
SAGE POTASH CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2024 and 2023



SHIM & Associates LLP
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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, 2024 and 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its consolidated financial performance and its cash flows for the years then 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, 2024. 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.

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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

SHIM & Associates LLP
Chartered Professional Accountants

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

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

“SHIM & Associates LLP”

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada

July 29, 2024

SAGE POTASH CORP.
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2024 AND 2023
(Expressed in Canadian Dollars)

	Note	2024	2023
		\$	\$
ASSETS			
Current Assets			
Cash		108,007	1,517,363
GST receivable		23,154	62,432
Deposits and prepaids		195,914	494,018
Due from related parties	6	22,603	11,073
		349,678	2,084,886
Non-Current Assets			
Mineral property interests	4	1,349,578	1,159,320
Right-of-use asset	5	49,440	86,521
TOTAL ASSETS		1,748,696	3,330,727
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		1,468,002	869,463
Current portion of lease liability	5	40,080	35,221
		1,508,082	904,684
Non-Current Liabilities			
Lease liability	5	14,332	54,413
TOTAL LIABILITIES		1,522,414	959,097
SHAREHOLDERS' EQUITY			
Share capital	7	6,829,123	5,591,885
Options reserve	7	1,459,947	1,230,000
Warrants reserve	7	346,959	51,000
Deficit		(8,409,747)	(4,501,255)
TOTAL SHAREHOLDERS' EQUITY		226,282	2,371,630
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,748,696	3,330,727

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 YEARS ENDED MARCH 31, 2024 AND 2023***(Expressed in Canadian Dollars)*

	Note	2024	2023
		\$	\$
OPERATING EXPENSES			
Promotion and travel		1,700,605	292,777
Consulting	6	1,006,557	877,081
Fieldwork and technical reports		495,346	835,594
Stock-based compensation	7	229,947	1,332,000
Professional fees		128,901	542,345
Regulatory and filing fees		105,360	58,207
Insurance		69,950	–
Rent and occupancy		55,269	56,823
Office and miscellaneous		43,958	48,671
Software license		38,283	89,320
Amortization of right-of-use asset	5	37,081	24,720
Transfer agent		11,690	–
Accretion of lease liability	5	7,378	6,793
Foreign exchange loss		1,507	650
Operating expenses for the year		(3,931,832)	(4,164,981)
OTHER INCOME			
Gain on settlement of debt		10,873	–
Interest income		495	39,628
Other income		11,972	7,800
Net loss and comprehensive loss for the year		(3,908,492)	(4,117,553)
Net loss per share, basic and diluted		(\$0.07)	(\$0.10)
Weighted average common shares outstanding		52,513,336	41,152,953

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 YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

	Shares Issued	Share Capital	Special Warrants	Options Reserve	Warrants Reserve	Accumulated Deficit	Total
		\$	\$	\$	\$	\$	\$
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
Warrants exercised	501,288	176,235	–	–	(51,000)	–	125,235
Shares issued for cash	4,694,505	1,201,282	–	–	300,959	–	1,502,241
Share issue costs	–	(140,279)	–	–	46,000	–	(94,279)
Stock-based compensation	–	–	–	229,947	–	–	229,947
Net loss	–	–	–	–	–	(3,908,492)	(3,908,492)
Balance, March 31, 2024	54,141,193	6,829,123	–	1,459,947	346,959	(8,409,747)	226,282

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 YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

	Note	2024	2023
		\$	\$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss and comprehensive loss		(3,908,492)	(4,117,553)
Add back non-cash items:			
Stock-based compensation	7	229,947	1,332,000
Amortization of right-of-use assets	5	37,081	24,720
Accretion of lease liability	5	7,378	6,793
Gain on settlement of debt		(10,873)	–
Changes in non-cash working capital balances:			
GST receivable		39,278	(58,563)
Deposits and prepaids		298,104	(485,885)
Accounts payable and accrued liabilities		609,412	783,207
Due from related parties	6	(11,530)	(11,073)
Cash used in operating activities		(2,709,695)	(2,526,354)
INVESTING ACTIVITIES			
Mineral property interests	4	(190,258)	(865,191)
Cash used in investing activities		(190,258)	(865,191)
FINANCING ACTIVITIES			
Proceeds from issuance of special warrants, net	7	–	4,165,385
Shares issued for cash, net	7	1,407,962	–
Proceeds from warrants exercised	7	125,235	–
Proceeds from options exercised	7	–	150,000
Repayments of lease liability	5	(42,600)	(28,400)
Cash provided by financing activities		1,490,597	4,286,985
(Decrease) Increase in cash		(1,409,356)	895,440
Cash, beginning of period		1,517,363	621,923
Cash, end of period		108,007	1,517,363
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 YEARS ENDED MARCH 31, 2024 AND 2023**

(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, 2024, the Company reported a net loss of \$3,908,492 (March 31, 2023 – \$4,117,553), cash used in operating activities of \$2,709,695 (March 31, 2023 – \$2,526,354), and an accumulated deficit of \$8,409,747 (March 31, 2023 – \$4,501,255). 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 29, 2024.

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 subsidiaries, Sage Potash (USA) Corp. and Sage Lithium Corp., both 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.

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.

SAGE POTASH CORP.

(An Exploration Stage Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

3. MATERIAL 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 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 is cash.

Financial liabilities

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

SAGE POTASH CORP.

(An Exploration Stage Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

3. MATERIAL 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 years 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.

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

SAGE POTASH CORP.

(An Exploration Stage Company)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**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.

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.

SAGE POTASH CORP.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

3. MATERIAL ACCOUNTING POLICIES (continued)**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, 2024.

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.

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.

SAGE POTASH CORP.*(An Exploration Stage Company)***NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023***(Expressed in Canadian Dollars)***4. MINERAL PROPERTY INTERESTS**

	2024	2023
	\$	\$
Balance, beginning of year	1,159,320	278,229
Property lease staked - SITLA	65,193	68,293
Private mineral leases	115,112	812,798
Surface rights leases	9,953	-
Balance, end of year	1,349,578	1,159,320

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.

During the year ended March 31, 2024, the Company entered into 4 private mineral right lease agreement for additional lands covering 1,905 acres and paid deposits of \$66,289 which is included in deposits and prepaids as at March 31, 2024 for additional lands covering 4,072 acres on the same terms as the prior private mineral right lease agreements.

During the year ended March 31, 2024, the Company entered into an option agreement to acquire a property covering 472 acres to be used for surface use production. In addition, the Company entered two surface use agreements covering 629 acres.

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

	2024	2023
	\$	\$
Balance, beginning of year	86,521	-
Additions	-	111,241
Depreciation charge for the year	(37,081)	(24,720)
Balance, end of year	49,440	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.

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5. LEASE LIABILITY AND RIGHT OF USE ASSET (continued)**(b) Lease liability**

	2024	2023
	\$	\$
Balance, beginning of year	89,634	—
Additions	—	111,241
Lease payments	(42,600)	(28,400)
Interest	7,378	6,793
Balance, end of year	54,412	89,634
Current portion	40,080	35,221
Balance, end of year, non-current portion	14,332	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, 2024, the Company's undiscounted lease payments consisted of the following:

	\$
2025	43,736
2026	14,768
	58,504

6. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ending March 31, 2024, 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 years ended ended March 31, 2024 and 2023.
- (ii) The Company incurred consulting fee and salaries in the amount of \$304,125 to officers and directors of the Company (March 31, 2023 – \$230,000).
- (iii) The Company incurred stock-based compensation in the amount of \$30,610 to officers and directors of the Company (March 31, 2023 – \$875,000).

As at March 31, 2024, included in accounts payable is \$91,875 (2023 – \$10,500) due to officers of the Company and \$25,000 (2023 – \$nil) due to a former officer of the Company; and the Company has an outstanding receivable of \$22,603 (2023 - \$11,073) from an officer and director.

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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, March 31, 2022	31,060,000	1,225,500
Issued for cash at \$0.25 per share (i)	17,285,400	4,321,350
Options exercised for cash at \$0.25 per share (ii)	600,000	252,000
Share issue costs (v)	–	(206,965)
Balance, March 31, 2023	48,945,400	5,591,885
Warrants exercised for cash at \$0.25 per share (iii)	501,288	176,235
Issued for cash at \$0.25 per share (iv)	4,694,505	1,201,282
Share issue costs (v)	–	(140,279)
Balance, March 31, 2024	54,141,193	6,829,123

(i) 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 automatically converted to common shares:

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.

(ii) 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 Scholes pricing model using the assumptions listed in 7(c) below.

(iii) During the year ended March 31, 2024, 501,288 broker warrants were exercised for net proceeds of \$125,235. The fair value of the broker warrants was calculated as \$51,000 using the Black Scholes pricing model as noted in 7(b)(v) below.

(iv) On August 4, 2023, 4,694,505 units were issued for proceeds of \$1,502,241. Each unit consisted of one common share and one-half warrant. Each full warrant allows the holder to acquire one common share at a price of \$0.50 for 2 years from the closing date. The fair value of the warrants was calculated as \$300,959 using the Black Scholes pricing model using the following assumptions.

Share price on grant date	\$0.27
Expected life (years)	2
Interest rate	4.65%
Volatility	113%
Dividend yield	0.00%

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7. SHARE CAPITAL (continued)

(b) Issued and Outstanding Common Shares (continued)

- (v) During the year ended March 31, 2024, the Company incurred share issue costs of \$94,279 cash (2023 – \$155,965) and the issuance of 294,310 broker warrants related to the unit financing (2023 – 501,360). The broker warrants have an exercise price of \$0.32 (2023 – \$0.25) with two year expiry (2023 – one year expiry). The fair value was calculated as \$46,000 (2023 – \$51,000) using the Black Scholes pricing model using the following assumptions:

	2024	2023
Share price on grant date	\$0.27	\$0.25
Expected life (years)	2	1
Interest rate	4.65%	2.47%
Volatility	113%	106%
Dividend yield	0.00%	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, employee, 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) (ii).

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

The fair value was calculated using the Black Scholes pricing model using the assumptions listed below. The Company recorded stock-based compensation of \$229,947 (2023 - \$93,000) for the year ended March 31, 2024 for the portion vested during the year.

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7. SHARE CAPITAL (continued)

(c) Stock Options (continued)

	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, 2024, the following stock options are outstanding:

	Options	Weighted average exercise price	Weighted average remaining contractual life (years)
As at March 31 2022	–	–	–
Granted July 4, 2022	6,700,000	0.25	1.26
Granted January 6, 2023	600,000	0.25	–
Granted February 6, 2023	2,900,000	0.25	1.85
Exercised February 1, 2023*	(600,000)	0.25	–
As at March 31, 2023	9,600,000	0.25	–
Cancelled/expired	(2,300,000)	0.25	–
As at March 31, 2024	7,300,000	0.25	1.37

*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.

During the year-ended March 31, 2024, 501,288 broker warrants were exercised for net proceeds of \$125,235. The quoted market prices on the exercise dates were in between \$0.43 and \$0.48.

During the year ended March 31, 2024, the Company issued 2,347,250 share purchase warrants with an exercise price of \$0.50 and 294,310 broker warrants with an exercise price of \$0.32 in connection with the unit financing. The warrants expire on August 3, 2025.

As at March 31, 2024, the following stock warrants are outstanding:

	Warrants	Weighted average exercise price	Weighted average remaining contractual life (years)
As at March 31 2022	–	–	–
Issued April 21, 2022	310,848	0.25	–
Issued April 26, 2022	31,200	0.25	–
Issued May 13, 2022	28,512	0.25	–
Issued May 27, 2022	33,600	0.25	–
Issued May 31, 2022	97,200	0.25	–
As at March 31, 2023	501,360	0.25	–
Issued August 3, 2023	2,641,560	0.48	1.34
Canceled/expired	(72)	0.25	–
Exercised	(501,288)	0.25	–
As at March 31, 2024	2,641,560	0.48	1.34

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7. SHARE CAPITAL (continued)**(e) Shares held in Escrow**

As at March 31, 2024, the Company has 17,226,000 common shares held in escrow (March 31, 2023 – 28,566,000), to be released in between from June 20, 2024 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, 2024, 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, due from related parties, and accounts payable and accrued liabilities. The carrying amounts of cash, due from related parties, accounts payable and accrued liabilities are measured at amortized cost.

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, 2024, 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.

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9. FINANCIAL INSTRUMENTS (continued)*(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, 2024, 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	1,468,002	1,468,002	1,468,002	–
Lease liability	54,412	58,504	43,736	14,768
	1,522,414	1,526,506	1,511,738	14,768

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:

	2024	2023
	\$	\$
Net loss and comprehensive loss	(3,908,492)	(4,117,553)
Combined statutory rate	27%	27%
Expected income tax recovery	(1,055,293)	(1,111,739)
Permanent differences	37,132	304,600
Change in unrecognized deductible temporary differences	1,018,161	807,139
	–	–

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

	2024	2023
	\$	\$
Exploration resource deductions	409,765	276,022
Non-capital losses	1,467,753	591,687
Share issue costs	55,567	47,215
	1,933,085	914,924
Unrecognized deferred income tax assets	(1,933,085)	(914,924)
	–	–

The significant components of the Company's deductible and taxable temporary differences and unused tax losses that have not been included on the statements of financial position are as follows:

	March 31, 2024	Expiry Dates	March 31, 2023	Expiry Dates
	\$		\$	
Non-capital losses	5,436,122	2042 to 2044	2,191,432	2042 to 2043
Share issue costs	205,802	2025 to 2028	174,872	2024 to 2027
Resource costs	2,867,227	N/A	2,181,623	N/A

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11. SUBSEQUENT EVENTS

- a. Subsequent to March 31, 2024, the Company issued 13,500,000 common shares for gross proceeds of \$1,822,500. The company paid finders' fees of \$10,800 and issued 80,000 broker warrants. Each broker warrant entitles the holder to purchase, from May 27, 2024 up to May 27, 2025, one common share of the company at a price of \$0.25 per share.
- b. On June 4, 2024, the Company entered into a lease of office premises, containing approximately 4,526 square feet. The term of the lease is from July 1, 2024 to June 30, 2029. The net rent is \$47.00 per square foot in the first year and \$48.00 per square foot, \$49.00 per square foot, \$50.00 per square foot and \$51.00 per square foot in each of the following years. The Company is also required to pay a proportionate share of operating costs and property taxes. The Company has paid \$190,500 as a non-refundable prepaid rent.
- c. On June 7, 2024, the Company granted 500,000 stock options to a consultant. The stock options have an exercise price of \$0.295 per share and an expiry date of June 7, 2027.
- d. In July 2024, a supplier submitted a demand for payment of \$86,100 plus \$15,091 interest, totaling \$101,191, included in accounts payable and accrued liabilities as at March 31, 2024. The Company disputes these charges. The supplier may commence legal action against the Company if the matter is not resolved.