
SAGE POTASH CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2023 and the period
from incorporation on November 22, 2021 to March 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sage Potash Corp.

Opinion

We have audited the accompanying consolidated financial statements of Sage Potash Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2023 and 2022, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2023 and the period from the date of incorporation on November 22, 2021 to March 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its consolidated financial performance and cash flows for the year ended March 31, 2023 and the period from the date of incorporation on November 22, 2021 to March 31, 2022 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

Basis for Opinion

We conducted our audits 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 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 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 financial statements for the year ended March 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matters described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the 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.

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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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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, 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 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 scepticism 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.

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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.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

“SHIM & Associates LLP”

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

28 July 2023

SAGE POTASH CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2023 AND 2022
(Expressed in Canadian Dollars)

	Note	2023	2022
		\$	\$
ASSETS			
Current Assets			
Cash		1,517,363	621,923
Deposits and prepaids		494,018	8,133
Due from related parties	6	11,073	–
GST receivable		62,432	3,869
		2,084,886	633,925
Non-Current Assets			
Mineral property interests	4	1,159,320	278,229
Right-of-use asset	5	86,521	–
TOTAL ASSETS		3,330,727	912,154
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		869,463	70,356
Current portion of lease liability	5	35,221	–
		904,684	70,356
Non-Current Liabilities			
Lease liability	5	54,413	–
TOTAL LIABILITIES		959,097	70,356
SHAREHOLDERS' EQUITY			
Share capital	7	5,591,885	1,225,500
Options reserve	7	1,230,000	–
Warrants reserve	7	51,000	–
Deficit		(4,501,255)	(383,702)
TOTAL SHAREHOLDERS' EQUITY		2,371,630	841,798
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,330,727	912,154

NATURE AND CONTINUANCE OF OPERATIONS 1
SUBSEQUENT EVENTS 11

Approved on behalf of the Board of Directors:

“Peter Hogendoorn”
Peter Hogendoorn, CEO, Director

“William Grossholz”
William Grossholz, CFO, Director

SAGE POTASH CORP.*(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

	Note	2023	2022
			\$
OPERATING EXPENSES			
Stock-based compensation	7	1,332,000	–
Consulting	6	877,081	111,349
Fieldwork and technical reports		835,594	186,709
Travel and promotion		292,777	42,893
Professional fees		542,345	34,266
Software license		89,320	–
Regulatory and filing fees		58,207	–
Rent and occupancy		56,823	5,824
Office and miscellaneous		48,671	2,661
Amortization of right-of-use asset	5	24,720	–
Accretion of lease liability	5	6,793	–
Foreign exchange loss		650	–
Operating loss for the period		(4,164,981)	(383,702)
OTHER INCOME			
Interest income		39,628	–
Other income		7,800	–
Net loss and comprehensive loss for the period		(4,117,553)	(383,702)
Net loss per share, basic and diluted		(\$0.10)	\$(0.03)
Weighted average common shares outstanding		41,152,953	13,536,899

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

SAGE POTASH CORP.*(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED MARCH 31, 2023 AND
THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

	Shares Issued	Share Capital	Special Warrants	Options Reserve	Warrants Reserve	Accumulated Deficit	Total
		\$	\$	\$	\$	\$	\$
Balance, Incorporation on November 22, 2021	–	–	–	–	–	–	–
Shares issued for cash	19,060,000	1,001,000	–	–	–	–	1,001,000
Shares issued for mineral property interests	12,000,000	240,000	–	–	–	–	240,000
Share issue costs	–	(15,500)	–	–	–	–	(15,500)
Net loss	–	–	–	–	–	(383,702)	(383,702)
Balance, March 31, 2022	31,060,000	1,225,500	–	–	–	(383,702)	841,798
Subscriptions received for special warrants	–	–	4,321,350	–	–	–	4,321,350
Conversion of special warrants	17,285,400	4,321,350	(4,321,350)	–	–	–	–
Share issue costs	–	(206,965)	–	–	51,000	–	(155,965)
Options exercised	600,000	252,000	–	(102,000)	–	–	150,000
Stock-based compensation	–	–	–	1,332,000	–	–	1,332,000
Net loss	–	–	–	–	–	(4,117,553)	(4,117,553)
Balance, March 31, 2023	48,945,400	5,591,885	–	1,230,000	51,000	(4,501,255)	(2,371,630)

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

SAGE POTASH CORP.*(An Exploration Stage Company)***CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

	Note	2023	2022
		\$	\$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss and comprehensive loss		(4,117,553)	(383,702)
Add back non-cash items:			
Stock-based compensation	7	1,332,000	—
Amortization of right-of-use assets	5	24,720	—
Accretion of lease liability	5	6,793	—
Changes in non-cash working capital balances:			
GST receivable		(58,563)	(3,869)
Deposits and prepaids		(485,885)	(8,133)
Accounts payable and accrued liabilities		783,207	70,356
Due from related parties	6	(11,073)	—
Cash used in operating activities		(2,526,354)	(325,348)
INVESTING ACTIVITIES			
Mineral property interests	4	(865,191)	(38,229)
Cash used in investing activities		(865,191)	(38,229)
FINANCING ACTIVITIES			
Proceeds from issuance of special warrants, net	7	4,165,385	—
Shares issued for cash, net		—	985,500
Proceeds from options exercised	7	150,000	—
Repayments of lease liability	5	(28,400)	—
Cash provided by financing activities		4,286,985	985,500
Increase in cash		895,440	621,923
Cash, beginning of period		621,923	—
Cash, end of period		1,517,363	621,923
Non-cash investing activities:			
Mineral property interests within accounts payable and accrued liabilities	4	15,900	—

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

SAGE POTASH CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Sage Potash Corp. was incorporated under the Laws of the Province of British Columbia on November 22, 2021. The address of the Company's corporate office and its principal place of business is #605-899 West Pender Street, Vancouver, British Columbia, Canada.

The Company's principal business activity is the acquisition, exploration and development of potash mineral properties.

The Company has never generated profit or positive cash flows from operations. For the year ended March 31, 2023, the Company reported a net loss of \$4,117,553 (the period from incorporation on November 22, 2021 to March 31, 2022 – \$383,702), cash used in operating activities of \$2,526,354 (the period from incorporation on November 22, 2021 to March 31, 2022 – \$325,348), and an accumulated deficit of \$4,501,255 (March 31, 2022 – \$383,702). These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its development and operating costs.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. BASIS OF PRESENTATION**a) Statement of compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 28, 2023.

b) Measurement basis

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company measures the transactions using the currency of the primary economic environment in which it operates in. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

c) Basis of consolidation

These consolidated financial statements include the accounts on the Company and its wholly owned subsidiary, Sage Potash (USA) Corp. incorporated in the State of Utah, USA.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

SAGE POTASH CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)**c) Basis of consolidation (continued)**

In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with subsidiaries are eliminated. The financial statements of subsidiaries are prepared using consistent accounting policies with that of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Financial Instruments***Financial assets*

Classification of financial assets

Amortized cost:

Financial assets that meet the following conditions are measured subsequently at amortized cost: The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. Interest income is recognized using the effective interest method.

The Company's financial assets which are measured at amortized cost are comprised of cash, deposits, and due from related parties.

Fair value through other comprehensive income ("FVTOCI"):

Financial assets that meet the following conditions are measured at FVTOCI:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company does not hold any financial assets measured at FVTOCI.

Financial assets measured subsequently at fair value through profit or loss ("FVTPL"):

By default, all other financial assets are measured subsequently at FVTPL.

The Company, at initial recognition, may also irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets measured at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in loss and comprehensive loss to the extent they are not part of a designated hedging relationship. The Company's financial assets which are measured at fair value are cash, the private company investment, and the conversion feature of the convertible debenture receivable.

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(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**a) Financial Instruments (continued)**Financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities which are all measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**b) Use of estimates**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates include the determination of impairment of financial instruments, determining the fair value of share-based compensation, potential decommissioning liabilities and deferred income tax assets and liabilities. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

c) Use of judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. The more significant areas where management judgement has been applied are:

(i) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The directors monitor future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

(ii) Determination of the functional currency

The determination of functional currency is a matter of determining the primary economic environment in which an entity operates. IAS 21 "The Effect of Changes in Foreign Exchange Rates" sets out several factors to apply in making the determination of the functional currency; however, applying the factors in IAS 21 does not always result in a clear indication of functional currency. When IAS 21 factors indicate differing functional currencies within an environment, management uses judgement in the ultimate determination of that entity's functional currency.

(iii) Impairment of mineral property interests

The application of the Company's accounting policy for exploration and evaluation costs requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If information becomes available after expenditures are capitalized suggesting that the recovery of the expenditures are unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

SAGE POTASH CORP.

(An Exploration Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company makes these judgements on information available, but there is no certainty that mineral property interests are impaired or not.

d) Exploration and evaluation costs

Acquisition costs for interests in mineral claims are capitalized as mineral property interests and are classified as intangible assets. Exploration costs are expensed as incurred. When shares are issued as part of mineral property exploration costs, they are valued at the closing share price on the date of issuance unless the fair value of goods or services received is determinable.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full be development or sale.

The recoverability of mineral property interests is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

Mineral properties are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amounts of properties may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash-generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Recorded costs of mineral properties and deferred exploration costs are not intended to reflect present or future values of resource properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

Payments on mineral property option agreements are made at the discretion of the Company and, accordingly, are recorded on a cash basis.

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SAGE POTASH CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**f) Share capital**

The fair value of the common shares issued in the private placements was determined to be the residual between the proceeds and the fair value of the warrants. The fair value of the warrants is determined using the Black-Scholes option pricing model. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

g) Share issue costs

Share issue costs are charged to share capital when the related shares are issued.

h) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the net loss and comprehensive loss attributed to ordinary shareholders and the weighted average number of common shares outstanding for the dilutive effect of the potential exercise of warrants as though they occurred at the beginning of the year.

i) Foreign exchange

The presentation and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date.

Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities in currencies other than the Canadian dollar are recognized in the statement of loss and comprehensive loss.

j) Income tax

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates, laws and government policies that were enacted or substantively enacted at March 31, 2023.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities are expected to reverse using tax rates and laws enacted or substantively enacted which are expected to apply in the period of reversal.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

m) Impairment of financial assets

The measurement of impairment of financial assets is based on expected credit losses. Accounts receivable that are considered collectable within one year or less are not considered to have a significant financing component and a lifetime expected credit loss ("ECL") is measured at the date of initial recognition of the receivable.

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**m) Impairment of financial assets (continued)**

The Company applies the simplified approach to providing for ECL's prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. In estimating the lifetime expected loss provision, the Company will consider historical industry default rates as well as credit ratings of major customers.

n) Change in accounting policies

New accounting standards issued but not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. These updates are not applicable or are not consequential to the Company.

4. MINERAL PROPERTY INTERESTS

	2023	2022
	\$	\$
Balance, opening	278,229	–
Property lease assignment purchase	–	240,000
Property lease staked - SITLA	68,293	–
Private mineral leases	812,798	–
Property exploration permit application	–	38,229
Balance, end of period	1,159,320	278,229

On December 2, 2021, the Company acquired 100% interest in approximately 3,880 acres potash mineral lease in the State of Utah ("SITLA") in exchange for 12,000,000 common shares. The lease expires on October 31, 2027 (the "Sage Plains Leased Lands"). The lease is subject to a 5% royalty payment to the State of Utah on gross value received, less transportation costs. In addition, the lease has an annual rent of \$2 USD per acre, each due on the anniversary date. The lease is renewable with the State of Utah in the event royalties are paid as per the lease, or in the absence of production, if SITLA determines that the Company is engaged in diligent development of the leased lands.

On February 24, 2022, the Company applied for prospecting permits on 58,780 acres in the State of Utah for \$38,229 from the Bureau of Land Management, a department of the federal government of the USA.

On June 21, 2022, the Sage Plains Leased Lands were increased from 3,880 acres to 6,537 acres and the term of the lease was extended to October 31, 2027, pursuant to an amended lease with the State of Utah.

On October 5, 2022, the Company leased an additional 7,400 acres with the State of Utah. The expiry date of the lease is December 31, 2032. The annual terms are the same as the Sage Plains Land Leases.

During the year ended March 31, 2023, the Company entered into 86 private mineral right lease agreements for additional lands covering 11,972 acres. Each lease is for a period of 3 years with an option to extend for an additional 5 years. The 3-year lease cost is \$30 per acre. The 5-year extension cost is \$100 per acre. The leases will be held indefinitely for production for a 5% royalty.

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

5. LEASE LIABILITY AND RIGHT OF USE ASSET**(a) Right of use asset**

	2023	2022
	\$	\$
Balance, beginning of period	—	—
Additions	111,241	—
Depreciation charge for the period	(24,720)	—
Balance, end of period	86,521	—

On August 1, 2022, a lease related to the Vancouver office premises was capitalized under the IFRS 16 leasing standard. The lease expires in July 2025.

(b) Lease liability

	2023	2022
	\$	\$
Balance, beginning of the period	—	—
Additions	111,241	—
Lease payments	(28,400)	—
Interest	6,793	—
Balance, end of period	89,634	—
Current portion	35,221	—
Balance, end of period, non-current portion	54,413	—

When measuring the lease liability, the Company discounted lease payments using its incremental borrowing rate of 10%.

(c) Undiscounted lease payments

As at March 31, 2023, the Company's undiscounted lease payments consisted of the following:

	March 31, 2023
	\$
2024	42,600
2025	43,736
2026	14,768
	101,104

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ending March 31, 2023, the Company incurred the following related party transactions:

- (i) The Company has identified its directors and executive officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the year ended March 31, 2023 and the period from incorporation on November 22, 2021 to March 31, 2022.
- (ii) The Company incurred consulting fee and salaries in the amount of \$230,000 to officers and directors of the Company (March 31, 2022 – \$61,000).
- (iii) The Company incurred stock-based compensation in the amount of \$875,000 to officers and directors of the Company (March 31, 2022 – \$nil).

As at March 31, 2023, included in accounts payable is \$10,500 (2022 – \$nil) due to an officer of the Company; and the Company has an outstanding receivable of \$11,073 (2022 - \$nil) from an officer and director.

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)***7. SHARE CAPITAL****(a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and Outstanding Common Shares

	Number of Common Shares	Amount \$
Balance, incorporation on November 22, 2021	–	–
Issued for property at \$0.02 per share (i)	12,000,000	240,000
Issued for cash at \$0.02 per share (ii)	9,000,000	180,000
Issued for cash at \$0.05 per share (iii)	3,700,000	185,000
Issued for cash at \$0.10 per share (iv)	6,360,000	636,000
Share issue costs (v)	–	(15,500)
Balance, March 31, 2022	31,060,000	1,225,500
Issued for cash at \$0.25 per share (vii)	17,285,400	4,321,350
Options exercised for cash at \$0.25 per share (viii)	600,000	252,000
Share issue costs (ix)	–	(206,965)
Balance, March 31, 2023	48,945,400	5,591,885

- (i) In January 25, 2022, the Company issued 12,000,000 common shares for mineral rights leases at a deemed price of \$0.02 per share for deemed proceeds of \$240,000.
- (ii) On December 8, 2021, the Company issued 3,000,000 common shares for gross proceeds of \$60,000, and on January 24, 2022, the Company issued 6,000,000 common shares for gross proceeds of \$120,000.
- (iii) On January 26, 2022, the Company issued 2,000,000 common shares for gross proceeds of \$100,000, and on February 28, 2022, the Company issued 1,700,000 common shares for gross proceeds of \$85,000.
- (iv) On March 21, 2022, the Company issued 3,100,000 common shares for gross proceeds of \$310,000, and on March 25, 2022, the Company issued 3,260,000 common shares for gross proceeds of \$326,000.
- (v) During the period from incorporation on November 22, 2021 to March 31, 2022, the Company incurred share issue costs of \$15,500, comprised of cash.
- (vi) During the year ended March 31, 2023, the Company issued 17,285,400 special warrants at a price of \$0.25 per special warrant for gross proceeds of \$4,321,350.
- (vii) On August 22, 2022, 7,254,800 special warrants automatically converted to 7,254,800 common shares with no additional consideration.
On August 27, 2022, 6,271,000 special warrants automatically converted to 6,271,000 common shares with no additional consideration.
On September 13, 2022, 475,200 special warrants automatically converted to 475,200 common shares with no additional consideration.
On September 27, 2022, 560,000 special warrants automatically converted to 560,000 common shares with no additional consideration.
On October 1, 2022, 2,724,400 special warrants automatically converted to 2,724,400 common shares with no additional consideration.
- (viii) On February 1, 2023, 600,000 options were exercised for gross proceeds of \$150,000. The fair value was calculated as \$102,000 using the Black Sholes pricing model using the assumptions listed in 7(c) below.

SAGE POTASH CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)**(b) Issued and Outstanding Common Shares (continued)**

- (ix) During the year ended March 31, 2023, the Company incurred share issue costs of \$155,965 cash and the issuance of 501,360 broker warrants related to the special warrants. The broker warrants have an exercise price of \$0.25 with one year expiry. The fair value was calculated as \$51,000 using the Black Scholes pricing model using the following assumptions:

Share price on grant date	\$0.25
Expected life (years)	1
Interest rate	2.47%
Volatility	106%
Dividend yield	0.00%

(c) Stock Options

The Company had a stock option plan (the "Plan") under which it is authorized to grant options to its directors, officers, employees, management companies and consultants enabling them to acquire up to 20% of the issued and outstanding shares of the Company. From the date that the Shares were listed on a stock exchange, the Plan became a "rolling" 15% stock option plan. Under the Plan, the exercise price of options granted is determined by the Board of Directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Company's shares may be listed or quoted for trading. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed ten years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company. Any options granted pursuant to the Plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employees, or consultant.

On July 4, 2022, the Company granted 6,700,000 options. The stock options have an exercise price of \$0.25 and expire 3 years from the date of grant. The options are fully vested on the date of grant. The fair value was calculated as \$1,137,000 using the Black Scholes pricing model using the assumptions listed below.

On January 6, 2023, the Company granted 600,000 options. The stock options have an exercise price of \$0.25 and expire 3 years from the date of grant. The options vested immediately on the date of grant. The fair value was calculated as \$102,000 using the Black Scholes pricing model using the assumptions listed below. The options were exercised on February 1, 2023. See 7 (b) (iii).

On February 6, 2023, the Company granted 2,900,000 options. The stock options have an exercise price of \$0.25 and expire 3 years from the date of grant. The options vest on the following dates:

(i) On date of grant	100,000
(ii) 6 months after date of grant	700,000
(iii) 12 months after date of grant	700,000
(iv) 18 months after date of grant	700,000
(v) 24 months after date of grant	700,000

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

7. SHARE CAPITAL (continued)**(c) Stock Options (continued)**

The fair value was calculated using the Black Scholes pricing model using the assumptions listed below. The Company recorded stock-based compensation of \$93,000 (2022 - \$nil) for the year ended March 31, 2023 for the portion vested during the year.

	July 4, 2022	January 6, 2023	February 6, 2023
Share price on grant date	\$0.25	\$0.25	\$0.25
Expected life (years)	3	3	3
Interest rate	3.03%	3.50%	3.43%
Volatility	111%	115%	115%
Dividend yield	0.00%	0.00%	0.00%

As at March 31, 2023, the following stock options are outstanding:

	Options	Weighted average exercise price	Weighted average remaining contractual life (years)
Opening, March 31 2022	–	–	–
Granted July 4, 2022	6,700,000	0.25	2.26
Granted January 6, 2023	600,000	0.25	
Granted February 6, 2023	2,900,000	0.25	2.85
Exercised February 1, 2023*	(600,000)	0.25	
Closing, March 31, 2023	9,600,000	0.25	2.44

*On the date of the exercise, the common shares of the Company were not trading on any exchange.

(d) Warrants

The Company issued 501,360 broker warrants in connection with the special warrants financing. Each warrant is exercisable to acquire one common share at \$0.25 per share for a period of 1 year, expiring between April 21, 2023 to May 31, 2023.

(e) Shares held in Escrow

As at March 31, 2023, the Company has 28,566,000 common shares held in escrow, to be released in between from June 20, 2023 to March 20, 2026.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2023, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

9. FINANCIAL INSTRUMENTS**Fair values**

The Company's financial instruments include cash, deposits, due from related parties, and accounts payable and accrued liabilities. The carrying amounts of cash, deposits and prepaids, due from related parties, accounts payable and accrued liabilities are measured at amortized cost.

SAGE POTASH CORP.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022**

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3 – Inputs that are not based on observable market data.

The carrying value of the Company's financial assets and financial liabilities approximates their fair value due to the short-term maturity of these instruments.

Financial risk management objectives and policies

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's functional currency is the Canadian dollar. The Company's operations in Canada and the United States creates exposure to foreign currency fluctuation. Some of the Company's operating expenditures are incurred in US dollar or Canadian dollar, and the fluctuation of foreign currencies with the US dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's financial assets and liabilities. As at March 31, 2023, a 10% fluctuation in the value of the Canadian dollar relative to the US dollar would not have a material impact on the financial statements.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(ii) Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk on cash, the Company places the instrument with a chartered financial institution.

(ii) Liquidity risk

In the management of liquidity risk, the Company maintains a balance between continuity of funding and operating activities. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

At March 31, 2023, the contractual maturities of the Company's obligations are as follows:

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years
Accounts payable and accrued liabilities	869,463	869,463	869,463	–
Lease liability	89,634	89,634	35,221	54,413
	959,097	959,097	904,684	54,413

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2023 AND****THE PERIOD FROM INCORPORATION ON NOVEMBER 22, 2021 to MARCH 31, 2022***(Expressed in Canadian Dollars)*

10. INCOME TAX

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2023	2022
	\$	\$
Net loss and comprehensive loss	(4,117,553)	383,702
Combined statutory rate	27%	27%
Expected income tax recovery	(1,111,739)	(103,600)
Permanent differences	304,600	(4,185)
Change in unrecognized deductible temporary differences	807,139	107,785
	-	-

The significant components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	2023	2022
	\$	\$
Exploration resource deductions	276,022	50,411
Non-capital losses	591,687	54,025
Share issue costs	47,215	3,348
	914,924	107,785
Unrecognized deferred income tax assets	(914,924)	(107,785)
	-	-

11 . SUBSEQUENT EVENTS

- a) Subsequent to March 31, 2023, the Company issued 501,288 common shares for gross proceeds of \$125,322 related to the exercise of broker warrants.
- b) Subsequent to March 31, 2023, the Company entered into four additional private mineral right lease agreement for additional lands covering 1,905 acres. Each lease is for a period of 3 years with an option to extend for an additional 5 years. The 3-year lease cost is \$30 per acre. The 5-year extension cost is \$100 per acre. The lease will be held indefinitely for production for a 5% royalty.