PROGRESSIVE PLANET SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2022 AND 2021

(Expressed in Canadian Dollars)

Registered Head Office
724 Sarcee Street East
Kamloops, British Columbia
V2H 1E7

KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' 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 statement of financial position as at April 30, 2022
- the consolidated statements of loss and comprehensive loss for the year then ended
- the consolidated statement of changes in shareholders' equity for the year then ended
- the consolidated statement of cash flows for the year 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 financial position of the Entity as at April 30, 2022 and its financial performance and its cash flows for the year 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 ethical responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity has incurred operating losses to date and has recorded negative cash flows from operations.

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.

Other Matter – Comparative Information

The consolidated financial statements for the year ended April 30, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 27, 2021.

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 auditors' 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 auditors' 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 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.

KPMG LLP

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditors' report is James Barron

Vancouver, Canada

August 29, 2022

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

	2022	2021
ASSETS		
Current		
Cash and cash equivalents (Note 4)	$ 1,770,682	$ 1,338,583
Restricted cash (Note 4)	266,000	-
Accounts receivable (Note 5)	2,262,224	68,777
Inventories (Note 6)	3,379,919	-
Prepaid expenses and deposits	333,561	34,019
	8,012,386	1,441,379
Investments in private companies (Note 7)	1,330,500	302,000
Property, plant and equipment (Note 8)	13,838,772	968,921
Leased assets (Note 9)	2,333,148	-
Mineral properties (Note 10)	1,148,176	-
Exploration and evaluation assets (Note 11)	1,632,139	1,544,612
	$ 28,295,121	$ 4,256,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (Note 3)	$ 1,417,539	$ -
Accounts payable and accrued liabilities (Notes 12)	1,731,878	237,367
Deferred revenue (Note 13)	306,261	-
Flow-through premium liability (Note 14)	7,501	15,525
Lease obligation - current (Note 15)	173,134	44,670
Loans payable - current (Note 16)	647,075	29,032
Asset retirement obligations – current (Note 17)	25,000	-
	4,308,388	326,594
Long-term lease obligation (Note 15)	2,380,784	133,111
Long-term loans payable (Note 16)	8,066,149	218,995
Asset retirement obligations (Note 17)	241,694	-
Deferred income tax liability (note 18)	2,035,970	-
	17,032,985	678,700
Shareholders' equity		
Share capital (Note 19)	26,175,235	18,288,164
Share-based payment reserve (Note 19)	6,942,381	3,867,149
Deficit	(21,855,480)	(18,577,101)
	11,262,136	3,578,212
	$ 28,295,121	$ 4,256,912

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

On behalf of the Board:

"*Edward Beggs*" Director "*Stephen Harpur*" Director

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

	2022	2021
REVENUE	$ 3,833,146	$ -
COST OF SALES		
Amortization and depreciation	88,053	-
Changes in inventories	2,592,492	-
Depletion and asset retirement obligations amortization	6,676	-
Freight	649,272	-
	3,336,493	-
GROSS PROFIT	496,653	-
EXPENSES		
Selling expenses		
Advertising and promotion	194,165	42,417
Other sales expenses	196,827	-
Personnel	186,021	-
	577,013	42,417
General and administrative expenses:		
Consulting fees	428,282	94,732
Finance costs	175,443	25,866
Management and director fees (Note 22)	126,500	60,000
Office and administration (Note 22)	321,732	192,359
Personnel	606,663	275,694
Professional fees (Note 22)	760,203	186,673
Research and development costs (Note 22)	168,010	158,997
Share-based compensation (Notes 19 and 22)	1,826,811	1,605,422
Transfer agent and filing fees	65,441	49,466
Travel and entertainment	117,094	3,577
	4,596,179	2,652,786
Other expenses (income):		
Gain on foreign exchange	(15,525)	-
Loss on disposal of leased asset	5,515	-
Other (income) loss (Note 23)	(440,788)	19,383
Reversal of flow-through premium (Note 14)	(8,024)	(40,725)
Realized gain on investments in private companies (Note 7)	(446,838)	(77,362)
Unrealized gain on investments in private companies (Note 7)	(382,500)	(204,650)
	(1,288,160)	(303,354)
Loss before income taxes	(3,388,379)	(2,391,849)
Deferred income tax recovery (Note 18)	(110,000)	-
Loss and comprehensive loss for the year	$ (3,278,379)	$ (2,391,849)
Basic and diluted loss per common share	$ (0.05)	$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	69,357,788	42,002,452

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

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

	Number of shares		Share capital		Subscriptions received in advance		Share-based payment reserve		Deficit		Total equity
April 30, 2020	26,854,711	$	15,322,817	$	164,520	$	2,141,067	$	(16,185,252)	$	1,443,152
Private placements	28,184,000		2,908,270		(164,520)		-		-		2,743,750
Share issuance cost - cash	-		(88,600)		-		-		-		(88,600)
Share issuance cost - broker warrant	-		(204,700)		-		204,700		-		-
Flow-through premium liability	-		(56,250)		-		-		-		(56,250)
Shares issued upon exercised warrants	2,442,000		132,100		-		-		-		132,100
Shares issued upon exercised options	2,226,999		247,860		-		(84,040)		-		163,820
Shares issued for property payments	66,667		26,667		-		-		-		26,667
Share-based compensation	-		-		-		1,605,422		-		1,605,422
Loss for the year	-		-		-		-		(2,391,849)		(2,391,849)
April 30, 2021	59,774,377		18,288,164		-		3,867,149		(18,577,101)		3,578,212
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		-		1,378,285		-		2,454,856
Share-based compensation	-		-		-		1,826,811		-		1,826,811
Loss for the year	-		-		-		-		(3,278,379)		(3,278,379)
April 30, 2022	88,451,151	$	26,175,235	$	-	$	6,942,381	$	(21,855,480)	$	11,262,136

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

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (3,278,379)	$ (2,391,849)
Items not involving cash:		
Depreciation and amortization	332,650	151,726
Depletion and asset retirement obligation accretion	6,676	-
Share-based compensation	1,826,811	1,605,422
Interest expense	11,867	25,866
Loss on disposal of leased asset	5,515	-
Share-based consulting income	(348,000)	-
Reversal of flow-through premium	(8,024)	(40,725)
Realized gain on investments in private companies	(446,838)	(77,362)
Unrealized gain on investments in private companies	(382,500)	(204,650)
Deferred income tax recovery	(110,000)	-
Change in non-cash operating working capital:		
Restricted cash	(266,000)	-
Accounts receivable	(1,133)	(29,430)
Inventories	732,063	-
Prepaid expenses and deposits	(104,392)	8,312
Bank indebtedness	(807,586)	-
Accounts payable and accrued liabilities	(668,087)	63,216
Deferred revenue	151,699	(10,000)
Net cash used in operating activities	(3,353,658)	(899,474)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments in private companies	(600,000)	-
Proceeds from the sale of investment in private companies	748,838	118,000
Purchase of property, plant and equipment	(391,048)	(669,724)
Mineral property additions	(40,876)	-
Exploration and evaluation assets acquisition and expenditures	(85,260)	(336,082)
Acquisition of Absorbent Products Ltd., net of cash acquired (note 3)	(10,925,446)	-
Net cash used in investing activities	(11,293,792)	(894,006)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuances	6,217,275	2,743,750
Share issuance costs	(195,619)	(88,600)
Loan proceeds	8,683,000	355,000
Loan repayments	(217,802)	(191,632)
Payments on lease obligations	(64,018)	(89,836)
Proceeds from exercise of options	69,800	163,820
Proceeds from exercise of warrants	586,913	132,100
Net cash provided by financing activities	15,079,549	3,024,602
Change in cash during the year	432,099	(151,135)
Cash and cash equivalents, beginning of year	1,338,583	101,261
Cash and cash equivalents, end of year	$ 1,770,682	$ 1,338,583

Supplemental cash flow information (note 24)

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

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 symbol PLAN.

On February 18, 2022, the Company purchased Absorbent Products Ltd. ("APL") and certain related companies (combined, the "APL Group") (Note 3).

Prior to the acquisition of the APL Group., 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, subsequent to April 30, 2022.

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 operating losses to date. For the year ended April 30, 2022, the Company recorded a net loss of $3,278,379, had negative cash flows from operations of $3,353,658, and was completing the integration of its acquisition of Absorbent Products Ltd. (Note 3). 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 expects that it will require additional debt or equity funding in order to meet its business objectives. The Company plans to raise the necessary funds primarily through issuance of common shares and the utilization of its credit facilities. The Company's ability to continue as a going concern is dependent on its ability to successfully raise additional funds. 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 August 29, 2022.

(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 (including structured 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 Acquisition Corp.	BC, 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 recognition of deferred tax assets.

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 measurement of the fair value of assets acquired and liabilities assumed in conjunction with the APL Group acquisition (Note 3).
ii) The determination of the fair value of share consideration issued for the purchase of the APL Group, including the liquidity discount applied (Note 3).
iii) Th measurement of the fair value of investments in private companies (Note 7).

2. BASIS OF PREPARATION (cont'd…)

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

iv) The valuation of raw material stockpiles (Note 6).
v) The valuation of mineral reserve and mineral resource estimates (Note 10).
vi) The depletion of mineral properties (Note 10).
vii) The recognition and measurement of asset retirement obligations (Note 17).
viii) The determination of the fair value of share consideration issued for the purchase of the APL Group, including the liquidity discount applied.
ix) The determination of the quantity of raw material inventory on hand as at the APL Group acquisition date and as at April 30, 2022.
x) Identification and correct interpretation of indicators of impairment of the Company's assets.
xi) The carrying value and the recoverability of exploration and evaluation assets.
xii) The inputs used in the Black-Scholes option pricing model to value stock options, broker warrants and share consideration.
xiii) Whether the Company is party to a lease arrangement (Notes 9 and 16).
xiv) The economically useful lives of the Company's assets.
xv) The fair value of investments in private companies.

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

(a) 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.

2. BASIS OF PREPARATION (cont'd…)

(a) Business combinations (cont'd…)

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.

(b) 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.

(c) 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.

(d) 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…)

(e) 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. Land improvements are depreciated using the straight-line method.

Asset	
Buildings	5 – 10%
Equipment	10 – 40%
Vehicles	30%

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

(f) 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…)

(f) 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.

(g) 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.

(h) 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 and bentonite clay 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.

(i) 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…)

(j) 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.

(k) 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…)

(k) 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.

(l) 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.

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…)

(l) Financial instruments (cont'd…)

Financial liabilities:

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

(m) 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.

(n) 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.

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.

2. BASIS OF PREPARATION (cont'd…)

(o) 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, that 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…)

(o) 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.

(p) Share capital

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

(q) 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.

(r) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows have been eliminated for the purpose of preparing the statement.

(s) 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.

2. BASIS OF PREPARATION (cont'd…)

(s) Fair value measurement (cont'd…)

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.

(t) 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.

(u) 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.

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

(w) 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.

2. BASIS OF PREPARATION (cont'd…)

(x) 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.

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 Company intends 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 intends on developing an incremental line of business in sustainable cement using APL's mineral deposits.

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.

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

Cash consideration (1)	$	11,000,340
Share consideration (2)		2,454,857
	$	13,455,197

3. BUSINESS ACQUISITION (cont'd…)

(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) The share consideration was comprised of the following:

a. Tranche 1: $1.2 million 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.

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 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.

Under the terms of the acquisition, cash payable on closing included a $1 million 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 $4.0 million.

The Company calculated the net working capital to be approximately $3.81 million at the acquisition date. Accordingly, the cash consideration balance of $11.0 million set out above, includes approximately $810,000 of the holdback funds, and the remaining $190,000 in trust is expected to be returned to the Company. As at the date of these consolidated financial statements, a disagreement exists between the Company and the APL Group vendors regarding this working capital adjustment, which the Company expects will be resolved through a dispute resolution process outlined in the share purchase agreement. The Company estimates the disputed adjustment amount to be less than $190,000.

In accordance with the acquisition method of accounting, the consideration transferred was allocated on a preliminary basis to the underlying assets acquired and liabilities assumed, based upon their estimated fair values at the Acquisition date. The table below presents the preliminary fair values of the assets acquired and liabilities assumed at the Acquisition date. The allocation is preliminary and the fair values are subject to change as there has not been sufficient time to complete the valuation process. The valuation work must be finalized within twelve months following the acquisition date. The purchase consideration, inventories, property and plant, mineral properties, asset retirement obligations, and deferred income tax liability, are all subject to change. Any adjustments made will be recognized retrospectively and comparative information will be revised.

(Expressed in Canadian dollars)

3. BUSINESS ACQUISITION (cont'd…)

Assets acquired and liabilities assumed		
Cash	$	74,895
Accounts receivable		2,192,313
Inventories		4,111,982
Prepaid expenses		195,153
Property, plant & equipment		12,794,728
Leased assets		2,349,873
Mineral properties		1,108,351
Bank indebtedness		(2,225,125)
Accounts payable		(2,162,598)
Deferred revenue		(154,562)
Lease obligations		(2,422,773)
Asset retirement obligations		(261,070)
Deferred income tax liability		(2,145,970)
Fair value of net assets acquired	$	13,455,197

The fair value of supplies and raw material inventories was based on current 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 preliminary fair values of property, plant and equipment were based on independent appraisals and other information. The fair value of leased assets was based on the discounted cash flows of future lease payments associated with those assets. The preliminary fair values of mineral properties were based on independent appraisals supplemented with discounted cash flow analysis. 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 preliminary fair value of the 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.

Consolidated revenue for the year ended April 30, 2022 includes $3,833,146 revenue from the APL Group. Consolidated loss for the year ended April 30, 2022 includes $253,590 of pre-tax loss from the APL Group.

(Expressed in Canadian dollars)

4. CASH AND CASH EQUIVALENTS

	April 30, 2022	April 30, 2021
Bank balances	$ 1,770,585	$ 1,338,583
Cash on hand	97	-
Cash and cash equivalents	$ 1,770,682	$ 1,338,583

RESTRICTED CASH:

As at April 30, 2022, the Company had $266,000 deposited in trust on legal undertakings to be used to reduce the Company’s credit facility with BMO upon BMO providing a release confirming, among other things, that: (i) all security documents, guarantees and indemnities which may have been given to BMO by any of the individuals who were sellers in the APL Group acquisition transaction (the “Security Documents”) are discharged and released, and (ii) all indebtedness, obligations and liabilities of such sellers to BMO secured by any Security Documents have been satisfied in full.

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, 2022 - 3.98%, in aggregate).

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, Section 427 of the Bank Act security over inventory with priority over finished and processed goods, and personal guarantee not to exceed $3,000,000 from a certain shareholder, an officer and a director of the Company.

Interest expense of $15,196 (2021 - $Nil) is included in finance costs in the statement of loss related to this facility.

5. ACCOUNTS RECEIVABLE

	April 30, 2022	April 30, 2021
Trade receivables	$ 1,643,810	$ 36,734
Commodity tax recoverable	62,025	32,043
Income tax receivable	345,316	-
Other receivables	211,073	-
	$ 2,262,224	$ 68,777

(Expressed in Canadian dollars)

6. INVENTORIES

	April 30, 2022	April 30, 2021
Finished goods	$ 537,456	$ -
Raw materials	801,941	-
Supplies	2,040,522	-
	$ 3,379,919	$ -

The cost of inventories recognized as an expense during the year was $2,534,918 (2021 - $Nil).

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

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

Between May and July 2021, the Company sold a total of 7,050,000 shares at $0.04 per share under the terms of the option agreements. Furthermore, the Company's remaining 500,000 Snow Lake shares were consolidated on a 5:1 basis which reduced the number of shares owned to 100,000.

On November 8, 2021, the Company sold its remaining 100,000 Snow Lake shares to an arms-length purchaser for $3.75 USD per share ($4.69 CDN per share). As a result, during the nine-month period ended January 31, 2022, the Company realized a gain of $446,838 from the sale of these remaining shares.

	Common shares	Total
Snow Lake Resources Ltd.		
Balance, April 30, 2019	-	$ -
Additions	10,500,000	135,388
Balance, April 30, 2020	10,500,000	135,388
Sale proceeds	(2,950,000)	(118,000)
Realised gain on sale	-	79,962
Unrealized gain from change in fair value	-	204,650
Balance, April 30, 2021	7,550,000	$ 302,000
Sale proceeds	(7,050,000)	(282,000)
Share consolidation (5:1)	(400,000)	-
Sale proceeds from consolidated shares	(100,000)	(466,838)
Realized gain on sale	-	446,838
Balance, April 30, 2022	-	$ -

(Expressed in Canadian dollars)

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

In September 2021, the Company participated in a private placement for the purchase of 300,000 units of a private company, ZS2 Technologies Ltd. ("ZS2") at $1.00 per unit. Each unit was comprised of one full common share of ZS2 and one full share purchase warrant. The share purchase warrants have a strike price of $2.00 per share and a term of 18 months. The CEO of ZS2 is a director of the Company.

Effective April 30, 2022, the Company increased its fair value estimate of the ZS2 shares 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 resulted in an unrealized gain from change in fair value of $300,000.

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 to be $348,000 using a Black-Scholes option pricing model.

Also on March 8, 2022, the Company exercised 150,000 of the warrants from the September 2021 private placement to acquire an additional 150,000 shares of ZS2 for $2.00 per share. At that time the Company estimated the fair value of its remaining 150,000 warrants from the September 2021 private placement to be $82,500 using a Black-Scholes option pricing model.

The following assumptions were used for warrant fair value estimates:

	Sep 3, 2021 Warrants	**Mar 8, 2022 Warrants**
Spot and strike price per share	$2.00	$2.00
Risk-free interest rate	1.12%	1.12%
Expected life of options	1 year	5 years
Expected annualized volatility	69.31%	69.31%
Expected dividend rate	0.00%	0.00%

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

			Total
ZS2 Technologies Ltd. – Common shares	Common shares		
Balance, April 30, 2021	-	$	-
Additions	300,000		300,000
Shares acquired on the exercise of warrants	150,000		300,000
Unrealized gain from change in fair value	-		300,000
Balance, April 30, 2022	450,000	$	900,000
ZS2 Technologies Ltd. – Share purchase warrants	Warrants		
Balance, April 30, 2021	-	$	-
Additions	300,000		-
Exercised for common shares	(150,000)		-
Remaining at March 8, 2022	150,000		82,500
Received in exchange for consulting services	300,000		348,000
Balance, April 30, 2022	450,000	$	430,500
Balance, April 30, 2022		$	1,330,500

(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.

Details are as follows:

	Land	Buildings	Equipment	Vehicles	Total
Cost					
Balance, April 30, 2020	**$ -**	**$ 8,085**	**$ 245,550**	**$ 128,471**	**$ 382,106**
Additions	-	-	806,736	-	806,736
Balance, April 30, 2021	-	8,085	1,052,286	128,471	1,188,842
Additions	8,427,000	2,000,149	2,698,825	57,292	13,183,266
Balance, April 30, 2022	**$ 8,427,000**	**$ 2,008,234**	**$ 3,751,111**	**$ 185,763**	**$ 14,372,108**
Accumulated depreciaton					
Balance, April 30, 2020	**$ -**	**$ 1,172**	**$ 47,752**	**$ 19,271**	**$ 68,195**
Additions	-	691	118,275	32,760	151,726
Balance, April 30, 2021	-	1,863	166,027	52,031	219,921
Additions	-	20,388	265,445	27,582	313,415
Balance, April 30, 2022	**$ -**	**$ 22,251**	**$ 431,472**	**$ 79,613**	**$ 533,336**
Net Book Value					
Balance, April 30, 2021	**$ -**	**$ 6,222**	**$ 886,259**	**$ 76,440**	**$ 968,921**
Balance, April 30, 2022	**$ 8,427,000**	**$ 1,985,982**	**$ 3,319,640**	**$ 106,150**	**$ 13,838,772**

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

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(Expressed in Canadian dollars)

9. LEASED ASSETS

As at April 30, 2022, equipment included $122,283 of leased assets (2021 - $152,583) and vehicles included $53,508 of leased assets (2021 - $76,440). For the year ended April 30, 2022, depreciation expense for the equipment leased assets was $30,570 (2021 - $21,087) and $22,932 (2021 - $32,760) for the vehicle leased assets. Equipment and vehicle leased asset additions in 2022 were $nil (2021 - $137,012, all of which were equipment).

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 $2,349,874 made during the year ended April 30, 2022 were acquired as part of the APL Group acquisition (Note 3). Depreciation charge on leased land assets was $16,726 during the year ended April 30, 2022 and the net book value of leased land assets as at April 30, 2022 was $2,333,148.

10. MINERAL PROPERTIES

All of the Company's mineral property assets owned as at April 30, 2022 were acquired as part of the APL Group acquisition (refer to Note 3). Summary for the year ended April 30, 2022:

	Red Lake Mine Savona, BC	Bud Mine Princeton, BC	Other	Total
Balance, April 30, 2021	$ -	$ -	$ -	$ -
Mineral properties acquired	777,882	291,706	38,763	1,108,351
Additions	10,824	12,817	17,236	40,877
Increase in asset retirement obligations	2,986	955	-	3,941
Depletion and asset retirement obligation amortization	(3,439)	(1,554)	-	(4,993)
Balance, April 30, 2022	**$ 788,254**	**$ 303,924**	**$ 55,999**	**$ 1,148,176**

The Red Lake Mine is the primary source of diatomaceous earth used in the APL Group's manufacturing operations. A preliminary estimate of the fair value of the Red Lake Mine was $777,882 as at the acquisition date.

The Bud Bentonite Mine is the primary source of bentonite clay used in the APL Group's manufacturing operations. A preliminary estimate of the fair value of the Bud Bentonite Mine was $291,706 as at the acquisition date.

(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.

Summary for the years ended April 30, 2022 and 2021:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Z3 Heffley Creek Property, BC	Total
Balance, April 30, 2020	**$ 1,158,364**	**$ 15,999**	**$ 7,500**	**$ 1,181,863**
Acquisition costs additions	-	36,667	10,000	46,667
Exploration costs additions	131,097	-	184,985	316,082
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**

*Net of sales of zeolite during the year of $1,500 (2021 - $4,100)

Z1 Zeolite Property, British Columbia

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

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

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

Z2 Zeolite Property, British Columbia

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

i) Share issuances
   a) 33,334 common shares on or before October 22, 2019 (issued with a value of $3,000).
   b) 66,667 common shares on or before April 22, 2021 (issued with a value of $26,667).
   c) 66,667 common shares on or before October 22, 2022.

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.

iii) Exploration expenditures
   a) incur $200,000 in exploration on or before October 22, 2022.

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

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

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

<u>Z3 Heffley 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.
   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.

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.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $28,493 (2021 - $Nil), which include amounts payable for GST, PST, EHT, payroll related taxes, workers' compensation and other federal remittances.

(Expressed in Canadian dollars)

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, 2022, the Company had $306,261 (2021 - $Nil) 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, 2022.

14. FLOW-THROUGH PREMIUM LIABILITY

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

The Company raised capital through the issuance of 2,500,000 flow-through shares in December 2020. A value of $37,500 was attributed to the flow-through premium liability in connection with the financing. The Company expended $146,501 of the flow-through proceeds and accordingly, recorded $21,975 as reversal of flow-through premium during the year ended April 30, 2021. During the year ended April 30, 2022 the Company expended a further $50,010 of the flow-through proceeds and accordingly, recorded $7,501 as reversal of flow-through premium. As at April 30, 2022 the Company has a flow-through premium liability of $7,501 (April 30, 2021 - $15,525).

15. LEASE OBLIGATIONS

	April 30, 2022	April 30, 2021
Equipment (1)	$ 134,351	$ 177,781
Land (2)	2,419,567	-
	2,553,918	177,781
Less current portion of lease obligations	173,134	44,670
	$ 2,380,784	$ 133,111

(1) The Company's equipment leases as at April 30, 2022 were comprised of the following:

(a) A 4-year lease for the use of a Kubota skid steer commencing January 31, 2019, comprised of a down payment of $6,030 at inception and monthly lease payments of $1,051 over the following 48 months. An amount of $51,289 was capitalized to equipment assets.

(b) 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.

(c) 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.

(d) 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.

(Expressed in Canadian dollars)

15. LEASE OBLIGATION (cont'd…)

(2) The Company's land leases as at April 30, 2022 were comprised of the following:

(a) A lease expiring June 30, 2055 (approximately 32 years remaining at April 30, 2022) 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.

(b) A lease expiring June 30, 2055 (approximately 32 years remaining at April 30, 2022) 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, 2022) 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, 2022) 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, 2022) 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 9 years remaining at April 30, 2022) 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 $26,836 (2021 - $8,454) 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, 2022 and 2021, as well as a schedule of lease maturities is as follows:

		April 30, 2022		April 30, 2021
Lease liabilities, beginning of year	$	177,781	$	122,152
Additions		2,471,633		137,011
Payments		(127,846)		(89,836)
Interest expense		26,836		8,454
Loss on disposal of leased asset		5,515		-
Lease liabilities, end of year	$	2,553,918	$	177,781

		April 30, 2022		April 30, 2021
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	183,165	$	58,398
More than one year		4,096,859		158,665
Total undiscounted lease liabilities	$	4,280,024	$	217,063

(Expressed in Canadian dollars)

16. LOANS PAYABLE

	April 30, 2022	April 30, 2021
Canada Emergency Business Account loan #1, non-interest bearing until December 31, 2022, 5% per annum thereafter. $10,000 of principal forgivable if remaining $30,00 repaid by December 31, 2022	$ 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 remaining $30,00 repaid by December 31, 2022	40,000	40,000
BMO 5-year term loan, fixed interest rate of 5.82% per annum, maturing June 20, 2025 (repaid in full on February 18, 2022), secured by the personal guarantee of a certain shareholder of the Company	-	120,402
BMO 5-year term loan, fixed interest rate of 5.50% per annum, maturing July 10, 2025 (repaid in full on February 18, 2022), secured by the personal guarantee of a certain shareholder of the Company	-	47,625
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	6,946,766	-
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	712,959	-
	8,713,225	248,027
Less current portion of loans payable	(647,075)	(29,032)
	$ 8,066,149	$ 218,995

(Expressed in Canadian dollars)

16. LOANS PAYABLE (cont'd….)

The Company's three non-revolving demand loans with BMO are 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 will be calculated annually commencing on April 30, 2023.

A summary of changes in the Company's loans payable for the years ended April 30, 2022 and 2021 is as follows:

		April 30, 2022		April 30, 2021
Loans payable, beginning of year	$	248,027	$	-
Loan proceeds		8,683,000		280,000
Loan repayments		(259,979)		(41,188)
Interest expense		42,177		9,215
Loans payable, end of year	$	8,713,225	$	248,027

17. ASSET RETIREMENT OBGLIATIONS

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 year:

		April 30, 2022		April 30, 2021
Balance, beginning of year	$	-	$	-
Asset retirement obligations assumed on acquisition		261,070		-
Increase in asset retirement obligations		3,941		-
Accretion expense		1,683		-
		266,694		
Less estimated current portion		(25,000)		-
Asset retirement obligations, end of year	$	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 due to the following:

		Year ended April 30, 2022		**Year ended April 30, 2021**
Loss for the year	$	(3,388,379)	$	(2,391,849)
Statutory income tax rate		27%		27%
Expected income tax recovery computed at statutory rates	$	(914,862)	$	(645,799)
Non-deductible share-based compensation		493,012		433,121
Other permanent differences		(107,156)		(250,332)
Impact of flow through shares		13,995		66,959
Impact of share issue costs		(52,986)		(24,309)
Impact of change in statutory rates and other		(46,122)		91,700
Change in unrecognized deferred tax assets		504,119		328,660
Total income tax recovery	$	(110,000)	$	-

(Expressed in Canadian dollars)

18. INCOME TAXES (cont'd…)

The Company's recognized deferred tax assets and liabilities as at April 30, 2022 and 2021 are as follows:

	April 30, 2022	April 30, 2021
Deferred income tax assets		
Non-capital losses	$ 61,112	$ 28,010
Other	16,950	-
	$ 78,062	$ 28,010
Deferred income tax liabilities		
Mineral properties	$ (136,985)	$ -
Property, plant and equipment	(1,977,047)	-
Other	-	(28,010)
	$ (2,214,032)	$ (28,010)
Net deferred income tax liability	$ (2,035,970)	$ -

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

	Year ended April 30, 2022	Year ended April 30, 2021
At May 1	$ -	$ -
Deferred income tax recovery through income statement	110,000	-
Deferred income tax liability from purchase price allocation	(2,145,970)	-
At April 30	$ (2,035,970)	$ -

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, 2022	Expiry Date Range	April 30, 2021
Non-capital losses	$ 11,497,000	2028-2042	$ 8,795,000
Exploration and evaluation assets	3,874,000	No expiry	5,006,000
Property, plant and equipment	66,000	No expiry	29,000
Share issue costs	210,000	2043-2046	93,000
Other	150,000	No expiry	-
Unrecognized deductible temporary differences	$ 15,797,000		$ 13,953,000

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

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 cost 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) granted 8,333,332 bonus warrants to a significant shareholder, a board member and an officer in exchange for their respective personal guarantees of a combined $3,000,000 of debt financing. The warrants are exercisable at a price of $0.36 per share, expiring on February 22, 2025.

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

v) 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.

vi) 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.

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

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

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

i) closed a non-brokered private placement of 6,784,000 units at a price of $0.03 per unit for gross proceeds of $203,520, of which $164,520 was collected in the year ended April 30, 2020. Each unit is comprised of one common share and one-half of a share purchase warrant of the Company. $Nil was allocated to the warrant component of the unit offering completed. Each whole warrant will entitle the holder to purchase one share at a price of $0.05 per warrant until May 12, 2021.

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

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

iv) closed a private placement of 2,500,000 flow-through units at $0.10 per flow-through unit for gross proceeds of $250,000, of which $nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one flow-through common share and one-half share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of $0.15 per warrant until December 24, 2021. A value of $37,500 was attributed to the flow-through premium liability in connection with the financing. The Company expended certain of the flow-through proceeds, and accordingly, recorded $10,990 as reversal of flow-through premium during the year ended April 30, 2021.

v) closed a private placement of 7,500,000 non-flow through units at $0.10 per unit for gross proceeds of $750,000, of which $nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of $0.10 per warrant until January 20, 2023. The Company paid issuance costs of $27,750 in cash and issued 277,500 finder's warrants valued at $42,900. Each finder's warrant will entitle the holder to purchase one share at a price of $0.10 per warrant until January 20, 2022.

vi) closed a private placement of 7,000,000 non-flow through units at $0.20 per unit for gross proceeds of $1,400,000, of which $nil was allocated to the warrant component of the unit offering completed. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of $0.25 per warrant until February 12, 2023. The Company paid issuance costs of $53,000 in cash and issued 530,000 finder's warrants valued at $157,300. Each finder's warrant will entitle the holder to purchase one share at a price of $0.20 per warrant until February 12, 2022.

vii) issued 2,226,999 common shares upon exercise of options for gross proceeds of $163,820, and accordingly, the Company reallocated $84,040 of its share-based payment reserve to share capital.

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

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

viii) issued 2,442,000 common shares upon exercise of warrants for gross proceeds of $132,100.

ix) issued 66,667 shares valued at $26,667 pursuant to the acquisition of the Z2-Zeolite Property (Note 11).

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.

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, 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. 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.

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

i) granted 950,000 stock options to officers, directors, consultants, and employee of the Company, exercisable at a price of $0.05 per share, expiring on May 22, 2022. The estimated fair value of the options is $26,100 or $0.03 per option.

ii) granted 500,000 stock options to a consultant of the Company, exercisable at a price of $0.10 per share, expiring on December 23, 2023. The estimated fair value of the options is $35,500 or $0.07 per option.

(Expressed in Canadian dollars)

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

Stock options (cont'd…)

iii) granted 168,000 stock options to employees of the Company, exercisable at a price of $0.195 per share, expiring on January 13, 2023. The estimated fair value of the options is $22,200 or $0.13 per option.

iv) granted 50,000 stock options to employees of the Company, exercisable at a price of $0.38 per share, expiring on February 8, 2023. The estimated fair value of the options is $14,100 or $0.28 per option.

v) granted 3,000,000 stock options to officers and directors of the Company, exercisable at a price of $0.39 per share, expiring on February 22, 2024. The estimated fair value of the options is $920,700 or $0.31 per option.

vi) granted 1,150,000 stock options to officers and consultants of the Company, exercisable at a price of $0.39 per share, expiring on February 22, 2023. The options vest over 365 days, where 650,000 options are vested at grant date, 250,000 options are vested on August 22, 2021, and the remaining 250,000 options are vested on February 22, 2022. The estimated fair value of the options is $323,200 or $0.28 per option.

vii) granted 125,000 stock options to a consultant of the Company, exercisable at a price of $0.41 per share, expiring on March 1, 2023. The estimated fair value of the options is $36,500 or $0.29 per option.

viii) granted 175,000 stock options to a consultant of the Company, exercisable at a price of $0.395 per share, expiring on March 17, 2023. The options vest over 365 days, where 87,500 options are vested at grant date, and the remaining 87,500 options are vested on March 17, 2022.The estimated fair value of the options is $49,700 or $0.28 per option.

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

	Options		Weighted Average Exercise Price
Balance, April 30, 2020	2,577,001		0.12
Granted	6,118,000		0.31
Exercised	(2,227,000)		0.07
Expired/Cancelled	(976,668)		0.17
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
Exercisable, April 30, 2022	8,048,000	$	0.38

(Expressed in Canadian dollars)

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

As at April 30, 2022, the Company had the following stock options outstanding:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
50,000	50,000	0.05	22-May-22
168,000	168,000	0.195	13-Jan-23
50,000	50,000	0.38	8-Feb-23
1,150,000	4,150,000	0.39	22-Feb-23
125,000	125,000	0.41	1-Mar-23
175,000	175,000	0.395	17-Mar-23
125,000	125,000	0.39	15-May-22
3,000,000	3,000,000	0.39	22-Feb-24
375,000	375,000	0.43	6-May-23
100,000	100,000	0.34	20-Sept-23
400,000	400,000	0.36	9-Sept-24
200,000	200,000	0.59	8-Nov-25
300,000	300,000	0.40	14-Mar-25
1,830,000	1,830,000	0.35	6-Apr-25
8,048,000	8,048,000		

- 125,000 options expired subsequently
- 60,000 options exercised subsequently
- 200,000 options granted subsequently

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

	2022	**2021**
Risk-free interest rate	1.12%	0.26%
Expected life of options	2.64 years	2.31 years
Expected annualized volatility	115.79%	150.67%
Expected dividend rate	0.00%	0.00%

Warrants

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

i) granted 8,333,332 bonus warrants to major shareholder, director, and officer of the Company to compensate for providing personal guarantee 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.

(Expressed in Canadian dollars)

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

Warrants (cont'd…)

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

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

iii) granted 4,000,000 bonus warrants to major shareholder of the Company to compensate for providing personal guarantee to obtain $144,000 bank loan. Warrants are exercisable at a price of $0.05 per share, expiring on May 22, 2022. The estimated fair value of the warrants is $230,600 or $0.06 per warrant recorded as share-based compensation. (Note 27)

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

	Warrants		Weighted Average Exercise Price
Balance, April 30, 2020	7,598,333		0.16
Granted	28,269,500		0.14
Exercised	(2,442,000)		0.05
Expired	(7,598,333)		0.16
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

As at April 30, 2022, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
7,500,000*	0.15	20-January-23
382,500	0.35	10-February-23
512,936	0.20	12-February-23
6,975,000	0.25	12-February-23
119,267	0.35	25-February-23
4,000,000*	0.05	16-June-23
11,470,500	0.60	10-February-24
6,293,140	0.60	25-February-24
8,333,332	0.36	2-March-25
45,586,675		

* 11,5000,000 warrants subsequently exercised (refer to Note 27)

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. 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 four equipment leases with annual payments totalling 55,245 for the year ended April 30, 2023. The expiry dates of these leases range between January 23, 2023 and September 25, 2025.

The Company is committed to a non-revolving 25-year term loan payable to BMO in the amount of $6,946,766. Annual principal payments on this loan are $228,800 and the interest rate is equal to BMO's prime rate + 0.75% per annum. The loan matures on February 28, 2047.

The Company is committed to a non-revolving 5-year term loan payable to BMO in the amount of $973,500. Annual principal payments on this loan are $198,000 and the interest rate is equal to BMO's prime rate + 1.25 % per annum. The loan matures on February 28, 2027.

The Company is committed to a non-revolving 6-year term loan payable to BMO in the amount of $712,959. Annual principal payments on this loan are $120,500 and the interest rate is equal to BMO's prime rate + 1.75 % per annum. The loan matures on February 29, 2028.

The Company has entered into an agreement with Canadian Mining Company Inc., whereby the Company pays a royalty fee of $9.00 per metric tonne of raw material that is extracted from the mine. As part of the agreement, the Company has the option to purchase up to a 50% ownership interest in the mine for total consideration of $725,000 expiring March 31, 2025 (see Note 27).

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 (2021 - $Nil).

(Expressed in Canadian dollars)

22. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the period ended April 30, 2022, the Company had the following transactions with key management, being related parties:

i) paid or accrued management fees of $99,000 (2021 - $36,000) to a corporation owned by the Company's CEO for his services as President and CEO.

ii) paid or accrued fees of $21,000 (2021 - $84,000) to a corporation owned by the Company's CEO for services relating to research and development.

iii) paid or accrued director fees of $27,500 (2021 - $11,000) to the directors of the Company.

iv) paid or accrued professional fees of $72,000 (2021 - $Nil) to a corporation owned by the Company's CFO.

v) paid or accrued professional fees of $42,000 (2021 - $72,000) to a partnership in which the Company's former Chief Financial Officer has an interest.

vi) paid or accrued advertising and promotion consulting fees and wages of $30,000 (2021 - $21,000) to the CEO's spouse.

vii) granted a total of 450,000 stock options (2021 - 700,000) to officers and directors of the Company, of which the fair market value was estimated at $128,000 (2021 - $19,232) and was included in share-based compensation expense.

viii) earned $348,000 of share-based consulting income, comprised of 300,000 share purchase warrants, from ZS2, the CEO of which is a director of the Company. In addition, the Company participated in a private placement for the purchase of 300,000 units of ZS2, each of which were comprised of one common share and one share purchase warrant. The Company exercised 150,000 of these warrants in March 2022.

As at April 30, 2022, $45,384 (April 30, 2021- $14,700) is included in accounts payable and accrued liabilities owed to directors, a corporation owned by the Company's CEO, and a corporation owned by the Company's CFO, and a partnership in which the Company's former Chief Financial Officer has an interest.

23. OTHER INCOME (LOSS)

		Year ended April 30, 2022		Year ended April 30, 2021
Sales of products (1)	$	262,204	$	95,050
Less: direct costs		(344,224)		(209,437)
Loss on product sales		(82,020)		(114,387)
Consulting income (2)		348,000		-
Provision of research services		64,689		79,765
Grant revenue		110,119		-
Government tax credits		-		15,239
	$	440,788	$	(19,383)

(Expressed in Canadian dollars)

23. OTHER INCOME (LOSS) (cont'd…)

(1) 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 for 2021 the pilot plant closed for the winter in November 2021. Subsequent to April 30, 2022, the comminution plant was integrated into the APL Group's operations.

(2) 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 is a director of the Company.

24. SUPPLEMENTAL CASH FLOW INFORMATION

The following non-cash payments were made by the Company during the fiscal years ended April 30, 2022 and 2021:

		Year ended April 30, 2022		Year ended April 30, 2021
Shares issued for exploration and evaluation assets	$	2,267	$	26,667
Shares issued for acquisition of APL Group	$	2,454,857	$	-
Fair value of stock option exercised	$	44,954	$	84,040
Fair value of finder's warrants	$	45,159	$	204,700
Fair value of warrants exercised	$	40,870	$	-
Flow through premium liability	$	-	$	56,250

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:
- Market risk (see a)
- Credit (see b)
- Liquidity risk (see c)

(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 an increase to the interest rate risk exposure from 2021 due to an increase in long-term debt during the year.

An increase of 100 basis points on interest rates would have increased finance costs by $100,000 (2021: $1,680). This analysis assumes that all other variables remain constant.

(Expressed in Canadian dollars)

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

Currency risk:

The Company is exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. The Company does not currently enter into forward contracts to mitigate this risk. There has been an increase to the risk exposure from 2020 due to an increase in U.S. denominated revenues.

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

	April 30, 2022 USD	April 30, 2021 USD
Cash	$ 672,382	$ 762
Trade receivables	785,484	-
Tax receivable	17,743	-
Accounts payable	(31,939)	-
	$ 1,443,670	$ 762

(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. Despite the impacts of COVID-19, the Company's exposure to credit risk remains unchanged. The Company uses a provision matrix to analyze impairment of its trade receivables at the end of each reporting date. During the year, the Company recognized an impairment loss allowance on trade receivables of $nil (2021 - $nil) in profit or loss.

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

As at April 30, 2022	Geographic location				
	Canada	US	Total	ECL allowance	Credit impairment
Current (not past due)	$ 630,722	$ 727,536	$ 1,358,257	$ -	No
1 – 30 days past due	227,705	57,947	285,553	-	No
Over 30 days past due	-	-	-	-	No
	$ 858,327	$ 785,483	$ 1,643,810	$ -	

As at April 30, 2021	Geographic location				
	Canada	US	Total	ECL allowance	Credit impairment
Current (not past due)	$ 22,464	$ -	$ 22,464	$ -	No
1 – 30 days past due	6,416	-	6,416	-	No
Over 30 days past due	7,854	-	7,854	-	No
	$ 36,734	$ -	$ 36,734	$ -	

(Expressed in Canadian dollars)

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

Cash and cash equivalents

The Company held cash and cash equivalents of $1,770,682 at April 30, 2022 (2021: $1,338,583). 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, 2022	Carrying amount	Contractual cash flows 2023	2024	2025	2026 and thereafter
Bank indebtedness	$ 1,417,539	$ 1,417,539	$ -	$ -	$ -
Accounts payable	1,731,878	1,731,878	-	-	-
Lease liabilities	2,553,918	183,316	171,259	183,430	3,742,169
Loans payable	8,713,224	647,075	607,300	637,300	6,323,799
	$ 14,416,559	$ 3,979,808	$ 778,559	$ 820,730	$ 10,065,968

As at April 30, 2021	Carrying amount	Contractual cash flows 2022	2023	2024	2025 and thereafter
Bank indebtedness	$ -	$	$ -	$ -	$ -
Accounts payable	237,367	236,367			
Lease liabilities	177,781	58,399	55,246	43,189	60,229
Loans payable	248,027	46,099	56,099	86,099	80,916
	$ 663,175	$ 340,865	$ 111,345	$ 129,288	$ 141,145

(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, and loans payable. Investments in private companies are carried at fair value. 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.

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, 2022		April 30, 2021	
	Carrying amount	Fair Value (Level 2)	Carrying amount	Fair Value (Level 2)
Loans payable	$ 8,713,224	$ 8,701,218	$ 248,027	$ 235,559

(Expressed in Canadian dollars)

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

(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, 2022		April 30, 2021
Total liabilities	$	17,032,985	$	678,700
Less: cash		(1,770,682)		(1,338,583)
Less: restricted cash (Note 4)		(266,000)		-
Net debt		14,996,303		(659,883)
Total equity		11,262,136		3,578,212
Net debt to equity	$	1.33		(0.18)

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

27. SUBSEQUENT EVENTS

(a) Subsequent to April 30, 2022, the Company granted 625,000 stock options to certain employees and consultants of the Company exercisable at between $0.29 and $0.35 per share. 425,000 of these options expire 2 years from the respective grant dates and 50,000 of these options expire 3 years from the grant date. The options have been granted in accordance with the Company's stock option plan.

(b) In August 2022, the Company amended its agreement to acquire a 50% interest in the Bromley Creek zeolite deposit from International Zeolite Corporation for $750,000. As at April 30, 2022, the Company had a 7% interest in the deposit, which it had acquired by making cumulative royalty payments of approximately $100,000 (at a rate of $9.00 per tonne of zeolite extracted). The amended agreement stipulates that the Company is to pay the remaining $625,000 in 20 equal quarterly installments to March 2027.

(c) In May 2022, 4,000,000 warrants were exercised at a price of $0.05 per share generating proceeds of $200,000.

(d) In July 2022, the Company accelerated the exercise of 7,500,000 share purchase warrants that had been issued in conjunction with a January 20, 2021 private placement. The acceleration moved forward the expiry date of these warrants from January 20, 2023 to August 26, 2022. The warrants were exercisable at a price of $0.15 per share. All outstanding warrants were exercised in August 2022 which resulted in the Company issuing 7,500,000 shares for total proceeds of $1,125,000.