their recorded values.
- (ii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.
- (iii) Inputs used in the valuation model to determine the fair value of stock options.

BARKSDALE RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and reflect management's consideration of the following significant accounting policies:

a) Foreign Currency Transactions

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

b) Exploration and Evaluation Assets

Pre-acquisition costs are expensed as incurred. Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

c) Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company has no known restoration, rehabilitation or environmental costs related to its exploration and evaluation assets.

BARKSDALE RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d) Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

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

e) Share-Based Compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

When stock options are exercised, share capital is credited by the sum of consideration paid and the related portion of share-based payments previously recorded in reserves. On cancellation or expiry, the value of share-based payments are transferred to deficit.

f) Income Taxes

Income taxes are calculated whereby temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount in the consolidated financial statements are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

BARKSDALE RESOURCES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

g) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 16,591,168 (2023 – 12,240,771).

h) Unit Offerings

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves. Upon exercise or expiry, the value attributed to the warrants is transferred to share capital.

i) Financial Instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash, receivables, and reclamation bond are measured at amortized cost with subsequent impairments recognized in profit or loss.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

i) Financial Instruments (Continued)

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, lease liabilities, government loan payable and convertible debentures are classified as amortized cost and carried on the statements of financial position at amortized cost.

j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

j) Leases (Continued)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

k) Government Grants and Assistance

Government grants are recognized when there is reasonable assurance that the relevant conditions of the grant are met and that the grant will be received. The Company records the grant in net loss as a reduction of the cost of related expenditures in the period in which eligible costs are incurred. Where government grants are provided in the form of a forgivable loan, proceeds are recorded as a financial liability and not recognized as a reduction of the cost of the related expenditures incurred until reasonable assurance of forgiveness has been obtained. The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic.

l) Convertible Debenture

Convertible debentures are financial instruments which are accounted for separately depending on the nature of their components: a financial liability and an equity instrument. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. Where the conversion option has a fixed conversion rate, the financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

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3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

m) New accounting standards adopted

During the year ended March 31, 2024, the Company adopted the following amendments:

IAS 1 Presentation of Financial Statements:

As at April 1, 2023, the Company adopted amendments made to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements in which guidance and examples are provided to help entities apply materiality judgements to accounting policy disclosures. The adoption of this amendment did not have a material impact on the Company's financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:

As at April 1, 2023, the Company adopted amendments made to IAS 8 which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The adoption of this amendment did not have a material impact on the Company's financial statements.

n) New accounting standards, interpretations and amendments not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any other standards that have been issued would have no or very minimal impact on the Company's annual financial statements.

BARKSDALE RESOURCES CORP.
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4. EXPLORATION AND EVALUATION ASSETS

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, March 31, 2022	7,436,372	274,694	933,782	154,588	231,797	4,339,177	13,370,410
Acquisition and staking costs	-	63,585	-	-	-	-	63,585
<i>Exploration expenditures:</i>							
Accommodation and related	7,284	-	6,211	-	-	8,199	21,694
Assaying	-	-	-	-	-	2,852	2,852
Claim maintenance fees	61,842	8,395	91,298	-	148,753	23,499	333,787
Consulting	271,896	-	23,955	-	-	500,003	795,854
Core transportation	1,043	-	-	-	-	-	1,043
Drilling	7,867	-	146,092	-	-	296,733	450,692
Geological	6,819	-	1,716	-	-	427,071	435,606
Metallurgy	-	-	-	-	-	17,197	17,197
Permitting	270,384	-	-	-	-	6,844	277,228
Sampling and processing	-	-	121,520	-	-	-	121,520
Storage	-	2,854	-	-	-	-	2,854
Supplies and fuel	495	-	1,542	-	-	113,768	115,805
Balance, March 31, 2023	8,064,002	349,528	1,326,116	154,588	380,550	5,735,343	16,010,127
Acquisition and staking costs	-	300,430	-	-	-	8,492	308,922
<i>Exploration expenditures:</i>							
Accommodation and related	71,501	-	-	-	-	11,032	82,533
Claim maintenance fees	104,167	8,903	118,838	-	151,765	28,955	412,628
Consulting	848,377	-	1,485	-	-	395,614	1,245,476
Core transportation	5,579	-	-	-	-	-	5,579
Data analytics	34,897	-	-	-	-	-	34,897
Drilling	4,508,069	-	72,056	-	-	34,433	4,614,558
Geological	-	-	-	-	-	2,677	2,677
Insurance	1,714	-	-	-	-	-	1,714
Legal	273,729	-	-	-	-	-	273,729
Permitting	284,239	-	-	-	-	-	284,239
Sampling and processing	37,769	-	-	-	-	-	37,769
Storage	-	-	-	-	-	179	179
Supplies and fuel	124,720	-	-	-	-	2,848	127,568
Truck rental	88,145	-	-	-	-	-	88,145
	14,446,908	658,861	1,518,495	154,588	532,315	6,219,573	23,530,740
Impairment of exploration and evaluation asset	-	-	(1,518,494)	-	-	-	(1,518,494)
Balance, March 31, 2024	14,446,908	658,861	1	154,588	532,315	6,219,573	22,012,246

Sunnyside Project

In August 2017, the Company entered into an arm's length definitive agreement (the "Sunnyside Agreement") with Regal Resources USA, Inc. ("Regal US") to acquire, by way of option (the "Option"), up to 67.5% of the Sunnyside Property located in Santa Cruz County, Arizona. The Option is exercisable in two stages with the Company entitled to acquire an initial 51% interest in the Sunnyside Property upon making payments totalling \$2,950,000 cash and the issuance of 10,100,000 common shares to Regal US and cumulative expenditures of \$6,000,000 on the property during the first two years of the Option (following receipt of all required governmental permits).

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

Upon acquiring an initial 51% interest in the Sunnyside Property, the Company will be entitled to increase its interest to 67.5% upon payment of an additional \$550,000 cash and the issuance of 4,900,000 common shares to Regal US and the expenditure of an additional \$6,000,000 on the property within a further two year period.

The following is a summary of the Option earn-in requirements:

Period	Cash \$	Exploration Requirement \$	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (issued)
On or before end of Year 1 *	1,200,000 (\$482,929 fulfilled)	3,000,000 (incurred)	3,850,000 (issued)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total	3,500,000	12,000,000	15,000,000

* Year 1 commenced on September 7, 2023, the date the Company received all required governmental permits including drilling permits to carry out its initial exploration program on the Sunnyside Property. In November 2017, the Company paid the final option payment of \$254,700 (US\$200,000) to the original optionors on behalf of Regal US and the payment was credited towards the required cash payment of \$1,200,000.

* Pursuant to the Regal Transaction (see below), the Company offset \$150,000 of transaction costs and \$78,229 proxy costs against its option payment obligations due to Regal BC under the Sunnyside Agreement.

Upon the Company earning either a 51% interest or 67.5% interest in the Sunnyside Property, the Company and Regal US will enter into and participate in a joint venture for the purpose of further exploring and developing the property. The Sunnyside Agreements contain provisions for dilution of a party's working interest for failure to fund joint venture cash calls, subject to automatic conversion of a party's interest into a 5% net proceeds interest (not to exceed 90% of the net amount of the party's contributed capital) if diluted to less than 10%. Barksdale will be the operator of the Sunnyside Property during the term of the Option and, if applicable, the joint venture.

The Sunnyside Agreement further provides that:

- a) during the first two years of the Option, Regal US shall vote all of its Barksdale shares in accordance with the recommendations of the Company's management from time to time, other than matters relating solely to Regal US or the Sunnyside Property and subject to Regal US's right to abstain from voting in its discretion;
- b) Regal US shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal US owns 5% or more of the Company's outstanding shares;
- c) until such time as the Company has earned a 51% interest in the Sunnyside Property, the Company will not acquire, directly or indirectly, any common shares of Regal BC without the prior consent of Regal BC;
- d) the Company has a 15 day right of first refusal to acquire all or any part of Regal US's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal US;

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

- e) the Company is subject to an acceleration payment clause in the case of change of control of the Company or a transfer of the interest in the Sunnyside Property to a third party during the Option earn-in period; and
- f) the Sunnyside Agreement is subject to a net smelter return ("NSR") between 1.5% to 3%.

The Company may terminate the Option at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including reclamation requirements, as required.

In October 2020, the Company closed an agreement to acquire historic diamond drill core samples and data in exchange for 25,000 common shares of the Company with a fair value of \$12,750.

In May 2021, the Company entered into a definitive purchase agreement with Regal BC whereby the Company would consolidate a 100% interest in the Sunnyside project (the "Regal Transaction"). Subsequently in July 2021, Regal BC failed to obtain the required number of votes for approval of the Regal Transaction, and as a result, the Regal Transaction was terminated. Pursuant to the definitive purchase agreement, the Company is entitled to offset \$150,000 of transaction costs against its future option payment obligations due to Regal BC under the Sunnyside Agreement. Additionally, the Company will offset double the costs against the Sunnyside Agreement related to Regal BC's hiring of a proxy agent.

Four Metals Project

In April 2018, the Company entered into a definitive option agreement with MinQuest, Ltd. and Allegiant Gold (U.S.) Ltd., a wholly-owned subsidiary of Allegiant Gold Ltd. (together "Allegiant") to acquire a 100% undivided interest in the Four Metals property ("Four Metals") located in Santa Cruz County, Arizona.

In April 2023 the Company completed the acquisition of Four Metals by making option payments totaling US\$450,000 (the "Option Payments") to MinQuest Ltd. and Allegiant on a 50/50 basis, in cash and common shares of Barksdale (based on the volume weighted average of the Company's shares for the twenty trading days immediately preceding the date of issue subject to a minimum issue price of \$0.68) over a period of five years as follows:

Date	Cash US\$	Value of Shares US\$	Total US\$
Upon execution of option agreement	(paid) 25,000	-	25,000
April 19, 2019	(paid) 25,000	(issued) 25,000	50,000
April 19, 2020	(paid) 25,000	(issued) 25,000	50,000
April 19, 2021	(paid) 25,000	(issued) 25,000	50,000
April 19, 2022	(paid) 25,000	(issued) 25,000	50,000
April 19, 2023	(paid) 100,000	(issued) 125,000	225,000
Total	225,000	225,000	450,000

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

San Antonio Project

In July 2019, the Company closed a purchase and sale agreement with Teck Resources Limited ("Teck") to acquire a 100% undivided interest in the San Antonio Property located in Santa Cruz County, Arizona, southeast of the Sunnyside Property. As at March 31, 2024, the Company does not have any future exploration expenditures planned for the property, and as such has recognized an impairment of exploration and evaluation asset of \$1,518,494 on the statements of loss and comprehensive loss.

Guajolote Patented Mining Claim

In June 2021, through an option agreement, the Company acquired 100% interest in a patented mining claim. The property is located within close proximity to the Company's projects located in Santa Cruz County, Arizona. In order to exercise the option, the Company made option payments of US\$125,000 in cash and common shares of the Company.

Canelo and Goat Canyon Property

In March 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest in two separate copper exploration projects, the Canelo and Goat Canyon properties located in Santa Cruz County, Arizona, from Kennecott Exploration Inc. ("Kennecott").

Consideration for the projects consisted of \$44,310 (US\$35,000) in cash (paid) as well as a 2.0% NSR that covers both properties. The Company will retain the right to repurchase half of the NSR at any time for a cash payment of US\$10,000,000. In the event that a mine is put into production on either property, a one-time cash payment of US\$3,500,000 will be payable to Kennecott upon reaching commercial production.

In June 2022, the Company dropped certain federal mining claims at Goat Canyon Property that were deemed to have limited geologic potential.

San Javier Project

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project from Tusk Exploration Ltd. ("Tusk") The San Javier property is located in central Sonora, Mexico.

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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

San Javier Project (continued)

In order to exercise the option, the Company will make option payments to the optionors as follows:

Date	Cash \$	Number of Shares
Within 3 business days following the later of (a) execution and delivery of option agreement and (b) TSXV conditional acceptance ("Year 1")	*50,000	*4,000,000 *(2,600,000 issued)
On or before September 22, 2021 ("Year 2")	*100,000	*2,000,000
On or before the earlier of (a) September 22, 2023 and (b) the completion of a "pre-feasibility study" on the Property	*150,000	*3,000,000
On or before the earlier of (a) September 22, 2026 and (b) the date Barksdale enters into definitive documentation for financing the construction of a mine on the Property	200,000	4,000,000
Total	500,000	13,000,000

* Certain title issues exist with respect to three of the twelve mining concessions. Under the original definitive option agreement, Tusk agreed to defer 35% of the Year 1 and Year 2 option cash and share payments. If Tusk is able to rectify the title issues, the deferred Year 1 and Year 2 payments will be due. During the year ended March 31, 2021, the Company issued 65% of the Year 1 share payment. The parties have temporarily postponed the remaining payments and are in discussion to amend the agreement terms.

Upon exercise of the option, the Company will be subject to a NSR on the San Javier project of 1.0% when copper prices are US\$3.50 or less per pound and 2.0% when copper prices are US\$3.51 or higher per pound. The NSR is subject to a right of first refusal in favor of the Company.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Office Leases
Cost:	\$
At March 31, 2022, 2023 and 2024	155,843
Depreciation:	
At March 31, 2022	55,061
Charge for the year	26,875
At March 31, 2023	81,936
Charge for the year	26,875
At March 31, 2024	108,811
Net book value:	
At March 31, 2023	73,907
At March 31, 2024	47,032

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5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

Lease Liabilities

	\$
At March 31, 2022	101,622
Lease payments made	(32,705)
Interest expense on lease liabilities	6,708
Foreign exchange adjustment	7,839
At March 31, 2023	83,464
Lease payments made	(33,496)
Interest expense on lease liabilities	4,920
Foreign exchange adjustment	130
	55,018
Less: current portion	(30,614)
At March 31, 2024	24,404

The lease liabilities were discounted at a discount rate of 7%.

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

	\$
Fiscal 2025	33,496
Fiscal 2026	25,122

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2024	March 31, 2023
	\$	\$
Accounts payable	1,443,748	139,458
Accrued liabilities	191,554	62,158
	1,635,302	201,616

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7. CONVERTIBLE DEBENTURES

Convertible debentures

	\$
Balance, March 31, 2022	1,637,622
Share issued for convertible debenture	(264,792)
Repayment of interest from convertible debentures	(8,125)
Accretion	141,821
Accrued interest	90,439
Gain on settlement of debt	(96,965)
Balance, October 21, 2022	1,500,000
Allocation of proceeds to equity component	(189,915)
Accretion	70,129
Accrued interest	66,164
Balance, March 31, 2023	1,446,378
Shares issued for repayment of interest	(177,729)
Accretion	119,786
Accrued interest	120,919
Gain on settlement of debt	(9,354)
Balance, December 27, 2023	1,500,000
Allocation of proceeds to equity component	(162,377)
Accretion	41,365
Accrued interest	38,630
Balance, March 31, 2024	1,417,618

In January 2022, the Company closed and issued convertible debentures for aggregate total proceeds of \$1,750,000 ("2022 Debentures") which bear interest at 10% per annum and matured on December 31, 2022.

In June 2022, the Company issued 588,426 common shares with a fair value of \$264,792 in connection with the conversion of a portion of the 2022 Debentures at a conversion price of \$0.45 per share and paid \$8,125 interest in cash. As a result, the Company reclassified \$18,334 from the equity component of the convertible debentures to share capital.

In October 2022, the Company extended the maturity date of the 2022 Debentures, with a remaining principal amount of \$1,500,000, by one year until December 31, 2023 ("2023 Debentures"). As a result, the 2022 Debentures were extinguished, and the Debenture Extension was recognized. A gain of \$96,965 on settlement of debt was recognized related to the modification to the debt component, a loss of \$18,334 was recognized related to the modification of the equity component, and a further loss of \$1,067,068 was recognized on the settlement of debt related to an extension fee for a net loss on settlement of debt of \$988,437. The remaining terms of the 2022 Debentures remained unchanged, except for the increase of the conversion price from \$0.45 to \$0.55 per share.

Pursuant to the 2023 Debentures, the Company issued 206,595 units of the Company in settlement of \$99,166 of accrued interest payable on the 2022 Debentures. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years.

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7. CONVERTIBLE DEBENTURES (CONTINUED)

In exchange for extending the 2022 Debentures, the Company issued an extension fee of 2,777,777 share purchase warrants, exercisable into 2,777,777 common shares of the Company at a price of \$0.72 for a period lasting up to December 31, 2023 ("2023 Extension Warrants"). Should any part of the 2022 Debentures be repaid or converted prior to the maturity date, a pro-rata portion of the 2023 Extension Warrants will have their maturity date accelerated to the later of (i) one year from closing of the 2023 Debenture Extension, and (ii) 30 days after the date of repayment or conversion. The 2,777,000 warrants were valued at \$1,067,068 using the Black-Scholes pricing model with the following assumptions: estimated life of 1.19 years, risk-free rate of 4.20%, and volatility of 97% and were expensed as a loss on settlement of debt.

In January 2024, the Company received approval to the extend the maturity of the 2023 Debentures, with a remaining principal amount of \$1,500,000, by one year until December 31, 2024 ("2024 Debenture Extension"). As a result, the 2023 Debentures were extinguished, and the 2024 Debenture Extension was recognized. A gain of \$9,354 on settlement of debt was recognized related to the modification to the debt component, a gain of \$235,643 was recognized related to the modification of the equity component, a loss of \$225,334 was recognized on the settlement of debt related to an extension fee, and a further loss of \$42,202 was recognized for warrants issued for settlement of accrued interest on the 2023 Debentures, for a net loss on settlement of debt of \$22,539. The remaining terms of the 2023 Debentures remained unchanged.

Pursuant to the 2024 Debenture Extension, the Company issued 467,708 units of the Company in settlement of \$187,083 of accrued interest payable on the 2023 Debentures. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.60 for a period of three years.

In exchange for extending the 2023 Debentures, the Company issued an extension fee of 2,777,777 share purchase warrants, exercisable into 2,777,777 common shares of the Company at a price of \$0.60 for a period lasting up to December 31, 2024 ("2024 Extension Warrants"). Should any part of the 2023 Debentures be repaid or converted prior to the maturity date, a pro-rata portion of the 2024 Extension Warrants will have their maturity date accelerated to the later of (i) one year from closing of the 2023 Debenture Extension, and (ii) 30 days after the date of repayment or conversion. The 2,777,000 warrants were valued at \$225,334 using the Black-Scholes pricing model with the following assumptions: estimated life of 1 year, risk-free rate of 4.83%, and volatility of 91% and were expensed as a loss on settlement of debt.

At the option of the lenders, the lenders can convert their debentures and any accrued interest into common shares of the Company, for a price equal to \$0.55 per share prior to maturity. In the event the debentures remain outstanding at maturity, the debentures with its accrued interest will be payable, in cash or shares, at the option of the lenders, at \$0.55 per common share.

The 2023 Debentures that were extended, are secured by a general security agreement over all the present and after-acquired personal property of the Company and a share pledge agreement over all of the issued and outstanding shares of the Company's wholly-owned subsidiary IC Exploration Ltd. which owns, indirectly through IC Exploration (US) Ltd., the San Antonio Property.

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7. CONVERTIBLE DEBENTURES (CONTINUED)

The 2022 Debentures were compound instruments, and the proceeds were bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 12%. The initial fair value of the debt was calculated to be \$1,574,187 with the residual portion of \$175,813 allocated to equity. In addition, the resulting deferred tax amount of \$47,470 was charged to the equity component. Pursuant to the 2023 Debenture Extension, the fair value of the debt was recalculated to be \$1,310,085 with the residual portion of \$189,915 allocated to equity. In addition, the resulting deferred tax amount of \$51,277 was charged to the equity component and the deferred tax amount \$47,470 was expensed. Pursuant to the 2024 Debenture Extension, the fair value of the debt was recalculated to be \$1,337,623 with the residual portion of \$162,377 allocated to equity. In addition, the resulting deferred tax amount of \$43,842 was charged to the equity component and the deferred tax amount \$51,277 and \$47,470 was expensed.

8. GOVERNMENT LOAN PAYABLE

During the year ended March 31, 2021, the Company applied for and received from the federal government of Canada a loan of \$60,000 under the Canada Emergency Business Account ("CEBA") program and the Company recorded the balance as government loan payable. If the loan was fully repaid by January 18, 2024, \$20,000 of the loan would be forgiven. If the loan was not fully repaid by January 18, 2024, the loan would incur 5% interest during the remaining term of the loan ending on December 31, 2025, the date by which the loan must be fully repaid. In January 2024, \$20,000 of the loan was forgiven and the Company repaid the remaining loan amount of \$40,000 in full.

9. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The authorized share capital is comprised of an unlimited number of common shares without par value.

Issued Share Capital

During the year ended March 31, 2023:

In April 2022, the Company issued 67,736 common shares with a fair value of \$31,836 in accordance with the option agreement for Four Metals (Note 4).

In June 2022, the Company issued 588,426 common shares with a fair value of \$264,792 in connection with the conversion of a portion of the 2022 Debentures (Note 7).

In September 2022 and October 2022, the Company closed two private placement financings of 4,622,917 and 550,000 units respectively, at a price of \$0.48 per unit for gross proceeds of \$2,483,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years. The Company incurred finders' fees and cash expenses of \$47,186 and issued 96,740 finders' warrants with a fair value of \$26,175 in connection with the financing.

In October 2022, the Company issued 206,595 units as payment of the \$99,166 accrued interest payable on the 2022 Debentures (Note 7). Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital (Continued)

During the year ended March 31, 2023, the Company issued 8,058,787 common shares in connection with the exercise of 8,058,787 warrants with an exercise price of \$0.55 for total proceeds of \$4,432,333. As a result, the Company transferred \$24,745 representing the fair value of exercised warrants from reserves to share capital. In addition, 718,570 warrants expired and as a result, \$31,548 was reclassified from reserves to share capital.

During the year ended March 31, 2023, the Company issued 1,090,000 common shares in connection with the exercise of 1,090,000 options with an exercise price of \$0.42 for total proceeds of \$457,800, 133,500 common shares in connection with the exercise of 133,500 options with an exercise price of \$0.53 for total proceeds of \$70,755, 645,303 common shares in connection with the exercise of 645,303 options with an exercise price of \$0.365 for total proceeds of \$235,535, and 25,000 common shares in connection with the exercise of 25,000 options with an exercise price of \$0.50 for total proceeds of \$12,500. As a result, the Company transferred \$602,342 representing the fair value of the exercised share options from reserves to share capital. Additionally, 881,225 stock options expired and as a result, \$637,383 was reclassified from reserves to deficit.

During the year ended March 31, 2024:

In April 2023, the Company issued 261,813 common shares with a fair value of \$167,560 in accordance with the option agreement for Four Metals (Note 4).

In June 2023, the Company issued 39,400 common shares in connection with the exercise of 39,400 options with an exercise price of \$0.68 for total proceeds of \$26,792. As a result, the Company transferred \$13,857 representing the fair value of the exercised share options from reserves to share capital.

In September 2023, the Company issued 50,700 common shares in connection with the exercise of 50,700 options with an exercise price of \$0.50 for total proceeds of \$25,350. As a result, the Company transferred \$14,132 representing the fair value of the exercised share options from reserves to share capital.

In October 2023, the Company issued 98,300 common shares in connection with the exercise of 98,300 options with an exercise price of \$0.50 for total proceeds of \$49,150. As a result, the Company transferred \$27,400 representing the fair value of the exercised share options from reserves to share capital.

In October 2023, the Company issued 90,891 common shares in connection with the cashless exercise of 713,500 options with an exercise price of \$0.50, and 622,609 common shares were surrendered. As a result, the Company transferred \$198,876 representing the fair value of the exercised share options from reserves to share capital.

In November 2023, the Company issued 1,279 common shares in connection with the cashless exercise of 9,400 options with an exercise price of \$0.50, and 8,121 common shares were surrendered. As a result, the Company transferred \$2,620 representing the fair value of the exercised share options from reserves to share capital.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital (Continued)

In January 2024 the Company closed a private placement financing of 9,775,970 units, at a price of \$0.40 per unit for gross proceeds of \$3,910,388. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.60 for a period of three years. The Company incurred finders' fees and cash expenses of \$335,383 and issued 459,420 compensation warrants with a fair value of \$106,259 and 68,638 finders' warrants with a fair value of \$13,370 in connection with the financing.

In January 2024, the Company issued 467,708 units as payment of the \$187,083 accrued interest payable on the 2023 Debentures (Note 7). Each unit consists of one common share of the Company and one-half share purchase warrant. The common shares were valued at \$177,729 based on the trading price on the date of issuance of \$0.38 per share. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.60 for a period of three years. The 233,854 warrants were valued at \$42,202 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 3.77%, volatility of 88%, and nil forecasted dividend yield.

Stock Options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant. The Company's stock option plan permits the holder of stock options to exercise cashless (net exercise) by surrendering a portion of the underlying stock option shares to pay for the exercise cost.

In December 2022, the Company granted 1,777,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.62 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The options were valued at \$690,119 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 3.77%, volatility of 90%, and nil forecasted dividend yield.

In February 2023, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.74 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The options were valued at \$612,794 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 3.94%, volatility of 91%, and nil forecasted dividend yield.

In June 2023, the Company granted 260,000 stock options to employees and consultants of the Company at an exercise price of \$0.73 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The options were valued at \$106,385 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 4.13%, volatility of 84%, and nil forecasted dividend yield.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

In August 2023, the Company granted 1,305,000 stock options to employees and consultants of the Company at an exercise price of \$0.59 per share for a period of three years. 1,155,000 stock options will vest as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The remaining 150,000 stock options will vest if the Company completes a property purchase. The 1,305,000 options were valued at \$407,073 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 4.40%, volatility of 88%, and nil forecasted dividend yield.

During the year ended March 31, 2024, 1,953,200 stock options expired and as a result, \$826,444 was reclassified from reserves to deficit.

During the year ended March 31, 2024, the Company recorded share-based compensation of \$986,398 (2023 - \$735,255).

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
Balance, March 31, 2022	6,224,528	0.54
Granted	3,227,000	0.67
Exercised	(1,893,803)	0.41
Expired	(881,225)	0.73
Balance, March 31, 2023	6,676,500	0.61
Granted	1,565,000	0.61
Exercised*	(911,300)	0.51
Expired	(1,953,200)	0.58
Balance, March 31, 2024	5,377,000	0.64

* In accordance with the Company's stock option plan, option holders exercised 722,900 stock options on a cashless basis (net exercise) for the issuance of 92,170 common shares.

A summary of the stock options outstanding and exercisable at March 31, 2024 is as follows:

Exercise Price \$	Number Outstanding	Number Exercisable	Expiry Date
0.52	385,000	385,000	April 26, 2024*
0.53	200,000	200,000	September 20, 2024
0.62	1,777,000	1,777,000	December 9, 2025
0.74	1,450,000	1,450,000	February 8, 2026
0.73	260,000	173,333	June 1, 2026
0.59	1,305,000	770,000	August 14, 2026
	5,377,000	4,755,333	

*Subsequent to the year ended March 31, 2024, 385,000 stock options expired unexercised.

The weighted average life of options outstanding and exercisable at March 31, 2024 was 1.76 years and 1.69 years respectively.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2022	8,777,357	0.55
Issued	5,564,271	0.72
Exercised	(8,058,787)	0.55
Expired	(718,570)	0.55
Balance, March 31, 2023	5,564,271	0.72
Issued	8,427,674	0.59
Expired	(2,777,777)	0.72
Balance, March 31, 2024	11,214,168	0.62

A summary of the warrants outstanding and exercisable at March 31, 2024 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.72	2,408,197	September 21, 2025
0.72	275,000	October 5, 2025
0.72	103,297	October 21, 2025
0.40	459,420	January 9, 2027
0.60	68,638	January 9, 2027
0.60	4,887,985	January 9, 2027
0.60	233,854	January 12, 2027
0.60	2,777,777	January 11, 2025
	11,214,168	

The weighted average life of warrants outstanding at March 31, 2024 was 1.96 years.

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10. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

During the year ended March 31, 2024, the Company entered into the following transactions with key management personnel:

	For the year ended March 31,	
	2024	2023
	\$	\$
Management fees	455,815	531,730
Exploration and evaluation assets	236,596	222,065
Professional fees	113,420	137,910
Share-based compensation	770,829	683,696
	1,576,660	1,575,401

As at March 31, 2024, the Company has \$17,705 (2023 - \$5,000) included in accounts payable and accrued liabilities due to officers, directors, and companies controlled by officers and directors for management fees, professional fees, and reimbursement of expenses.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

March 31, 2024	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	15,792,673	6,219,573	22,012,246
Reclamation bond	-	280,621	-	280,621
Right-of-use assets	-	47,032	-	47,032
Other assets	1,654,170	162,278	176,457	1,992,905
Total assets	1,654,170	16,282,604	6,396,030	24,332,804

March 31, 2023	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	10,274,784	5,735,343	16,010,127
Reclamation bond	-	8,120	-	8,120
Right-of-use assets	-	73,907	-	73,907
Other assets	5,956,268	162,278	176,457	6,295,003
Total assets	5,956,268	10,519,089	5,911,800	22,387,157

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12. SUPPLEMENTAL CASH FLOW

	For years ended March 31,	
	2024	2023
Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	1,238,380	52,015
Shares issued for exploration and evaluation assets	167,560	31,836
Warrants issued for share issuance cost	119,629	26,175
Units issued for convertible debentures	177,729	366,530
Reclassification of equity portion of convertible debenture	-	18,334
Reclassification of expired stock options	826,444	637,383
Reclassification of exercised stock options	256,885	602,342
Reclassification of expired warrants	1,067,069	31,548
Reclassification of exercised warrants	-	24,745

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, receivables, reclamation bond, accounts payable and accrued liabilities, lease liabilities and convertible debentures. The carrying values of cash, receivables, accounts payable and accrued liabilities approximate their fair values due to the short term nature of these instruments. The carrying values of convertible debentures and lease liabilities approximate fair values, as there has not been any significant changes in interest rates since initial recognition.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) **Currency risk**

The Company conducts the majority of exploration and evaluation activities in the United States and Mexico. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian dollars, US dollars, and Mexican peso. As at March 31, 2024, the Company had a US foreign currency net monetary asset position of approximately US\$902,983 and a MXN Peso net monetary asset position of approximately MXN Peso 551,470. Each 10% change in the US dollar and Mexican peso relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$122,400 and \$4,400, respectively.

b) **Credit risk**

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and highly liquid short-term investments. The Company is not exposed to interest rate risk with its lease liabilities or convertible debentures as they are not subject to floating interest rates.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. Liquidity risk has been assessed as high.

The table below summarizes the maturity profile of the Company's financial liabilities;

March 31, 2024	Current within 1 year	Non-current 1 – 5 years	Non-current 5 years - beyond
Financial liabilities	\$	\$	
Accounts payable and accrued liabilities	1,635,302	-	-
Lease liabilities	30,614	24,404	-
Convertible debentures	1,417,618	-	-

e) Commodity price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper, zinc and other base metals. The Company monitors these metal prices to determine the appropriate course of action to be taken.

14. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the exploration of its mineral properties. The Company is an exploration stage company, as such the Company is dependent on external equity financing to fund its activities. In order to pay for administrative costs and exploration expenditures, the Company plans to raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

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15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2024	2023
	\$	\$
Loss for the year	(4,571,344)	(3,537,644)
Expected income tax (recovery)	(1,234,000)	(955,000)
Change in statutory, foreign tax, foreign exchange rates and other	120,905	(49,277)
Permanent differences	251,000	465,000
Share issue costs	(91,000)	(17,000)
Adjustment to prior years provision versus statutory tax returns	-	13,000
Change in unrecognized deductible temporary differences	1,008,000	492,000
Total income tax expense (recovery)	54,905	(51,277)
Current income tax expense	-	-
Deferred tax expense (recovery)	54,905	(51,277)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2024	Expiry Date	2023	Expiry Date
	\$	Range	\$	Range
Temporary Differences				
Exploration and evaluation assets	5,879,000	No expiry date	4,361,000	No expiry date
Other	8,000	No expiry date	10,000	No expiry date
Share issue costs	366,000	2045 to 2048	179,000	2044 to 2047
Allowable capital losses	41,000	No expiry date	41,000	No expiry date
Non-capital losses available for future period				
Canada	15,858,000	2027 to 2044	14,086,000	2027 to 2043
USA	779,000	No expiry date	611,000	No expiry date
Mexico	393,000	2031 to 2034	248,000	2031 to 2033

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SUBSEQUENT EVENTS

- A) In June 2024 the Company closed a private placement financing of 27,325,317 units, at a price of \$0.15 per unit for gross proceeds of \$4,098,798. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.23 for a period of three years. The Company paid a related cash commission of \$199,517 and issued 1,330,111 finder's warrants. Each finder's warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.23 for a period of three years.

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16. SUBSEQUENT EVENTS (CONTINUED)

- B) In July 2024 the Company closed a private placement financing of 14,674,683 units, at a price of \$0.15 per unit for gross proceeds of \$2,201,202. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.23 for a period of three years. The Company paid a related cash commission of \$64,396 and issued 429,309 finder's warrants. Each finder's warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.23 for a period of three years.