CONSOLIDATED FINANCIAL STATEMENTS

CYMAT TECHNOLOGIES LTD.

Years Ended April 30, 2024 and April 30, 2023

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TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 4
Consolidated Financial Statements	
Consolidated Statements of Financial Position	5
Consolidated Statements of Operations and Comprehensive Loss	6
Consolidated Statements of Changes in (Deficiency) Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-28

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Independent Auditor's Report

To the Shareholders of Cymat Technologies Limited

Opinion

We have audited the consolidated financial statements of Cymat Technologies Limited (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2024, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in (deficiency) equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Company for the year ended April 30, 2023, were audited by another auditor who expressed an unmodified opinion on those statements on August 25, 2023.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss and negative cash flows from operations during the year ended April 30, 2024 and, as of that date, the Company's current liabilities exceeded its current assets. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist that cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the Material uncertainty related to going concern, we have determined the matter described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of royalties liability	
We draw attention to Note 13 of the consolidated financial statements. The Company has perpetual royalties liability based on revenue. The royalties liability have been designated as a financial liability at fair value through profit or loss and valued at $790,245. The royalties liability are valued using valuation techniques that include non-observable inputs including the discount rate and estimates on the timing and amount of future revenues. The fair value measurement of the royalties liability was a key audit matter because the valuation required the application of significant judgment in assessing the non-observable inputs used. The valuation of the royalties liability is sensitive to certain inputs as they are forward-looking and could be affected by future economic and market conditions, and the Company's performance. Inputs include probability-weighted revenue projections, growth rates and a discount rate.	In this regard, our audit procedures included: - Evaluating the methodologies and significant inputs used by the Company. - Reconciling input data used in the projection to supporting evidence. - Use of a valuation specialist to assess the modelling assumptions and significant inputs used by management to estimate fair value.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner of the audit resulting in this independent auditor's report is Soheil Talebi.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
August 28, 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at:	**April 30, 2024**	April 30, 2023
	$	$
ASSETS		
Current assets		
Cash and cash equivalents	**56,274**	324,045
Restricted cash [Note 5]	**20,698**	20,698
Trade and other receivables [Note 6]	**184,168**	59,292
Inventory [Note 7]	**1,219,176**	701,469
Prepaid expenses and deposits	**89,302**	168,228
Note receivable [Note 8]	**100**	100
Total current assets	**1,569,718**	1,273,832
Other assets	**27,930**	27,930
Property, plant and equipment, net [Note 9]	**2,364,095**	2,854,336
Total assets	**3,961,743**	4,156,098
LIABILITIES		
Current liabilities		
Trade and other payables	**2,052,404**	1,480,520
Deferred revenue [Note 18]	**989,123**	240,197
Promissory notes payable [Note 10]	**950,354**	-
Current portion of loans payable [Note 11]	**36,000**	66,000
Current portion of lease liability [Note 12]	**351,935**	230,738
Current portion of royalties liability [Note 13]	**158,375**	191,016
Total current liabilities	**4,538,191**	2,208,471
Non-current liabilities		
Loans payable [Note 11]	**56,343**	76,869
Lease liability [Note 12]	**1,549,633**	1,901,569
Royalties liability [Note 13]	**631,870**	581,263
Total liabilities	**6,776,037**	4,768,172
(DEFICIENCY) EQUITY		
Share capital [Note 14]	**83,186,267**	81,578,722
Subscription receipts [Note 15]	**-**	149,259
Contributed surplus	**11,025,712**	10,642,277
Warrants [Note 16]	**273,598**	51,253
Deficit	**(97,299,871)**	(93,033,585)
Total (deficiency) equity	**(2,814,294)**	(612,074)
Total liabilities and (deficiency) equity	**3,961,743**	4,156,098

See accompanying Notes including Note 1 Going Concern Uncertainty and Note 24 Subsequent Date Events.

On behalf of the Board:

Michael Liik
Director

Martin Mazza
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Years ended April 30	
	2024	2023
	$	$
Revenues [Note 18]	**1,619,557**	3,053,346
Plant operating expenses	**2,032,402**	3,323,761
Research and material testing expenses	**168,929**	183,718
Selling, general and administrative expenses [Note 19]	**3,277,087**	5,105,020
	5,478,418	8,612,499
Loss from operations	**(3,858,861)**	(5,559,153)
Foreign exchange gain (loss)	**459**	(53,050)
Loss on retirement of property, plant and equipment	**-**	(15,465)
Unrealized loss on note receivable	**-**	(312,200)
Interest and financing expense [Notes 10, 11, 12 and 13]	**(407,884)**	(107,925)
	(407,425)	(488,640)
Net loss and comprehensive loss for the period	**(4,266,286)**	(6,047,793)
Basic and diluted net loss per share	**(0.07)**	(0.10)
Weighted average number of shares:		
Basic and diluted	**63,353,081**	58,417,486

See accompanying Notes

CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIENCY) EQUITY

	Common Shares		Subscription Receipts	Contributed Surplus	Advisory Options/Warrants	Warrants	Deficit	Total Equity (Deficiency)
	#	$	$	$	$	$	$	$
May 1, 2022	**55,488,612**	**79,884,068**	**-**	**9,325,747**	**91,667**	**26,912**	**(86,985,792)**	**2,342,602**
Exercise of options	2,235,000	919,850	-	(459,676)	-	-	-	460,174
Expiry of advisory options	-	-	-	91,667	(91,667)	-	-	-
Exercise of warrants	1,462,000	774,804	149,259	-	-	(9,497)	-	914,566
Issuance of warrants	-	-	-	(34,649)	-	34,649	-	-
Expiry of warrants	-	-	-	811	-	(811)	-	-
Stock-based compensation	-	-	-	1,546,636	-	-	-	1,546,636
Stock-based consulting fees	-	-	-	171,741	-	-	-	171,741
Net loss for the period	-	-	-	-	-	-	(6,047,793)	(6,047,793)
April 30, 2023	**59,185,612**	**81,578,722**	**149,259**	**10,642,277**	**-**	**51,253**	**(93,033,585)**	**(612,074)**
Exercise of warrants	1,747,873	567,864	(149,259)	-	-	(6,291)	-	412,314
Issuance of warrants	-	-	-	(97,173)	-	97,173	-	-
Expiry of warrants	-	-	-	10,312	-	(10,312)	-	-
Equity private placement	4,760,600	1,039,681	-	-	-	141,775	-	1,181,456
Stock-based compensation	-	-	-	364,100	-	-	-	364,100
Stock-based consulting fees	-	-	-	106,196	-	-	-	106,196
Net loss for the period	-	-	-	-	-	-	(4,266,286)	(4,266,286)
April 30, 2024	**65,694,085**	**83,186,267**	**-**	**11,025,712**	**-**	**273,598**	**(97,299,871)**	**(2,814,294)**

See accompanying Notes .

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended April 30	
	2024	2023
	$	$
Cash and cash equivalents provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**(4,266,286)**	(6,047,793)
Add items not involving cash		
Depreciation and amortization	**521,559**	506,627
Stock-based compensation expense [Note 17]	**364,100**	1,546,636
Stock-based consulting fees [Note 17]	**106,196**	171,741
Loss on retirement of property, plant and equipment	**-**	15,465
Unrealized loss on note receivable	**-**	312,200
Non-cash interest and financing expense - promissory notes payable [Note 10]	**108,016**	-
Non-cash interest and financing expense - loans payable [Note 11]	**18,474**	18,937
Non-cash interest and financing expense - lease liability [Note 12]	**183,707**	168,767
Change in fair value of royalties liability [Note 13]	**17,966**	(234,242)
	(2,946,268)	(3,541,662)
Changes in non-cash working capital balances related to operations:		
Trade and other receivables	**(124,876)**	778,534
Inventory	**(517,707)**	478,077
Prepaid expenses	**78,926**	77,778
Trade and other payables	**530,931**	64,369
Deferred revenue	**748,926**	(150,615)
Cash used in operating activities	**(2,230,068)**	(2,293,519)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(31,318)**	(1,028,072)
Cash used in investing activities	**(31,318)**	(1,028,072)
FINANCING ACTIVITIES		
Proceeds from issuance of shares and warrants [Notes 14 and 16]	**1,181,456**	-
Proceeds from issuance of promissory notes payable [Note 10]	**842,338**	-
Proceeds from exercise of options [Note 17]	**-**	460,175
Proceeds from exercise of warrants [Note 16]	**412,314**	914,565
Repayment of loans payable [Note 11]	**(69,000)**	(12,000)
Payment of lease liability [Note 12]	**(373,493)**	(183,470)
Cash provided by financing activities	**1,993,615**	1,179,270
Net decrease in cash and cash equivalents during the period	**(267,771)**	(2,142,321)
Cash and cash equivalents, beginning of period	**324,045**	2,466,366
Cash and cash equivalents, end of period	**56,274**	324,045

See accompanying Notes

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Nature of Operations

Cymat Technologies Ltd. ["Cymat" or the "Company"] is a manufacturing company, which holds licenses and related patents to make, use and sell Stabilized Aluminum Foam ["SAF"]. SAF is produced utilizing a proprietary process in which gas is bubbled into molten alloyed aluminum containing a dispersion of fine ceramic particles to create foam, which is then cast into strong, lightweight panels and shapes. The Company is manufacturing SAF for use in architectural, blast mitigation and energy absorption applications. Cymat continues to develop applications for use in the automotive and industrial markets.

The Company was incorporated under the Business Corporations Act (Ontario) on June 14, 2006. The Company's registered office is located at 6320-2 Danville Road, Mississauga, Ontario, L5T 2L7. Prior to June 14, 2006, the operations of the Company were carried out under Cymat Corp., a company that was formed by articles of amalgamation under the Business Corporations Act (Ontario) on June 30, 1998.

Going concern uncertainty

To date, operational activities have not been sufficient, on their own, to finance the Company's requirements. Financings consisting primarily of equity offerings have been used to supplement revenue streams. The development of applications utilizing SAF as well as its production process involve significant financial risks, including the ability of the Company to develop and penetrate new markets, obtain additional financing as required, achieve profitable production and the ability for the Company to be able to successfully assert its intellectual property rights and protect against patent infringement. The Company has incurred significant operating losses and cash outflows from operations.

As at April 30, 2024, the anticipated level of cash flows from operating activities for the next twelve months is not assured to be sufficient to sustain operations. The Company incurred a net loss of $4,266,286 (2023 - $6,047,793) and had a working capital deficiency of $2,968,473 (2023 - $934,639). The ability of the Company to continue as a going concern is dependent upon achieving future profitable operations and may also be dependent upon raising additional financing through borrowings or equity issuance. The outcome of these matters is dependent on a number of items outside the Company's control. As a result, there are material uncertainties that cast significant doubt as to whether the Company will have the ability to continue as a going concern.

These consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern assumption were not found to be appropriate for these consolidated financial statements, adjustments might be necessary in the carrying values of assets and liabilities, the statement of consolidated financial position classifications and the reported expenses. Such adjustments could be material.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"] and interpretations of the International Financial Reporting Interpretations Committee ["IFRIC"].

These consolidated financial statements of the Company include the accounts of Cymat and its wholly-owned subsidiary, ALU-MMC Hungary, Zrt., a company incorporated under the laws of Hungary with a registered office in the city of Miskolc. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the Company and its wholly-owned subsidiary.

These consolidated financial statements were prepared on a going concern basis under the historical cost convention, as modified by the revaluation of financial instruments measured at fair value. The Company's Board of Directors approved these consolidated financial statements on August 28, 2024.

3. SIGNIFICANT ACCOUNTING POLICIES

Outlined below are those policies considered particularly significant:

Use of estimates

The preparation of these consolidated financial statements in accordance with IFRS requires management to make critical judgements, estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Contingencies

Provisions for contingencies are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation, and reflects the present value of expenditures required to settle the obligation where the time value of money is material.

Management critical judgements

Policies that are critical for the presentation of the consolidated financial position and financial performance of the Company that require judgements are as follows:

- Functional currency: The functional currency for the Company and its subsidiary is the currency of the primary economic environment in which the respective entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Such determination involves certain judgements to identify the primary economic environment. The Company reconsiders the functional currency of its subsidiaries if there is a change in events and/or conditions which determine the primary economic environment.

Management estimates and assumptions

Estimates and assumptions incorporated in policies that are critical for the presentation of the consolidated financial position and financial performance of the Company include the following:

- Inventory: Inventory is valued at the lower of cost and net realizable value. The cost of finished goods inventory includes cost of purchases, costs of conversion, the allocation of manufacturing overhead and other costs incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion. Provisions are made in profit or loss of the current period for any difference between book value and realizable value.
- Note receivable: The Company measures its note receivable at fair value. This calculation involves the use of estimates and assumptions such as the appropriate discount rate for valuation of the expected cash flows, assumptions about the valuation of the conversion element and assumptions about the likelihood of conversion. As the issuer of the note is a private company, the pricing inputs used in the valuation of the conversion element are unobservable. As a result, the note receivable is categorized as a Level 3 financial asset.
- Impairment of non-financial assets: In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on the asset's fair value less costs of disposal. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset under current market conditions, including assumptions about risk. Estimation uncertainty relates to the assumptions used in the fair value determination.
- Promissory notes payable: The notes payable are measured at the present value of expected note payments which involves management assumptions and estimates including the expected amount of additional financing fees and the determination of the appropriate discount rate.
- Lease liability: The lease liability is measured at the present value of the lease payments, which involves management assumptions and estimates including the determination of the appropriate discount rate and the appropriate term of the lease.
- Royalties liability: When funding that involves a royalty agreement is received, the Company is required to recognize a liability for the future royalty obligation at its fair value. To estimate this fair value, the Company estimates future cash outflow, based on revenue projections, and applies a discount rate that is appropriate to the

Company's prevailing market conditions. Management updates the associated estimated future cash flows and market conditions at each reporting date to assess whether the value of the obligation should be adjusted. The effects of any change in the fair value of the obligation are recognized in profit or loss in the current period (See Note 13).

- Share-based payments and warrants: The fair value of share-based payments is determined using the Black-Scholes option pricing model based on estimated values at the date of grant. This model utilizes subjective assumptions such as expected price volatility and expected life of the award. Changes in these assumptions can significantly affect the fair value estimate.

Revenue recognition

Revenue is measured based on the consideration promised in a contract with a customer. The Company recognizes revenue when it transfers control of a good or service to a customer. Based on the terms of the specific transaction, control typically transfers at a point along a continuum that is as early as the products' departure from the Company's warehouse to as late as the passing of inspection following the products' arrival at a designated shipment location. Amounts received in advance of recognized revenues are recorded as deferred revenue.

Cash and cash equivalents

Cash and cash equivalents, including restricted cash, consist of cash on hand, deposits held with banks and short-term highly liquid investments that are readily convertible to known amounts of cash with remaining maturities of three months or less at acquisition.

Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
The Company's financial assets include cash and cash equivalents, restricted cash, trade and other receivables and note receivable. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the Company does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets
Financial assets at amortized cost
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The note receivable is categorized as FVTPL.

Trade and other receivables and contract assets
The Company makes use of a simplified approach in accounting for expected credit losses on trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities
The Company's financial liabilities include trade and other payables, the lease liability, royalties liability and loans payable.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss. The royalties liability is measured at FVTPL and all other financial liabilities are measured at amortized cost.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Royalties liability
The Company issued promissory notes that included an embedded perpetual royalty that survived the maturity of the promissory notes. The royalties have been designated as a financial liability at fair value through profit or loss. Accordingly, the perpetual royalty is valued at the reporting date based on the most recent revenue projections. The change in estimated fair value of the royalty is recorded in income in the period in which the liability is recalculated.

Inventory

The Company's inventory consists of raw materials, work-in-process and finished goods which are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis and, in the case of work-in-process and finished goods includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Net realizable value is the estimated selling price less the applicable selling expenses.

Property, plant and equipment

Property, plant and equipment are recorded at their historical cost, and presented on the consolidated statement of financial position net of accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The cost and accumulated depreciation of replaced assets are derecognized when replaced. Repairs and maintenance costs are charged to the statement of operations and comprehensive income (loss) during the period in which they are incurred.

Depreciation is calculated on a diminishing balance method so as to expense the cost of the assets less their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

Office equipment	20% declining balance
Computer equipment	30% declining balance
Manufacturing equipment	20% declining balance and straight line over 1.5 years
Building (right-of-use asset)	straight-line over the term of the lease
Leasehold improvements	straight-line over the term of the lease

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the statement of operations and comprehensive income (loss).

Leases

For any new contracts, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- The Company has the right to direct the use of the identified assets throughout the period of use. The Company assesses whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

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 if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these will be recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the consolidated statements of financial position, right-of-use assets have been included in property, plant and equipment.

Impairment of non-financial assets

The Company tests non-financial assets such as property, plant and equipment and licenses and technology rights for impairment at the end of each reporting period. For the purpose of measuring recoverable values, assets are grouped at the lowest levels for which there are separately identifiable cash flows [cash-generating units or "CGUs"]. The Company consists of one CGU, namely the sale of SAF. The recoverable value is the higher of an asset's fair value less costs of disposal and value in use, which is the present value of the expected future cash flows of the relevant asset or CGU. An impairment loss is recognized for the value by which the asset's carrying value exceeds its recoverable value. The Company evaluates potential reversals of impairment losses when events or circumstances warrant such consideration.

Foreign currency transactions

Transactions in foreign currencies are translated at rates of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at each reporting date at current foreign exchange rates with the resulting gains or losses included in the statement of operations and comprehensive loss.

Government assistance

Government assistance may be available to the Company through income tax investment and innovation tax credits, other programs providing innovation funding and relief programs associated with Covid-19. Funding is recognized when there is reasonable assurance that the Company has complied with the conditions attached to the funding arrangement and is recognized as a recovery to the applicable costs as they are incurred. Research and product development funding is presented as a reduction in research and material testing cost expenses unless it is for reimbursement of an asset, in which case it is accounted for as a reduction in the carrying amount of the applicable asset. Where the Company receives government contributions that include terms for repayment, a financial liability is recognized and measured in accordance with the terms of IFRS 9.

Share-based compensation

Share-based compensation transactions with employees are measured based on the fair value of the share-based compensation issued. The Company grants stock options to certain employees under the terms of the Company's Stock Option Plan or Share Awards Plan. Each tranche in an option award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires estimates for the expected life of options and stock price volatility which can materially affect the fair value estimate. Volatility and expected life of option is estimated based on an analysis of factors such as the Company's historical price trends, history of option holder activity, and peer and industry benchmarks for similar transactions.

Share-based compensation expense is recognized over the vesting period of the grant by increasing contributed surplus based on the number of awards expected to vest. This number is reviewed at least annually, with any change in estimate recognized immediately in share-based compensation expense with a corresponding adjustment to contributed surplus.

Share-based compensation transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the consolidated financial statement carrying values of assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be used.

The determination of the ability of the Company to use tax loss carry-forwards to offset deferred tax payable involves judgment and certain assumptions about the future performance of the Company. Assessment is required about whether it is "probable" that the Company will benefit from the prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of using the losses.

Share capital

Common shares are classified as equity. Common shares are measured at the consideration received for the shares that have been issued, net of incremental costs directly attributable to the issuance of shares.

Warrants

Common share purchase warrants which entitle the holder to acquire common shares of the Company at a specified price for a specified period of time are classified as equity. Warrants included as a component of a compound financial instrument are measured at the residual value, after fair value of primary financial instrument has been allocated.

Net loss per share

Basic net loss per share is calculated based on the weighted average number of common shares outstanding for the period. Diluted net loss per share is calculated using the weighted average number of common shares outstanding for the period for basic net loss per share plus the weighted average number of potential dilutive shares that would have been outstanding during the period had all potential common shares been issued at the beginning of the period or when the underlying options or warrants were granted, if later, unless they were anti-dilutive.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2024. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impact of these standards on the consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2024. In the current circumstances, the Company does not expect any of these to have a material impact on the consolidated financial statements.

5. RESTRICTED CASH

Restricted cash is held in a financial institution in Hungary as the result of the incorporation of ALU-MMC Hungary Zrt. The cash is held in order to satisfy Hungarian regulatory requirements and is not available for general Company use.

6. TRADE AND OTHER RECEIVABLES

	2024	2023
	$	$
Trade accounts receivable	**38,020**	44,889
Sales tax recoverable	**146,148**	14,403
	184,168	59,292

7. INVENTORY

	2024	2023
	$	$
Raw materials and consumables	**232,708**	187,571
Work-in-process and finished goods	**986,468**	513,898
	1,219,176	701,469

Included in plant operating expenses is $1,303,166 (2023 - $2,141,028) of inventories recognized as cost of sales during the year

8. NOTE RECEIVABLE

	2024	2023
	$	$
Opening balance	**100**	312,300
Fair value adjustment	**-**	(312,200)
Ending balance	**100**	100

On November 30, 2021, the Company made a $US 250,000 investment in Tesseract Structural Innovations, Inc ("Tesseract"). Tesseract is an early-stage private automotive design and engineering company focused on providing light-weight solutions for crash energy absorption. The investment is in the form of a convertible promissory note maturing on May 15, 2023, and accruing interest at a rate of ten percent (10%) per annum, such interest being payable on the maturity date. In the event that Tesseract raises proceeds from an equity financing of at least $US 500,000 prior to the maturity date, the outstanding principal and interest of the note will automatically convert into Tesseract equity units at a conversion price equal to the lesser of (i) seventy-five percent (75%) of the per unit price paid by the purchasers of the triggering financing and (ii) $US 12.00 per share. If the note has not been automatically converted by the maturity date, Cymat will have the option to convert the note to equity at $10.00 per share as long as the note remains outstanding.

Upon issuance, the note receivable was recorded at its fair value. Fair value is determined at each reporting date. The probability of conversion is assessed, and the note receivable is revalued by discounting the stream of future interest and principal payments at a rate applicable to instruments of a similar term and risk and adding this value to the value of the conversion element. The value of the conversion element is estimated using a Black-Scholes pricing model. Any change in fair value from the preceding reporting date is recorded as fair value adjustment through profit/loss.

In the year ended April 30, 2023, management determined that the note and the related accrued interest was unlikely to be paid at maturity, which would result in the note's conversion to equity. Accordingly, the Company recorded a fair value adjustment of $312,200 to adjust the note's value to a nominal amount.

The note was not repaid on its maturity date of May 15, 2023. Cymat continues to have the option to convert the note to equity.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Cost	Office Equipment $	Computer Equipment $	Manufacturing Equipment $	Right-of-Use Asset $	Leasehold Improvements $	Total $
May 1, 2022	269,107	285,333	2,574,348	1,132,267	1,082,678	5,343,733
Additions	-	7,049	946,273	1,267,463	74,750	2,295,535
Disposals	-	-	(29,168)	-	-	(29,168)
April 30, 2023	269,107	292,382	3,491,453	2,399,730	1,157,428	7,610,100
Additions	-	-	31,318	-	-	31,318
Disposals	-	-	(28,155)	-	-	(28,155)
April 30, 2024	**269,107**	**292,382**	**3,494,616**	**2,399,730**	**1,157,428**	**7,613,263**
Accumulated Depreciation						
May 1, 2022	257,736	275,688	2,323,692	367,221	1,038,502	4,262,839
Additions	2,287	3,936	135,718	346,107	18,579	506,627
Disposals	-	-	(13,702)	-	-	(13,702)
April 30, 2023	260,023	279,624	2,445,708	713,328	1,057,081	4,755,764
Additions	1,816	3,828	214,344	280,683	20,888	521,559
Disposals	-	-	(28,155)	-	-	(28,155)
April 30, 2024	**261,839**	**283,452**	**2,631,897**	**994,011**	**1,077,969**	**5,249,168**
Carrying Amount						
April 30, 2023	9,084	12,758	1,045,745	1,686,402	100,347	2,854,336
April 30, 2024	**7,268**	**8,930**	**862,719**	**1,405,719**	**79,459**	**2,364,095**

The right-of-use asset is related to the Company's leased premises. (See Note 12.)

10. PROMISSORY NOTES PAYABLE

	2024	2023
	$	$
Promissory note principal	**842,338**	-
Plus: accrued interest	**35,301**	-
Plus: additional financing fee	**116,781**	-
	994,420	-
Present value adjustment (at the effective interest rate)	**(44,066)**	-
Promissory notes payable	**950,354**	-

In December, 2023, the Company issued promissory notes payable for an aggregate principal of $842,338. The promissory notes have a maturity date of December 20, 2024. Interest is payable on the principal at a rate of one percent (1%) per month. Additionally, for every $100,000 of principal, the notes earn a further financing fee equal to one percent (1%) of SAF sales that are received or receivable for the duration of the notes. Interest and the additional financing fees accrue and are payable at the notes' maturity.

The promissory notes are recorded at the net present value of principal repayments, interest payments and estimated additional financing fees using an effective interest rate of approximately 35%.

Interest and financing expense for the year ended April 30, 2024, includes interest of $35,301 and additional financing fees of $72,715 pertaining to these notes.

11. GOVERNMENT ASSISTANCE

	2024	2023
	$	$
CEBA loan proceeds	**40,000**	40,000
Less: forgivable portion	**(10,000)**	(10,000)
Less: loan repayment	**(30,000)**	-
CEBA loan payable	**-**	30,000
RRRF loan proceeds	**180,000**	180,000
Less: fair value adjustment	**(91,231)**	(91,231)
Less: loan repayments	**(51,000)**	(12,000)
Plus: accreted interest	**54,574**	36,100
RRRF loan payable	**92,343**	112,869
CEBA loan – Current portion	**-**	30,000
RRRF loan – Current portion	**36,000**	36,000
Current portion of loans payable	**36,000**	66,000
RRRF loan – Non-current portion	**56,343**	76,869
Loan payable	**92,343**	142,869

Canada Emergency Business Account ("CEBA")

In April 2020, the Government of Canada passed legislation creating the CEBA as part of its response to the COVID-19 pandemic. CEBA provides a loan of up to $40,000. No interest is payable on outstanding balances prior to January 1, 2024, and if 75% of the outstanding amount is repaid by December 31, 2023, then the remaining 25% of the balance will be forgiven. During the year ended April 30, 2021, the Company borrowed $40,000 under the CEBA and intends to repay the loan prior to January 1, 2024. The net repayable amount of $30,000 is reflected on the consolidated statements of financial position as a loan payable. The recognition of the $10,000 forgivable amount has been recorded as an offset to interest and financing expenses in the year ended April 30, 2021.

In January 2024, the Company repaid the $30,000 loan.

Regional Relief and Recovery Fund ("RRRF")
During the year ended April 30, 2021, the Company received proceeds in the aggregate amount of $180,000 from a loan offered by the Federal Economic Development Agency for Southern Ontario under their RRRF program. The loan was intended as support for fixed operating costs incurred by the Company. The loan is non-interest bearing with monthly principal repayments of $3,000 each commencing in January 2023.

The Company calculated the initial fair value of the RRRF loan proceeds by discounting the series of principal repayments at an annual rate of 17%. The difference between the proceeds and the fair value of the loan ($91,231) has been recognized as a reduction to plant operating expenses in the year ended April 30, 2021. An imputed interest expense of $18,474 associated with this loan has been recorded for the year ended April 30, 2024 (2023 - $18,937).

12. LEASE LIABILITY

The Company has a lease for the building that houses its manufacturing facility, office space and warehouse. The lease had an expiry date of July 31, 2023, with an option to renew for an additional five-year term. In July 2022, the Company exercised the option to renew the lease until July 31, 2028. Lease payments for the renewal period have increased to reflect current market levels for comparable facilities. The revised payment stream has been discounted using an interest rate of 9.05%, which is the rate that was used for the original lease. A summary of the items impacting the value of the lease liability is as follows:

	2024	2023
	$	$
Opening balance	**2,132,307**	879,548
Reassessment of lease liability	**-**	1,267,463
Lease payments	**(414,446)**	(183,470)
Interest expense	**183,707**	168,766
Ending balance	**1,901,568**	2,132,307
Less: Current portion	**(351,935)**	(230,738)
	1,549,633	1,901,569

Future minimum lease payments at April 30, 2024 are as follows:

	Within One Year	Two to Five Years	Total
	$	$	$
Lease payments	506,180	1,786,867	2,293,047
Finance charges	(154,245)	(237,234)	(391,479)
Net present values	351,935	1,549,633	1,901,568

Interest expense regarding the lease liability in the amount of $183,707 has been recognized in the year ended April 30, 2024 (April 30, 2023 - $168,766).

13. ROYALTIES LIABILITY

	2024	2023
	$	$
Royalties liability	**790,245**	772,279
Less: royalties liability relating to fiscal 2025	**158,375**	191,016
	631,870	581,263

In January of 2014, the Company issued promissory notes (the "Notes") for gross proceeds in the aggregate amount of $568,367. The Notes carried an interest rate of 12% per annum and additional consideration of a perpetual royalty equal to one percent of sales for each pro-rata portion of $100,000 in principal. The principal amount of the notes ($568,367), as well as a portion of the accrued interest ($29,633), was settled in July 2014 by the issuance of convertible debt with a face value of $598,000. The royalty survived the settlement of the Notes.

Royalties payable based on sales pertaining to the period ended April 30, 2024, in the amount of $190,985 (April 30, 2023 - $111,224) are included in trade and other payables.

Interest and financing expense for the year ended April 30, 2024 includes cash-based royalties in the amount of $79,720 (April 30, 2023 - $154,463), including royalties of $30,629 (April 30, 2023 - $59,345) paid or payable to a related party.

In calculating the fair value of the royalties liability, the Company estimated future revenues, using probability-weighted revenue projections,and applied a risk adjusted discount factor of 35% (2023 - 40%).

Interest and financing expenses for the year include a non-cash royalty expense of $17,966 relating to the change in the estimated fair value of the future royalty payable (2023 – expense recovery of $234,242). A portion of the expense in the amount of $6,903 of the current year expense (2023 – expense recovery of $89,996) pertains to a related party.

The fair value of the royalties liability is inherently subject to estimation uncertainty given the unpredictability of the timing and amount of revenues. Changes to these estimates could have a significant impact on the fair value estimate of the royalties liability as follows:

[a] An increase or decrease in the revenue estimate of 10%, with all other factors remaining constant, would increase or decrease the liability by $16,541 or ($16,541), respectively.

[b] An increase in the discount factor by 5% would decrease the liability by ($99,450) while a decrease in the discount factor by 5% would increase the liability by $136,405, with all other factors remaining constant.

14. SHARE CAPITAL

[a] The Company is authorised to issue an unlimited number of common shares.

[b] In July 2022, the Company issued 1,462,000 common shares for gross proceeds of $767,550 as the result of the exercise of warrants with an exercise price of $0.525.

[c] In July 2022, the Company issued 2,135,000 common shares for gross proceeds of $438,175 as the result of the exercise of employee stock options with an exercise price of $0.205.

[d] In January 2023, the Company issued 100,000 common shares for gross proceeds of $22,000 as the result of the exercise of stock options issued to a consultant with an exercise price of $0.22.

[e] In May 2023, the Company issued 459,423 common shares as the result of the fulfillment of subscription receipts outstanding at the end of April 2023 arising from the exercise of warrants. Gross proceeds from the exercise of these warrants was $147,015.

[f] In May 2023, the Company issued 1,288,450 common shares for gross proceeds of $412,314 as the result of the exercise of warrants with an exercise price that was adjusted to $0.32.

[g] In October 2023, the Company issued 4,175,000 common shares for gross proceeds of $1,043,750 as the result of the private placement of equity units priced at $0.25 per unit. Each equity unit consisted of one common share and one half of a common share purchase warrant.

[h] In November 2023, the Company issued 100,000 common shares for gross proceeds of $25,000 as the result of the private placement of equity units priced at $0.25 per unit. Each equity unit consisted of one common share and one half of a common share purchase warrant.

[i] In December 2023, the Company issued 485,600 common shares for gross proceeds of $121,400 as the result of the private placement of equity units priced at $0.25 per unit. Each equity unit consisted of one common share and one half of a common share purchase warrant.

[j] To date, the Company has not paid dividends on its common shares.

15. SUBSCRIPTION RECEIPTS

At the end of April 2023, 459,423 warrants were exercised and the issuance of the related common shares was still in process at year end. Accordingly, the proceeds from the warrant exercise were reflected as subscription receipts at April 30, 2023.

In May of 2023, these 459,423 common shares were issued and the proceeds from reallocated from subscription receipts to share capital.

16. WARRANTS

	2024		2023	
	Number	**$**	Number	$
Warrants, beginning balance	**3,859,862**	**51,253**	5,485,354	26,912
Issued during the period	**3,668,750**	**238,948**	459,423	34,649
Exercised during the period	**(1,288,450)**	**(6,291)**	(1,921,423)	(9,497)
Expired during the period	**(2,111,989)**	**(10,312)**	(163,492)	(811)
Warrants, ending balance	**4,128,173**	**273,598**	3,859,862	51,253

[a] In July 2022, 1,426,000 warrants with an exercise price of $0.525 per share were exercised and 163,492 warrants expired unexercised.

[b] In April 2023, the Company received approval from the TSX Venture Exchange (the "Exchange") to reprice the 3,859,862 warrants issued in May 2021 from an original exercise price of $0.90 per share to a new exercise price of $0.32 per share. The expiry date of May 5, 2023, remained unchanged. In April 2023, 459,423 of these repriced warrants were exercised. The exercise proceeds for these warrants are reflected in the subscription receipts account.

[c] In April 2023, the Company received approval from the Exchange to issue Incentive Warrants to encourage holders of the May 2021 warrants to exercise their repriced warrants early. The Incentive Warrants have an exercise price of $0.50 per share and an expiry date of April 28, 2025. In April 2023, 459,423 of these Incentive Warrants were issued. The fair value of the warrants was measured using the Black-Scholes pricing model calculated using a risk-free interest rate of 3.65%, volatility of 82% and expected life of 2 years.

[d] In May 2023, 1,288,450 of the warrants adjusted to an exercise price of $0.32 were exercised. The remaining 2,111,989 warrants expired unexercised.

[e] In May 2023, 1,288,450 Incentive Warrants were issued. The fair value of the warrants was measured using the Black-Scholes pricing model calculated using a risk-free interest rate of 3.65%, volatility of 82% and expected life of 2 years.

[f] In October 2023, the Company issued 2,137,500 warrants as the result of the private placement of equity units priced at $0.25 per unit. The warrants have an exercise price of $0.40 and an expiry date of October 19, 2025.

[g] In November 2023, the Company issued 50,000 warrants as the result of the private placement of equity units priced at $0.25 per unit. The warrants have an exercise price of $0.40 and an expiry date of October 19, 2025.

[h] In December 2023, the Company issued 242,800 warrants as the result of the private placement of equity units priced at $0.25 per unit. The warrants have an exercise price of $0.40 and an expiry date of October 19, 2025.

17. SHARE-BASED COMPENSATION

The Company's stock option plan allows for the issuance of options, in aggregate, to acquire up to twenty percent (20%) of the number of common shares issued and outstanding on the effective date of the plan. The aggregate number of shares reserved for issuance under the terms of the Company's stock option plan is 10,967,722.

The Company's stock option plan provides that the exercise price of options that may be granted cannot be less than the market price of the Company's common shares at the time the option is granted. Options granted may be exercised during a period not exceeding five years. The vesting period of plan options granted is at the discretion of the Company's Board of Directors at the time of grant. Stock options have been granted as follows:

[a] 2,905,000 stock options with an exercise price of $0.61 granted on May 31, 2022 to certain directors and officers with one third of the options vesting on the date of grant and each of the remaining third of the options vesting on each of the subsequent two grant anniversary dates.

[b] 250,000 stock options with an exercise price of $0.61 granted on May 31, 2022 to a consulting firm and vesting on the date of grant.

[c] 500,000 stock options with an exercise price of $0.60 granted on August 17, 2022 to a consulting firm and vested on the date of grant.

[d] 500,000 stock options with an exercise price of $0.345 granted on December 21, 2022 to certain officers with one third of the options vesting on the date of grant and each of the remaining third of the options vesting on each of the subsequent two grant anniversary dates.

[e] 250,000 stock options with an exercise price of $0.27 granted on August 22, 2023 to a consultant and vested on the date of grant.

[f] 500,000 stock options with an exercise price of $0.19 granted on January 4, 2024 to a consultant and vested on the date of grant.

In the year ended April 30, 2023, the following stock options were exercised:

Date of Exercise	Option Holder	Number Of Options	Exercise Price
Jul 2022	Employee	2,035,000	$0.205
Jul 2022	Consultant	100,000	$0.21
Jan 2023	Consultant	100,000	$0.22

The details of the changes in the number of stock options outstanding as at April 30, 2024 and 2023 are as follows:

	2024		2023	
	Number of Options	**Weighted Average Exercise Price $**	Number of Options	Weighted Average Exercise Price $
Outstanding, beginning of year	**9,490,000**	**0.62**	7,880,000	0.55
Granted	**750,000**	**0.22**	4,155,000	0.58
Exercised	**-**	**-**	(2,235,000)	0.21
Expired/forfeited	**(835,000)**	**0.57**	(310,000)	0.47
Outstanding, end of year	**9,405,000**	**0.60**	9,490,000	0.62
Exercisable, end of year	**8,285,003**	**0.60**	6,006,674	0.61

The following table summarizes information about stock options outstanding and exercisable as at April 30, 2024:

Exercise Prices $	Options Outstanding #	Options Exercisable #	Remaining Contractual Life Years
0.19	500,000	500,000	4.7
0.27	250,000	250,000	4.3
0.345	500,000	333,334	3.7
0.61	2,960,000	2,006,669	3.1
0.74	1,500,000	1,500,000	2.7
0.79	2,535,000	2,535,000	2.1
0.25	100,000	100,000	1.2
0.325	200,000	200,000	0.1
0.31	860,000	860,000	0.1
	9,405,000	8,285,003	

The fair values of options granted in the years ended April 30, 2024, and April 30, 2023, estimated at the date of grant using the Black-Scholes option pricing model, used the following assumptions:

	January 2024	August 2023	December 2022	May 2022
Weighted average assumptions:				
Risk free interest rate	3.33%	4.18%	3.07%	2.60%
Expected dividend yield	0%	0%	0%	0%
Expected volatility	79%	78%	79%	77%
Expected option life	5 years	5 years	5 years	5 years
Resulting fair value:	$0.12	$0.18	$0.22	$0.39

During the year ended April 30, 2024, the Company recognized a share-based compensation expense in the amount of $364,100 (April 30, 2023 - $1,546,636). Share-based compensation expense is included in selling, general and administrative expenses.

During the year ended April 30, 2024, options relating to consulting services were issued and the Company recognized a related expense in the amount of $106,196 (April 30, 2023 - $171,741) using the Black-Scholes option pricing model.

18. REVENUE

Revenue for the year ended April 30, 2024 of $1,619,557 and for the year ended April 30, 2023 of $3,053,346 was generated from the following segments:

	2024	2023
	$	$
North America	**757,789**	813,237
Europe and UK	**717,159**	830,396
Asia	**107,053**	1,350,893
Other	**37,556**	58,820
Total Revenue	**1,619,557**	3.053,346

Deferred revenue of $989,123 at April 30, 2024 (April 30, 2023 - $240,197) represents deposits received from customers regarding goods that have been ordered but for which control has not yet been transferred to the customer. During the year ended April 30, 2024, $240,197 (April 30, 2023 - $390,812) of previously deferred amounts were recognized into revenue.

Any customer contributing to ten percent or more of an entity's revenues is considered a major customer in that period. Revenues from individual customers of the Company vary greatly. For the year ended April 30, 2024, the Company generated 50% of its revenues from two customers. For the year ended April 30, 2023, the Company generated 40% of its revenues from 2 customers.

19. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses are as follows:

	2024	2023
	$	$
Employee and contractor compensation	**2,330,881**	3,874,329
Commission, marketing and travel	**281,958**	446,921
Insurance	**136,595**	109,518
Shareholder and corporate communications	**190,174**	328,770
Telecommunication and information technology	**138,352**	127,080
Professional fees	**100,710**	94,367
Depreciation	**81,973**	86,094
Other	**27,999**	37,941
	3,288,642	5,105,020

20. RELATED PARTY TRANSACTIONS

Related party transactions regarding the royalties liability are reported in Note 13.

Key Management Compensation

Key management includes the Company's board of directors and senior executives.

	2024	2023
	$	$
Salary, fees and short-term benefits	**1,033,991**	1,179,866
Stock-based compensation	**319,859**	1,402,913
	1,353,850	2,582,779

As at April 30, 2024, trade and other payables includes $251,918 owed to a related party (April 30, 2023 - $90,308).

21. CONTRACTUAL COMMITMENTS

The Company is party to certain employment contracts. As at April 30, 2024, the Company has unrecognized contractual contingencies of approximately $472,500, in aggregate. As triggering events have not taken place, the contingent payments have not been reflected in these financial statements

22. INCOME TAXES

The provision for income taxes is summarized as follows:	**2024**	2023
	$	$
Income tax recovery at statutory rate (25.0%)	**(1,066,572)**	(1,511,948)
Stock-based compensation not deductible for tax	**117,574**	429,594
Interest (recovery) expense not deductible for tax	**(1,907)**	(53,826)
Unrealized loss on note receivable	**-**	78,050
Property, plant and equipment amortization temporary differences	**72,705**	126,847
Other	**(665)**	2,149
Benefit of tax losses not recognized	**878,865**	929,134
	-	-

The tax benefit of the following unused tax losses and deductible temporary differences has not been recognized in the consolidated financial statements due to the unpredictability of future earnings.

	2024	2023
	$	$
Non-capital losses carried forward	**7,631,910**	6,753,057
Scientific research and experimental development expenditures	**60,268**	60,268
Investment tax credits	**70,720**	70,720
Share issue costs	**2,584**	4,391
Property, plant and equipment	**102,004**	(100,039)
Licenses and technology rights	**2,750,000**	2,750,000
	10,617,486	9,538,397

The Company has available scientific research and experimental development expenditures for income tax purposes, which may be carried forward indefinitely to reduce future years' taxable income. The total of such tax credits accumulated to April 30, 2024 is approximately $241,000 (2023 - $241,000).

At April 30, 2024, the Company has tax losses for Canadian tax purposes of approximately $30,528,000 (2023 - $27,013,000). The Company also has unclaimed Canadian scientific research investment tax credits of approximately $71,000 (2023 - $71,000) which can be used to offset future years' Canadian federal taxes payable. Expiry dates for tax losses and tax credits are as follows:

	Tax Losses $	ITCs $
Fiscal 2027	1,700,000	34,000
Fiscal 2028	1,666,000	14,000
Fiscal 2029	2,440,000	14,000
Fiscal 2030	3,165,000	9,000
Fiscal 2031	1,984,000	-
Fiscal 2032	1,127,000	-
Fiscal 2033	1,621,000	-
Fiscal 2034	1,315,000	-
Fiscal 2035	880,000	-
Fiscal 2036	1,135,000	-
Fiscal 2037	492,000	-
Fiscal 2038	396,000	-
Fiscal 2039	1,115,000	-
Fiscal 2040	1,417,000	-
Fiscal 2041	135,000	-
Fiscal 2042	2,705,000	-
Fiscal 2043	3,717,000	-
Fiscal 2044	3,515,000	-

23. CAPITAL DISCLOSURES

The Company considers its capital to be its equity which consists of share capital, contributed surplus and warrants, net of the deficit. The Company's objective in managing capital is to ensure a sufficient liquidity position to finance its manufacturing operations, research and development activities, sales and administration expenses, working capital and overall capital expenditures. The Company makes every effort to manage its liquidity to minimize dilution to its shareholders when possible. The Company has funded its activities through public offerings and private placements of common shares and warrants, convertible debentures, promissory notes, royalty offerings, and grant contributions. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management did not change during the year ended April 30, 2024.

24. FINANCIAL INSTRUMENTS

The Company's consolidated financial instruments are classified into one of the following categories: financial assets at amortized cost, financial assets at fair value though profit and loss, financial liabilities at amortized cost and financial liabilities at fair value through profit and loss. The carrying values of the Company's financial instruments are summarized as follows:

	2024 **$**	2023 $
Financial assets at amortized cost (1)	**261,140**	404,035
Financial assets at fair value through profit and loss (2)	**100**	100
Financial liabilities at amortized cost (3)	**4,996,669**	3,755,696
Financial liabilities at fair value through profit and loss (4)	**790,245**	772,279

(1) Includes cash and cash equivalents, restricted cash, and trade and other receivables.

(2) Includes note receivable.

(3) Includes trade and other payables, promissory notes payable, the lease liability, and the loans payable.

(4) Includes the royalties liability.

The reported value is a reasonable approximation of fair value for financial instruments recorded as financial assets at amortized cost and financial liabilities at amortized cost as underlying assumptions have not varied significantly from the date of initial recognition to year end.

Financial risks

The main risks arising from the Company's consolidated financial instruments are liquidity risk, foreign currency risk, commodity price risk (market risks), interest rate risk and credit risk. The Board of Directors reviews and approves the policies for managing these risks and they are summarized as follows:

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has sustained annual losses since its inception. The Company's objective for liquidity risk management is to maintain sufficient liquid financial resources to meet financial obligations and commitments in the most cost-effective manner possible. The Company manages its liquidity risk by continually forecasting cash flows from operations and anticipated investing and financing activities. As of April 30, 2024, the Company was holding cash and cash equivalents of $56,274 (April 30, 2023 - $324,045) and trade and other receivables of $184,168 (April 30, 2023 - $59,292).

A summary of trade and other payables by their length of time outstanding is as follows:

	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
Trade and other payables	$731,323	$112,594	$129,710	$1,078,777	$2,052,404

Foreign currency risk

The Company is primarily exposed to the fluctuation of the European Euro and United States (US) dollar relative to the Canadian dollar to the extent that certain sales and raw material and consumable purchases are denominated in those currencies. Revenue and expenses are translated into Canadian dollars at the time of the transaction. The Company typically extends regular credit terms to its customers and recognizes foreign exchange translation gains or losses on a monthly basis through foreign currency translation of foreign currency receivables and payables using the temporal method.

At present, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. In some cases, the Company does have the ability to mitigate foreign currency risk by adjusting prices charged to non-Canadian customers.

For the year ended April 30, 2024, the Company had a net operating foreign exchange gain of $459 (2023 – loss of $53,050), which is included in the statement of operations and comprehensive loss and is classified separately.

As at April 30, 2024, the Company's financial instruments exposed to foreign currency risk consist of cash, restricted cash, accounts receivable, note receivable and accounts payable.

The table below presents the Company's trade and other receivables and trade and other payables that are denominated in US dollars and European Euros:

	As at April 30, 2024		As at April 30, 2023	
	US$	**Euro€**	US$	Euro€
Trade and other receivables	**19,001**	**7,968**	9,516	7,665
Note receivable	**100**	**-**	100	-
Trade and other payables	**17**	**72,104**	316,004	69,189

Commodity price risk

At present, the Company is exposed to commodity price risk through its purchasing of raw materials as it uses aluminum as its primary raw material.

Metal prices and commodity quotations are external variables over which the Company has no significant influence or control. This potentially exposes the Company to price volatilities that could significantly impact its future operating cash flows. As part of its routine activities, management is closely monitoring the trend in international metal prices. The Company does have the ability to mitigate commodity price risk by adjusting prices charged customers.

At present, the Company does not use derivative instruments to reduce its exposure to commodity price risk.

Credit risk

Credit risk arises from the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge the obligation. The Company is exposed to credit risk from customers. At April 30, 2024, the Company's maximum exposure to credit risk is $38,020 (April 30, 2023 - $44,889). Accounts receivable that are outstanding greater than 3 months but for which no allowance for doubtful accounts has been taken total $21,676 (April 30, 2023 - $22,978).

Management seeks to minimize credit risk through customer review. Payment terms typically require the receipt of order payment prior to shipment. In some cases payment terms, generally between 30 and 60 days after shipment, are granted to customers. When deemed appropriate by management, letters of credit are also employed to secure payment on product orders. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

Accounts receivable are reviewed by management at each balance sheet reporting date on an account-by-account basis to determine their collectability. The review considers such factors as customer payment history, the current financial conditions of the customers and the general economic environment. A provision for bad debts of $Nil was recorded during the year ended April 30, 2024 (2023 - $Nil).

As at April 30, 2024, the largest amount due from one customer amounted to 26% of trade accounts receivables which total $38,020. As at April 30, 2023, the largest amount due from one customer amounted to 45% of trade accounts receivable which total $44,889.

Fair value measurements

IFRS require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument.

Financial assets and liabilities recorded at fair value in the Company's consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The hierarchical levels, defined by IFRS 13 and which are directly related to the amount of subjectivity associated with inputs to fair valuation of these financial assets and liabilities, are as follows:

Level 1 – Quoted prices are available in active markets for identical financial assets or liabilities for which the Company has the ability to access at the measurement date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable for the financial asset or liability as of the measurement date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – One or more significant pricing inputs are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability.

The inputs into the determination of fair value require significant management judgment or estimation.

The note receivable and the royalties liability are valued using level 3 inputs. Additional disclosure regarding the valuation methods is included in Note 8 and Note 12.

There were no significant transfers between levels 1, 2 or 3 during the year ended April 30, 2024, nor the year ended April 30, 2023.

25. SUBSEQUENT DATE EVENTS

In May 2024, 860,000 stock options with an exercise price of $0.31 and 200,000 stock options with an exercise price of $0.325 expired, unexercised.

In August 2024, the Company issued promissory notes payable for an aggregate principal of $393,465. The promissory notes have a maturity date of December 20, 2024. Interest is payable on the principal at a rate of one percent (1%) per month. Additionally, for every $100,000 of principal, the notes earn a further financing fee equal to one percent (1%) of SAF sales that are received or receivable for the duration of the notes. Interest and the additional financing fees accrue and are payable at the notes' maturity.