



**CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

**(Unaudited - Expressed in Canadian Dollars)**

### **NOTICE OF NO AUDITOR REVIEW**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

**STILLWATER CRITICAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2023	March 31, 2023
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash		1,759,064	27,387
Accounts receivable		25,642	50,406
Prepaid expenses and deposits	4	383,994	211,148
Due from related parties	9b	734,462	773,744
Marketable securities	5, 6d	214,500	390,000
		<b>3,117,662</b>	1,452,685
<b>Non-current</b>			
Deposits	4	307,135	262,153
Exploration and evaluation assets	6	3,277,828	3,040,803
		<b>6,702,625</b>	4,755,641
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		1,074,027	260,437
Due to related parties	9b	50,750	206,468
		<b>1,124,777</b>	466,905
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	39,167,734	34,895,103
Share-based payment reserve	8f	3,467,811	2,828,222
Deficit		(37,057,697)	(33,434,589)
		<b>5,577,848</b>	4,288,736
		<b>6,702,625</b>	4,755,641

Nature of Operations and Going Concern – Note 1

Approved on behalf of the Board:  
Michael Rowley, Director  
Greg Johnson, Director

**STILLWATER CRITICAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>EXPENSES</b>					
Consulting	9a	<b>209,797</b>	292,315	<b>411,329</b>	442,641
Exploration expenditures	7	<b>2,468,588</b>	628,027	<b>2,588,671</b>	1,078,499
Investor relations and corporate development		<b>90,682</b>	69,123	<b>190,587</b>	205,077
Office and administration		<b>51,289</b>	27,064	<b>83,539</b>	52,087
Professional fees		<b>41,585</b>	67,877	<b>77,309</b>	135,481
Property evaluation		<b>806</b>	-	<b>806</b>	-
Share-based payment expense	8f, 9a	<b>196,485</b>	219,758	<b>347,398</b>	474,364
Transfer agent, regulatory and filing fees		<b>14,107</b>	16,420	<b>24,664</b>	24,604
Travel and accommodation		<b>28,315</b>	33,957	<b>30,398</b>	34,437
		<b>(3,101,654)</b>	(1,354,541)	<b>(3,754,701)</b>	(2,447,190)
<b>Other Items</b>					
Interest income		<b>24,661</b>	2,648	<b>24,930</b>	5,385
Unrealized loss on marketable securities	5, 6d	<b>(117,000)</b>	(126,000)	<b>(175,500)</b>	(126,000)
Gain on exploration and evaluation asset		-	121,060	-	121,060
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(3,193,993)</b>	(1,356,833)	<b>(3,905,271)</b>	(2,446,745)
<b>Basic and diluted loss per share</b>		<b>(0.02)</b>	(0.01)	<b>(0.02)</b>	(0.01)
<b>Weighted average number of shares outstanding</b>		<b>197,786,398</b>	172,856,505	<b>187,964,779</b>	171,414,387

**STILLWATER CRITICAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Common shares number	Share Capital \$	Share-based Payment reserve \$	Deficit \$	Total \$
<b>Balance, March 31, 2022</b>		<b>169,611,274</b>	<b>33,297,725</b>	<b>2,174,863</b>	<b>(29,157,672)</b>	<b>6,314,916</b>
Shares issued pursuant to exercise of warrants	8b	6,351,871	1,369,289	(21,996)	-	1,347,293
Shares issued pursuant to exercise of options	8b	1,429,100	228,089	(191,489)	-	36,600
Share-based payment expense	8f	-	-	474,364	-	474,364
Reclass of cancelled options	8f	-	-	(9,080)	9,080	-
Net loss and comprehensive loss		-	-	-	(2,446,745)	(2,446,745)
<b>Balance, September 30, 2022</b>		<b>177,392,245</b>	<b>34,895,103</b>	<b>2,426,662</b>	<b>(31,595,337)</b>	<b>5,726,428</b>
Share-based payment expense		-	-	422,117	-	422,117
Reclass of cancelled options		-	-	(20,557)	20,557	-
Net loss and comprehensive loss		-	-	-	(1,859,809)	(1,859,809)
<b>Balance, March 31, 2023</b>		<b>177,392,245</b>	<b>34,895,103</b>	<b>2,828,222</b>	<b>(33,434,589)</b>	<b>4,288,736</b>
Private placement, net of issuance costs	8b	19,758,861	4,056,631	790,354	-	4,846,985
Shares issued pursuant to exercise of RSUs	8b	635,294	216,000	(216,000)	-	-
Share-based payment expense	8f	-	-	347,398	-	347,398
Reclass of cancelled/expired options	8f	-	-	(117,617)	117,617	-
Reclass of expired warrants	8f	-	-	(139,179)	139,179	-
Reclass of expired compensation options	8f	-	-	(25,367)	25,367	-
Net loss and comprehensive loss		-	-	-	(3,905,271)	(3,905,271)
<b>Balance, September 30, 2023</b>		<b>197,786,400</b>	<b>39,167,734</b>	<b>3,467,811</b>	<b>(37,057,697)</b>	<b>5,577,848</b>

**STILLWATER CRITICAL MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended September 30,		Six months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
<b>Operating activities</b>					
Net loss for the period		(3,193,993)	(1,356,833)	(3,905,271)	(2,446,745)
Items not involving cash					
Share-based payment expense	8f	196,485	219,758	347,398	474,364
Unrealized loss on marketable securities	5, 6d	117,000	126,000	175,500	126,000
Gain on exploration and evaluation asset		-	(121,060)	-	(121,060)
		<b>(2,880,508)</b>	<b>(1,132,135)</b>	<b>(3,382,373)</b>	<b>(1,967,441)</b>
Net change in non-cash working capital items	10	<b>(73,585)</b>	183,769	<b>504,090</b>	(459,156)
<b>Cash used in operating activities</b>		<b>(2,954,093)</b>	<b>(948,366)</b>	<b>(2,878,283)</b>	<b>(2,426,597)</b>
<b>Investing activities</b>					
Acquisition of exploration and evaluation assets		<b>(237,025)</b>	(160,500)	<b>(237,025)</b>	(223,870)
<b>Financing activities</b>					
Proceeds from private placement	8b	-	-	<b>4,939,715</b>	-
Share issue costs	8b	-	-	<b>(92,730)</b>	-
Proceeds on exercise of warrants	8b	-	1,226,793	-	1,347,293
Proceeds on exercise of options	8b	-	36,600	-	36,600
<b>Cash provided by financing activities</b>		<b>-</b>	<b>1,263,393</b>	<b>4,846,985</b>	<b>1,383,893</b>
<b>Change in cash</b>		<b>(3,191,118)</b>	154,527	<b>1,731,677</b>	(1,266,574)
<b>Cash, beginning of the period</b>		<b>4,950,182</b>	980,864	<b>27,387</b>	2,401,965
<b>Cash, end of the period</b>		<b>1,759,064</b>	1,135,391	<b>1,759,064</b>	1,135,391

**Supplemental cash flow information (Note 10)**

**STILLWATER CRITICAL MINERALS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Stillwater Critical Minerals Corp. (the “Company”) is a publicly listed company on the TSX Venture exchange (“TSX-V”), incorporated under the laws of British Columbia, Canada on April 28, 2006. The Company’s principal business activities include the acquisition and exploration of mineral properties. The Company’s registered office is 904-409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. On June 13, 2022, the Company changed its name from Group Ten Metals Inc. to Stillwater Critical Minerals Corp.

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, 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 ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve profitable operations. The Company has sustained losses from operations and has an ongoing requirement for capital investment to acquire and explore its mineral properties.

The Company incurred a net loss of \$3,905,271 for the six months ended September 30, 2023 (2022 - \$2,446,745), and as of that date, had an accumulated deficit of \$37,057,697 (March 31, 2023 - \$33,434,589). At September 30, 2023, the Company had a total of \$3,117,662 (March 31, 2023 - \$1,452,685) in current assets and a working capital of \$1,992,885 (March 31, 2023 - \$985,780) and no long-term debt.

While the Company has been successful in obtaining the necessary financing to cover its corporate operating costs and advance the development of its projects through the issuance of common shares and the exercise of warrants in the past, there is no assurance it will be able to raise funds in this manner in the future. There remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. These consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PREPARATION**

**Statement of compliance**

The Company’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended March 31, 2023, which have been prepared in accordance with IFRS. These condensed interim consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Company uses the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended March 31, 2023.

These financial statements were approved by the board of directors on November 29, 2023.

**STILLWATER CRITICAL MINERALS CORP.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**Basis of consolidation**

The condensed interim consolidated financial statements include the results or financial information of Stillwater Critical Minerals Corp. and its wholly-owned subsidiaries listed in the following table:

<b>Name</b>	<b>Country of incorporation</b>
Yankee Girl Resources Corp	Canada
Group Ten (USA) Inc	USA
Group Ten (Alaska) Inc	USA
1161932 BC Ltd	Canada
1326267 BC Ltd	Canada
1326271 BC Ltd	Canada

The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. All significant intercompany transactions and balances have been eliminated.

**3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended March 31, 2023.

**4. PREPAID EXPENSES AND DEPOSITS**

	<b>September 30, 2023</b>	<b>March 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Prepaid expenses	58,932	32,746
Deposits	632,197	440,555
	691,129	473,301
Less: non-current portion	(307,135)	(262,153)
	<b>383,994</b>	<b>211,148</b>

In June 2021, the Company re-engaged Earth Labs ( Formerly Goldspot Discoveries Corp) to continue to assist the Company in identifying preferential environments for precious and base metal mineralization on the Company's properties by utilizing its proprietary technology which includes the use of artificial intelligence. A payment of \$140,000 was made upon engagement and as at September 30, 2023 a total of \$29,129 was drawn down. The Company has engaged other consultants on the Company's Stillwater West project and made total deposits of \$276,791 and a total of \$62,600 was drawn down as at September 30, 2023.

The Company has paid \$278,170 (March 31, 2023 - \$233,188) for bonds in relation to the Company's Stillwater West project and a deposit of \$28,965 (March 31, 2023 – \$28,965) has been made in relation to a corporate credit card.



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**5. MARKETABLE SECURITIES**

	<b>September 30, 2023</b>	<b>March 31, 2023</b>
	<b>\$</b>	<b>\$</b>
Beginning balance	390,000	-
Addition	-	594,500
Unrealized loss on marketable securities	(175,500)	(204,500)
	<b>214,500</b>	<b>390,000</b>

The Company's accounting policy for marketable securities is to hold the common shares at fair value through profit or loss ("FVTPL") with any unrealized gains and losses being recorded in the consolidated statement of comprehensive loss.

On September 1, 2022, and November 25, 2022, a total of 2,800,000 and 1,100,000 common shares of Heritage Mining Ltd. were received, respectively, by the Company pursuant to the Definitive Earn-In Agreement (Note 6(d)). The common shares were initially valued at \$490,000 and \$104,500 respectively. At September 30, 2023, the 3,900,000 common shares held by the Company resulted in an unrealized loss of \$175,500.

**6. EXPLORATION AND EVALUATION ASSETS**

Exploration and evaluation acquisition costs for the six months ended September 30, 2023 and year ended March 31, 2023 were as follows:

	<b>Montana</b>	<b>Yukon</b>	<b>Alaska</b>	<b>Ontario</b>	
	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance, March 31, 2022</b>	<b>1,923,645</b>	<b>777,026</b>	<b>109,471</b>	<b>368,940</b>	<b>3,179,082</b>
Cash payments	63,370	-	-	-	63,370
Licenses and permits	160,500	-	6,791	-	167,291
Payment received	-	-	-	(368,940)	(368,940)
<b>Balance, March 31, 2023</b>	<b>2,147,515</b>	<b>777,026</b>	<b>116,262</b>	<b>-</b>	<b>3,040,803</b>
Cash payments	67,658	-	-	-	67,658
Licenses and permits	169,367	-	-	-	169,367
<b>Balance, September 30, 2023</b>	<b>2,384,540</b>	<b>777,026</b>	<b>116,262</b>	<b>-</b>	<b>3,277,828</b>

**a) Stillwater West (Montana, United States)**

During the year ended March 31, 2021, the Company satisfied all earn-in requirements and owns 100% of the Stillwater West project. On June 26, 2017, the Company entered into an option agreement to acquire a 100% interest in the Stillwater West project from Picket Pin Resources LLC, a private entity, consisting of 282 claims in south central Montana, USA, covering approximately 22 square kilometers ("km<sup>2</sup>") in two claim groups. In consideration, the Company agreed to:

- Issue a total of 3,600,000 shares of the Company beginning with 900,000 shares within ten days of regulatory approval (issued) and 900,000 shares on or before May 31 of each of 2018 (issued), 2019 (issued - valued at \$112,500) and 2020 (issued - valued at \$216,000);

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- Make United States dollars (“USD”) \$40,000 in cash payments with USD\$20,000 on or before each of May 31, 2018 (paid) and 2019 (paid – CDN \$26,600);
- Make advance royalty payments until commencement of commercial production of USD\$15,000 within ten days of regulatory approval (paid), USD\$30,000 on or before May 31, 2018 (paid) and USD\$50,000 on or before May 31, 2019 (paid - CDN\$66,500) and thereafter USD\$50,000 annually (paid May 31, 2020 – CDN\$67,654, June 17, 2021 – CDN\$61,900, June 1, 2022 – CDN\$63,370 and July 6, 2023 – CDN\$67,658); and
- Execute a work contract for a minimum of USD\$50,000 per year for the duration of the option agreement for technical and management work, which is three years (completed).

The project is subject to a 2% Net Smelter Return royalty (“NSR”) and the Company has an option to buy down the NSR to 1%.

Pursuant to further staking from November 2017 to present, the Company’s land holdings at the Stillwater West project have increased to approximately 61 km<sup>2</sup> consisting of 763 claims.

**b) Kluane PGE-Ni-Cu Project (Yukon, Canada)**

The Company owns a 100% interest in four platinum group and battery metals properties totaling over 255 km<sup>2</sup> in the Kluane Ultramafic Belt in southwestern Yukon. Together, these properties comprise the Kluane PGE-Ni-Cu project.

Catalyst

The Company earned its 100% interest in the Catalyst property on December 5, 2019 by completing the following commitments:

- Pay \$10,000 to Progressive Planet Solutions Inc. (“Progressive” - formerly Ashburton Ventures Inc.) on or before December 29, 2017. The agreement was amended and in lieu of the cash payment, the Company issued 200,000 common shares to Progressive (issued - valued at \$26,000); and
- Issue 300,000 common shares to Denali Resources Ltd. on or before July 31, 2019 (issued - valued at \$52,500).

Certain claims on the Catalyst property are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

The Catalyst property also includes claims previously referred to as the CKR claims.

Spy

The Company owns a 100% interest in the Spy property. The Spy claims are subject to a 3% NSR and the Company has an option to buy the NSR down to 1%.

Ultra

The Company owns a 100% interest in the Ultra property and a 100% interest in 24 additional claims adjoining the Ultra property.

The claims are subject to a 2% NSR and the Company has an option to buy the NSR down to 1%.

The Company holds a 100% interest in the Outpost property which is adjacent to and forms part of the Ultra property. As of March 31, 2020, the Company satisfied all earn-in requirements and owns 100% of the Outpost property in addition to the Pacer properties (included with the Ellen property below) by completing the below outstanding requirements:

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- Complete \$30,000 of work expenditures (satisfied), make a cash payment of \$20,000 (paid) and issue 400,000 common shares of the Company on or before the first anniversary of signing (issued – valued at \$50,000); and
- Complete an additional \$105,000 of work expenditures (completed) and issue 500,000 common shares of the Company on or before the second anniversary of the acceptance of this agreement (issued - valued at \$125,000).

The claims are subject to a 2% NSR and the Company has the option to buy down the NSR to 1%.

Ellen

The Company owns a 100% interest in the Ellen property, which consists of 72 claims totaling approximately 13km<sup>2</sup> in the Yukon Territory. The Ellen property includes the adjoining Pacer NW and nearby Pacer SE claim groups, which are owned 100% by the Company and were acquired with the Outpost claims block (see Ultra property, above).

**c) Duke Island (Alaska, United States)**

The Company owns a 100% interest in 31 unpatented mineral claims located on Duke Island, Alaska. The claims are subject to a 1% NSR.

**d) Drayton-Black Lake (Ontario, Canada)**

The Company owns 100% of a total land package of 13,773 continuous hectares of the Drayton-Black Lake properties.

Black Lake

- (i) The Company owns a 100% interest in mineral claims covering 2,430 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario. The claims are subject to a 2% NSR upon commencement of commercial production. The Company has an option to buy down the NSR to 1%.
- (ii) To further consolidate claims in the Black Lake and Drayton property area, the Company acquired 100% of the below land packages through option agreements:
  - Mineral claims covering 1,224 hectares in the area between Black Lake and Drayton with no royalty obligation.
  - Mineral claims covering 441 hectares in the Black Lake area. The claims are subject to a 3% NSR upon commencement of commercial production and the Company has the option to buy the NSR down to 2%.
- (iii) The Company acquired additional claims adjoining and between the above claims by direct staking at various dates. There are no royalty interests on claims staked by the Company.

Drayton

The Company owns a 100% interest in mineral claims covering 1,983 hectares located in the Patricia Mining Division near Sioux Lookout, Ontario.

Upon commencement of commercial production, the claims are subject to a 1% NSR with no buy-down provision, and an additional 3% NSR with the Company having an option to buy the NSR down to 1.5%.

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On August 19, 2021, the Company entered into a binding Letter of Intent (“LOI”) with Heritage Mining Ltd. (“Heritage”), whereby, Heritage can acquire up to a 90% interest in the Company’s Drayton-Black Lake gold properties in Ontario, Canada. The interest can be acquired by issuing a total of 7,200,000 shares, making cash payment of \$320,000, completing exploration and development work totaling \$5,000,000 on the Drayton-Black Lake properties. During the year ended March 31, 2022 the Company completed the Definitive Earn-In Agreement (the “Agreement”) contemplated within the LOI, which defines the details and timing of option payments as follows:

- (i) Heritage is required to pay a \$20,000 cash payment to the Company within three business days of executing the LOI (received), and the LOI is exclusive and binding on the parties for a period of 60 days to allow for completion of the Agreement.
- (ii) Heritage shall issue 2,800,000 shares to the Company within ten business days of obtaining a public listing on a specified Canadian exchange. (The Company received 2,800,000 shares of Heritage on September 1, 2022 valued at \$490,000. As the value of the property was less than the value of the shares received, a gain of \$121,060 was recorded in the consolidated statement of loss and comprehensive loss.)
- (iii) Heritage may earn a 51% interest (the “First Option”) by completing the following on or before the third anniversary of the Agreement:
  - Issuing an additional 3,300,000 shares to the Company; (On November 25, 2022 the Company received another 1,100,000 shares valued at \$104,500 and recorded as a gain in the consolidated statement of loss and comprehensive loss);
  - Completing cash payments totaling \$300,000; (On November 24, 2022 the Company received \$150,000 in cash and recorded as a gain in the consolidated statement of loss and comprehensive loss) and
  - Completing exploration work totaling \$2,500,000 (Heritage has exceeded the minimum first annual commitment of \$500,000).

As at September 30, 2023 the market value of the 3,900,000 shares had reduced to a value of \$214,500 and an unrealized loss of \$175,500 was recorded in the consolidated statement of loss and comprehensive loss for the six months ended September 30, 2023.

- (iv) Upon completion of the First Option, Heritage may earn an additional 39% ownership interest (the “Second Option”) for a cumulative 90% interest by completion of the following on or before the fourth anniversary of the Agreement:
  - Issuing an additional 1,100,000 shares to the Company; and
  - Completing additional exploration work totaling \$2,500,000.

In addition, the LOI provides the following:

- (i) Upon completion of the Second Option, the Company will retain a 10% free carried interest in the Drayton-Black Lake properties, with Heritage being responsible for all property costs until completion by Heritage of a positive feasibility study supported by a technical report prepared in accordance with NI 43-101 on the Property (the “FS”).
- (ii) A discovery payment of \$1.00 per ounce of gold or gold equivalent shall be made on mineral resource estimates as filed from time-to-time on the Drayton-Black Lake properties and shall, in Heritage’s discretion, be paid in cash or shares (or a combination thereof), capped at a maximum of \$10,000,000.

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- (iii) The LOI provides for the formation of a Joint Venture (“JV”) based on the then legal and beneficial ownership levels in the Property following completion of the FS. A JV may also be formed in the event Heritage does not complete the requirements of the Second Option, in which case Heritage is required to maintain minimum exploration and development expenditures of \$500,000 per annum until the completion of the FS in order to maintain status as operator of the JV. The Company maintains certain back-in rights to the property in the event that Heritage does not meet the minimum exploration requirements.
- (iv) The Company is required to complete \$300,000 of exploration work on the properties within the first year of the Agreement (completed), provided any shortfall by the Company shall reduce Heritage's obligation on a dollar-for-dollar basis.

**e) Yankee Dundee (British Columbia, Canada)**

Yankee Dundee consists of 26 Crown-granted mineral claims located in the Nelson Mining District near Ymir, British Columbia. On June 25, 2013, the Company closed the sale of its interests and obligations in the properties to Armex Mining Corp. (“Armex”) in exchange for advance royalty payments, royalty payments, and production payments.

The remaining terms of the agreement are as follows:

- (i) Armex is to pay remaining advance royalty payments of:
- \$50,000 on or before August 28, 2015 (unpaid); and
  - \$50,000 on or before August 28, 2016 (unpaid) and annually thereafter until the commencement of commercial production.
- (ii) Armex is to pay production and additional payments of:
- \$250,000 upon the commencement of commercial production;
  - \$250,000 upon the first anniversary of commencement of commercial production; and
  - additional production payments aggregating \$1,000,000 payable from 30% of net revenues as defined in the agreement.

Armex has the right to satisfy the production and additional payments by paying the aggregate sum of \$1,250,000 any time during the first year of commercial production.

Armex will also assume all obligations per existing underlying option agreements with respect to the Yankee Dundee claims which consist of a 1% NSR upon commencement of commercial production until the recovery of the lesser of aggregate expenditures incurred and \$5,000,000, after such time, the NSR will increase to 2.5%. At any time up to the commencement of commercial production, an option is available to purchase 1.5% of the NSR for \$500,000 and the remaining 1% for \$500,000.

The Company will also be entitled to a 2.5% NSR upon commencement of commercial production, with Armex holding the right to repurchase the royalty at any time on the basis of \$1,000,000 for each 1%. In addition, the Company retains back-in rights pursuant to the agreement by which it can re-acquire the property in the event specific production milestones are not met.

Armex disputes the overdue advance royalty payments that were payable on or before August 28, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022 and 2023. As the Company believes that the financial situation of Armex has deteriorated to an extent that precludes it from completing the sale agreement, the capitalized costs relating to Yankee Dundee have been reduced to \$Nil.

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**7. EXPLORATION EXPENDITURES**

Exploration expenditures incurred for the three months ended September 30, 2023 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	6,5336	407	-	-	65,743
Camp	45,818	3,038	-	-	48,856
Community	-	960	-	-	960
Consulting	259,857	28,506	-	-	288,363
Consulting, Geophysics	61,750	-	-	-	61,750
Drilling	979,445	-	-	-	979,445
Equipment	107,950	-	-	-	107,950
Fuel	41,234	205	-	-	41,439
Permitting	335	-	-	-	335
Transport	25,637	3,939	-	-	29,576
Transport, Helicopter	844,171	-	-	-	844,171
	<b>2,431,533</b>	<b>37,055</b>	-	-	<b>2,468,588</b>

Exploration expenditures incurred for the three months ended September 30, 2022 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	38,921	-	-	-	38,921
Camp	48,762	9,705	-	-	58,467
Consulting	289,799	26,593	-	357	316,749
Consulting, Geophysics	55,955	13,651	-	-	69,606
Equipment	9,979	-	-	-	9,979
Fuel	2,716	5,133	-	-	7,849
Permitting	3,611	5,084	-	-	8,695
Transport	47,754	6,204	-	-	53,958
Transport, Helicopter	28,811	34,992	-	-	63,803
	<b>526,308</b>	<b>101,362</b>	-	<b>357</b>	<b>628,027</b>

Exploration expenditures incurred for the six months ended September 30, 2023 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	66,391	407	-	-	66,798
Camp	69,258	3,038	-	-	72,296
Community	-	960	-	-	960
Consulting	309,686	32,868	-	-	342,554
Consulting, Geophysics	76,200	-	-	-	76,200
Drilling	979,445	-	-	-	979,445
Equipment	110,849	-	-	-	110,849
Fuel	43,059	205	-	-	43,264
Permitting	335	-	-	-	335
Transport	47,860	3,939	-	-	51,799
Transport, Helicopter	844,171	-	-	-	844,171
	<b>2,547,254</b>	<b>41,417</b>	-	-	<b>2,588,671</b>

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Exploration expenditures incurred for the six months ended September 30, 2022 were as follows:

	Stillwater West	Kluane Project	Duke Island	Drayton Black Lake	Total
	\$	\$	\$	\$	\$
Analysis	204,467	-	-	902	205,369
Camp	62,445	9,705	-	-	72,150
Consulting	424,874	45,810	-	16,998	487,682
Consulting, Geophysics	92,009	13,651	-	-	105,660
Drilling	5,508	-	-	-	5,508
Equipment	36,565	-	-	-	36,565
Fuel	6,502	5,133	-	-	11,635
Permitting	3,611	5,084	-	-	8,695
Transport	75,228	6,204	-	-	81,432
Transport, Helicopter	28,811	34,992	-	-	63,803
	<b>940,020</b>	<b>120,579</b>	<b>-</b>	<b>17,900</b>	<b>1,078,499</b>

**8. SHARE CAPITAL**

**a) Authorized**

Unlimited common shares without par value.

**b) Share issuance details**

***Six months ended September 30, 2023***

- (i) In June 2023, the Company completed a 9.99% strategic equity investment by a wholly-owned subsidiary of Glencore. Pursuant to the placement, the Company issued 19,758,861 units at a price of \$0.25 per unit for gross proceeds of \$4,939,715. Each unit consists of one common shares and 0.70 of a share purchase warrant with each full warrant entitling the holder to acquire one additional common share of the Company at a price of \$0.375 for a period of three years. The Company allocated \$790,354 of the gross proceeds to warrant reserve using the residual method. Share issuance costs of \$92,730 were incurred.
- (ii) The Company issued 635,294 common shares pursuant to the exercise of Restricted Share Units ("RSUs").

***Six months ended September 30, 2022***

- (i) A total of 2,277,833 options were exercised using Share Appreciation Rights ("SARs") and 1,124,100 common shares were issued and 305,500 options were exercised for proceeds of \$36,600.
- (ii) The Company issued 6,351,871 common shares pursuant to the exercise of share purchase warrants with a weighted average exercise price of \$0.21 per share for proceeds of \$1,347,293. The weighted average share price on the date of exercise was \$0.24.

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**c) Stock options**

The Company has a Long-Term Incentive Plan whereby the Company may grant certain awards to directors, officers, employees and consultants, including restricted share units, performance share units, deferred share units, stock options and stock appreciation rights, to a maximum of a rolling 10% of the issued and outstanding share capital of the Company. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price \$
<b>Balance, March 31, 2022</b>	<b>14,230,000</b>	<b>0.27</b>
Granted	4,686,200	0.21
Exercised	(2,583,333)	0.12
Cancelled/Forfeited	(291,667)	0.38
<b>Balance, March 31, 2023</b>	<b>16,041,200</b>	<b>0.27</b>
Granted	2,975,000	0.17
Cancelled/Forfeited	(250,000)	0.29
Expired	(275,000)	0.18
<b>Balance, September 30, 2023</b>	<b>18,491,200</b>	<b>0.25</b>
<b>Exercisable, September 30, 2023</b>	<b>12,653,733</b>	<b>0.29</b>

The following stock options were outstanding as at September 30, 2023:

Expiry date	Outstanding	Exercisable	Weighted average exercise price \$	Weighted average remaining life (in years)
November 23, 2023	100,000	100,000	0.15	0.15
February 28, 2024	495,000	495,000	0.20	0.41
June 14, 2024	900,000	900,000	0.15	0.71
September 18, 2024	300,000	300,000	0.18	0.97
January 29, 2025	2,275,000	2,275,000	0.255	1.33
July 10, 2025	1,195,000	1,195,000	0.215	1.78
January 12, 2026	2,045,000	2,045,000	0.40	2.29
April 13, 2026	400,000	400,000	0.38	2.54
June 16, 2026	200,000	200,000	0.40	2.71
February 2, 2027	2,920,000	2,920,000	0.36	3.35
April 25, 2027	785,000	523,333	0.36	3.57
October 25, 2027	3,901,200	1,300,400	0.175	4.07
June 9, 2028	575,000	-	0.175	4.70
August 23, 2028	2,400,000	-	0.17	4.90
	<b>18,491,200</b>	<b>12,653,733</b>	<b>0.25</b>	<b>3.00</b>

Subsequent to September 30, 2023, a total of 100,000 stock options with an exercise price of \$0.15 expired unexercised.



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**d) Compensation options**

A total of 390,000 compensation options were issued in July 2020 pursuant to a private placement. Each compensation option entitles the holder to acquire one unit at a price of \$0.20 until July 17, 2023. Each unit consists of one common share and one warrant. The warrant entitles the holder to purchase an additional common share at a price of \$0.30 until July 17, 2023. During the six months ended September 30, 2023 all the compensation options expired unexercised.

**d) Share purchase warrants**

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		\$
<b>Balance, March 31, 2022</b>	<b>42,229,525</b>	<b>0.33</b>
Exercised	(6,351,871)	0.21
Expired	(479,127)	0.24
<b>Balance, March 31, 2023</b>	<b>35,398,527</b>	<b>0.35</b>
Issued	13,831,203	0.38
Expired	(1,123,461)	0.35
<b>Balance, September 30, 2023</b>	<b>48,106,269</b>	<b>0.35</b>

The following share purchase warrants were outstanding as at September 30, 2023:

Outstanding	Exercise price	Expiry date	Weighted average remaining life (in years)
	\$		
5,233,816	0.25	November 21, 2023	0.14
21,635,000	0.30	January 17, 2024	0.30
7,406,250	0.55	June 16, 2024	0.71
13,831,203	0.38	June 30, 2026	2.75
<b>48,106,269</b>			

Subsequent to September 30, 2023, a total of 5,233,816 warrants with an exercise price of \$0.25 expired unexercised.

**e) Restricted share units**

During the six months ended September 30, 2023 a total of 1,107,693 Restricted Share Units ("RSUs") (2022 – 635,294) were awarded. The fair value of the RSUs, which is determined with reference to the trading price of the Company's common shares immediately preceding the date of issuance, was determined to be \$221,539 (2022 – \$216,000). All RSUs will vest 12 months following the date of grant. During the six months ended September 30, 2023 a total of \$106,195 was recognized as share-based payment expense.

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A summary of the changes in RSUs is presented below:

	<b>Number of RSUs</b>
<b>Balance, March 31, 2022</b>	-
Issued	635,294
<b>Balance, March 31, 2023</b>	<b>635,294</b>
Issued	1,107,693
Exercised	(635,294)
<b>Balance, September 30, 2023</b>	<b>1,107,693</b>
Unvested	(1,107,693)
<b>Vested, September 30, 2023</b>	<b>-</b>

**f) Share-based payment expense and reserve**

During the six months ended September 30, 2023, the Company granted 2,975,000 stock options. A total of 991,667 will vest 6 months following the date of grant, 991,667 will vest 12 months following the date of grant and 991,666 will vest 18 months following the date of grant.

During the six months ended September 30, 2022, the Company granted 785,000 stock options.

During the six months ended September 30, 2023, total share-based payment expense was \$347,398 (2022 - \$474,364) in respect of the vesting of previously granted stock options and newly granted options. The weighted average fair value on grant date of the options granted during the six months ended September 30, 2023 was \$175,172 (2022 - \$124,570), or \$0.09 (2022 - \$0.16) per option.

The fair value of the stock options that were granted during the six months ended September 30, 2023 and 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<b>2023</b>	<b>2022</b>
Risk free interest rate	3.98%	2.62%
Expected life in years	5	5
Expected volatility	52.8%	56.0%
Expected dividends	0.0%	0.0%

During the six months ended September 30, 2023, the Company reclassified from share-based payment reserve to deficit \$117,617 (2022 - \$9,080) with respect to options that were cancelled or expired during the period, \$25,367 (2022 - \$nil) with respect to compensation options that expired in the period and \$139,179 (2022 - \$nil) from share-based payment reserve to deficit with respect to warrants that were expired during the period.

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**9. RELATED PARTY TRANSACTIONS**

Key management personnel are the Directors and Executive Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three and six months ended September 30, 2023 and 2022:

- TruePoint Exploration Inc. and its wholly owned subsidiary TruePoint Exploration (USA) Inc. ("TruePoint") are privately held exploration service companies that provide exploration and administrative services to the Company as well as to other exploration companies. Costs covered by TruePoint include exploration expenditures (technical work on the project such as drilling, sampling and geophysics), consulting, investor relations and corporate development costs, and other administrative costs. Michael Rowley, Director, President and CEO, and Greg Johnson, Director of the Company are minority shareholders of TruePoint; and
- MVR Consulting Inc. ("MVR"), a private company controlled by Michael Rowley, President and CEO.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

**a) Related Party Transactions**

The Company's related party transactions for the three and six months ended September 30, 2023 and 2022 were as follows:

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Consulting and management fees <sup>(1)</sup>	<b>54,504</b>	147,620	<b>106,845</b>	200,189
Share-based payments <sup>(2)</sup>	<b>28,800</b>	46,868	<b>59,455</b>	130,762
Exploration and administrative costs <sup>(3)</sup>	<b>274,046</b>	176,282	<b>392,481</b>	316,569
	<b>357,350</b>	370,770	<b>558,781</b>	647,520

<sup>1</sup> Consulting fees for the six months ended September 30, 2023 and 2022 consisted of fees earned by key management personnel.

<sup>2</sup> Share-based payments expense is a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

<sup>3</sup> Transactions with TruePoint for the six months ended September 30, 2023 consisted of exploration expenditures (\$170,111), investor relations and corporate development fees (\$142,817) and other/office (\$79,553).

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**b) Related Party Balances**

The Company's related party balances consisted of the following:

	<b>September 30, 2023</b>	<b>March 31, 2023</b>
	\$	\$
<b>Due to Related Parties</b>		
MVR Consulting Inc.	15,750	78,750
Greg Johnson	-	42,500
Gregor Hamilton	35,000	35,000
Michael Rowley	-	50,218
	<b>50,750</b>	206,468
<b>Due from Related Parties</b>		
TruePoint <sup>(1)</sup>	734,462	773,744
	<b>734,462</b>	773,744

<sup>1</sup> This amount was the net of cash advances made to TruePoint to cover future exploration costs partially offset by charges from TruePoint.

Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

The net change in non-cash operating working capital balances for the three and six months ended September 30, 2023 and 2022 consisted of the following:

	<b>Three months ended September 30,</b>		<b>Six months ended September 30,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	\$	\$	\$	\$
Accounts receivable	(11,049)	54,225	24,764	51,465
Due to / from related parties	(637,038)	77,221	(116,436)	(103,967)
Prepaid expenses	802	15,476	(217,828)	(365,746)
Accounts payable and accrued liabilities	573,700	36,847	813,590	(40,908)
	<b>(73,585)</b>	183,769	<b>504,090</b>	(459,156)

The non-cash transactions for the six months ended September 30, 2023 consisted of the following:

- (i) Issuing 635,294 common shares pursuant to the exercise of 635,294 RSUs.

The non-cash transactions for the six months ended September 30, 2022 consisted of the following:

- (i) Issuing 1,124,100 common shares pursuant to the exercise of 2,277,833 options using SARs.
- (ii) Receiving 2,800,000 Heritage shares valued at \$490,000. The property was valued at \$368,940 and the remaining \$121,060 was taken into the statement of loss and comprehensive loss as a gain on exploration and evaluation asset.

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**11. FINANCIAL INSTRUMENTS**

The Company's financial instruments include cash, accounts receivable, due from related parties, accounts payable and accrued liabilities and due to related parties. The Company has classified its financial instruments as amortized cost.

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. There have been no changes in any risk management policies since March 31, 2023.

**12. SEGMENTED INFORMATION**

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on location:

	<b>September 30, 2023</b>	<b>March 31, 2023</b>
	\$	\$
Non-current assets by geographic segment		
Canada	805,991	805,991
United States	2,778,972	2,496,965
	<b>3,584,963</b>	<b>3,302,956</b>