PROGRESSIVE PLANET SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Progressive Planet Solutions Inc.

Opinion

We have audited the consolidated financial statements of Progressive Planet Solutions Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at April 30, 2023 and April 30, 2022
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at April 30, 2023 and April 30, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has incurred losses to date, and for the year ended April 30, 2023, the Entity recorded a loss of $1,164,472 and had overall negative cash flows of $1,066,129.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 3 and Note 4 to the financial statements ("Notes 3 and 4"), which explain that certain comparative information presented for the year ended April 30, 2022 has been adjusted. Notes 3 and 4 explain the reasons for the adjustments and also explain the adjustments that were applied to adjust certain comparative information.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended April 30, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value of property, plant and equipment acquired in the Absorbent Products Ltd. ("APL") acquisition

Description of the matter

We draw attention to Note 2(e) and Note 3 to the financial statements. On February 18, 2022, the Entity completed the acquisition of APL through a business combination. As a result of the business combination, the Entity acquired property, plant and equipment with a fair value of $13,447,850. During the year ended April 30, 2023, adjustments were made by the Entity to finalize the preliminary amounts recorded for the property, plant and equipment acquired in the acquisition of APL.

The determination of the fair value of this property, plant and equipment which included:

- land
- buildings
- plant and equipment

involved significant estimates, including depreciated replacement cost and direct sales comparison. The Entity engaged certified independent third-party appraisers to determine the depreciated replacement cost estimates for buildings and certain acquired plant and equipment and the direct sales comparison estimates for the remaining acquired plant and equipment.

Why the matter is a key matter

We identified the evaluation of the fair value of property, plant and equipment acquired in the APL acquisition as a key audit matter. Significant auditor judgment was required in evaluating the results of our audit procedures regarding depreciated replacement cost and direct sales comparison estimates. Further, the assessment of the depreciated replacement cost and direct sales comparison estimates required the use of professionals with specialized skills and knowledge in valuation.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter:

We evaluated the competence, capabilities and objectivity of the certified independent third-party appraisers engaged by the Entity.

We involved valuation professionals with specialized skills and knowledge who assisted in:

- Assessing the reasonableness of the Entity's depreciated replacement cost estimates of the fair value of acquired buildings by comparing the Entity's estimates to market data for comparable assets
- Assessing the reasonableness of the Entity's direct sales comparison estimates of the fair value of certain acquired plant and equipment by comparing the Entity's estimates to market data for comparable assets
- Assessing the reasonableness of the Entity's depreciated replacement cost estimates of the fair value of remaining acquired plant and equipment by comparing the Entity's estimated depreciated replacement cost to a depreciated replacement cost range that was independently developed by the valuation professionals using data on the assets' historical acquisition cost, original acquisition date and market data for comparable assets.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance for the financial statements with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is James Barron.

Vancouver, Canada
September 1, 2023

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT APRIL 30, 2023 AND 2022

	2023	2022 (Adjusted - Note 3)
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 704,553	$ 1,770,682
Restricted cash (Note 4)	-	266,000
Accounts receivable (Note 5)	1,675,691	2,200,046
Inventories (Note 6)	3,045,988	3,259,148
Prepaid expenses and other	201,546	333,561
	5,627,778	7,829,437
Investments in private companies (Note 7)	1,170,000	1,330,500
Property, plant and equipment (Note 8)	14,948,033	14,466,155
Leased assets (Note 9)	2,255,708	2,333,148
Mineral properties (Note 10)	1,143,026	809,845
Exploration and evaluation assets (Note 11)	1,682,412	1,632,139
	$ 26,826,957	$ 28,401,224
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (Note 4)	$ -	$ 1,417,539
Accounts payable and accrued liabilities (Note 12)	1,993,236	1,739,379
Deferred revenue (Note 13)	137,858	306,261
Other current liabilities (Note 14)	62,842	25,000
Lease obligations - current (Note 15)	168,105	173,134
Loans payable - current (Note 16)	382,029	647,075
Shares to be issued – current (Note 3)	393,428	717,429
	3,137,498	5,025,817
Long-term lease obligations (Note 15)	2,297,799	2,380,784
Long-term loans payable (Note 16)	6,365,937	8,066,149
Long-term shares to be issued (Note 3)	-	660,856
Asset retirement obligations (Note 17)	261,150	241,694
Deferred income tax liability (Note 18)	2,013,726	2,154,392
	14,076,110	18,529,692
Shareholders' equity		
Share capital (Note 19)	29,999,266	26,175,235
Share-based payment reserve (Note 19)	5,783,852	5,564,096
Deficit	(23,032,271)	(21,867,799)
	12,750,847	9,871,532
	$ 26,826,957	$ 28,401,224

Nature of operations and going concern (Note 1)
Business acquisition (Note 3)
Commitments (Note 20)
Contingencies (Note 21)
Subsequent events (Note 27)

Approved on behalf of the Board:

/s/ Stephen Harpur Director   **/s/ Randy Gue** Director

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars, except share amounts)
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	2023	2022
REVENUE (Note 26)	$ 19,543,288	$ 3,833,146
COST OF SALES		
Cost of goods sold (Notes 6 and 22)	10,771,049	2,579,073
Freight	2,730,018	649,272
Amortization and depreciation	879,382	113,791
Depletion and asset retirement obligations accretion	32,766	6,676
	14,413,215	3,348,812
GROSS PROFIT	5,130,073	484,334
EXPENSES		
Selling expenses:		
Advertising and other	908,671	390,992
Personnel (Note 22)	1,022,083	186,021
	1,930,754	577,013
Research and development costs	874,758	168,010
General and administrative expenses:		
Office and administration (Note 22)	1,150,763	504,266
Personnel (Note 22)	1,171,275	733,163
Share-based compensation (Notes 19 and 22)	288,324	1,826,811
Consulting fees	265,762	428,282
Professional fees (Note 22)	588,263	760,203
	3,464,387	4,252,725
	6,269,899	4,997,748
LOSS FROM OPERATIONS	(1,139,826)	(4,513,414)
Finance costs	679,792	175,443
Other income (Note 23)	(535,932)	(1,288,160)
Loss before income taxes	(1,283,686)	(3,400,697)
Current income tax expense (Note 18)	21,452	-
Deferred income tax recovery (Note 18)	(140,666)	(110,000)
Loss and comprehensive loss for the year	$ (1,164,472)	$ (3,290,697)
Basic and diluted loss per common share	$ (0.01)	$ (0.05)
Weighted average number of common shares outstanding – basic and diluted	98,639,804	69,357,788

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars, except share amounts)
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	Number of shares		Share capital		Share-based payment reserve (2022 adjusted - Note 3)		Deficit		Total equity
April 30, 2021	59,774,377	$	18,288,164	$	3,867,149	$	(18,577,102)	$	3,578,211
Private placements	17,763,640		6,217,275		-		-		6,217,275
Share issuance cost - cash	-		(195,619)		-		-		(195,619)
Share issuance cost - broker warrant	-		(45,160)		45,160		-		-
Shares issued upon exercised options	713,333		114,754		(44,954)		-		69,800
Shares issued upon exercised warrants	6,764,564		716,983		(130,070)		-		586,913
Shares issued for property payments	6,667		2,267		-		-		2,267
Shares issued for acquisition of APL	3,428,570		1,076,571		-		-		1,076,571
Share-based compensation	-		-		1,826,811		-		1,826,811
Loss for the year	-		-		-		(3,290,697)		(3,290,697)
April 30, 2022	88,451,151		26,175,235		5,564,096		(21,867,799)		9,871,532
Private placements	5,000,000		980,000		270,000		-		1,250,000
Share issuance cost - cash	-		(28,075)		-		-		(28,075)
Share issuance cost - broker warrant	-		(12,128)		12,128		-		-
Shares issued upon exercised options	60,000		19,628		(7,928)		-		11,700
Shares issued upon exercised warrants	13,842,936		2,234,606		(342,768)		-		1,891,838
Shares issued for acquisition of APL	2,571,428		630,000		-		-		630,000
Share-based compensation	-		-		288,324		-		288,324
Loss for the year	-		-		-		(1,164,472)		(1,164,472)
April 30, 2023	109,925,515	$	29,999,266	$	5,783,852	$	(23,032,271)	$	12,750,847

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2023 and 2022

	2023	2022 (Adjusted - Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,164,472)	$ (3,290,697)
Adjustments:		
Reclamation work performed on mineral properties	(8,745)	-
Amortization and depreciation	879,382	358,388
Depletion and asset retirement obligation accretion	32,766	6,675
Share-based compensation	288,324	1,826,811
Finance costs	679,792	175,443
Loss on foreign exchange	37,842	-
Loss on disposal of equipment and vehicle assets	34,277	5,515
Share-based consulting income	-	(348,000)
Reversal of flow-through premium	(7,501)	(8,024)
Realized loss (gain) on investments in private companies	82,500	(446,838)
Unrealized loss (gain) on investments in private companies	78,000	(382,500)
Realized gain on settlement of shares to be issued liability	(87,429)	-
Unrealized gain on shares to be issued liability	(267,428)	-
Write-off of exploration and evaluation asset	78,554	-
Deferred income tax recovery	(140,666)	(110,000)
Net change in non-cash operating working capital (Note 24)	1,090,417	22,909
Net cash provided by (used in) operating activities	1,605,613	(2,190,318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments in private companies	-	748,838
Purchase of investments in private companies	-	(600,000)
Purchase of property, plant and equipment, net of dispositions	(1,310,028)	(391,048)
Mineral property additions	(337,746)	(40,876)
Exploration and evaluation of assets acquisition and expenditures	(128,827)	(85,260)
Acquisition of Absorbent Products Ltd., net of cash acquired (Note 3)	130,000	(11,117,625)
Net cash used in investing activities	(1,646,601)	(11,485,971)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and warrant issuances	1,250,000	6,217,275
Share issuance costs	(28,075)	(195,619)
Loan proceeds	-	8,683,000
Loan repayments	(2,486,455)	(350,287)
Repayment of bank indebtedness	(1,480,333)	(823,708)
Payments on lease obligations	(183,816)	(78,986)
Proceeds from exercise of options	11,700	69,800
Proceeds from exercise of warrants	1,891,838	586,913
Net cash (used in) provided by financing activities	(1,025,141)	14,108,388
Change in cash during the year	(1,066,129)	432,099
Cash and cash equivalents, beginning of year	1,770,682	1,338,583
Cash and cash equivalents, end of year	$ 704,553	$ 1,770,682

Supplemental cash flow information (Note 24)

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's shares trade on the TSX Venture Exchange under the trading symbol PLAN and on the Frankfurt Stock Exchange under the symbol ARB3. On August 17, 2022, the Company's shares were listed to trade on the OTCQB Venture Market under the trading symbol ASHXF.

Prior to the acquisition of Absorbent Products Ltd. ("APL") and certain related companies (combined, the "APL Group") on February 18, 2022 (Note 3), the Company was primarily engaged in developing three natural pozzolan properties which are all located within the vicinity of Kamloops, British Columbia. In addition, the Company operated a pilot plant at a pre-commercial scale which produced mineral powders (soft rock phosphate) for agriculture on a seasonal basis. The pilot plant was relocated to the APL Group's facilities in Kamloops and combined with its existing operations during the current period.

With the acquisition of the APL Group, the Company has become a manufacturer of mineral-based products derived from diatomaceous earth, zeolite, and bentonite that is headquartered in Kamloops, BC. In conjunction with these manufacturing operations, the Company is the sole owner of a diatomaceous earth mine located near Kamloops and a bentonite mine, located near Princeton, BC, as well as the operator and partial owner of a zeolite mine, also located near Princeton. The Company is also engaged in research and development activities to expand the current operations by developing products for the agricultural and supplementary cementing materials markets.

These consolidated financial statements have been prepared on the basis of accounting applicable to a "going concern," which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred losses to date and for the year ended April 30, 2023, the Company recorded a loss of $1,164,472, and had overall negative cash flows of $1,066,129. These conditions result in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company may require additional debt or equity funding in order to meet its business objectives. In those circumstances, the Company would plan to raise the necessary funds primarily through issuance of common shares and the utilization of its credit facilities. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern and such adjustments could be material to the financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB of the International Financial Reporting Interpretations Committee. However, these updated either are not applicable to the Company or are not material to these consolidated financial statements.

The consolidated financial statements were approved and authorized for issue by the Board of Directors on September 1, 2023.

(b) Basis of presentation:

These consolidated financial statements have been prepared on the historical cost basis, except for where otherwise stated. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

2. BASIS OF PREPARATION (cont'd…)

(c) Basis for consolidation:

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Company until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

These consolidated financial statements include the accounts of the Company and its subsidiaries as described below:

Company	Location	Ownership Interest
Progressive Planet Products Inc. (formerly, Absorbent Products Ltd.)	BC, Canada	100%
0820443 B.C. Ltd.	BC, Canada	100%
Progressive Planet Alberta Inc.	Alberta, Canada	100%
Progressive Planet US LLC	Oregon, United States	100%

(d) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries, with the exception of Progressive Planet US LLC, whose functional currency is US dollars.

(e) Use of estimates and judgments:

The preparation of the financial statements in accordance with IFRS requires management to use judgment in applying accounting policies and to make estimates and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about judgments made that have the most significant effects on the amounts recognized in the financial statements include:

i) The determination of whether an acquisition constitutes a business (Note 3). Transactions accounted for as business combinations may result in goodwill or a bargain purchase gain and transaction costs are expensed. Transactions accounted for as asset acquisitions do not result in goodwill or a bargain purchase gain and deferred tax amounts are not recognized; transactions costs are capitalized as part of the assets acquired.

ii) The determination of the fair value of property, plant and equipment acquired in the APL acquisition which included: a) land; b) buildings; and c) plant and equipment involved significant estimates, including depreciated replacement cost and direct sales comparison. The Company engaged certified independent third-party appraisers to determine the depreciated replacement cost estimates for buildings and certain acquired plant and equipment and the direct sales comparison estimates for the remaining acquired plant and equipment.

iii) The recognition of deferred tax assets.

2. BASIS OF PREPARATION (cont'd…)

(e) Use of estimates and judgments (cont'd…)

Areas of estimation uncertainty that may have a significant effect on the amounts recognized in the consolidated financial statements, and could result in a material adjustment within the next fiscal year is included in the following notes:

i) The determination of the fair value of share consideration issued for the purchase of the APL Group, including the liquidity discount applied (Note 3).
ii) The measurement of the fair value of investments in private companies (Note 7).
iii) Identification and correct interpretation of indicators of impairment of the Company's assets.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(f) Business combinations

A business combination is an acquisition of assets and liabilities that constitute a business and whereby the Company obtains control of the business. A business is an integrated set of activities and assets that consist of inputs and processes, including a substantive process that, when applied to those inputs, have the ability to create or significantly contribute to the creation of outputs that generate investment income or other income from ordinary activities.

When acquiring a set of activities or assets in the exploration and development stage, which may not have outputs at the acquisition date, the Company considers other factors to determine whether the set of activities or assets is a business. In this case, an acquired process is considered substantive when: (i) the acquired process is critical to the ability to develop the acquired input into outputs; and (ii) the inputs acquired include both an organized workforce with the necessary skills, knowledge, or experience to perform the process and other inputs that the organized workforce could develop into outputs.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognized at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred, and the Company acquires control of the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values, determined as at the acquisition date, of the assets transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. Acquisition-related costs, other than costs to issue debt or equity securities of the Company, are expensed as incurred.

A non-controlling interest ("NCI"), if any, represents the equity in a subsidiary not attributable, directly or indirectly, to the Company. An NCI is recognized at its proportionate share of the fair value of identifiable net assets acquired on initial recognition.

Goodwill, if any, is calculated as the sum of the total consideration transferred by the Company and the NCI in the acquiree, if any, less the fair value of net assets acquired. When the fair value of net assets acquired exceeds the sum of the total consideration transferred by the Company and the NCI in the acquiree, if any, the Company recognizes a bargain purchase gain in net income or loss on the acquisition date.

2. BASIS OF PREPARATION (cont'd…)

(g) Revenue recognition:

The Company recognizes sales on deliveries once the goods are accepted at the customer's premises, and for customer pick-up orders, at the point of sale, which is when the customer obtains control, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable. Invoices are generated at time of shipment or pickup, as the case may be, and they are usually payable within 45 days. Revenue arising from shipments that have not yet been accepted at the customer's premises, but for which invoices were generated (i.e., at the time of shipping), is classified as deferred revenue until such time as the goods are accepted. Revenue is measured based on the consideration specified in a contract with a customer. These contracts usually specify discounts granted. Therefore, discounts are recognized as a reduction of revenue. For contracts that permit the customer to return an item, revenue is recognized to the extent that a significant reversal in the amount of cumulative revenue will not occur. Returns are exchanged only for new goods. Revenue is recognized at a point in time and sales are made to customers in Canada and the United States.

(h) Cash, cash equivalents, and restricted cash:

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments and form an integral part of the Company's cash management. They include cash on hand, balances with bank and short-term deposits with remaining maturities at the time of acquisition of three months or less. Their carrying amount approximates their fair value.

Restricted cash consists of monies held in trust on legal undertakings which can only be used for a specific purpose (i.e., the repayment of bank indebtedness) once a release has been obtained. Restricted cash is classified as current or non-current assets based on the applicable restriction periods.

(i) Inventories

Raw materials and finished goods inventories are recorded at the lower of cost (determined on a weighted average basis) and net realizable value. Finished goods cost includes direct costs and attributable manufacturing overhead. Supplies are recorded at the lower of cost (determined on a weighted average basis) and replacement value.

Stockpiled ore inventories represent ore that has been extracted from the mine and is available for further processing. The average costs included in stockpiled ore inventories are based on mining costs incurred up to the point of stockpiling the ore, including depreciation and depletion related to mineral properties and equipment and are removed at the weighted average cost as ore is processed. The measurement of stockpiles involves the use of significant judgments and assumptions, including the volume of the stockpiles and bulk density. Stockpiled ore that is not expected to be processed within the next 12 months is classified as non-current.

The Company estimates net realizable value as the amount of inventories expected to be sold and taking into consideration fluctuations in price, less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of the inventories is not estimated to be recoverable due to obsolescence, damage or permanent declines in selling price. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in retail selling price, the amount of the write down previously recorded is reversed.

2. BASIS OF PREPARATION (cont'd…)

(j) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a diminishing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Asset	
Buildings	20 to 40 years
Equipment	5 to 20 years
Vehicles	7 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a 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.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of any costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

2. BASIS OF PREPARATION (cont'd…)

(k) Leases (cont'd…)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected not to recognize right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Exploration and evaluation assets

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activity includes exploratory drilling and sampling, surveying transportation and infrastructure requirements, and gathering exploration data through geophysical studies.

Exploration and evaluation expenditures relating to acquisition of mining claims are not amortized. When the decision to develop an area is made, its exploration and evaluation expenditures are reclassed to mineral properties.

The Company capitalizes direct costs of acquiring resource property interests as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

(m) Mineral properties

Mineral properties include the costs incurred for acquisition and development of the Company's mineral properties as well as related asset retirement obligations. All costs related to the development of the diatomaceous earth material mine, the bentonite clay mine and the zeolite mine including associated administrative costs have been capitalized. Depletion of such costs is provided on the units of production basis. Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value.

(n) Government assistance

The Company periodically applies for financial assistance under available government incentive programs.

Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to expenses incurred are recognized in profit or loss as other income or as a reduction of the related expense, on a systematic basis in the periods in which the expenses are recognized.

2. BASIS OF PREPARATION (cont'd…)

(o) Provisions

i. Asset retirement obligations

The Company recognizes a future asset retirement obligation as a liability in the year in which it incurs a legal or constructive obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development and/or normal use of the assets based on the best estimate of the expenditure required to settle the obligation. The Company concurrently recognizes a corresponding increase in the carrying amount of the related long-lived asset that is amortized over the life of the asset.

The amount of the asset retirement obligation is estimated using the expected cash flow approach discounted at a credit adjusted interest rate based on government bonds with a similar date to maturity. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of the reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in profit or loss as finance costs using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

Establishing the appropriate provision for asset retirement obligations involves application of considerable judgment and involves a risk of significant adjustments. These retirement activities are many years into the future hence the estimates include assumptions of the time required. Furthermore, changes in the discount rate may impact the estimates. As a result, the initial recognition of the liability and the capitalized cost associated with the retirement obligations as well as the subsequent adjustment involves the application of judgment

ii. Other provisions

A provision is recognized if, because of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined using the expected future cash flows discounted, if material, at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance expense in net income or loss.

(p) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

2. BASIS OF PREPARATION (cont'd…)

(p) Income taxes (cont'd…)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(q) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus or minus transaction costs that are directly attributable to its acquisition or issue. Trade receivables, without a significant financing component, are initially measured at the transaction price.

Classification and subsequent measurement

Financial assets:

The Company's financial assets are cash and cash equivalents, restricted cash, accounts receivable and investments in private companies. On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes it business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management.

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of loss in the period in which they arise.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows.

2. BASIS OF PREPARATION (cont'd…)

(q) Financial instruments (cont'd…)

Financial liabilities:

The Company's financial liabilities are bank indebtedness, accounts payable and accrued liabilities, loans payable, and shares to be issued.

The Company has designated its shares to be issued as financial liabilities carried at FVTPL. Realized and unrealized gains and losses arising from changes in the fair value of the shares to be issued are included in the statement of loss in the period in which they arise.

The Company's remaining financial liabilities are classified at amortized cost. They are subsequently measured at amortized cost using the effective interest method except for lease liabilities. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(r) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate at the reporting date. Non-monetary assets and liabilities that are measured on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange gains and losses on translation of monetary assets and liabilities are recognized in profit or loss.

If applicable, assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. Income and expenses of foreign operations are translated into the functional currency at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income or loss and accumulated in the translation reserve. When a foreign operation is disposed of in its entirety, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(s) Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Company has a stock-based compensation plan, which is described in note 19. Equity instruments awarded to employees and the cost of the services received as consideration are measured and recognized based on the fair value of the equity instruments. The grant-date fair value is generally recognized as an expense, with a corresponding increase in equity over the vesting period of the awards. Consideration paid on the exercise of stock options is recorded as share capital, up to the par value of the issued shares and the remaining amount to contributed surplus.

2. BASIS OF PREPARATION (cont'd…)

(s) Employee benefits (cont'd…)

Under the fair value-based method, the compensation cost is recognized over the vesting period of the awards. Awards for past service are recognized as an expense in the period when granted.

(t) Impairment

i. Non-derivative financial assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost. Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within twelve months after the reporting date (or a shorter period of the expected life of the instrument is less than twelve months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, which includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:
- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- The financial asset is more than 90 days past due.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data such as significant financial difficulty of the debtor and a breach of contract such as a default or being more than 90 days past due.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company has a policy of writing off the gross carrying amount when the financial asset is 120 days past due based on historical experience of recoveries of similar assets.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

2. BASIS OF PREPARATION (cont'd…)

(t) Impairment (cont'd…)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 assets.

Impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

(u) Share capital

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects are recognized as deduction from equity.

(v) Finance costs

The Company's finance costs include interest expense on loans and leases. Interest expense is recognized as it accrues in profit or loss, using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortized cost of the financial liability.

(w) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When one is available, the Company measures the fair value of an instrument using the quoted price in active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

2. BASIS OF PREPARATION (cont'd…)

(x) 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.

(y) 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.

(z) 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. Any fair value attributed to warrants is recorded as share-based payment reserve.

(aa) 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. The Company's 8,445,000 stock options and 31,321,572 warrants outstanding at April 30, 2023, as well as the 2,571,429 shares to be issued on February 18, 2024 (Note 3), are not included in the loss per share calculation as the effect would be anti-dilutive.

(bb) Contingencies

Contingent assets and contingent liabilities are not recognized in the consolidated financial statements. Contingent assets and contingent liabilities are possible assets or possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability can also be a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent assets and contingent liabilities are continually assessed to ensure developments are appropriately reflected in the consolidated financial statements.

(Expressed in Canadian dollars)

3. BUSINESS ACQUISITION

On February 18, 2022 (the "Acquisition date"), the Company acquired 100% of the shares of Absorbent Products Ltd. ("APL") and certain related companies (combined "the APL Group"). The APL Group is a manufacturer of mineral-based products derived from diatomaceous earth, zeolite, and bentonite. Absorbent Products operates its own diatomaceous earth and bentonite mines in BC and is also the operator of a zeolite mine in BC. The mineral-based products manufactured by APL are used in agricultural, industrial and consumer applications.

The intention of the acquisition was to support and grow the APL Group's existing business operations, with a specific focus on the expansion of the agricultural product market. In addition, the Company's acquisition intention was on developing an incremental line of business in sustainable cement using APL's mineral deposits. On May 2, 2022, the Company changed APL's name to Progressive Planet Products.

The Company determined that the APL Group acquisition represents a business combination, with the Company identified as the acquirer.

Transaction costs incurred in respect of the acquisition totaling $562,100 were expensed and included in Consulting fees, Office and administration expenses, and Professional fees in the consolidated statements of loss and comprehensive loss for the year ended April 30, 2022.

The acquisition date fair value of the consideration transferred consisted of the following:

Cash consideration (1)(3)	$	11,000,340
Share consideration (2)		2,454,857
Working capital adjustment (3)		62,179
Total consideration paid	$	13,517,376

(1) The cash consideration was funded by $8,683,000 of long-term loans financed by the Bank of Montreal ("BMO") and $2,317,340 of cash raised in conjunction with a contemporaneous private placement of the Company's shares (total private placement proceeds raised were $6,217,274 – see Note 19).

(2) Under the terms of the acquisition agreement, the share consideration was comprised of the following:

a. Tranche 1: $1,200,000 in common shares of the Company issued at the Acquisition date at a price of $0.35 per share (resulting in 3,428,571 shares issued).

b. Tranche 2: $900,000 in common shares of the Company to be issued one year from the Acquisition date, at a price equal to the greater of (a) $0.35 per share, or (b) the 50-day volume weighted average trading price of such shares in the days immediately preceding each issuance of such shares. Effective February 24, 2023, the Company issued 2,571,428 shares to the vendor in order to satisfy this requirement.

c. Tranche 3: $900,000 in common shares of the Company to be issued two years from the Acquisition date, at a price equal to the greater of (a) $0.35 per share, or (b) the 50-day volume weighted average trading price of such shares in the days immediately preceding each issuance of such shares.

d. All shares are subject to a 4 month hold period from the date of issuance.

The fair value of the share consideration at the Acquisition date was determined based on the face value of the three tranches of shares ($3,000,000) less a discount to reflect 4 month hold periods as well as the one and two year "waiting periods" associated with the share issuances for 2nd and 3rd Tranches, respectively. As at the

(Expressed in Canadian dollars)

3. BUSINESS ACQUISITION (cont'd…)

Acquisition date, the Tranche 1 common shares were valued at $1,076,571, the Tranche 2 common shares were valued at $717,429 and the Tranche 3 common shares were valued at $660,857. The Tranche 2 and Tranche 3 common shares to be issued to the vendor are non-derivative financial liabilities as they comprise an obligation for the Company to deliver a variable number of its common shares to the vendor under the terms of the acquisition agreement. The Company has designated its shares to be issued as financial liabilities carried at FVTPL. Realized and unrealized gains and losses arising from changes in the fair value of the common shares to be issued are included in the statement of loss in the period in which they arise. The Company recorded a $87,429 realized gain on the issuance of the Tranche 2 common shares on February 24, 2023. The Company also recorded a $267,428 unrealized gain in the year ended April 30, 2023 on the Tranche 3 common shares to be issued in February 2024.

In determining the fair value of share consideration, and related shares to be issued liability, the discounts deducted from the face value of the shares to be issued, as at the acquisition date, as at April 30, 2022, as at the issue date of the 2nd tranche share grant, and as at April 30, 2023, were calculated with the assistance of a Black-Scholes option pricing model. The following assumptions were used in the Black-Scholes valuations of these discounts:

	Acquisition date Feb 18, 2022	**April 30, 2022**	**2nd Tranche Issue date Feb 24, 2023**	**April 30, 2023**
Risk-free interest rate	1.49%	1.49%	4.28%	3.65%
Expected hold period – 1st Tranche	0.4 years	n/a	n/a	n/a
Expected hold period – 2nd Tranche	1.4 years	1.4 years	0.4 years	n/a
Expected hold period – 3rd Tranche	2.4 years	2.4 years	n/a	1.2 years
Expected annualized volatility	51.55%	51.55%	76.73%	78.71%
Expected dividend rate	0.00%	0.00%	0.00%	0.00%

<u>Adjustment to financial liabilities as at April 30, 2022</u>

The Company's previously reported statement of financial position as at April 30, 2022 presented the Tranche 2 and Tranche 3 common shares to be issued valued at $1,378,286 as equity instruments recorded in share-based payment reserve when the common shares to be issued should have been recorded as financial liabilities. As such, the previously reported April 30, 2022 total current liabilities, total liabilities and share-based payment reserve have been adjusted in these financial statements as follows:

	Shares to be issued	Total current liabilities	Total liabilities	Share-based payment reserve
Previously reported [1]	$ -	$ 4,308,388	$ 17,151,406	$ 6,942,382
Adjustment	1,378,286 [2]	717,429	1,378,286	(1,378,286)
Adjusted	$ 1,378,286	$ 5,025,817	$ 18,529,692	$ 5,564,096

[1] Includes the amounts restated to reflect the adjustments made to finalize the amounts recognized for the fair values of identifiable liabilities assumed in the acquisition of the APL Group (Note 3).
[2] This amount includes (i) common shares to be issued one year from the Acquisition date valued at $717,429 and recorded in current liabilities as at April 30, 2022 and (ii) common shares to be issued two years from the Acquisition date valued at $660,857 and recorded in long-term liabilities as at April 30, 2022

The adjustment had no impact on the Company's previously reported statements of loss and comprehensive loss and statement of cashflows for the year ended April 30, 2022.

(Expressed in Canadian dollars)

3. BUSINESS ACQUISITION (cont'd…)

(3) Under the terms of the acquisition, cash payable on closing included a $1,000,000 holdback paid into trust, that was to be adjusted upward or downward on a dollar-for-dollar basis to the extent that the APL Group's net working capital (accounts receivable, inventory, and prepaid expenses, less accounts payable and accrued liabilities) on the acquisition date was greater or less than the target net working capital of $4,000,000.

The Company initially calculated net working capital to be approximately $3,810,000 at the acquisition date. Accordingly, cash consideration of $11,000,340 includes $807,820 of holdback funds held in trust ($1,000,000 holdback amount paid into trust net of $192,180 expected to be returned to the Company as a result of the net working capital computation). During the year ended April 30, 2023, the Company finalized the net working capital adjustment with the APL Group vendors and the Company received $130,000 from the amount held in trust. As a result, the Company increased the cash consideration by $62,179, being the difference between what the Company had estimated they would receive and the actual amount the Company received from the holdback funds.

The table below outlines preliminary and final recognized amounts of the fair values of identifiable assets acquired and liabilities assumed. In accordance with IFRS 3 *Business Combinations*, the comparative figures in these financial statements have been restated to reflect these adjustments.

Assets acquired and liabilities assumed	Reported as of April 30, 2022	Adjustments	Final Allocation
Cash	$ 74,895	-	$ 74,895
Accounts receivable	2,192,313	-	2,192,313
Inventories	4,111,982	(134,190)	3,977,792
Prepaid expenses	195,153	-	195,153
Property, plant & equipment	12,794,728	653,122	13,447,850
Leased assets	2,349,873	-	2,349,873
Mineral properties	1,108,351	(338,331)	770,020
Bank indebtedness	(2,225,125)	-	(2,225,125)
Accounts payable	(2,162,598)	-	(2,162,598)
Deferred revenue	(154,562)	-	(154,562)
Lease obligations	(2,422,773)	-	(2,422,773)
Asset retirement obligations	(261,070)	-	(261,070)
Deferred income tax liability	(2,145,970)	(118,422)	(2,264,392)
Fair value of net assets acquired	$ 13,455,197	$ 62,179	$ 13,517,376

Final recognized amounts reflect retrospective adjustments to property, plant and equipment fair values following the completion of external valuations in the fourth quarter of 2023. Accordingly, depreciation was retrospectively adjusted resulting in a $25,378 increase in depreciation expense in the period from the date of acquisition of February 18, 2022 to April 30, 2022.

The fair value of supplies and raw material inventories was based on estimated replacement costs. The fair value of finished goods inventory was based on net realizable value. Under the net realizable value approach, the future estimated cash flows from sales were adjusted for completion costs, such as selling and transportation expenses.

The determination of the fair value of property, plant and equipment involved significant estimates including depreciated replacement cost and direct sales comparison. The Company engaged certified independent third-party appraisers to determine the depreciated replacement cost estimates for buildings and certain acquired plant and equipment and the direct sales comparison estimates for the remaining acquired plant and equipment. The fair values of mineral properties were based on Management's estimates and supplemented with certified independent third-party appraisals.

(Expressed in Canadian dollars)

3. BUSINESS ACQUISITION (cont'd…)

The fair value of leased assets was based on the discounted cash flows of future lease payments associated with those assets. The fair value of deferred revenue was estimated to be equal to the future sales proceeds of inventory that was in-transit to customers at the acquisition date. The fair value of lease obligations was equal to the future cash flows of lease contracts that were in existence at the Acquisition date. The fair value of asset retirement obligations was based on the estimated future cash flows required to remediate the APL Group's mineral property assets for disturbances at the acquisition date, and discount rates.

4. CASH AND CASH EQUIVALENTS

	April 30, 2023	April 30, 2022
Bank balances	$ 704,206	$ 1,770,585
Cash on hand	347	97
Cash and cash equivalents	$ 704,553	$ 1,770,682

RESTRICTED CASH:

As at April 30, 2022, the Company had $266,000 deposited in trust on legal undertakings. The legal undertakings were completed during the year ended April 30, 2023, and the funds were released from trust.

BANK INDEBTEDNESS:

The Company has a credit facility agreement with BMO to borrow Canadian and U.S. funds by means of an operating line of credit to a maximum of $3,000,000 Canadian dollars. The available operating line of credit balance is calculated based on the Company's available accounts receivable and inventory balances. The operating line of credit bears interest at 0.78% above the bank's commercial prime lending rate (April 30, 2023 – 7.48%, in aggregate). Interest expense of $62,794 (2022 - $16,122) is included in finance costs in the statement of loss related to this facility.

The Company has an additional credit facility agreement with BMO to borrow up to $1,000,000, by way of multi-draws of non-revolving lines of credit or fixed rate term loans to finance the purchase of equipment assets. The Company did not utilize this facility during the years ended April 30, 2023 and 2022.

Security is provided by way of a general security agreement with a second charge over all assets of the APL Group with priority over accounts receivable and inventories, general assignment of book debts, security over inventory with priority over finished and processed goods, and personal guarantees not to exceed $3,000,000 in aggregate, from a certain shareholder, an officer and a director of the Company.

Adjustment to the statement of cashflows for the year ended April 30, 2022

The Company's previously reported statement of cashflows for the year ended April 30, 2022 has been adjusted in these financial statements as follows:

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities
Previously reported	$ (3,353,659)	$ (11,293,791)	$ 15,079,549
Adjustment (a)	807,586	-	(807,586)
Adjustment (b)	192,180	(192,180)	-
Adjustment (c)	163,575	-	(163,575)
Adjusted	$ (2,190,318)	$ (11,485,971)	$ 14,108,388

(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS (cont'd…)

(a) The Company previously presented a $807,586 repayment of bank indebtedness as an operating activity cashflow when it should have been presented as a financing activity cashflow.
(b) As described in note 3, the Company paid a $1,000,000 holdback amount into trust of which the Company expected $192,180 to be returned when the working capital adjustment to the purchase consideration was finalized. The $192,180 payment into trust was previously presented as a change in accounts receivable in operating activity cashflow when it should have been presented as an investing activity cashflow.
(c) The Company previously presented $163,575 of finance costs as an operating activity cashflow when it should have been presented as a financing activity cashflow.

The adjustments to the statement of cashflows had no impact on the previously reported statement of financial position as at April 30, 2022 and the Company's statements of loss and comprehensive loss for the year ended April 30, 2022.

5. ACCOUNTS RECEIVABLE

	April 30, 2023	April 30, 2022
Trade receivables	$ 1,498,148	$ 1,643,810
Commodity tax recoverable	47,872	62,025
Income tax receivables	82,260	345,316
Other receivables	47,411	148,895
	$ 1,675,691	$ 2,200,046

6. INVENTORIES

	April 30, 2023	April 30, 2022
Finished goods	$ 279,961	$ 537,456
Raw materials	864,129	681,170
Supplies	1,901,898	2,040,522
	$ 3,045,988	$ 3,259,148

The cost of inventories recognized as an expense during the year ended April 30, 2023 was $10,771,049 (2022 - $2,579,073). Inventories have been pledged as security for the Company's bank indebtedness (Note 4) and long-term debt (Note 16) in accordance with the respective agreements.

7. INVESTMENTS IN PRIVATE COMPANIES

The Company's investments in shares and warrants are classified as and subsequently measured at FVTPL.

Snow Lake Resources Ltd. ("Snow Lake")

In the year ended April 30, 2022, the Company sold all of its shares in Snow Lake for proceeds of $748,838 and recognized a gain on sale of $446,838.

(Expressed in Canadian dollars)

7. INVESTMENTS IN PRIVATE COMPANIES (cont'd…)

ZS2 Technologies Ltd. ("ZS2")

The following is a summary of the Company's investment in ZS2 for the years ended April 30, 2023 and 2022:

			Total
ZS2 Technologies Ltd. – Common shares	Common shares		
Balance, April 30, 2021	-	$	-
Additions (a)	300,000		300,000
Shares acquired on the exercise of warrants in 2022 (c)	150,000		300,000
Unrealized gain from change in fair value in 2022 (d)	-		300,000
Balance, April 30, 2023, and 2022	450,000	$	900,000
ZS2 Technologies Ltd. – Share purchase warrants	Warrants		
Balance, April 30, 2021	-	$	-
Additions (a)	300,000		-
Exercised for common shares (c)	(150,000)		-
Unrealized gain from change in fair value (d)	-		82,500
Received in exchange for consulting services (b)	300,000		348,000
Balance, April 30, 2022	450,000	$	430,500
Expired (e)	(150,000)		(82,500)
Unrealized loss from change in fair value (f)	-		(78,000)
Balance, April 30, 2023	300,000	$	270,000
Investments in shares and warrants of ZS2 balance, April 30, 2022		$	1,330,500
Investments in shares and warrants of ZS2 balance, April 30, 2023		$	1,170,000

(a) In September 2021, the Company participated in a private placement and paid $300,000 for the purchase of 300,000 units of a private company, ZS2 Technologies Ltd. ("ZS2") at $1.00 per unit. The Chief Executive Officer of ZS2 was a director of the Company until October 20, 2022. Each unit was comprised of one full common share of ZS2 and one full share purchase warrant. The share purchase warrants had a strike price of $2.00 per share and a term of 18 months. Given the warrants were so far out of the money at the time of the private placement, the Company did not allocate any value to the warrants at that time.

(b) On March 8, 2022, the Company received 300,000 share purchase warrants for ZS2 shares in exchange for the provision of consulting services. These warrants have a strike price of $2.00 per share and a term of 5 years. The Company estimated the value of these warrants at March 8, 2022 to be $348,000 using a Black-Scholes option pricing model (see (d)).

(c) Also on March 8, 2022, the Company exercised 150,000 of the warrants from the September 2021 private placement for $300,000 to acquire an additional 150,000 shares of ZS2 for $2.00 per share.

(Expressed in Canadian dollars)

7. INVESTMENTS IN PRIVATE COMPANIES (cont'd…)

(d) As at March 8, 2022 and April 30, 2022, the Company increased its fair value estimate of the ZS2 shares from $1,00 to $2.00 per share as there was evidence of observable transactions of the shares at this price level (Level 2 inputs) contemporaneously. The increase in fair value estimate of the ZS2 shares resulted in the Company recording in net loss an unrealized gain of $300,000 related to the ZS2 shares the Company owned and an unrealized gain of $82,500 related to the ZS2 warrants the Company owned as at April 30, 2022, both of which were recorded in Other income (Note 23).

The following assumptions were used for the Black-Scholes valuations of warrants:

	Financing warrants at March 8, 2022	**Consulting warrants at March 8, 2022**
Spot and strike price per share	$2.00	$2.00
Risk-free interest rate	1.61%	1.61%
Expected life of options	1 year	5 years
Expected annualized volatility	69.31%	69.31%
Expected dividend rate	0.00%	0.00%

(e) On March 3, 2023, the Company's 150,000 remaining share purchase warrants acquired through the September 1, 2021 private placement expired. Accordingly, during the year ended April 30, 2023 the Company recorded a realized loss in net loss of $82,500 which was recorded in Other income (Note 23).

(f) On April 30, 2023, the Company estimated the fair value of its 300,000 consulting share-purchase warrants to be $270,000, which was $78,000 lower than the original carrying value, recorded on March 8, 2022. According, the Company recorded an unrealized loss in net loss of $78,000 during the year ended April 30, 2023. This loss is included in Other income (Note 23). The consulting share-purchase warrants were valued using a Black-Scholes option pricing model, with the following assumptions:

	Consulting warrants at April 30, 2023
Spot and strike price per share	$2.00
Risk-free interest rate	3.51%
Expected life of options	3.86 years
Expected annualized volatility	55.00%
Expected dividend rate	0.00%

(Expressed in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation. Property, plant and equipment acquired at as part of the APL Group acquisition was initially recorded at fair value. A summary of the changes in the Company's property, plant and equipment for the years ended April 30, 2023 and 2022 is as follows:

	Land	Buildings	Equipment	Vehicles	Total
Cost					
Balance, April 30, 2021	$ -	$ 8,085	$ 1,052,286	$ 128,471	$ 1,188,842
APL acquisition additions (Note 3)	7,911,000	2,459,000	3,020,558	57,292	13,447,850
Other additions	-	7,148	381,389	-	388,537
Balance, April 30, 2022	7,911,000	2,474,233	4,454,233	185,763	15,025,229
Additions	-	39,611	1,315,985	-	1,355,596
Dispositions	-	(8,085)	(91,942)	(5,108)	(105,135)
Balance, April 30, 2023	$ 7,911,000	$ 2,505,759	$ 5,678,276	$ 180,655	$ 16,275,690
Accumulated depreciaton					
Balance, April 30, 2021	$ -	$ 1,863	$ 166,027	$ 52,031	$ 219,921
Additions	-	27,669	283,902	27,582	339,153
Balance, April 30, 2022	-	29,532	449,929	79,613	559,074
Additions	-	133,165	637,399	31,376	801,940
Dispositions	-	(2,905)	(29,098)	(1,354)	(33,357)
Balance, April 30, 2023	$ -	$ 159,792	$ 1,058,230	$ 109,635	$ 1,327,657
Net Book Value					
Balance, April 30, 2022	$ 7,911,000	$ 2,444,701	$ 4,004,304	$ 106,150	$ 14,466,155
Balance, April 30, 2023	$ 7,911,000	$ 2,345,967	$ 4,620,046	$ 71,020	$ 14,948,033

Property, plant and equipment have been pledged as security for the Company's bank indebtedness (Note 4) and long-term debt (Note 16) in accordance with the respective agreements.

(Expressed in Canadian dollars)

9. LEASED ASSETS

As at April 30, 2023, the Company's equipment balance included $78,919 of leased assets (April 30, 2022 - $122,283) and the vehicles balance included $37,456 of leased assets (April 30, 2022 - $53,508). For the year ended April 30, 2023, depreciation expense for the equipment leased assets was $19,730 (2022 - $30,570) and $16,052 (2022 - $22,932) for the vehicle leased assets. Equipment and vehicle leased asset additions during the year ended April 30, 2023 were $nil (2022 – $nil). In January 2023, the Company made the final payment on the lease for a Kubota Skid Steer and subsequently exercised the purchase option to acquire this asset outright for a cost of $1.

The Company's leased land assets consist of leased real property utilized in the APL Group's manufacturing operations. These leased land assets are depreciated on a straight-line basis over the term of the lease. The leased land asset additions of $2,349,873 during the year ended April 30, 2022 were acquired as part of the APL Group acquisition (Note 3). No leased land additions were made during the year ended April 30, 2023. Depreciation charge on leased land assets during the year ended April 30, 2023 was $77,440 (2022 - $16,726) and the net book value of leased land assets as at April 30, 2023 was $2,255,708 (2022 - $2,333,148).

10. MINERAL PROPERTIES

All of the Company's mineral property assets owned as at April 30, 2023 were acquired as part of the APL Group acquisition (refer to Note 3). A summary of the changes in the Company's mineral properties for the year ended April 30, 2023 and 2022 is as follows:

	Red Lake Mine Savona, BC	Bud Mine Princeton, BC	Bromley Creek Mine Princeton, BC	Total
(2022 restated - Note 3)				
Balance, April 30, 2021	$ -	$ -	$ -	$ -
Mineral properties acquired (Note 3)	491,989	178,031	100,000	770,020
Additions	26,574	12,817	1,485	40,876
Increase in asset retirement obligations	2,987	955	-	3,942
Depletion and asset retirement obligations accretion	(3,439)	(1,554)	-	(4,993)
Balance, April 30, 2022	518,111	190,249	101,485	809,845
Additions	79,821	73,729	184,196	337,746
Increase in asset retirement obligations	14,976	4,787	-	19,763
Depletion and asset retirement obligations accretion	(15,897)	(8,431)	-	(24,328)
Balance, April 30, 2023	$ 597,011	$ 260,334	$ 285,681	$ 1,143,026

The additions to the Bromley Creek property for the year ended April 30, 2023 included $124,600 of payments to acquire an additional 8.6% interest in the mineral property as well as $59,596 of costs to further develop the mine. As at April 30, 2023, the Company owned a 15.6% interest in the Bromley Creek Mine. See Note 21 – Contingencies for additional information on the Company's option agreement to obtain up to a 50% ownership interest in this mineral property. The Company pays a royalty of $4.50 per metric tonne of zeolite that is mined and removed from the property to International Zeolite Corporation, the property's majority owner.

(Expressed in Canadian dollars)

11. 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.

A summary of the changes in the Company's exploration and evaluation assets for the years ended April 30, 2023, and 2022:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Heffley Creek Property, BC	Sun Group Zeolite Property, BC	Total
Balance, April 30, 2021	$ 1,289,461	$ 52,666	$ 202,485	$ -	$ 1,544,612
Acquisition cost additions	2,374	2,267	10,000	-	14,641
Exploration cost additions*	(849)	20,246	53,489	-	72,886
Balance, April 30, 2022	1,290,986	75,179	265,974	-	1,632,139
Acquisition cost additions	-	-	27,500	36,250	63,750
Exploration cost additions	150	3,375	51,957	9,595	65,077
Write-off	-	(78,554)	-	-	(78,554)
Reclassification	(87,397)	-	87,397	-	-
Balance, April 30, 2023	$ 1,203,739	$ -	$ 432,828	$ 45,845	$ 1,682,412

*Net of sales of zeolite during 2022 of $1,500.

Z1 Zeolite Property, British Columbia

On January 23, 2017, the Company entered into a property option agreement, subsequently amended, for the Z1 Zeolite Property, located 3km northeast of Cache Creek, BC, 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 near Falkland, BC, for the following consideration:

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 (not issued).

11. EXPLORATION AND EVALUATION ASSETS (cont'd…)

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 (not paid)

iii) Exploration expenditures
   a) incur $200,000 in exploration on or before October 22, 2022 (not fully incurred).

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 (not issued)

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.

In October 2022, the Company ceased exploration activities on the Z2 Zeolite Property and relinquished its rights to acquire the property under the terms of the above-noted option agreement. As such, the Company wrote-off the capitalized value of this property of $78,554 during the year ended April 30, 2023.

<u>Heffley Creek Property, British Columbia</u>

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 (paid).
   d) $12,500 on or before February 10, 2023 (paid).
   e) $15,000 on or before February 10, 2024.

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 (incurred).
   c) incur $75,000 in exploration on or before February 10, 2023 (incurred).
   d) incur $100,000 in exploration on or before February 10, 2024 (incurred).

The vendor retains 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 also retains a 3% net smelter return subject to a 50% buyback right in consideration of $1,500,000.

<u>Sun Group Property, British Columbia</u>

The Sun Group Property is a group of zeolite claims located in southern B.C. In July 2022, the Company entered into an option agreement to earn up to a 50% interest in the property by making cash payments and/or funding exploration expenditures totally $725,000 by July 2027. Required within the total payment of $725,000 was a cash payment of $36,250 due in July 2022, which was made by the Company at that time.

(Expressed in Canadian dollars)

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $45,950 as at April 30, 2023, (2022 - $28,493), which include amounts payable for GST, PST, EHT, payroll related taxes, workers' compensation and other federal remittances.

13. DEFERRED REVENUE

The Company generates invoices to customers at time of shipment or pickup, but revenue is not recognized on delivered orders until the goods are accepted at the customer's premises. Accordingly, sales revenue from these orders is classified as deferred revenue until such time as the goods are accepted by the customer. As at April 30, 2023 the Company had $137,858 (April 30, 2022 - $306,261) of orders in transit that had not yet been accepted at the customer's premises. All of these orders were accepted by the customers subsequent to April 30, 2023.

14. OTHER CURRENT LIABILITIES

A summary of the Company's other current liabilities as at April 30, 2023 and 2022 is as follows:

	April 30, 2023	April 30, 2022
Current portion of Asset Retirement Obligation (Note 17)	$ 25,000	$ 25,000
US dollar liability (Note 25)	37,842	-
	$ 62,842	$ 25,000

15. LEASE OBLIGATIONS

	April 30, 2023	April 30, 2022
Equipment (1)	$ 89,287	$ 134,351
Land (2)	2,376,617	2,419,567
	2,465,904	2,553,918
Less current portion of lease obligations	168,105	173,134
	$ 2,297,799	$ 2,380,784

(1) The Company's equipment leases as at April 30, 2023, were comprised of the following:

(a) A 5-year lease for the use of a transport truck commencing September 20, 2019, comprised of a down payment of $32,034 at inception and monthly lease payments of $1,448 over the following 59 months. An amount of $128,471 was capitalized to equipment assets.

(b) A 5-year lease for the use of a forklift commencing September 25, 2020, comprised of a down payment of $12,917 at inception and monthly lease payments of $1,217 over the following 59 months. An amount of $75,123 was capitalized to equipment assets.

(c) A 3-year lease for the use of a forklift commencing March 25, 2021, comprised of a down payment of $38,405 monthly lease payments of $1,150 over the following 35 months. An amount of $61,888 was capitalized to equipment assets.

(2) The Company's land leases as at April 30, 2023, were comprised of the following:

(a) A lease expiring June 30, 2055 (approximately 32 years remaining at April 30, 2023) for 2.2 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $27,225. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(Expressed in Canadian dollars)

15. LEASE OBLIGATIONS (cont'd…)

(b) A lease expiring June 30, 2055 (approximately 32 years remaining at April 30, 2023) for 1.4 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $23,595. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(c) A lease expiring June 30, 2055 (approximately 32 years remaining at April 30, 2023) for 0.5 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $8,250. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(d) A lease expiring February 28, 2055 (approximately 32 years remaining at April 30, 2023) for 1.1 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $17,825. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(e) A lease expiring September 30, 2058 (approximately 35 years remaining at April 30, 2023) for 2.7 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $41,175. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(f) A lease expiring June 30, 2031 (approximately 8 years remaining at April 30, 2023) for industrial storage property located near Kamloops, B.C. owned by a private landowner. Annual lease payments are $10,000. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

Interest expense of $95,801 (2022 - $26,836) relating to lease liabilities has been included in finance costs in the statement of loss related to these lease arrangements.

A summary of the changes in the Company's lease liabilities for the years ended April 30, 2023 and 2022, as well as a schedule of lease maturities is as follows:

	2023	2022
Lease liabilities, beginning of year	$ 2,553,918	$ 177,781
Additions	-	2,422,773
Payments	(183,816)	(78,986)
Interest expense	95,802	26,835
Loss on disposal of leased asset	-	5,515
Lease liabilities, end of year	$ 2,465,904	$ 2,553,918

	April 30, 2023	April 30, 2022
Maturity analysis - contractual undiscounted cash flows		
Less than one year	$ 172,707	$ 183,165
More than one year	3,873,123	4,096,859
Total undiscounted lease liabilities	$ 4,045,830	$ 4,280,024

(Expressed in Canadian dollars)

16. LOANS PAYABLE

	April 30, 2023	April 30, 2022
Canada Emergency Business Account loan #1, non-interest bearing until December 31, 2022, 5% per annum thereafter. $10,000 of principal forgivable if $30,000 repaid by December 31, 2023	$ 40,000	$ 40,000
Canada Emergency Business Account loan #2, non-interest bearing until December 31, 2022, 5% per annum thereafter. $10,000 of principal forgivable if $30,000 repaid by December 31, 2023	40,000	40,000
BMO 25-year term non-revolving demand loan, interest at BMO's prime rate + 0.75% per annum, repayable in monthly installments of $23,233 plus interest, secured by a general security agreement of the Company's assets as well as first mortgages on the Company's real property and leased properties, and partially secured by personal guarantees of certain shareholders of the Company	6,667,966	6,946,766
BMO 5-year term non-revolving demand loan, interest at BMO's prime rate + 1.25% per annum, repayable in monthly installments of $16,500 plus interest, secured by a general security agreement of the Company's assets as well as first mortgages on the Company's real property and leased properties, and partially secured by personal guarantees of certain shareholders of the Company	-	973,500
BMO 6-year term non-revolving demand loan, interest at BMO's prime rate + 1.75% per annum, repayable in monthly installments of $10,042 plus interest, secured by a general security agreement of the Company's assets as well as first mortgages on the Company's real property and leased properties, and partially secured by personal guarantees of certain shareholders of the Company	-	712,958
	6,747,966	8,713,224
Less current portion of loans payable	382,029	(647,075)
	$ 6,365,937	$ 8,066,149

The Company's non-revolving demand loan with BMO is subject to a fixed charge coverage ratio covenant. The covenant specifies that the Company's consolidated net income after taxes, plus amortization and depreciation, interest and adjusted for non-cash charges, share-based compensation, equity raise(s), less unfunded capital expenditures, dividends, transfer to related parties outside the normal course of business, divided by the aggregate of required principal payment on long-term debt and capital leases plus interest. The ratio must be no less than 1.0x and is to be calculated annually commencing on April 30, 2023. The Company was in compliance with this covenant as at April 30, 2023.

(Expressed in Canadian dollars)

16. LOANS PAYABLE (cont'd….)

A summary of changes in the Company's loans payable for the years ended April 30, 2023 and 2022 is as follows:

		2023		2022
Loans payable, beginning of year	$	8,713,224	$	248,027
Loan proceeds		-		8,683,000
Loan repayments		(2,486,455)		(350,287)
Interest expense (including loan fee)		521,197		132,484
Loans payable, end of year	$	6,747,966	$	8,713,224

17. ASSET RETIREMENT OBLIGATIONS

The Company has recorded asset retirement obligations for the estimated costs of reclaiming its mineral property assets. Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision relates to the timing and costs that will be incurred. The estimated reclamation costs include costs of backfilling, grading, applying topsoil, and seeding and planting trees as required by the BC Ministry of Energy, Mines and Low Carbon Innovation. The following is a reconciliation of the changes in the asset retirement obligations during the years ended April 30, 2023 and 2022:

		2023		2022
Asset retirement obligations, beginning of year	$	266,694	$	-
Assumed on acquisition (Note 3)		-		261,070
Reclamation work performed		(8,745)		-
Change in estimated costs and assumptions		19,763		3,941
Accretion expense		8,438		1,683
Asset retirement obligations, end of year		286,150		266,694
Less estimated current portion		(25,000)		(25,000)
	$	261,150	$	241,694

18. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax for the years ended April 30, 2023 and 2022 due to the following:

		2023		2022
Loss for the year before taxes	$	(1,283,686)	$	(3,400,697)
Statutory income tax rate		27%		27%
Expected income tax recovery computed at statutory rates	$	(346,595)	$	(918,188)
Non-deductible share-based compensation		77,848		493,012
Other permanent differences		84,837		93,161
Impact of share issue costs		(7,580)		(52,986)
Other		(29,940)		(42,796)
Change in unrecognized deferred tax assets		102,216		504,119
Total income tax recovery	$	(119,214)	$	(110,000)

(Expressed in Canadian dollars)

18. INCOME TAXES (cont'd…)

The Company's income tax recovery reported for each of the years ended April 30, 2023 and 2022, is comprised of the following:

		2023		2022
Current income tax expense	$	(21,452)	$	-
Deferred income tax recovery		140,666		110,000
	$	119,214	$	110,000

The Company's recognized deferred tax assets and liabilities as at April 30, 2023 and 2022 are as follows:

		April 30, 2023		April 30, 2022
Deferred income tax assets				
Non-capital losses	$	147,890	$	61,112
Other		83,700		54,750
	$	231,590	$	115,862
Deferred income tax liabilities				
Mineral properties	$	(90,200)	$	(45,995)
Property, plant and equipment		(2,155,116)		(2,224,259)
	$	(2,245,316)	$	(2,270,254)
Net deferred income tax liability	$	(2,013,726)	$	(2,154,392)

The Company's movement of net deferred tax liabilities is described below:

		2023		2022
At May 1	$	(2,154,392)	$	-
Deferred income tax recovery recognized in net loss		140,666		110,000
Deferred income tax liability from purchase price allocation		-		(2,264,392)
At April 30	$	(2,013,726)	$	(2,154,392)

The Company recognizes a deferred tax asset on unused tax losses or other deductible amounts only when the Company expects to have future taxable profit against which the amounts could be utilized. The Company's unrecognized temporary differences for which no deferred tax asset is recognized consist of the following amounts:

		April 30, 2023	Expiry Date Range	April 30, 2022
Non-capital losses	$	11,769,000	2028-2043	$ 11,497,000
Exploration and evaluation assets		4,245,000	No expiry	3,874,000
Property, plant and equipment		151,000	No expiry	66,000
Share issue costs		175,000	2044-2047	210,000
Other		321,000	No expiry	150,000
Unrecognized deductible temporary differences	$	16,661,000		$ 15,797,000

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the year ended April 30, 2023, the Company:

i) issued 13,842,936 common shares upon exercise of warrants for gross proceeds of $1,891,838. The Company reallocated $342,768 of its share-based payment reserve to share capital.

ii) issued 60,000 common shares upon exercise of stock options for gross proceeds of $11,700. The Company reallocated $7,928 of its share-based payment reserve to share capital.

iii) issued 2,571,428 common shares which comprised the 2nd tranche share payment required under the terms of the APL acquisition (see Note 3). The estimated fair value of these shares was $630,000 or $0.24 per share.

iv) closed a private placement of 5,000,000 non-flow through units of $0.25 per unit for gross proceeds of $1,250,000. Each unit is comprised of on 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 share until April 27, 2024. The warrants were valued at $0.056 each using a Black Scholes option pricing model (details below). The residual value of $0.194 per unit was allocated to the common shares. The Company paid issuance costs of $28,075 in cash and issued 224,600 finder's warrants valued at $12,128. Each finder's warrants will entitle the holder to purchase one share at a price of $0.25 per share until April 27, 2024.

During the year ended April 30, 2022, the Company:

i) closed a private placement of 11,470,500 non-flow through units at $0.35 per unit for gross proceeds of $4,014,675. 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 $0.60 per share until February 10, 2024. No value was allocated to the warrant component of the unit offering. The Company paid issuance costs of $133,875 in cash and issued 382,500 finder's warrants valued at $49,725. Each finder's warrant will entitle the holder to purchase one share at a price of $0.35 per share until February 10, 2023.

ii) closed a private placement of 6,293,140 non-flow through units at $0.35 per unit for gross proceeds of $2,202,599. 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 $0.60 per share until February 25, 2024. No value was allocated to the warrant component of the unit offering. The Company paid issuance costs of $41,744 cash and issued 119,267 finder's warrants valued at $15,505. Each finder's warrant will entitle the holder to purchase one share at a price of $0.35 per warrant until February 25, 2023.

iii) issued 6,425,000 common shares upon exercise of warrants for gross proceeds of $551,250.

iv) issued 339,564 common shares upon exercise of broker warrants for gross proceeds of $35,663, and accordingly, the Company reallocated $40,871 of its share-based payment reserve to share capital.

v) issued 713,333 common shares upon exercise of options for gross proceeds of $69,800 and accordingly, the Company reallocated $44,954 of its share-based payment reserve to share capital.

vi) issued 6,667 shares valued at $2,267 pursuant to the acquisition of the Z2 Zeolite Property (Note 11).

(Expressed in Canadian dollars)

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd)…

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.

A summary of the Company's stock option activity for the years ended April 30, 2023 and 2022 is as follows:

	Options		Weighted Average Exercise Price
Balance, April 30, 2021	5,491,333		0.34
Granted	3,455,000		0.38
Exercised	(713,333)		0.10
Expired/Cancelled	(185,000)		0.28
Balance, April 30, 2022	8,048,000		0.38
Granted	3,090,000		0.34
Exercised	(60,000)		0.20
Expired/Cancelled	(2,633,000)		0.39
Balance, April 30, 2023	8,445,000	$	0.34
Exercisable, April 30, 2023	7,158,750	$	0.35

During the year ended April 30, 2023, the Company:

i) granted 200,000 stock options to a consultant of the Company exercisable at $0.29 per share expiring on May 13, 2024, in exchange for investor relations services. The estimated fair value of the options is $18,000 or $0.09 per option.

ii) granted 175,000 stock options to a consultant of the Company exercisable at $0.32 per share expiring on July 18, 2024, in exchange for government-relations services. The estimated fair value of the options is $17,500 or $0.10 per option.

iii) granted 50,000 stock options to an employee of the Company exercisable at $0.35 per share expiring on July 26, 2024. The estimated fair value of the options is $3,500 or $0.07 per option.

iv) granted 50,000 stock options to an employee of the Company exercisable at $0.35 per share expiring on July 27, 2025. The estimated fair value of the options is $4,000 or $0.08 per option.

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd)…

Stock options (cont'd)…

During the year ended April 30, 2023, the Company (cont'd):

v) granted 150,000 stock options to employees of the Company, exercisable at a price of $0.35 per share, expiring on August 17, 2024, which were to vest as follows:
   a. 37,500 on February 17, 2023
   b. 37,500 on August 17, 2023
   c. 37,500 on February 2024
   d. 37,500 on August 17, 2024

   The fair value of the options is $13,500 or $0.09 per option. Upon termination of one of the employee's contracts on November 17, 2022, their respective 50,000 unvested options were cancelled immediately.

vi) granted 1,500,000 stock options to a consultant of the Company, exercisable at a price of $0.355 per share, expiring on August 24, 2024, in exchange for investor relations services, which were to vest as follows:
   a. 500,000 on the grant date, August 24, 2022
   b. 250,000 on February 9, 2023
   c. 250,000 on May 9, 2023
   d. 250,000 on August 9, 2023
   e. 250,000 on November 9, 2023

   The fair value of the options is $180,000 or $0.12 per option.

vii) granted 15,000 stock options to consultants of the Company, exercisable at a price of $0.35 per share, expiring on September 13, 2024, in exchange for product consulting services, which were to vest as follows:
   a. 3,750 on March 13, 2023
   b. 3,750 on September 13, 2023
   c. 3,750 on March 13, 2024
   d. 3,750 on September 12, 2024

   The fair value of the options is $1,500 or $0.10 per option.

viii) granted 100,000 stock options to an employee of the Company, exercisable at a price of $0.35 per share, expiring on November 9, 2024, which were to vest as follows:
   a. 25,000 on March 30, 2023
   b. 25,000 on September 30, 2023
   c. 25,000 on March 30, 2024
   d. 25,000 on September 30, 2024

   The fair value of the options is $7,000 or $0.07 per option.

ix) granted 100,000 stock options to an employee of the Company, exercisable at a price of $0.35 per share, expiring on November 9, 2024, which were to vest as follows:
   a. 25,000 on February 28, 2023
   b. 25,000 on August 31, 2023
   c. 25,000 on February 28, 2024
   d. 25,000 on August 31, 2024

   The fair value of the options is $7,000 or $0.07 per option.

x) granted 150,000 stock options to an officer of the Company, exercisable at a price of $0.25 per share, expiring on January 25, 2026. The estimated fair value of the options is $15,000 or $0.10 per option.

xi) granted 300,000 stock options to a consultant of the Company, exercisable at a price of $0.29 per share, expiring on February 17, 2025, in exchange for communication services. The estimated fair value of the options is $30,000 or $0.10 per option.

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd)…

Stock options (cont'd)…

During the year ended April 30, 2023, the Company (cont'd):

xii) granted 300,000 stock options to a director of the Company, exercisable at a price of $0.35 per share, expiring on March 27, 2026. The estimated fair value of the options is $36,000 or $0.12 per option.

During the year ended April 30, 2022, the Company:

i) 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.

ii) 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.

iii) 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.

iv) 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, in exchange for investor relations services, which were to vest as follows:
   a. 62,500 on the September 18, 2021, grant date
   b. 62,500 on January 18, 2022
   c. 62,500 on April 18, 2022
   d. 62,500 on August 18, 2022

   The fair value of the options is $65,000 or $0.26 per option. Upon termination of the consultant's contract on April 15, 2022, the 125,000 unvested options were cancelled immediately. The 125,000 vested options subsequently expired on May 15, 2022.

v) granted 200,000 stock options to a consultant of the Company, exercisable at a price of $0.59 per share, expiring on November 8, 2022, in exchange for government-relations services. The estimated fair value of the options is $50,000 or $0.25 per option.

vi) granted 300,000 stock options to employees of the Company, exercisable at a price of $0.40 per share, expiring on March 14, 2025. The estimated fair value of the options is $42,000 or $0.14 per option.

vii) granted 1,830,000 stock options to directors, officers, consultants, and employee of the Company, exercisable at a price of $0.345 per share, expiring on April 6, 2025. The estimated fair value of the options is $219,600 or $0.12 per option.

(Expressed in Canadian dollars)

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Stock options (cont'd)…

As at April 30, 2023, the Company had the following stock options outstanding:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
375,000	375,000	0.43	6-May-23
100,000	100,000	0.34	20-Sep-23
2,500,000	2,500,000	0.39	22-Feb-24
200,000	200,000	0.29	13-May-24
175,000	175,000	0.32	18-Jul-24
50,000	50,000	0.35	26-Jul-24
100,000	25,000	0.35	17-Aug-24
1,500,000	750,000	0.355	24-Aug-24
400,000	400,000	0.36	9-Sep-24
15,000	3,750	0.355	13-Sep-24
200,000	50,000	0.35	9-Nov-24
300,000	-	0.29	17-Feb-25
300,000	300,000	0.40	14-Mar-25
1,730,000	1,730,000	0.35	6-Apr-25
50,000	50,000	0.35	27-Jul-25
150,000	150,000	0.25	25-Jan-26
300,000	300,000	0.35	27-Mar-26
8,445,000	7,158,750		

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended April 30, 2023 and 2022:

	2023	**2022**
Risk-free interest rate	3.42%	1.12%
Expected life of options	2.16 years	2.64 years
Expected annualized volatility	59.67%	115.79%
Expected dividend rate	0.00%	0.00%

(Expressed in Canadian dollars)

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Warrants

A summary of the Company's warrant activity for the years ended April 30, 2023 and 200 is as follows:

	Warrants		Weighted Average Exercise Price
Balance, April 30, 2021	25,827,500		0.15
Granted	26,598,739		0.52
Exercised	(6,764,564)		0.09
Expired	(75,000)		0.10
Balance, April 30, 2022	45,586,675		0.54
Granted	5,224,600		0.25
Exercised	(13,842,936)		0.14
Expired	(5,646,767)		0.26
Balance, April 30, 2023	31,321,572	$	0.48

During the year ended April 30, 2023, the Company:

i) accelerated the exercise of 7,500,000 share purchase warrants that had been issued in conjunction with the January 20, 2021 private placement. The terms of the share purchase warrants issued in the private placement allowed for acceleration of the expiry date of the share purchase warrants by the Company if the Company's shares closed at a price higher than $0.25 per share as quoted on the securities exchange on which the majority of the Company's common shares were traded for a period of ten consecutive trading days. As a result, the expiry date of these share purchase warrants was changed from January 20, 2023 to August 26, 2022. The 7,500,000 share purchase warrants were exercised in August 2022 at a price of $0.15 per share which resulted in the Company issuing 7,500,000 common shares for total proceeds of $1,125,000.

ii) closed a private placement of 5,000,000 non-flow through units at $0.25 per unit for gross proceeds of $1,250,000. Each unit was comprised of one common share and one share purchase warrant of the Company. Furthermore, the Company paid issuance costs which included 224,600 finder's warrants. Each warrant and finder's warrant will entitle the holder to purchase one share at a price of $0.25 per share until April 27, 2024. The warrants and finder's warrants were valued at $0.056 each using a Black Scholes option pricing model, using the following assumptions:

	Warrants
Risk-free interest rate	3.73%
Expected life of warrants	1 year
Expected annualized volatility	64.0%
Expected dividend rate	0.00%

(Expressed in Canadian dollars)

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd…)

Warrants (cont'd)…

During the year ended April 30, 2022, the Company:

i) granted 8,333,332 bonus warrants to major shareholder, a director, and an officer of the Company to compensate for providing personal guarantees to obtain $8,683,000 bank loan. Warrants are exercisable at a price of $0.36 per share, expiring on March 2, 2025. The estimated fair value of the warrants is $1,083,333 or $0.13 per warrant recorded as share-based compensation.

As at April 30, 2023, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
11,470,500	0.60	10-February-24
6,293,140	0.60	25-February-24
8,333,332	0.36	2-March-25
5,000,000	0.25	27-Apr-24
224,600	0.25	27-Apr-24
31,321,572		

20. COMMITMENTS

The Company is committed to five land leases with T'kemlups te Secwepmc and one lease with a private landowner with annual payments totaling $128,070 (Note 15(2)). The leases contain clauses allowing the rental amount to be reviewed and adjusted every five years. The lease with the private landowner expires on June 30, 2031. One of the leases with T'kemlups te Secwepmc expires on February 28, 2055, three leases expire June 30, 2055, and one lease expires on September 30, 2058.

The Company is committed to three equipment leases with payments totalling $44,630 for the twelve-month period following April 30, 2023 (Note 15(1)). The expiry dates of these leases range between March 26, 2024, and September 25, 2025.

The Company is committed to a non-revolving 25-year term loan payable to BMO in the amount of $6,667,967. Annual principal payments on this loan are $278,800 and the interest rate is equal to BMO's prime rate + 0.75% per annum. The loan matures on February 28, 2047.

In February and March 2023, the Company entered into US dollar forward sales contracts which require it to sell a total of $2.0 million USD in exchange for $2,653,750 by April 30, 2024. At April 30, 2023, the Company had $1,625,000 of these US dollar forward sales contracts remaining (Note 25(a)).

(Expressed in Canadian dollars)

21. CONTINGENCIES

Due to the nature of the Company's operations, various contingencies such as, but not limited to, environmental obligations, litigation, regulatory proceedings, and tax matters arise in the ordinary course of business. The Company accrues such items as liabilities when the amount can be reasonably estimated, and settlement of the matter is probable to require an outflow of future economic benefits from the Company.

The Company, by agreement with the Government of British Columbia, is responsible for any future site restoration costs on its mining properties. At this time, the need for, or the nature of, any future site restorations costs in addition to those already disclosed in Note 17 cannot be reasonably determined.

The Company is contingently liable with respect to financial letters of credit issued by BMO for $266,000 as at April 30, 2023 (April 30, 2022 - $266,000).

The Company has an option agreement to acquire a 50% interest in the Bromley Creek Zeolite deposit from International Zeolite Corporation for $725,000. As at April 30, 2023, the Company had made cumulative royalty payments of $226,600. The agreement stipulates that the Company is to pay the remaining $498,400 in 16 equal quarterly installments of $31,150 from July 2023 to March 2027.

The Company has an option agreement to acquire a 50% ownership interest in the Sun Group zeolite property from International Zeolite Corporation for $725,000. The Company made a $36,250 payment in July 2022 in order to acquire an initial 5% interest. The remaining $688,750 must be paid by July 26, 2027, for the Company to acquire the remaining 45% ownership interest. 50% of the value of any exploration expenditures made by the Company on the Sun Group zeolite property prior to July 26, 2027, will be considered payments toward the acquisition price.

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (beginning May 9, 2023), President and Directors.

Key management compensation for the years ended April 30, 2023 and 2022 is comprised of the following:

	2023	2022
Cost of goods sold	$ 82,719	$ 20,430
Selling expenses – Personnel	35,451	8,756
General and administrative expenses – Personnel	427,816	126,500
General and administrative expenses – Professional fees	146,000	72,000
Research and development	12,919	21,000
Share-based compensation	51,000	332,200
	$ 755,905	$ 580,886

As at April 30, 2023, $11,766 (April 30, 2022 - $45,384) is included in accounts payable and accrued liabilities which is comprised of amounts owed to the CEO, one of the directors of the Company, and a corporation owned by the Company's CFO.

(Expressed in Canadian dollars)

23. OTHER INCOME

A summary of the Company's other income and expenses for the years ended April 30, 2023 and 2022 is as follows:

	2023	2022
Sales of products and services (i)	$ -	$ 262,204
Less: direct costs	-	(344,224)
Income from product sales and services	-	(82,020)
Consulting income (ii)	-	348,000
Gain on foreign exchange	53,863	15,525
Grant revenue	335,560	110,119
Loss on disposal of equipment and vehicle assets	(34,277)	(5,515)
Property rental (iii)	57,482	-
Provision of research services	-	64,689
Realized (loss) gain on investments in private companies (Note 7)	(82,500)	446,838
Realized gain on settlement of shares to be issued liability (Note 3)	87,429	-
Reversal of flow-through premium liability	7,501	8,024
Unrealized (loss) gain on investments in private companies (Note 7)	(78,000)	382,500
Unrealized gain on shares to be issued liability (Note 3)	267,428	-
Write-off of exploration and evaluation assets (Note 11)	(78,554)	-
	$ 535,932	$ 1,288,160

i) Prior to the acquisition of the APL Group, the Company operated a comminution pilot plant at a pre-commercial scale. Due to weather constraints, the operation of the pilot plant was seasonal and the pilot plant closed for the winter in November 2021. By July 2022, the Company had integrated the comminution plant into the APL Group's operations.

ii) As discussed in Note 7, on March 8, 2022, the Company received 300,000 share purchase warrants for ZS2 shares in exchange for the provision of consulting services to ZS2. These consulting services were comprised of the Company providing research and development support for the development of concrete materials. The fair value of these share purchase warrants was estimated to be $348,000. The CEO of ZS2 was a director of the Company during the time the consulting services were provided.

iii) The Company leases excess warehouse space to a third party.

24. SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental cash flow information is provided for the years ended April 30, 2023 and 2022:

	2023	2022
Shares issued for exploration and evaluation assets	$ -	$ 2,267
Shares issued for acquisition of APL Group	$ 630,000	$ 1,076,571
Fair value of stock option exercised	$ 7,928	$ 44,954
Fair value of finder's warrants	$ 12,128	$ 45,159
Fair value of warrants exercised	$ 342,768	$ 40,870
Write down of obsolescent inventory	$ 8,879	$ -
Property, plant and equipment purchases included in accounts payable and accrued liabilities	$ 8,068	$ -

(Expressed in Canadian dollars)

24. SUPPLEMENTAL CASH FLOW INFORMATION (cont'd…)

The net change in non-cash operating working capital was comprised of changes in the following balances:

		2023		2022
Restricted cash	$	266,000	$	(266,000)
Accounts receivable		394,355		191,045
Inventories		213,160		718,644
Prepaid expenses and other		132,015		(104,392)
Accounts payable and accrued liabilities		253,290		(668,087)
Deferred revenue		(168,403)		151,699
	$	1,090,417	$	22,909

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

(a) Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

Interest rate risk:

The Company's long-term debt is subject to interest rate risk as the required payments to service the debts will fluctuate as a result of the variable lending rate. There has been a decrease to the interest rate risk exposure from 2022 due to a decrease in long-term debt during the year.

A change of 100 basis points on interest rates would have changed finance costs by $84,000 (2022: $100,000). This analysis assumes that all other variables remain constant.

Currency risk:

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. There has been an increase to the risk exposure from 2022 due to an increase in US denominated revenues. Effective February 1, 2023, the Company began entering into US dollar forward hedging agreements to partially mitigate this risk (see US dollar facilities section below)

The summary quantitative data about the Company's exposure to currency risk is as follows:

		April 30, 2023 USD		April 30, 2022 USD
Cash	$	90,597	$	482,901
Trade receivables		519,798		614,043
Tax receivable		14,663		13,870
Accounts payable		(97,643)		(40,035)
	$	527,415	$	1,070,779

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

US dollar facilities

Approximately 50% of the Company's annual sales are priced in US dollars, compared to a less than 20% of its expenses. Accordingly, the Company accumulates excess US dollars that need to be converted to Canadian dollars on a regular basis. In February 2023, the Company started a US dollar hedging program in order to partially mitigate the risk arising from this exposure to US dollar fluctuations. Specifically, in February and March 2023, the Company entered into US dollar forward sales contracts which require it to sell a total of US$2.0 million in exchange for $2,653,750 by April 30, 2024 at an average exchange rate of 1.3269 Canadian Dollar to US dollar.

On April 30, 2023, US$1,625,000 of these US dollar forward sales contracts remained outstanding for the combined purchase of $2,157,063 (an average exchange rate of 1.3274 Canadian dollars to US dollars). On average, the US dollar to Canadian dollar exchange rate increased between the respective contract inception dates and April 30, 2023. Accordingly, had the Company entered into the same US dollar forward sales contracts as at April 30, 2023, those contracts would have purchased a combined amount of $2,194,904 (an average exchange rate of 1.3507), $37,842 more than the actual total contract amount as at April 30, 2023. The Company recorded the difference of $37,842 as a foreign exchange loss during the current year and a corresponding US dollar liability as at April 30, 2023 (Note 14).

The following table summarizes the US dollar sales contracts outstanding as at April 30, 2023 and the corresponding US dollar liability:

Contract settlement period		US dollars sold	Contract exchange rate	Canadian dollars purchased	Canadian dollar proceeds of comparable contracts at April 30, 2023	US dollar liability at April 30, 2023
Open	Closed					
May 1, 2023	Jul 31, 2023	$ 375,000	1.3200	$ 495,000	$ 507,721	$ 12,721
Aug 1, 2023	Oct 31, 2023	375,000	1.3150	493,125	506,834	13,709
Nov 1, 2023	Jan 31, 2024	375,000	1.3105	491,438	506,034	14,596
Mar 24, 2023	Apr 30, 2024	500,000	1.3550	677,500	674,316	(3,184)
Totals		$ 1,625,000	1.3274	$ 2,157,063	$ 2,194,905	$ 37,842

(b) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Company deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Company monitors the credit risk of customers through credit rating reviews. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 45 days.

In management's opinion, the maximum amount of credit risk is the carrying value of those assets. There has not been a change in who the Company extends credit to. The Company uses a provision matrix to analyze impairment of its trade receivables at the end of each reporting date. During the year ended April 30, 2023, the Company recognized an impairment loss allowance on trade receivables of $nil (2022 - $nil) in profit or loss.

(Expressed in Canadian dollars)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

The Company's aged trade receivables and related expected credit loss allowance are as follows:

As at April 30, 2023	Geographic location				
	Canada	US	Total	ECL allowance	Credit impairment
Current (not past due)	$ 617,524	$ 712,264	$ 1,329,788	$ -	No
1 – 30 days past due	161,519	-	161,519	-	No
31 – 60 days past due	6,841	-	6,841	-	No
Over 60 days past due	-	-	-	-	No
	$ 785,884	$ 712,264	$ 1,498,148	$ -	

Cash and cash equivalents

The Company held cash and cash equivalents of $704,553 at April 30, 2023 (2022 - $1,770,682). The cash and cash equivalents are held with bank rated at AA-, based on Fitch ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfil its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements. The Group prepares budget and cash forecasts to ensure it has sufficient funds to fulfil its obligations. In addition, the Company maintains an operating line of credit facility that can be drawn on to meet short-term financing needs.

As at April 30, 2023		Undiscounted contractual cash flows			
	Carrying amount	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027 and thereafter
Accounts payable	1,993,236	1,993,236	-	-	-
Lease liabilities	2,465,904	171,259	183,430	132,939	3,588,643
Loans payable (excludes interest)	6,747,966	312,029	318,796	308,796	5,808,346
	$ 11,207,106	$ 2,476,524	$ 502,226	$ 441,735	$ 9,396,989

(d) Fair value disclosure

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments in private companies, bank indebtedness, accounts payable and accrued liabilities, other current liabilities (US dollar liability), loans payable, and shares to be issued liability. The fair values of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their carrying amounts due to their current nature.

(Expressed in Canadian dollars)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd…)

(d) Fair value disclosure (cont'd…)

Loans payable have been valued using the discounted cash flow method. This valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

	April 30, 2023		April 30, 2022	
	Carrying amount	Fair Value (Level 2)	Carrying amount	Fair Value (Level 2)
Loans payable	$ 6,747,967	$ 6,737,260	$ 8,713,224	$8,701,218

Investments in private companies, the US dollar liability, and the shares to be issued liability are carried at fair value.

(e) Capital management:

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors capital using a ratio of "net debt" to equity. For this purpose, net debt is defined as total liabilities (as shown in the statement of financial position) less cash and cash equivalents.

Equity comprises all components of equity. The Company's net debt to equity ratio at the end of the reporting year was as follows:

	April 30, 2023	April 30, 2022 (Adjusted – Note 3)
Total liabilities	$ 14,076,110	$ 18,529,692
Less: cash	(704,553)	(1,770,682)
Less: restricted cash (Note 4)	-	(266,000)
Net debt	13,371,557	16,493,010
Total equity	$ 12,750,847	$ 9,871,532
Net debt to equity	1.05	1.67

26. SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Company has identified one operating segment being the Canadian operations. Aggregation of one or more operating segments into a single operating segment is permitted if aggregation is consistent with the core principle of the standard, the operating segments have similar economic characteristics, and the operating segments have a number of other similarities, including similarities in the nature of their products, production processes, and regulatory environment. The Company operates in one reportable operating segment – Canada. All of the Company's assets are located in Canada.

(Expressed in Canadian dollars)

26. SEGMENTED INFORMATION (cont'd…)

Revenue by geographic location

The Company sells to customers located in Canada and in the US. The following is a summary of sales by geographic location for the years ended April 30, 2023, and 2022:

		2023		2022
Revenue from customers located in Canada	$	9,635,484	$	1,907,214
Revenue from customers located in the US		9,907,804		1,925,932
	$	19,543,288	$	3,833,146

Customer concentration

During the year ended April 30, 2023, there were two customers that individually accounted for more than 10% of total revenues (year ended April 30, 2022: one customer). These customers accounted for 13% and 12%, respectively of total revenues (year ended April 30, 2022: 16%).

27. SUBSEQUENT EVENTS

Subsequent to April 30, 2023, the Company:

(a) granted 300,000 stock options to a director of the Company, exercisable at a price of $0.35 per share, expiring on May 11, 2026. The estimated fair value of the options is $18,000 or $0.06 per option.

(b) granted 25,000 stock options to an employee of the Company, exercisable at a price of $0.35 per share, expiring on Oct 12, 2024. The estimated fair value of the options is $750 or $0.03 per option.

(c) granted 2,475,000 stock options to employees, directors and consultants of the Company, exercisable at a price of $0.275 per share, expiring on June 13, 2026. The stock options issued to the consultants were in exchange for corporate strategy and research and development services. The estimated fair value of the options is $173,250 or $0.07 per option.

(d) granted 250,000 stock options to consultants of the Company, exercisable at a price of $0.275 per share, expiring on June 13, 2025, in exchange for business development services. The estimated fair value of the options is $12,500 or $0.05 per share.