

**PROGRESSIVE PLANET SOLUTIONS INC.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited – Prepared by Management)**

**FOR THE SIX MONTHS ENDED OCTOBER 31, 2021 AND 2020**

**(Expressed in Canadian Dollars)**

**Registered Head Office**

11220 Seafield Cres

Richmond (BC)

V7A 3H8

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

**PROGRESSIVE PLANET SOLUTIONS INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
**AS AT OCTOBER 31,**

	October 31, 2021	April 30, 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 448,182	\$ 1,338,583
Receivables (Note 3)	207,731	68,777
Marketable securities (Note 4)	764,400	302,000
Prepaid expenses and deposits	41,610	34,019
	<u>1,461,922</u>	<u>1,742,718</u>
<b>Property and equipment</b> (Note 5)	1,031,989	968,921
<b>Exploration and evaluation assets</b> (Note 6)	<u>1,607,790</u>	<u>1,544,612</u>
	<u>\$ 4,101,700</u>	<u>\$ 4,256,912</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 7 and 12)	\$ 127,775	\$ 237,367
Flow-through premium liability (Note 11)	8,259	15,525
Lease obligation - current (Note 8)	45,699	44,670
Loan payable - current (Note 9)	38,384	29,032
	<u>220,117</u>	<u>326,594</u>
<b>Long-term lease obligation</b> (Note 8)	110,904	133,111
<b>Long-term loan payable</b> (Note 9)	<u>191,188</u>	<u>218,995</u>
	<u>522,209</u>	<u>678,700</u>
<b>Shareholders' equity</b>		
Share capital (Note 10)	18,769,483	18,288,164
Share-based payment reserve (Note 10)	4,205,897	3,867,149
Deficit	<u>(19,395,889)</u>	<u>(18,577,101)</u>
	<u>3,579,491</u>	<u>3,578,212</u>
	<u>\$ 4,101,700</u>	<u>\$ 4,256,912</u>

**Nature of operations and going concern** (Note 1)  
**Subsequent events** (Note 17)

**On behalf of the Board:**

"Edward Beggs"

Director

"Stephen Harpur"

Director

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

**PROGRESSIVE PLANET SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
**FOR THE SIX MONTHS ENDED OCTOBER 31,**

	Three-month period ended October 31,		Six-month period ended October 31,	
	2021	2020	2021	2020
<b>EXPENSES</b>				
Advertising and promotion	\$ 24,506	\$ 12,000	\$ 34,803	\$ 28,914
Consulting fees	109,012	5,685	144,712	43,354
Depreciation (Note 5)	54,062	24,755	107,532	47,993
Interest expense (recovery) (Notes 8 and 9)	7,286	(13,149)	15,239	(11,662)
Management and director fees (Note 12)	46,365	9,000	61,365	24,000
Office and administration (Note 12)	57,750	37,000	84,896	65,257
Professional fees (Note 12)	109,619	46,458	212,021	79,467
Repairs and maintenance	51,032	2,067	72,414	8,737
Research and development costs (Note 12)	31,820	31,000	79,076	52,000
Share-based compensation (Notes 10 and 12)	238,500	-	358,500	345,900
Transfer agent and filing fees	5,661	10,541	6,848	16,649
Travel and entertainment	11,765	1,474	27,178	2,440
Wages and salaries	138,095	54,983	305,379	97,164
	<u>885,473</u>	<u>221,814</u>	<u>1,509,963</u>	<u>800,213</u>
<b>OTHER ITEMS</b>				
(Loss) Gain on foreign exchange	(363)	-	357	-
Other income (Note 13)	118,206	37,879	239,153	76,609
Reversal of flow-through premium (Note 11)	2,479	1,924	7,266	1,924
Unrealized gain (loss) on marketable securities (Note 4)	444,400	(2,500)	444,400	(2,500)
	<u>444,400</u>	<u>(2,500)</u>	<u>444,400</u>	<u>(2,500)</u>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (320,751)</b>	<b>\$ (184,511)</b>	<b>\$ (818,787)</b>	<b>\$ (724,180)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>64,397,893</b>	<b>35,904,037</b>	<b>63,161,405</b>	<b>34,328,939</b>

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

**PROGRESSIVE PLANET SOLUTIONS INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian dollars)

	Number of shares	Share capital	Subscriptions received in advance	Share-based payment reserve	Deficit	Total equity
<b>April 30, 2020</b>	26,854,711	\$ 15,322,817	\$ 164,520	\$ 2,141,067	\$(16,185,253)	\$ 1,443,151
Private placement	11,184,000	477,170	(164,520)	4,500	-	317,150
Share issued upon exercised warrants	1,667,000	83,350	-	-	-	83,350
Subscription received in advance	-	-	2,500	-	-	2,500
Share-based compensation	-	-	-	26,100	-	26,100
Loss for the period	-	-	-	-	(724,180)	(724,180)
<b>October 31, 2020</b>	39,705,711	15,883,337	2,500	2,171,667	(16,909,433)	1,148,071
Private placements	17,000,000	2,431,100	-	(4,500)	-	2,426,600
Share issuance cost - cash	-	(88,600)	-	-	-	(88,600)
Share issuance cost - broker warrant	-	(204,700)	-	204,700	-	-
Flow-through premium liability	-	(56,250)	-	-	-	(56,250)
Shares issued upon exercised warrants	775,000	48,750	-	-	-	48,750
Shares issued upon exercised options	2,226,999	247,860	-	(84,040)	-	163,820
Shares issued for property payments	66,667	26,667	-	-	-	26,667
Subscription received in advance	-	-	(2,500)	-	-	(2,500)
Share-based compensation	-	-	-	1,579,322	-	1,579,322
Loss for the period	-	-	-	-	(1,667,669)	(1,667,669)
<b>April 30, 2021</b>	59,774,377	18,288,164	-	3,867,149	(18,577,102)	3,578,211
Shares issued upon exercised options	213,333	29,254	-	(9,454)	-	19,800
Shares issued upon exercised warrants	5,732,500	449,798	-	(10,298)	-	439,500
Shares issued for property payments	6,667	2,267	-	-	-	2,267
Share-based compensation	-	-	-	358,500	-	358,500
Loss for the period	-	-	-	-	(818,787)	(818,787)
<b>October 31, 2021</b>	65,726,877	\$ 18,769,483	\$ -	\$ 4,205,897	\$(19,395,889)	\$ 3,579,491

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

**PROGRESSIVE PLANET SOLUTIONS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
**FOR THE SIX MONTHS ENDED OCTOBER 31, 2021**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (818,787)	\$ (724,180)
Items not involving cash:		
Depreciation	107,532	47,993
Interest expense (reversal)	-	(15,820)
Share-based compensation	358,500	345,900
Reversal of flow-through premium	(7,266)	16,826
Unrealized (gain) loss on marketable securities	(444,400)	2,500
Change in non-cash operating working capital:		
Receivables	(138,954)	(20,954)
Prepaid expenses and deposits	(7,590)	12,302
Accounts payable and accrued liabilities	(109,590)	(16,990)
<b>Net cash used in operating activities</b>	<b>(1,060,555)</b>	<b>(352,423)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets acquisition and expenditures	(60,914)	(130,106)
Payment on lease equipment	(21,178)	(14,996)
Proceeds from the sales of marketable securities	282,000	-
Purchase of marketable securities	(300,000)	-
Purchase of property and equipment	(170,599)	(264,725)
<b>Net cash used in investing activities</b>	<b>(270,691)</b>	<b>(409,827)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share issuances, net	-	317,150
Loan proceeds	-	355,000
Loan repayment	(18,455)	(27,538)
Proceeds from exercise of options	19,800	-
Proceeds from exercise of warrants	439,500	83,350
Subscription received in advance	-	2,500
<b>Net cash provided by financing activities</b>	<b>440,845</b>	<b>730,462</b>
<b>Change in cash during the period</b>	<b>(890,401)</b>	<b>(31,788)</b>
<b>Cash, beginning of the period</b>	<b>1,338,583</b>	<b>101,261</b>
<b>Cash (Cash indebtedness), end of the period</b>	<b>\$ 448,182</b>	<b>\$ (69,473)</b>

**PROGRESSIVE PLANET SOLUTIONS INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)  
FOR THE SIX MONTHS ENDED OCTOBER 31, 2021

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Progressive Planet Solutions Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada on November 10, 2006. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located in Canada.

These consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop, profitable operations. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

For the six months ended October 31, 2021, the Company has recorded a net loss of \$818,787 (2021 - \$724,180) and has an accumulated deficit of \$19,395,889 (April 30, 2021 - \$18,577,101).

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. Additionally, the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretation of the International Financial Reporting Committee (“IFRIC”).

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiaries. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the consolidated financial statements are presented below and are based on IFRS’ issued and outstanding as of December 29, 2021, the date the Board of Directors approved the consolidated financial statements.

**PROGRESSIVE PLANET SOLUTIONS INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, 20090914 Nevada, Inc., which was incorporated under the laws of Nevada, USA.

The Company incorporated a subsidiary, Progressive Planet Alberta Inc., on May 7, 2018 in the Province of Alberta. The Company holds a 100% interest in Progressive Planet Alberta Inc. These consolidated financial statements include the accounts of Progressive Planet Alberta Inc.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances and transactions have been eliminated upon consolidation.

**Estimates and judgments**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statement of financial position.
- ii) The inputs used in the Black-Scholes Option Pricing Model to value stock options and broker warrants.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- ii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. The Model requires the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

- iii) Private company investments

An analysis of fair value is prepared for private company investments. The analysis uses public stock prices for comparable entities, observable index comparisons, transaction prices for same or similar instruments and information from brokers and other analysis. The key assumptions driving the valuation of the Company's private company investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental.

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

**Exploration and evaluation assets**

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**Impairment**

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Decommissioning and restoration provision**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

**Property and equipment**

Building and equipment are recorded at cost and depreciated using the declining balance method at the following rates per annum.

Equipment	20% per annum
Building	10% per annum
Vehicles	30% per annum

Building and equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

**Share-based compensation**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

**PROGRESSIVE PLANET SOLUTIONS INC.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Share issue costs**

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

**Flow-through shares**

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features is credited as a liability and included in profit or loss at the same time the qualifying expenditures are made.

**Loss per share**

The Company presents basic loss per share 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 weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Revenue recognition**

The Company recognizes revenue from the sale of products when persuasive evidence of a contractual arrangement exists, the products have been delivered to the customer, no significant vendor obligations remain outstanding, the price is fixed or determinable, and collectability is reasonably assured.

Revenue from the provision of services are recognized when the related services are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured

Revenue from the provision of long-term contracts are recognized on a percentage-of completion basis as the related services are rendered, if persuasive evidence of an arrangement exists, the fee is fixed or determinable, and collectability is reasonably assured.

The stage of completion is determined by an estimate of the services performed to date as a percentage of total services to be performed.

Amounts received from customers in advance of an arrangement satisfying all the revenue recognition criteria are recorded as deferred revenue.

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments**

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash and marketable securities.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts payable and accrued liabilities, and loans payable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts payable and accrued liabilities, and loans payable.

(iii) Impairment of financial assets

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

**Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

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**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Valuation of equity units issued in private placements**

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

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

**Future accounting pronouncements**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not expect any material impact from future accounting pronouncements.

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**3. RECEIVABLES**

	<b>October 31, 2021</b>	<b>April 31, 2021</b>
Commodity tax recoverable	\$ 33,160	\$ 32,043
Trade receivables	174,571	36,734
	<b>\$ 207,731</b>	<b>\$ 68,777</b>

**4. MARKETABLE SECURITIES**

During the year ended April 30, 2020, the Company received 10,500,000 common shares of a private corporation, Snow Lake Resources Ltd. (“Snow Lake”), valued at \$135,388 pursuant to the sale of the Thompson Bros Lithium Property. During the year ended April 30, 2021, the Company sold 2,950,000 shares and recorded a realized gain of \$79,962 (2020 - \$Nil). Furthermore, management updated the fair market value of the Company’s 7,550,000 remaining shares based on option agreements to sell 7,050,000 of those shares at \$0.04 per share to two arms-length purchasers. The Company recorded an unrealized gain of \$204,650 on valuation of remaining shares held on April 30, 2021.

During the six month period ended October 31, 2021 the Company sold 7,050,000 shares (2020 – Nil) at \$0.04 per share under the terms of the option agreements. In addition, the Company’s remaining 500,000 Snow Lake shares were consolidated on a 5:1 basis which reduced the number of shares owned to 100,000.

In late October 2021, the Company entered into negotiations to sell its remaining 100,000 Snow Lake shares to an arms-length purchaser for \$3.75 USD per share (\$4.64 CDN per share). The transaction was completed on November 8, 2021. Accordingly, the Company recorded an unrealized gain of \$444,400 on valuation of the remaining 100,000 shares held on October 31, 2021.

During the six month period ended October 31, 2021 the Company participated in a private placement for the purchase of 300,000 units of a private company, ZS2 Technologies Inc. (“ZS2”) at \$1.00 per unit. Each unit was comprised of one full common share of ZS2 and one full share purchase warrant. The share purchase warrants have a strike price of \$2.00 per share and a term of one year.

	Common shares	Total
<b>Snow Lake Resources Ltd.</b>		
Balance, April 30, 2019	-	\$ -
Additions	10,500,000	135,388
Balance, April 30, 2020	10,500,000	135,388
Sale proceeds	(2,950,000)	(118,000)
Realised gain on sale	-	79,962
Unrealized gain from change in fair value	-	204,650
Balance, April 30, 2021	7,550,000	\$ 302,000
Sale proceeds	(7,050,000)	(282,000)
Share consolidation (5:1)	(400,000)	
Unrealized gain from change in fair value		444,400
Balance, October 31, 2021	100,000	\$ 464,400
<b>ZS2 Technologies Ltd.</b>		
Balance, April 30, 2021	-	\$ -
Additions	300,000	300,000
Balance, October 31, 2021	300,000	\$ 300,000

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**5. PROPERTY AND EQUIPMENT**

Property and equipment are carried at cost less accumulated depreciation. Details are as follows:

	Equipment	Vehicle	Building	Total
<b>Cost</b>				
Balance, April 30, 2020	\$ 245,550	\$ 128,471	\$ 8,085	\$ 382,106
Additions	806,736	-	-	806,736
Balance, April 30, 2021	1,052,286	128,471	8,085	1,188,842
Additions	170,600	-	-	170,600
Balance, October 31, 2021	\$ 1,222,885	\$ 128,471	\$ 8,085	\$ 1,359,441
<b>Accumulated depreciation</b>				
Balance, April 30, 2020	\$ 47,752	\$ 19,271	\$ 1,172	\$ 68,195
Additions	118,275	32,760	691	151,726
Balance, April 30, 2021	166,027	52,031	1,863	219,921
Additions	95,755	11,466	311	107,532
Balance, October 31, 2021	\$ 261,782	\$ 63,497	\$ 2,174	\$ 327,453
<b>Carrying amounts</b>				
Balance, April 30, 2021	\$ 886,259	\$ 76,440	\$ 6,222	\$ 968,921
Balance, October 31, 2021	\$ 961,103	\$ 64,974	\$ 5,911	\$ 1,031,988

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**6. EXPLORATION AND EVALUATION ASSETS**

Title to exploration and evaluation assets interests involves certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

Summary for the period ended October 31, 2021:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Z3 Heffley Creek Property, BC	Total
<b>Opening balance</b>				
Acquisition costs	\$ 585,400	\$ 47,717	\$ 17,500	\$ 650,617
Exploration costs	704,061	4,949	184,985	893,995
<b>Balance, April 30, 2021</b>	<b>1,289,461</b>	<b>52,666</b>	<b>202,485</b>	<b>1,544,612</b>
<b>Acquisition cost additions</b>				
Cash	-	-	-	-
Shares	-	2,267	-	2,267
<b>Total acquisition cost additions</b>	<b>-</b>	<b>2,267</b>	<b>-</b>	<b>2,267</b>
Assays	-	-	1,191	1,191
Geological consulting	-	13,368	43,198	56,566
Field work	500	103	3,589	4,192
Travel	-	-	461	461
Less: recovery	(1,499)*	-	-	(1,499)
<b>Total exploration cost additions</b>	<b>(999)</b>	<b>13,471</b>	<b>48,439</b>	<b>60,911</b>
<b>Balance, October 31, 2021</b>	<b>\$ 1,288,462</b>	<b>\$ 68,404</b>	<b>\$ 250,924</b>	<b>\$ 1,607,790</b>

\* recovery consists of sales of zeolite

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Summary for the year ended April 30, 2021:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Z3 Heffley Creek Property, BC	Total
<b>Opening balance</b>				
Acquisition costs	\$ 585,400	\$ 11,050	\$ 7,500	\$ 603,950
Exploration costs	572,964	4,949	-	577,913
<b>Balance, April 30, 2020</b>	<b>1,158,364</b>	<b>15,999</b>	<b>7,500</b>	<b>1,181,863</b>
<b>Acquisition cost additions</b>				
Cash	-	10,000	10,000	20,000
Shares	-	26,667	-	26,667
<b>Total acquisition cost additions</b>	<b>-</b>	<b>36,667</b>	<b>10,000</b>	<b>46,667</b>
Assays	-	-	17,290	17,290
Geological consulting	106,236	-	149,437	255,673
Field work	12,581	-	16,983	29,564
Travel	16,411	-	1,275	17,686
Less: recovery	(4,131)*	-	-	(4,131)
<b>Total exploration cost additions</b>	<b>131,097</b>	<b>-</b>	<b>184,985</b>	<b>316,082</b>
<b>Balance, April 30, 2021</b>	<b>\$ 1,289,461</b>	<b>\$ 52,666</b>	<b>\$ 202,485</b>	<b>\$ 1,544,612</b>

\* recovery consists of sales of zeolite

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Z1 Zeolite Property, British Columbia

On January 23, 2017, the Company entered into a property option agreement, subsequently amended, for the Z1 Zeolite Property for the following consideration:

- i) Cash payment of \$20,000 (paid);
- ii) 666,667 common shares (issued at a value of \$430,000);
- iii) 333,333 common shares (issued at a value of \$105,000); and
- iv) incur \$500,000 of exploration expenditures on or before January 23, 2019 (incurred).

The property is subject to a royalty in the amount of \$1.25 per tonne of zeolite sold from the property, and additionally a royalty fee of \$10/tonne on the first 10,000 tonnes sold or otherwise disposed of.

Z2 Zeolite Property, British Columbia

On October 3, 2019, the Company entered into a property option agreement to acquire the Z-2 Zeolite Property for the following considerations:

- i) Share issuances
  - a) 33,334 common shares on or before October 22, 2019 (issued with a value of \$3,000).
  - b) 66,667 common shares on or before April 22, 2021 (issued with a value of \$26,667).
  - c) 66,667 common shares on or before October 22, 2022.
- ii) Cash payment
  - a) \$1,000 as non-refundable deposit (paid).
  - b) \$5,000 upon the execution of the agreement (paid).
  - c) \$10,000 on or before April 22, 2021 (paid).
  - d) \$10,000 on or before October 22, 2022.
- iii) Exploration expenditures
  - a) incur \$200,000 in exploration on or before October 22, 2022.

In relation to the acquisition, the Company is also required to issue the following as finder's fees:

- i) Share issuances
  - a) 3,333 common shares on or before October 22, 2019 (issued with a value of \$300).
  - b) 6,667 common shares on or before April 22, 2021 (issued with a value of \$2,267)
  - c) 6,667 common shares on or before October 22, 2022.

The property is subject to a royalty of \$8.00 per tonne of mineral products produced from the property, and subject to a 50% buyback right in consideration of \$75,000

Z3 Heffley Property, British Columbia

On February 24, 2020, the Company entered into an option agreement to acquire a 100% interest in the Heffley Creek Metals & Pozzolan Property in Heffley Creek, BC, for the following consideration:

- i) Cash payment
  - a) \$7,500 on or before February 25, 2020 (paid).
  - b) \$10,000 on or before February 10, 2021 (paid).
  - c) \$10,000 on or before February 10, 2022.
  - d) \$12,500 on or before February 10, 2023.
  - e) \$15,000 on or before February 10, 2024.

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

- ii) Exploration expenditures
  - a) incur \$50,000 in exploration on or before February 10, 2021 (incurred).
  - b) incur \$50,000 in exploration on or before February 10, 2022.
  - c) incur \$75,000 in exploration on or before February 10, 2023.
  - d) incur \$100,000 in exploration on or before February 10, 2024.

The vendor will retain a royalty of \$8 per tonne of industrial mineral products produced from the property, subject to a 75% buyback right in consideration of \$150,000. The vendor will also retain a 3% NSR subject to a 50% buyback right in consideration of \$1,500,000.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities consist of:

	October 31, 2021	April 30, 2021
Trade payables	\$ 75,228	\$ 201,367
Accrued liabilities	52,549	36,000
	<u>\$ 127,777</u>	<u>\$ 237,367</u>

**8. LEASE OBLIGATION**

On January 31, 2019, the Company entered into a 4 year lease for the use of a Kubota skid steer for its zeolite operation and capitalized the equipment valued at \$51,289. Pursuant to the terms of the agreement, the Company made a down payment of \$6,030 and is required to make monthly lease payments of \$1,051 over the next 48 months.

On September 20, 2019, the Company entered into a 5 year lease for the use of a transport truck for its zeolite operation and capitalized the equipment valued at \$128,471. Pursuant to the terms of the agreement, the Company made a down payment of \$32,034 and is required to make monthly lease payments of \$1,448 over the next 59 months. At the end of the lease term, the Company has the option to purchase the leased asset at the price of \$32,064 or renew the lease for an additional 24-month period with the same terms and conditions.

On September 25, 2020, the Company entered into a 5 year lease for the use of a forklift for its zeolite operation and capitalized the equipment valued at \$75,123. Pursuant to the terms of the agreement, the Company made a down payment of \$12,917 and is required to make monthly lease payments of \$1,217 over the next 59 months. At the end of the lease term, the Company has the option to purchase the leased asset at the price of \$10.

On March 25, 2021, the Company entered into a 3 year lease for the use of a forklift for its zeolite operation and capitalized the equipment valued at \$61,888. Pursuant to the terms of the agreement, the Company made a down payment of \$38,405 and is required to make monthly lease payments of \$1,150 over the next 35 months. At the end of the lease term, the Company has the option to purchase the leased asset at the price of \$12,285.

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**8. LEASE OBLIGATION (cont'd...)**

The financial statement effects concerning lease liabilities are as follows:

	October 31, 2021	April 30, 2021
Maturity Analysis - contractual undiscounted cash flows		
Less than one year	\$ 58,398	\$ 58,398
More than one year	129,466	158,665
Total undiscounted lease liabilities	\$ 187,864	\$ 217,063
Lease liabilities included in the statement of financial position		
Current	\$ 45,699	\$ 44,670
Non-current	110,904	133,111
Balance	\$ 156,603	\$ 177,781
Amounts recognized in profit and loss		
Interest on lease liabilities	\$ 8,022	\$ 8,454

Summary for the period ended:

Lease liabilities as at April 30, 2020	\$ 122,152
Additions	137,011
Payments	(89,836)
Interest expense	8,454
Lease liabilities as at April 30, 2021	177,781
Additions	-
Payments	(29,200)
Interest expense	8,022
Lease liabilities as at October 31, 2021	\$ 156,603

**9. LOAN PAYABLE**

On May 13, 2020, both the Company and its subsidiary, Progressive Planet Alberta Inc, received a loan of \$40,000 for the Canada Emergency Business Account to provide emergency support to businesses due to the impact of COVID-19. The loan is non-interest bearing until December 31, 2022, after which it will incur interest at 5% per annum. If the principal of \$30,000 is fully repaid on or before December 31, 2022, the remaining \$10,000 will be forgiven.

	October 31, 2021	April 30, 2021
Opening balance	\$ 80,000	\$ -
Add: CRA loan Progressive Planet	-	40,000
Add: CRA loan Progressive Planet Alberta	-	40,000
Loan payable – non-current portion	\$ 80,000	\$ 80,000

During the year ended April 30, 2021, the Company received a loan of \$200,000 bearing a fixed interest rate equal to prime plus 3% over a five year period and the Company granted 6,000,000 bonus warrants (valued at \$319,800 and recorded as share-based compensation) to the controlling shareholder of the Company in consideration of acting as a guarantor. Each warrant is exercisable into one common share at \$0.05 of which 2,000,000 warrants were to expire

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**9. LOAN PAYABLE (cont'd...)**

on June 15, 2021, and 4,000,000 warrants expire on June 15, 2023. The 2,000,000 warrants which were to expire on June 15, 2021 were exercised prior to the expiry date.

	October 31, 2021	April 30, 2021
Opening balance	\$ 168,027	\$ -
Add: loan proceeds	-	200,000
Add: interest	4,594	9,215
Less: loan repayment	(23,049)	(41,188)
	149,572	168,027
Less: loan payable – current portion	(38,384)	(37,445)
Loan payable – non-current portion	\$ 111,188	\$ 130,582

**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE**

**Authorized:** unlimited common shares without par value

During the period ended October 31, 2021, the Company:

- i) issued 5,615,000 common shares upon exercise of warrants for gross proceeds of \$427,750.
- ii) issued 117,500 common shares upon exercise of broker warrants for gross proceeds of \$11,750, and accordingly, the Company reallocated \$10,298 of its share-based payment reserve to share capital.
- iii) issued 213,333 common shares upon exercise of options for gross proceeds of \$19,800, and accordingly, the Company reallocated \$9,454 of its share-based payment reserve to share capital.
- iv) issued 6,667 shares valued at \$2,267 pursuant to the acquisition of the Z2-Zeolite Property (Note 6).

During the year ended April 30, 2021, the Company:

- i) closed a non-brokered private placement of 6,784,000 units at a price of \$0.03 per unit for gross proceeds of \$203,520, of which \$164,520 was collected in the year ended April 30, 2020. Each unit is comprised of one common share and one-half of a share purchase warrant of the Company. \$Nil was allocated to the warrant component of the unit offering completed. Each whole warrant will entitle the holder to purchase one share at a price of \$0.05 per warrant until May 12, 2021.
- ii) closed a private placement of 1,250,000 flow-through units at \$0.08 per flow-through unit for gross proceeds of \$100,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.10 per warrant until September 25, 2021. A value of \$18,750 was attributed to the flow-through premium liability in connection with the financing. The Company expended certain of the flow-through proceeds and accordingly, recorded \$18,750 as reversal of flow-through premium during the year ended April 30, 2021.

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

During the year ended April 30, 2021, the Company: (cont'd...)

The Company also closed a private placement of 3,150,000 non-flow through units at \$0.065 per unit for gross proceeds of \$204,750, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until September 25, 2021. The Company paid issuance costs of \$7,850 cash and 120,000 finder's warrants valued at \$4,500. Each finder's warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until September 25, 2021. The Company also paid other issuance costs of \$2,274.

- iii) closed a private placement of 2,500,000 flow-through units at \$0.10 per flow-through unit for gross proceeds of \$250,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.15 per warrant until December 24, 2021. A value of \$37,500 was attributed to the flow-through premium liability in connection with the financing. The Company expended certain of the flow-through proceeds, and accordingly, recorded \$10,990 as reversal of flow-through premium during the year ended April 30, 2021.
- iv) closed a private placement of 7,500,000 non-flow through units at \$0.10 per unit for gross proceeds of \$750,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until January 20, 2023. The Company paid issuance costs of \$27,750 in cash and issued 277,500 finder's warrants valued at \$42,900. Each finder's warrant will entitle the holder to purchase one share at a price of \$0.10 per warrant until January 20, 2022.
- v) closed a private placement of 7,000,000 non-flow through units at \$0.20 per unit for gross proceeds of \$1,400,000, of which \$nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.25 per warrant until February 12, 2023. The Company paid issuance costs of \$53,000 in cash and issued 530,000 finder's warrants valued at \$157,300. Each finder's warrant will entitle the holder to purchase one share at a price of \$0.20 per warrant until February 12, 2022.
- vi) issued 2,226,999 common shares upon exercise of options for gross proceeds of \$163,820, and accordingly, the Company reallocated \$84,040 of its share-based payment reserve to share capital.
- vii) issued 2,442,000 common shares upon exercise of warrants for gross proceeds of \$132,100.
- viii) issued 66,667 shares valued at \$26,667 pursuant to the acquisition of the Z2-Zeolite Property (Note 6).

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

Stock options (cont'd...)

During the period ended October 31, 2021, the Company:

- i) issued 220,000 common shares upon exercise of stock options for gross proceeds of \$19,800.
- ii) granted 375,000 stock options to officers, consultants, and employee of the Company, exercisable at a price of \$0.43 per share, expiring on May 6, 2023. The estimated fair value of the options is \$120,000 or \$0.32 per option.
- iii) granted 400,000 stock options to a director of the Company, exercisable at a price of \$0.36 per share, expiring on September 9, 2024. The estimated fair value of the options is \$112,000 or \$0.28 per option.
- iv) granted 100,000 stock options to an employee of the Company, exercisable at a price of \$0.34 per share, expiring on September 20, 2023. The estimated fair value of the options is \$25,000 or \$0.25 per option.
- v) granted 250,000 stock options to a consultant of the Company, exercisable at a price of \$0.39 per share, expiring on April 18, 2023. 62,500 of these options vested on the grant date, and the remaining 187,500 options vest in three equal tranches of 62,500 on January 18, 2022, April 18, 2022, and August 18, 2022, respectively. The fair value of the options is \$65,000 or \$0.26 per option.

During the year ended April 30, 2021, the Company:

- i) granted 950,000 stock options to officers, directors, consultants, and employee of the Company, exercisable at a price of \$0.05 per share, expiring on May 22, 2022. The estimated fair value of the options is \$26,100 or \$0.03 per option.
- ii) granted 500,000 stock options to a consultant of the Company, exercisable at a price of \$0.10 per share, expiring on December 23, 2023. The estimated fair value of the options is \$35,500 or \$0.07 per option.
- iii) granted 168,000 stock options to employees of the Company, exercisable at a price of \$0.195 per share, expiring on January 13, 2023. The estimated fair value of the options is \$22,200 or \$0.13 per option.
- iv) granted 50,000 stock options to employees of the Company, exercisable at a price of \$0.38 per share, expiring on February 8, 2023. The estimated fair value of the options is \$14,100 or \$0.28 per option.
- v) granted 3,000,000 stock options to officers and directors of the Company, exercisable at a price of \$0.39 per share, expiring on February 22, 2024. The estimated fair value of the options is \$920,700 or \$0.31 per option.
- vi) granted 1,150,000 stock options to officers and consultants of the Company, exercisable at a price of \$0.39 per share, expiring on February 22, 2023. The options vest over 365 days, where 650,000 options are vested at grant date, 250,000 options are vested on August 22, 2021, and the remaining 250,000 options are vested on February 22, 2022. The estimated fair value of the options is \$323,200 or \$0.28 per option.
- vii) granted 125,000 stock options to a consultant of the Company, exercisable at a price of \$0.41 per share, expiring on March 1, 2023. The estimated fair value of the options is \$36,500 or \$0.29 per option.
- viii) granted 175,000 stock options to a consultant of the Company, exercisable at a price of \$0.395 per share, expiring on March 17, 2023. The options vest over 365 days, where 87,500 options are vested at grant date, and the remaining 87,500 options are vested on March 17, 2022. The estimated fair value of the options is \$49,700 or \$0.28 per option.

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

Stock options (cont'd...)

A summary of the Company's stock option activity is as follows:

	Options	Weighted Average Exercise Price
<b>Balance, April 30, 2020</b>	2,577,001	0.12
Granted	6,118,000	0.31
Exercised	(2,227,000)	0.07
Expired/Cancelled	<u>(976,668)</u>	0.17
<b>Balance, April 30, 2021</b>	5,491,333	0.34
Granted	1,125,000	0.39
Exercised	<u>(213,333)</u>	0.09
<b>Balance, October 31, 2021</b>	6,403,000	\$ 0.36
<b>Exercisable, October 31, 2021</b>	5,878,000	\$ 0.35

As at October 31, 2021, the Company had the following stock options outstanding:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
60,000	60,000	0.06	3-Feb-22
50,000	50,000	0.05	22-May-22
168,000	168,000	0.195	13-Jan-23
50,000	50,000	0.38	8-Feb-23
1,150,000	900,000	0.39	22-Feb-23
125,000	125,000	0.41	1-Mar-23
175,000	87,500	0.395	17-Mar-23
250,000	62,500	0.39	18-Apr-23
375,000	375,000	0.43	6-May-23
100,000	100,000	0.34	20-Sept-23
500,000*	500,000	0.10	23-Dec-23
3,000,000	3,000,000	0.39	22-Feb-24
400,000	400,000	0.36	9-Sept-24
<u>6,403,000</u>	<u>5,878,000</u>		

- 375,000 options exercised subsequently

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

Stock options (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended October 31, 2021:

	<b>2021</b>	<b>2020</b>
Risk-free interest rate	0.48%	1.26%
Expected life of options	2.2 years	2.0 years
Expected annualized volatility	156.24%	151.9%
Expected dividend rate	0.00%	0.00%

Warrants

During the year ended April 30, 2021, the Company:

- i) granted 2,000,000 bonus warrants to major shareholder of the Company to compensate for providing personal guarantee to obtain \$56,000 bank loan. Warrants are exercisable at a price of \$0.05 per share, expiring on May 22, 2022. The estimated fair value of the warrants is \$89,200 or \$0.04 per warrant recorded as share-based compensation.
- ii) granted 4,000,000 bonus warrants to major shareholder of the Company to compensate for providing personal guarantee to obtain \$144,000 bank loan. Warrants are exercisable at a price of \$0.05 per share, expiring on May 22, 2022. The estimated fair value of the warrants is \$230,600 or \$0.06 per warrant recorded as share-based compensation.

A summary of the Company's warrant activity is as follows:

	Warrants	Weighted Average Exercise Price
<b>Balance, April 30, 2020</b>	7,598,333	0.16
Granted	28,269,500	0.14
Exercised	(2,442,000)	0.05
Expired	<u>(7,598,333)</u>	0.16
<b>Balance, April 30, 2021</b>	25,827,500	0.15
Exercised	<u>(5,732,500)</u>	0.08
<b>Balance, October 31, 2021</b>	20,095,000	\$ 0.17

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**10. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)**

Warrants (cont'd...)

As at October 31, 2021, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
850,000*	0.15	20-December-21
240,000	0.10	20-January-22
7,500,000	0.15	20-January-23
530,000	0.20	12-February-23
6,975,000	0.25	12-February-23
4,000,000	0.05	16-June-23
<u>20,095,000</u>		

\* 850,000 warrants exercised subsequently

**11. FLOW-THROUGH PREMIUM LIABILITY**

The Company raised capital through the issuance of 1,250,000 flow-through shares in September 2020. A value of \$18,750 was attributed to the flow-through premium liability in connection with the financing. The Company expended \$104,276 of the flow-through proceeds and accordingly, recorded \$18,750 as reversal of flow-through premium during the year ended April 30, 2021.

The Company raised capital through the issuance of 2,500,000 flow-through shares in December 2020. A value of \$37,500 was attributed to the flow-through premium liability in connection with the financing. The Company expended \$146,501 of the flow-through proceeds and accordingly, recorded \$21,975 as reversal of flow-through premium during the year ended April 30, 2021. During the six months period ended October 31, 2021 the Company expended a further \$48,439 of the flow-through proceeds and accordingly, recorded \$7,266 as reversal of flow-through premium. As at October 31, 2021 the Company has remaining flow-through premium liability of \$8,259 (April 30, 2021 - \$15,525).

**12. RELATED PARTY TRANSACTIONS**

The Company defines key management as officers and directors. For the period ended October 31, 2021, the Company had the following transactions with key management, being related parties:

- i) paid or accrued management fees of \$39,000 (2020 - \$18,000) to a corporation owned by the Company's CEO for his services as President and CEO.
- ii) paid or accrued fees of \$21,000 (2020 - \$42,000) to a corporation owned by the Company's CEO for services relating to research and development.
- iii) paid or accrued director fees of \$12,000 (2020 - \$6,000) to the directors of the Company.
- iv) paid or accrued professional fees of \$36,000 (2020 - \$Nil) to a corporation owned by the Company's CFO.
- v) paid or accrued professional fees of \$32,000 (2020 - \$36,000) to a partnership in which the Company's former Chief Financial Officer has an interest.
- vi) paid or accrued advertising and promotion consulting fees and wages of \$7,500 (2020 - \$6,000) to the CEO's spouse.

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**12. RELATED PARTY TRANSACTIONS (cont'd...)**

vii) granted a total of 450,000 stock options (2020 - 700,000) to officers and directors of the Company, of which the fair market value was estimated at \$128,000 (2020 - \$19,232) and was included in share-based compensation expense.

As at October 31, 2021, \$23,777 (April 30, 2021- \$14,700) is included in accounts payable and accrued liabilities owed to directors, a corporation owned by the Company's CEO, and a corporation owned by the Company's CFO.

**13. OTHER INCOME**

	<b>For the period ended October 31, 2021</b>	<b>For the period ended October 31, 2020</b>
Sale of products	\$ 180,039	\$ 28,439
Provision of research services	59,114	48,170
	<b>\$ 239,153</b>	<b>\$ 76,609</b>

**14. CAPITAL MANAGEMENT**

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was mainly from the issuance of common shares and short-term demand loans. There was no change in the Company's capital management strategy during the current period. The Company is not exposed to any externally imposed capital restrictions.

**15. FINANCIAL INSTRUMENTS AND RISKS**

**Fair values**

The Company's financial instruments consist of cash, marketable securities, accounts payable and accrued liabilities and loan payable. Cash and marketable securities are carried at fair value. The fair values of accounts payable and accrued liabilities and loan payable approximate their carrying amounts due to their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**15. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)**

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<i>As at October 31, 2021</i>				
Cash	\$ 448,182	\$ 448,182	\$ -	\$ -
Marketable securities	764,400	-	464,000	300,000

Financial instruments measured at fair value on the statement of financial position include cash and marketable securities. Cash is valued within level 1 of the fair value hierarchy.

The Company's marketable securities are comprised of shares of Snow Lake and ZS2.

The Snow Lake private company shares (Note 4) are valued within level 2 of the fair value hierarchy. As at October 31, 2021, the Company was actively engaged in the sale of these shares to an arm's length party. The transaction was completed shortly after the balance sheet date suggesting the fair market value of the shares as at October 31, 2021 was equal to the negotiated sales price.

The ZS2 Technologies private company shares (Note 4) are valued within level 3 of the fair value hierarchy. The key assumptions driving the valuation of this investment includes, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental.

***Financial instrument risk exposure***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

***Credit risk***

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of commodity taxes receivable due from a federal government agency.

***Liquidity risk***

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

***Market risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

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**15. FINANCIAL INSTRUMENTS AND RISKS (cont'd...)**

Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

Foreign currency risk

The Company is exposed to nominal foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings (loss) due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant.

**16. SEGMENTED INFORMATION**

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	October 31, 2021	April 30, 2021
<b>Exploration and evaluation assets</b>		
Canada	\$ 1,607,790	\$ 1,544,612
<b>Property and equipment</b>		
Canada	\$ 1,031,988	\$ 968,921

**17. SUBSEQUENT EVENTS**

Subsequent to October 31, 2021, the Company:

- i) Announced the signing of a binding Share Purchase Agreement to acquire 100% of the issued and outstanding shares of Absorbent Products Ltd. and certain affiliated companies for \$16.3 million. Further details are provided in the Company's Management Discussion & Analysis for the six-month period ended October 31, 2021.
- ii) issued 850,000 common shares upon exercise of warrants for gross proceeds of \$127,500.
- iii) issued 375,000 common shares upon exercise of options for gross proceeds of \$37,500.
- iv) issued 200,000 stock options with an exercise price of \$0.59 per share that expire November 8, 2022 to a consultant in exchange for marketing services.