1251351 B.C. LTD.
(formerly ZODIAC GOLD INC.)
An exploration stage company

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED

For the three and nine months ended December 31, 2023, and 2022

Expressed in US dollars

Notice to Reader: As required by National Instrument 51-102 subsection 4.3(3)(a), readers are advised that an auditor has not performed a review of these interim financial statements.

1251351 B.C. LTD. (formerly Zodiac Gold Inc.)

(an exploration stage company)

Condensed Interim Consolidated Statement of Financial Position - unaudited

Expressed in US Dollars, unless otherwise stated

	Notes		December 31, 2023		March 31, 2023
Assets					
Current assets					
Cash		$	21,796	$	17,458
Prepaid expenses and amounts receivable			108,055		113,188
			129,851		130,646
Property and equipment			37,877		45,808
Right of use assets	6		72,656		81,098
Total assets			240,384		257,552
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities	7,9(b)		809,608		929,881
Lease liabilities	6		28,000		18,300
Derivative liability - warrants	9(d)		289,950		233,699
Promissory notes	8		262,047		--
			1,389,605		1,181,880
Long-term payables	7		166,136		--
Lease liabilities	6		44,262		73,779
Total liabilities			1,600,003		1,255,659
Equity					
Share capital	9		8,027,847		7,460,208
Share subscriptions	9(c)		5,085		193,060
Contributed surplus	9(e)		612,933		281,929
Warrants	9(d)		351,913		343,214
Accumulated other comprehensive income			34,930		42,942
Deficit			(10,392,327)		(9,319,460)
			(1,359,619)		(998,107)
		$	240,384	$	257,552
Nature of operations and going concern	1				
Reverse takeover transactions	2				
Commitments	11				
Subsequent events	2,14				

Approved on behalf of the Board

“Graham C. Warren”
Director

“David Kol”
Director

1251351 B.C. LTD. **(formerly Zodiac Gold Inc.)**
(an exploration stage company)
Condensed Interim Consolidated Statement of Loss and Comprehensive Loss - unaudited
For the three and nine months ended December 31, 2023, and 2022
Expressed in US dollars, unless otherwise stated

		Three months ended December 31		Nine months ended December 31	
	Notes	**2023**	**2022**	**2023**	**2022**
Expenses					
Exploration and evaluation costs	5	$ 184,359	$ 155,083	$ 647,294	$ 742,929
Investor and shareholder communications		(9,764)	41,191	6,944	132,751
Management fees and expenses	10	42,090	32,345	138,188	103,433
Office and administration		11,466	3,245	50,994	22,255
Professional fees		7,857	49,948	49,949	100,628
Share-based compensation	9(e),10	--	--	308,879	281,929
Arrangement Agreement costs	2	131,665	--	212,998	--
Loss before other items		(367,673)	(281,812)	(1,415,246)	(1,383,925)
Other income (expense)					
Bad debts	10	--	--	(27,500)	--
Foreign exchange gain / (loss)		(38,384)	(9,718)	(10,515)	(27,625)
Fair value change on derivative liability	9(d)	152,419	(315,494)	282,531	(232,696)
Interest rate benefit on long-term payables	7	--	--	58,971	--
Interest expense on long-term payables and promissory notes	7,8	(10,704)	--	(20,425)	--
Interest expense – lease liability	6	(2,304)	(2,823)	(8,183)	(8,605)
Forgiveness of payables	10	--	--	67,500	--
Net loss for the period		$ (266,646)	$ (609,847)	$ (1,072,867)	$ (1,652,851)
Other comprehensive income (loss)					
Items that are or may be reclassified to net income or (loss):					
Currency translation adjustment of foreign subsidiary		(23,428)	(1,289)	8,012	31,846
Other comprehensive income (loss)		(23,428)	(1,289)	8,012	31,846
Net loss and comprehensive loss		$ (290,074)	$ (611,136)	$ (1,064,855)	$ (1,621,005)
Loss per share, basic and diluted		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.04)
Weighted average number of common shares used in the calculation of loss per share – basic and diluted		53,723,718	45,421,287	53,000,005	44,491,606

1251351 B.C. LTD. (formerly Zodiac Gold Inc.)
(an exploration stage company)
Condensed Interim Consolidated Statement of Changes in Shareholders Equity – unaudited
For the nine months ended December 31, 2023, and 2022
Expressed in US dollars, unless otherwise stated

	Common Shares					Accumulated Other		
	Shares	**Amount**	**Warrants**	**Shares Subscriptions**	**Contributed Surplus**	**Comprehensive Income**	**Deficit**	**Shareholders' Deficiency**
Balance, March 31, 2023	48,542,600	$ 7,460,208	$ 343,214	$ 193,060	$ 281,929	$ 42,942	$ (9,319,460)	$ (998,107)
Private placement (Note 9 (b))	3,843,294	517,681	--	(49,975)	--	--	--	467,706
Derivative liability – warrants (Note 9(d))	--	(66,020)	--	--	--	--	--	(66,020)
Share purchase warrants	--	(8,699)	8,699	--	--	--	--	--
Share issuance costs	--	(6,234)	--	--	--	--	--	(6,234)
Creditor settlement (Notes 9 and 10)	1,660,151	223,833	--	--	--	--	--	223,833
Share subscriptions (Note 9(c))	--	--	--	--	--	--	--	--
Warrant modification (Note 9 (d))	--	(272,762)	--	--	--	--	--	(272,762)
Consulting expense (Note 9(b))	1,540,000	179,840	--	(138,000)	--	--	--	41,840
Share-based compensation (Note 9 (e))	--	--	--	--	331,004	--	--	331,004
Currency translated adjustment	--	--	--	--	--	(8,012)	--	(8,012)
Net loss for the period	--	--	--	--	--	--	(1,072,867)	(1,072,867)
Balance, December 31, 2023	55,586,045	$ 8,027,847	$ 351,913	$ 5,085	$ 612,933	$ 34,930	$ (10,392,327)	$ (1,359,619)

	Common Shares					Accumulated Other		
	Shares	**Amount**	**Warrants**	**Shares Subscriptions**	**Contributed Surplus**	**Comprehensive Income**	**Deficit**	**Shareholders' Deficiency**
Balance, March 31, 2022	43,968,530	$ 7,075,023	$ 343,214	$ 5,085	$ --	$ 5,506	$ (7,903,345)	$ (474,517)
Share issuance (Note 9(b))	3,087,500	617,500	--	--	--	--	--	617,500
Derivative warrants – liability (Note 9(d))	--	(106,602)	--	--	--	--	--	(106,602)
Share issuance costs	--	(1,284)	--	--	--	--	--	(1,284)
Share-based payments (Note 9 (e))	--	--	--	--	281,929	--	--	281,929
Currency translated adjustment	--	--	--	--	--	31,846	--	31,846
Net loss for the period	--	--	--	--	--	--	(1,652,851)	(1,652,851)
Balance, December 31, 2022	47,056,030	$ 7,584,637	$ 343,214	$ 5,085	$ 281,929	$ 37,352	$ (9,556,196)	$ (1,303,979)

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

1251351 B.C. LTD. (formerly Zodiac Gold Inc.)
(an exploration stage company)
Condensed Interim Consolidated Statement of Cash Flows - unaudited
For the nine months December 31, 2023, and 2022
Expressed in US dollars, unless otherwise stated

	Notes	For the nine months ended December 31, 2023	2022
Cash flows provided by (used for) operating activities			
Net loss for the period		$ (1,072,867)	$ (1,652,851)
Items not involving cash			
Amortization and depreciation	6	16,373	16,943
Bad debts	10	27,500	--
Change in fair value derivative liability - warrants	9(d)	(282,531)	232,696
Consulting expenses – share issued		18,840	--
Forgiveness of payables	10	(67,500)	--
Interest expense – long term payables and promissory notes		20,425	--
Interest benefit on issuance – long term payables	7	(58,971)	--
Interest expense – lease liability		8,183	8,605
Share-based compensation	9(e)	331,004	281,929
Unrealized foreign exchange loss		10,515	27,625
Changes in operating assets and liabilities			
Accounts payable and accrued liabilities		355,614	393,927
Amounts receivable and prepaid expenses		(22,367)	49,435
		(715,782)	(641,691)
Cash flows provided by (used for) financing activities			
Private placement – net proceeds	9(b)	461,472	616,216
Long-term payables repayment	7	(10,500)	--
Promissory notes	8	252,948	--
Related parties advances	10	16,200	--
		720,120	616,216
Increase (decrease) in cash and cash equivalents		4,338	(25,475)
Cash, beginning of the period		17,458	42,839
Cash, end of the period		$ 21,796	$ 17,364
Supplemental cash flow information			
Derivative liability warrants	9(d)	$ 66,020	$ 106,602
Canadian subscription share purchase warrants	9(d)	8,699	--
Shares for settlement of payables	9(b)	265,673	--

1. Nature of Operations and Going Concern

1251351 B.C. Ltd. ("1251351 B.C. Ltd" or "Zodiac Gold" or the "Company") was incorporated on May 26, 2020, under the British Columbia Business Corporations Act. The registered address of the Company's corporate office is Suite 3606 - 833 Seymour Street, Vancouver, British Columbia, Canada.

On January 25, 2024, the Company and 1329306 B.C. Ltd., (the "ShellCo") completed the previously announced transaction pursuant to an Arrangement Agreement (defined below - refer to Note 2). ShellCo acquired all of the issued and outstanding common shares of the Company by way of a court-approved plan of arrangement. Concurrent with the completion of the Arrangement Agreement, ShellCo changed its name to "Zodiac Gold Inc." and the Company changed its name to "1251351 B.C. Ltd." On January 29, 2024, the Resulting Issuer (defined below) was listed on the TSX Venture Exchange (the "TSX-V") and traded under the symbol "ZAU".

On November 30, 2021, Zodiac Gold and Gem Rocks Mining Resources Inc. ("Gem Rocks") completed a reverse takeover with the result being that the current shareholders of Gem Rocks would then control the consolidated entity. Gem Rocks was incorporated on December 7, 2011, under the Liberian Business Corporations Act. Gem Rocks holds the Todi Property exploration license located in the Republic of Liberia ("Liberia"). Zodiac Gold is a mineral exploration company focused on the identification, acquisition, exploration, development and/or sale of precious mineral resource properties in Liberia. The Company's major mineral property interest is the Todi Property.

The Company has not yet determined whether its exploration and evaluation property contains mineral reserves that are economically recoverable. The continued operations of the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of such properties and upon future profitable production or proceeds from the disposition of such properties. These condensed interim consolidated financial statements ("Interim Financial Statements") are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. For the nine months ended December 31, 2023, the Company incurred a net loss totaling $1,072,867 (nine months ended December 31, 2022, net loss - $1,652,851) and as at December 31, 2023, had an accumulated deficit of $10,392,327 (March 31, 2023, deficit – $9,319,460) and a working capital deficit of $1,259,754 (March 31, 2023, deficit - $1,051,234).

Based on the Company's financial position as at December 31, 2023, the available funds are not considered adequate to meet requirements for the estimated operations and exploration expenditures in the coming twelve-month period. These requirements may be adversely impacted by an absence of available financing for private mineral exploration companies. To address its financing requirements, the Company will seek financing through, but not limited to: Arrangement Agreement (Notes 2 and 14), mergers, acquisition, debt financing, stock exchange transactions, strategic alliances, joint-ventures, and optioning its mineral properties. However, there is no assurance that such financing will be available. These events and conditions indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. If the going concern assumption were not appropriate for these Interim Financial Statements, then adjustments may be necessary to the carrying values of assets, liabilities, the reported income and expenses and the balance sheets classifications used. Such adjustments could be material.

2. Corporate transaction

(i) Plan of arrangement – 1329306 B.C. Ltd and Zodiac Gold Reverse Takeover

Subsequent to December 31, 2023, on January 25, 2024, ShellCo announced it had completed the transaction with Zodiac Gold. ShellCo and Zodiac Gold entered into an arrangement agreement dated August 15, 2023 (the "Arrangement Agreement"). Pursuant to the Arrangement Agreement, the transaction will proceed by way of a plan of arrangement to which ShellCo will acquire Zodiac Gold in exchange for common shares of ShellCo (the "Arrangement"). In connection to the Arrangement, (i) each common share of ShellCo ("ShellCo Share"), after giving effect to the ShellCo Share reorganization, will be exchanged for one common share of Zodiac Gold (a "Zodiac Share") at a deemed issue price of Canadian dollars (C$) C$0.18 per share and (ii) each outstanding warrant and option to acquire a Zodiac Share will be exchanged for one warrant or option to acquire a ShellCo Share at the same price and on the same terms and conditions. Following Closing (defined below) of the Arrangement Agreement, Zodiac Gold became a wholly-owned subsidiary of ShellCo and it will continue the business of Zodiac Gold under the name Zodiac Gold Inc. (the "Resulting Issuer").

Upon closing of the Arrangement Agreement ("Closing") 55,586,045 ShellCo common shares were issued as consideration for the 55,586,045 Zodiac Gold (1251351 B.C. Ltd.) shares that were issued and outstanding immediately prior to Closing of the Arrangement Agreement. In addition, all of the outstanding unexercised warrants and all of the outstanding unexercised stock options in the capital of the Company were exchanged for options and warrants to acquire common shares having equivalent terms on a one-for-one basis.

On the Closing of the Arrangement Agreement, there are a total of 76,786,813 common shares issued and outstanding of the Resulting Issuer. Following the completion of the Arrangement Agreement, the Resulting Issuer was listed as a Tier 2 mining issuer on the TSX-V, with the Company as its primary operating subsidiary and traded under the symbol "ZAU".

The ShellCo and the Company entered into four promissory notes pursuant to which ShellCo agreed to loan up to C$390,000 in amounts requested by Zodiac Gold from time to time. Amounts drawn under the promissory notes will bear interest at a rate of 3% per annum. The first promissory note of $74,251 (C$100,000) issued on August 3, 2023, will be repayable on February 3, 2024, the second promissory note of $109,369 (C$150,000) issued on October 19, 2023, will be repayable on February 19, 2024, the third promissory note of $73,405 (C$100,000) issued on November 24, 2023, will be repayable on March 24, 2024, and the fourth promissory note of $30,000 (C$40,000), issued on January 10, 2024, will be repayable on May 10, 2024. Zodiac Gold may repay the promissory notes by the due dates or at such earlier date without penalty (refer to Note 8).

3. Statement of Compliance and Basis of Preparation

These Interim Financial Statements of the Company and its subsidiary are prepared in accordance with International Financial Reporting Standards ("IFRS"). These Interim Financial Statements were approved by Zodiac Gold directors on February 27, 2024. The Company's presentation currency is the US Dollar ("USD").

4. Significant Accounting Estimates and Judgments

The preparation of these Interim Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingencies. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Interim Financial Statements is included in the notes to these Interim Financial Statements where applicable. Actual results may differ from these estimates. The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the Company's statements of financial position reported in future periods.

a) Going Concern

These Interim Financial Statements have been prepared on the assumption that the Company is able to continue as a going concern. The Company has estimated its development, exploration, and operational expenditure for the coming 12 months from historical and projected costs of its development, exploration, and corporate programs. The Company's expected commitments is based on management's best estimates of operating conditions for continued exploration work on the Todi Property, on-going evaluation of exploration targets in Liberia and on-going administration and financing costs in the context of current economic conditions and capital market climate. Management has judged the Company's ability to raise additional funding and continue as a going concern and has concluded that the going concern basis of accounting is appropriate. Refer to Notes 1,2, and 14 for further details.

b) Derivative liability – warrants

The Company measures the initial warrant liability and subsequent revaluations of the warrant liability by reference to the fair value of the warrants at the date at which they were issued and subsequently revalues them at each reporting date. Estimating fair value for these warrants requires management to determine the most appropriate valuation model. This estimate also requires management to make significant judgments about the capacity in which warrant holders receive warrants, and to make assumptions about the most appropriate inputs to the valuation model including the expected life of the warrants, volatility, and dividend yield. The assumptions and model used for estimating fair value for the derivative liability are disclosed in Note 9(d).

c) Acquisitions

The allocation of the purchase price in a business combination or asset acquisition, requires estimating the fair value of consideration paid, including, and not limited to common shares, share purchase warrants and subscribed shares, as well the fair value of acquired assets and liabilities. Judgment is used in determining whether an acquisition is a business combination or an asset acquisition. Refer to Note 2.

d) Existence of decommissioning and restoration costs and the timing of expenditure

Decommissioning, restoration, and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine or exploration property. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Expressed in US dollars, unless otherwise stated

e) Lease liabilities

All the components of the lease liability are required to be discounted to reflect the present value of the payments. The discount rate to use is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental borrowing rate is used instead. The definition of the lessee's incremental borrowing rate states that the rate should represent what the lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. Significant judgment is required to estimate an incremental borrowing rate in the context of a right-of-use asset.

f) Share-based compensation and share purchase warrants

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment and share purchase warrant transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the equity instrument, volatility and dividend yield and the assumptions utilized. The assumptions and models used for estimating fair value for share-based payment and warrant transactions are disclosed in Notes 9 (d) and (e).

g) Warrant modification

On April 17, 2023, the Company modified certain derivative liability warrant grants (refer to Note 9(d)) with extending the expiry to be either (i) the original expiry date as set out in the warrant certificates or (ii) 6 months following the date that the Company completes a public listing on a recognized stock exchange. The Company used the Black-Scholes Option Pricing model to fair value the modification which includes the input of expiry. The Company estimated the revised term to be one year from April 17, 2023. There were no other changes to the warrant terms.

j) Long-term payables: discount rate

The determination of the Company's amortized cost of its long-term payables (refer to Note 7) depends on certain assumptions, which include the selection of the discount rate. The discount rate is set by reference to the estimated market rate of a similar loan. Significant assumptions are required to be made when determining which borrowing rates to apply in this determination. Changes in the assumptions used may have a significant effect on the Company's financial statements.

5. Exploration and Evaluation expenditures

	For the three months ended December 31		For the nine months ended December 31	
	2023	**2022**	**2023**	**2022**
Administration	$ 73,681	$ 98,221	$ 193,527	$ 329,222
Amortization and depreciation	4,309	6,931	16,373	16,943
Camp costs	48	2,309	6,229	14,679
Community relations	--	--	--	28,370
Drilling and assays	--	--	54,617	--
Geology	48,962	10,900	156,967	209,403
Fees and salaries	48,154	36,722	147,781	127,812
License and permits	9,205	--	49,675	16,500
Share-based compensation	--	--	22,125	--
Total	**$ 184,359**	**$ 155,083**	**$ 647,294**	**$ 742,929**

6. Lease Liabilities and Right-of-Use Assets

In November 2019, Zodiac Gold's subsidiary, Gem Rocks, entered into a 10-year lease agreement for the Company's Chief Executive Officer ("CEO") housing in Monrovia, Liberia. In October 2020, Gem Rocks entered into a 10-year lease agreement for the Gem Rocks Liberian office and facilities. At the commencement date of the leases, the lease liabilities were measured at the present value of the lease payments. The lease payments are discounted using an interest rate of 12.44%, which is the Company's estimated incremental borrowing rate.

Expressed in US dollars, unless otherwise stated

Below are the continuity schedules for right of use assets and leases liabilities:

(a) Right of use asset		**December 31, 2023**		**March 31, 2023**
Opening balance	$	81,098	$	92,352
Depreciation		(8,442)		(11,254)
Ending balance	**$**	**72,656**	**$**	**81,098**

(b) Lease liability		**December 31, 2023**		**March 31, 2023**
Opening balance	$	92,079	$	90,669
Finance costs		8,183		11,410
Accruals and payments		(28,000)		(10,000)
Ending balance	**$**	**72,262**	**$**	**92,079**

Maturity analysis – contractual undiscounted cash flows:

		December 31, 2023		**March 31, 2023**
Less than one year	$	28,000	$	18,300
One to five years		89,600		109,300
More than five years		9,900		9,900
Total		127,500		137,500
Effect of discounting		(55,238)		(45,421)
Total lease liabilities		72,262		92,079
Less: current portion		(28,000)		(18,300)
Long-term lease liabilities	**$**	**44,262**	**$**	**73,779**

7. Long-term payables

The Company signed agreements, dated June 30, 2023, with certain related parties and creditors to defer accounts payables of $218,819 (March 31, 2023 - $nil) of which $128,946 is due on December 31, 2024, and $89,873 is due on March 31, 2025. Of the long-term payables, $55,561 plus accrued interest is due on December 31, 2024, with an annual interest rate of 5% and $163,258 is due on March 31, 2025, and is non-interest bearing. These accounts payables are unsecured and the Company may repay at any time without penalty. As the interest rate is below the market rate for debt to the Company, estimated at 20% (refer to Note 4 j)), the deferred accounts payable have been present valued to $159,848 as at June 30, 2023, and will be accreted to its face value of $218,819 until March 31, 2025, resulting in interest rate benefit to the Company of $58,971. Included in long-term payables is $105,750 from the related parties (refer Note 10). For the nine months ended December 31, 2023, the Company recognized $17,378 in accretion interest expense, and repaid $10,500.

		Balance
Long-term accounts payables	$	218,819
Interest rate benefit on issuance		(58,971)
As at June 30, 2023	$	159,848
Interest expense		17,378
Repayments		(10,500)
Foreign exchange		(590)
As at December 31, 2023	**$**	**166,136**

8. Promissory notes

The ShellCo and the Company entered into three promissory notes pursuant to which ShellCo agreed to loan up to C$350,000 in amounts requested by Zodiac Gold from time to time. Amounts drawn under the promissory notes will bear interest at a rate of 3% per annum. The first promissory note of $74,251 (C$100,000) issued on August 3, 2023, will be repayable on February 3, 2024, the second promissory note of $109,369 (C$150,000) issued on October 19, 2023, will be repayable on February 19, 2024, and the third promissory note of $73,405 (C$100,000) issued on November 24, 2023, will be repayable on March 24, 2024.

Expressed in US dollars, unless otherwise stated

As at December 31 , 2023, the Company had received $252,948 (C$344,224) in promissory note advances. Refer to Notes 2 and 14 for further information.

		Balance
Principal	$	252,948
Interest expense accrued		1,809
Foreign exchange		7,290
As at December 31, 2023	**$**	**262,047**

9. Share Capital

As at December 31, 2023, the Company's share capital consisted of the following:

(a) Authorized: Unlimited common shares.

(b) Issued and outstanding: 55,586,045 common shares (March 31, 2023 : 48,542,600).

During the nine months ended December 31, 2023:

On May 5, 2023, the Company completed a private placement with the issuance of 3,074,777 units for $0.135 per unit and 416,666 units for C$0.18 for total gross proceeds of $470,177, including $49,975 from subscribed shares. Each $0.135 and C$0.18 unit consists of one common share and one-half of a non-transferable warrant exercisable at $0.185 and C$0.25, respectively, per share for 24 months after closing. The Company reduced share capital for the derivative liability warrants of $61,496 (Note 9(d)).

On May 30, 2023, the Company and certain Directors and officers of the Company agreed to settle $211,125 in payables for 1,563,888 common shares of the Company and settle $12,708 (C$17,280) in payables for 96,263 common shares of the Company.

On June 7, 2023, the Company issued 140,000 common shares at $0.135 (C$0.18) per share for management consulting services of $18,840. The fair value of the shares was measured at the cost of the services.

On August 28, 2023, the Company issued 200,000 common shares at $0.115 per share to settle marketing consulting payables of $23,000.

On December 13, 2023, the Company issued 1,200,000 common shares at $0.115 per share for a success fee related to the Arrangement Agreement.

On December 20, 2023, the Company completed a private placement with the issuance of 185,185 units for $0.135 per unit and 166,666 units for C$0.18 for gross proceeds of $47,504. Each $0.135 and C$0.18 unit consists of one Company common share and one-half of a non-transferable warrant exercisable at $0.185 and C$0.25 respectively per share for 24 months after closing. The Company reduced share capital for the derivative liability warrants of $4,524 (Note 9(d)).

During the nine months ended December 31, 2022:

On November 4, 2022, the Company completed a private placement with the issuance of 3,087,500 units for $0.20 per unit for gross proceeds of $617,500. Each unit consists of one Company common share and one-half of a non-transferable warrant exercisable at $0.30 per share for 24 months after closing. A Zodiac Gold Director subscribed for $7,500 for this private placement.

(c) Subscribed shares

As at December 31, 2023, the Company had $5,085 (March 31, 2023 - $193,060) in subscriptions. The Company transferred $49,975 from the March 31, 2023, share subscription balance for the May 5, 2023, financing and transferred $138,000 related to the Arrangement Agreement.

(d) Warrants

As at December 31, 2023, the Company had 30,110,173 (March 31, 2023 - 28,188,528) warrants, comprising of 10,510,873 share purchase warrants and 19,599,300 derivative liability warrants (March 31, 2023 - 10,219,207 and 17,969,321, respectively).

<u>Share purchase warrants (C$ Warrants)</u>

As at December 31, 2023, the Company had 10,510,873 C$ warrants (March 31, 2023 - 10,219,207). On May 5, 2023, the Company issued 208,333 C$ Warrants and on December 20, 2023, issued 83,333 C$ Warrant, respectively (Note 9 (b)). Each warrant entitles the holder to acquire one common share of Zodiac Gold at a price of C$0.25 per share for a period of 24 months from the date of issuance. The Company used the Black-Scholes option pricing model with the following assumptions to calculate the fair value of $8,699 for the C$ Warrants issuances:

Expressed in US dollars, unless otherwise stated

	Nine months ended December 31, 2023
Volatility	100%
Expected life (years)	2.00
Risk-free rate	3.70%-3.91%
Dividend yield	0%

Below is a summary of C$ warrants for the nine months ended December 31, 2023, and March 31, 2023.

C$ warrants		**USD**
March 31, 2023	$	343,214
Issued - May 5, 2023		4,831
Issued – December 20, 2023		3,868
December 31, 2023	**$**	**351,913**

The Company's C$ warrants continuity schedule as at December 31, 2023, and March 31, 2023, is as follows:

C$ warrants outstanding	**Number of warrants**	**Weighted Avg exercise price**
As at March 31, 2023	10,219,207	C$0.24
Issued - May 5, 2023	208,333	C$0.24
Issued - December 20, 2023	83,333	C$0.24
As at December 31, 2023	**10,510,873**	**C$0.24**

US$ Derivative liability – warrants (US$ warrants)

As at December 31, 2023, the Company had 19,599,300 US$ warrants (March 31, 2023 - 17,969,321). The fair values of warrants with an exercise price denominated in a currency different than Zodiac Gold's functional currency are recorded as derivative liabilities on their dates of issuance, with subsequent changes in fair value during each ensuing reporting period until the warrants expire, are exercised, or are cancelled being recognized through the statement of loss. The fair values of these warrants are determined using the Black Scholes option pricing model. When these warrants are exercised, the fair value of the recorded warrant liability is reclassified to share capital on the date of issuance of the underlaying shares.

For the nine months ended December 31, 2023, the Company revalued the US$ Derivative Liability Modified Warrants (Refer to Note 4 i) prior to the modification and recognized a change in fair value of $33,308. The Company revalued the US$ Derivative Liability Modified Warrants on the updated terms and recognized an increase in share issuance costs of $272,762.

The Company used the Black-Scholes option pricing model with the following assumptions to calculate the fair values: volatility – 100%; expected life 1 year; risk free rate of 3.95%; and dividend yield on 0%. Subsequent to December 31, 2023, the Resulting Issuer listed on the TSX-V on January 29, 2024.

On May 05, 2023, Zodiac Gold issued 1,537,387 US$ warrants and on December 20, 2023, issued 92,592 US$ warrants, respectively. Each warrant entitles the holder to acquire one common share of Zodiac Gold at a price of $0.185 per share for a period of 24 months from the date of issuance (refer to Note 9 (b)). The Company fair valued the liability-classified warrants for $61,496 and $4,524 at the May 5 and December 20, 2023, dates, respectively.

The Company used the following assumptions in the derivative liability fair value calculation:

	Nine months ended December 31, 2023
Volatility	100%
Expected life (years)	2.00
Risk-free rate	3.70%-3.91%
Dividend yield	0%

Expressed in US dollars, unless otherwise stated

The Company revalued the outstanding Zodiac Gold US$ warrants as at December 31, 2023, with a decrease in the liability of $282,531 (March 31, 2023, decrease - $381,550).

Derivative liability - warrants		**December 31, 2023**		**March 31, 2023**
Opening balance	$	233,699	$	384,220
Additions		66,020		106,602
Modification		272,762		124,427
Revaluation		(282,531)		(381,550)
Ending balance	**$**	**289,950**	**$**	**233,699**

The Company fair valued the derivative liability using the following assumptions:

	Nine months ended December 31, 2023	**Year ended March 31, 2023**
Volatility	100%	100%
Expected life (years)	0.21 – 1.97	0.06 - 1.60
Risk-free rate	3.91%	4.06% - 4.94%
Dividend yield	0%	0%

The Company's derivative liability warrant continuity schedule as at December 31, 2023, and March 31, 2023, is as follows:

US dollar warrants	**Number of warrants**	**Weighted average exercise price**
As at March 31, 2022	13,395,251	$0.185
Issued – post repricing	4,574,070	$0.185
As at March 31, 2023	17,969,321	$0.185
Issued – May 5, 2023	1,537,387	$0.185
Issued – December 20, 2023	92,592	$0.185
As at December 31, 2023	**19,599,300**	**$0.185**

As at December 31, 2023, the following C$ and US$ warrants were outstanding:

Number of warrants outstanding	**Exercise price**	**Weighted Average remaining contractual life (years)**	**Expiry date**
2,828,575	US$0.185	0.30	Note i
1,251,815	US$0.185	0.30	Note i
1,096,000	C$0.24	0.30	Note i
2,976,556	C$0.24	0.30	Note i
3,971,427	US$0.185	0.30	Note i
419,038	C$0.24	0.30	Note i
3,500,000	C$0.24	0.30	Note i
124,000	C$0.24	0.30	Note i
4,964,284	US$0.185	0.30	Note i
875,001	C$0.24	0.30	Note i
31,111	C$0.24	0.30	Note i
847,500	C$0.24	0.30	Note i
350,001	C$0.24	0.21	18-Mar-2024
379,150	US$0.185	0.21	18-Mar-2024
4,574,070	US$0.185	0.85	04-Nov-2024
1,537,387	US$0.185	1.35	05-May-2025
208,333	C$0.24	1.35	05-May-2025
92,592	US$0.185	1.97	20-Dec-2025
83,333	C$0.24	1.97	20-Dec-2025
30,110,173		**0.44**	

Expressed in US dollars, unless otherwise stated

Note i - the Company extended certain warrants term. The extension is the later of (i) the original expiry date as set out in the warrant certificates or (ii) 6 months following the date that the Company completes a public listing on a recognized stock exchange. For the fair value calculation of the derivative liability, management has judged an extension of 1 year from April 17, 2023. Refer to Notes 4 i) and 14 for further details.

(e) Share-based compensation ("Stock Options")

The Company has established an omnibus equity incentive plan ("Omnibus Plan") which allows the Board of Directors to grant Stock Options to directors, officers, employees, or consultants in order to align the grant-recipients interests more closely with those of shareholders. Stock options granted under the plan may be subject to vesting provisions as determined by the Board of Directors.

The Company granted 3,415,000 Stock Options for the nine months ended December 31, 2023 (March 31, 2023 - 2,650,000), with an exercise price of $0.135 (C$0.18), expiry terms ranging from 2-10 years and all Stock Options vesting on grant date. Below are the details of the Stock Option grants for the nine months ended December 31, 2023, and the year ended March 31, 2023:

	Stock Options		**Weighted Average exercise price**		**Fair value**
Balance March 31, 2022	--	$	--	$	--
Options granted - April 1, 2022	2,000,000		0.14		183,148
Options granted - July 5, 2022	450,000		0.14		68,031
Options granted - August 10, 2022	200,000		0.14		30,750
Balance March 31, 2023	2,650,000	$	0.14	$	281,929
Options granted - April 4, 2023	300,000		0.135		31,964
Options granted - April 28, 2023	100,000		0.135		6,009
Options granted - May 2, 2023	300,000		0.135		21,564
Options granted – July 18, 2023	2,715,000		0.135		271,467
Balance December 31, 2023	**6,065,000**	**$**	**0.138**	**$**	**612,933**

The Company used the Black-Scholes option pricing model using the following assumptions, based on the original terms, to calculate the fair values of the shared-based payments:

	Nine months ended December 31, 2023
Volatility	100%
Expected life	2-10 years
Risk free rate	2.77%-3.66%
Dividend Yield	0%

The Company's Stock Options outstanding and exercisable as at December 31, 2023, is as follows:

Number outstanding and exercisable	**Weighted average exercise price**	**Weighted average remaining life**	**Expiry date**
2,000,000	$0.14/C$0.18	8.50	01-Apr-2032
450,000	$0.14/C$0.18	8.77	05-Jul-2032
200,000	$0.14/C$0.18	8.87	10-Aug-2032
300,000	$0.135/C$0.18	9.52	04-Apr-2033
100,000	$0.135/C$0.18	1.58	28-Apr-2025
300,000	$0.135/C$0.18	2.59	02-May-2026
2,450,000	$0.135/C$0.18	9.81	18-Jul-2033
265,000	$0.135/C$0.18	4.80	18-Jul-2028
6,065,000	**$0.138/C0.18**	**8.54**	

Expressed in US dollars, unless otherwise stated

10. Related Party Payables and Transactions

Related Party services & fees

	For the three months ended December 31		For the nine months ended December 31	
	2023	2022	2023	2022
Services rendered incurred (vii):				
Management fees (i-iii)	$ 56,419	$ 38,140	$ 143,067	$ 115,120
Services rendered (vi)	(18,000)	(12,500)	(79,500)	(12,500)
Share-based compensation (i-iv)	--	--	238,995	205,913
	$ 38,419	**$ 25,640**	**$ 302,562**	**$ 308,533**

Related Party payables and receivables

	December 31, 2023	March 31, 2023
Balances payable to (vii):		
Management fees & expenses (i – v)	$ 128,137	$ 155,442
Advances payable (i)	80,475	222,150
	$ **208,612**	**$ 377,592**
Balance receivable		
Amounts receivable – shared offices (vi)	**$ 38,071**	**$ --**

Related parties' transactions:

(i) For the three and nine months ended December 31, 2023, the Company incurred $22,500 and $67,500, respectively, (three and nine months ended December 31, 2022 - $30,000 and $90,000, respectively) to the Company's CEO for management fees. As at December 31, 2023, the Company owed the CEO $150,411 (March 31, 2023 - $344,514). Included in the payables were cash advances of $80,475 (March 31, 2023 - $222,150) from the CEO to Gem Rocks. On May 30, 2023, the Company and the CEO agreed to settle payables of $199,125 for 1,475,000 shares and the CEO agreed to forgive $67,500 in payables. For the nine months ended December 31, 2023, the Company granted 500,000 stock options (nine months ended December 31, 2022 - 625,000) to the CEO with a fair value of $50,850 (nine months ended December 31, 2022 - $56,250). On June 30, 2023, the CEO and the Company agreed to defer payables of $97,530 for repayment on March 31, 2025, and is non-interest bearing (refer to Note 7).

(ii) For the three and nine months ended December 31, 2023, the Company incurred $15,000 and $41,000, respectively, (three and nine months ended December 31, 2022 - $nil) to the VP of Exploration for geological services. As December 31, 2023, the Company owed the VP of Exploration $17,423 (March 31, 2023 - $3,000). For the nine months ended December 31, 2023, the Company granted 250,000 stock options (nine months ended December 31, 2022 - nil) to the VP of Exploration with a fair value of $25,425 (nine months ended December 31, 2022 - $nil).

(iii) For the three and nine months ended December 31, 2023, the Company incurred $18,919 and $34,567 respectively (three and nine months ended December 31, 2022 - $8,140 and $25,120, respectively) for Chief Financial Officer ("CFO") and bookkeeping services. As at December 31, 2023, the Company owed the CFO $40,778 (March 31, 2023 - $18,078). On May 30, 2023, the Company and the CFO agreed to settle payables of $12,708 for 96,263 shares. For the three and nine months ended December 31, 2023, the Company granted 100,000 stock options (nine months ended December 31, 2022 - 100,000) to the CFO with a fair value of $10,170 (nine months ended December 31, 2022 - $9,000). On June 30, 2023, the CFO and the Company agreed to defer payables of $8,220 for repayment on March 31, 2025, and is non-interest bearing (refer to Note 7).

(iv) For the nine months ended December 31, 2023, the Company granted 1,500,000 (nine months ended December 31, 2022 - 1,325,000) stock options to certain Directors with a fair value of $152,550 (nine months ended December 31, 2022 - $140,663).

(v) As at December 31, 2023, the Company had a payable to a director of $nil (March 31, 2023 - $12,000). On May 30, 2023, the Company and the Director agreed to settle the $12,000 payables for 88,888 shares.

Expressed in US dollars, unless otherwise stated

(vi) The Company's subsidiary entered into two cost-sharing agreements with Liberian companies whereby Gem Rocks shares its offices, services, and other expenses The Liberian companies have a director in common with Zodiac Gold. For the first Liberian company, the six-month agreement commenced on December 1, 2022, and the agreement was not extended. For the nine months ended December 31, 2023, the Company deemed the amounts receivable not recoverable and wrote-off $27,500 (March 31, 2023 -$33,555) related to the first company. For the second agreement, the Company recorded a reduction in expenses for the three and nine months ended December 31, 2023, of $18,000 and $79,500, respectively (three and nine months ended December 31, 2022 - $nil, respectively) and had a receivable of $38,071.

(vii) These transactions were in the normal course of business that is recorded at their exchanged amounts and was established and agreed to by the related parties. The balances payable are included in accounts payable and accrual liabilities.

11. Financial Instruments

Fair values

The carrying values of cash and accounts payable and accrued liabilities approximated their fair values because of the short-term nature of these financial instruments. The fair value of the long-term payable approximates carrying value as the interest rate approximates the current rate for similar instruments. The classifications of the financial instruments are shown in the table below:

As at December 31, 2023	**Amortized cost**	**Amortized cost**	**Fair value through profit or loss**
Cash	$ 21,796	$ --	$ --
Accounts payable and accrued liabilities	--	809,608	--
Long-term payables	--	166,136	--
Derivative liability - warrants	--	--	289,950
	$ 21,796	**$ 975,744**	**$ 289,950**

As at March 31, 2023	**Amortized cost**	**Amortized cost**	**Fair value through profit or loss**
Cash	$ 17,458	$ --	$ --
Accounts payable and accrued liabilities	--	929,881	--
Derivative liability - warrants	--	--	233,699
	$ 17,458	**$ 929,881**	**$ 233,699**

Inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement are summarized in the three level hierarchies as follows:

Level 1: Fair value measurements are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices that are observable for the asset or liability directly or indirectly and;

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

The only financial instrument the Company measured at fair value is the derivative liability which is classified as level three within the fair value hierarchy.

The continuity of level 3 instruments is shown below:

Derivative liability - warrants	**December 31, 2023**	**March 31, 2023**
Opening balance	$ 233,699	$ 384,220
Additions	66,020	106,602
Modification	272,762	124,427
Revaluation	(282,531)	(381,550)
Ending balance	**$ 289,950**	**$ 233,699**

The fair value of the derivative liability - warrants was estimated using the Black-Scholes option pricing model. The assumptions used in that model are outlined in Note 9 (d). The only significant unobservable input used in that model is the estimated share price of the Company. The Company's shares do not trade on an active market and as a result the share price was estimated using a recent transaction in which the Company completed a private placement for cash. As at December 31, 2023, a 10% increase or decrease in the estimated fair value of the common shares of the Company would result in an increase or decrease of $68,255 (March 31, 2023 - $26,147), respectively.

Management of financial risk

The Company's financial instruments are exposed to certain financial risks including currency, credit, and liquidity risks.

Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Liberia and its presentation currency is the United States dollar. The Company incurred foreign denominated expenses in British Pounds ("GBP"), and C$. A significant change in the currency exchange rates between the functional currencies relative to these currencies could have an effect on the Company's statement of loss. The Company has not hedged its exposure to currency fluctuations. The Company is exposed to currency risk through the following assets and liabilities denominated in GBP and C$:

As at December 31, 2023		**C$**		**GBP**
Cash	$	27,148	£	--
Accounts payable and accrued liabilities		(685,647)		(3,152)
	$	**(658,499)**	**£**	**(3,152)**

As at March 31, 2023		**C$**		**GBP**
Cash	$	7,150	£	--
Accounts payable and accrued liabilities		(373,944)		(9,043)
	$	**(366,794)**	**£**	**(9,043)**

Based on the above net exposure as at December 31, 2023, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the United States dollar against these currencies would result in a $45,620 (March 31, 2023 – $25,656) decrease/increase in the Company's consolidated statement of loss and comprehensive loss per annum.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held with banks. The Company's cash is held through Canadian banks and Liberian banks. The amounts held in Liberian banks are limited to approximately 30 days working capital of the Liberian operations.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with the financial liabilities. Zodiac Gold has a planning and budget process in place by which it anticipates and determines the funds necessary to support normal operation requirements and development of its mineral property interests for exploration stage enterprises. The Company's investment procedures are to invest its cash in highly liquid short-term interest-bearing investments with maturities greater than 90 days from the original date of acquisition, factoring the expected timing of expenditures from continuing operations. The Company ensures that sufficient funds are raised from debt, debentures, private placements, or other sources to meet its operating requirements, after taking into account existing cash.

Zodiac Gold manages liquidity risk through the management of its capital structure as described in Note 12. As at December 31, 2023, the Company had cash of $21,796 (March 31, 2023 - $17,458) and accounts payable and accruals of $809,608 (March 31, 2023 - $929,881). The Company estimates that it does not have available funds to meet requirements for the coming twelve months based on current planned expenditures for operations and will need to raise additional financing in order to continue its planned operations (refer to Notes 1, 2 and 14).

12. Management of Capital, Commitments and Contingent liability

Management of Capital

Zodiac Gold's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the exploration and evaluation of its mineral properties and to maintain a flexible capital structure, which optimizes the cost of capital at an acceptable risk (refer to Note 1). In the management of capital, the Company includes the components of equity attributable to common shareholders.

Expressed in US dollars, unless otherwise stated

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt, and acquire or dispose of assets. In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on a range of factors, including successful capital deployment and general industry conditions. The CEO reviews the annual budgets. There were no changes to the management of capital by the Company during the nine months ended December 31, 2023.

Commitments

In 2021, the Company entered into an agreement with its CEO for consulting services of $7,500 per month, with the Company able to terminate this arrangement with 30 days' notice. If the Company terminates this arrangement without cause with 30 days' notice, in addition to paying prior amounts owing, it is obligated to pay this party a lump sum payment equal to nine months ($45,000) of the CEO's average monthly fees over the previous year.

The Company's accounts payables contractual cash flows amount would equivalent to it carrying amount due to the short-term nature of the balances. The Company has commitments with lease liabilities until October 2029 and September 2030 (refer to Note 6) and long-term payables (refer to Note 7) until December 31, 2024, and March 31, 2025. As at December 31, 2023, the carrying and nominal values are as follows:

	Carrying amount	Contractual cash flows	< 1 year	1-5 years	> 5 years
Lease liability	$ 72,262	$ 127,500	$ 28,000	$ 89,600	$ 9,900
Long-term payables	166,136	218,819	55,561	163,258	--

Contingent Liability

On December 13, 2023, the Company issued 1,200,000 common shares related to the Arrangement Agreement (refer to Note 9(b)). In connection with this transaction, if the Company completes an arm's length equity financing, post-Closing the Arrangement Agreement, of C$3,000,000 it is required to pay C$100,000 within 5 days to the vendor.

13. Geographical segment

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development which represents information provided to the chief operating decision makers. Following is a summary of net loss and non-current assets by geographical segment:

Net loss	**Three months ended December 31,**		**Nine months ended December 31,**	
	2023	**2022**	**2023**	**2022**
Canada	$ 110,394	454,290	$ 549,774	$ 948,543
Liberia	156,252	155,557	523,093	704,308
Total	**$ 266,646**	**609,847**	**$ 1,072,867**	**$ 1,652,851**

Non-current assets	**As at December 31, 2023**	**March 31, 2023**
Canada	$ --	$ --
Liberia	110,533	126,906
Total	**$ 110,533**	**$ 126,906**

14. Subsequent Events

(a) Closing of Arrangement Agreement and TSX-V listing.

On January 15, 2024, ShellCo and the Company completed the previously announced Arrangement Agreement dated August 15th, 2023 (refer to Note 2). Concurrent with the completion of the Arrangement Agreement, ShellCo changed its name to "Zodiac Gold Inc." and the Company changed its name to "1251351 B.C. Ltd." Following Closing of the Arrangement Agreement, the Company was a wholly-owned subsidiary of ShellCo and ShellCo will continue the business of Zodiac Gold under the name Zodiac Gold

Inc., as the Resulting Issuer. On January 29, 2024, the Resulting Issuer was listed on the TSX-V and traded under the symbol "ZAU"

Prior to the Closing of the Arrangement Agreement, ShellCo closed a private placement of common shares in the ShellCo capital, for aggregate gross proceeds of C$1,436,677 for the issuance of 14,366,768 ShellCo common shares at a price of C$0.10 per share. Zodiac Gold's (1251351 B.C. Ltd) CEO subscribed for C$400,000 in this private placement representing 18.9% of ShellCo issued and outstanding shares.

(b) Promissory note and other advances.

Prior to closing of the Arrangement Agreement (refer to Note 2), ShellCo and the Company entered into a fourth promissory note for $30,000 and advanced an additional $50,000 as inter-company payables for the Company to prepare for the upcoming exploration program.