Progressive Planet Solutions Inc.
Management's Discussion & Analysis
For the Year Ended April 30, 2022

August 29, 2022

INTRODUCTION

The Company's shares are listed for trading on the TSX Venture Exchange ("TSX-V") under the trading symbol PLAN and on August 17, 2022 were listed to trade on the OTCQB under the symbol ASHFX.

The following management's discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Progressive Planet Solutions Inc. ("the Company" or "PLAN") and should be read in conjunction with the Company's consolidated financial statements and the accompanying notes for the year ended April 30, 2022, which were prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are filed on the SEDAR website: www.sedar.com.

All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described under "Risk Factors" and "Forward Looking Statements" towards the end of this MD&A.

DESCRIPTION OF BUSINESS

Until the acquisition of Absorbent Products Ltd. ("APL") on February 18, 2022, PLAN was primarily engaged in developing natural pozzolan properties in British Columbia ("BC"), Canada. Its three mineral properties are all within a one-hour drive of Kamloops, BC. These properties are named the Z1 Natural Pozzolan Property, the Z2 Natural Pozzolan Quarry, and the Heffley Creek Metals & Pozzolan Property.

PLAN also previously operated a seasonal pilot plant which produced mineral powders (soft rock phosphate) for agriculture on a seasonal basis. This plant was not reopened after the acquisition of APL. In the first quarter of the new fiscal year (May to July 2022), the pilot plant was dismantled and all the industrial scale equipment from the plant was relocated to Kamloops, BC where this equipment is being integrated into new production lines for low carbon cements and regenerative fertilizer production which should increase capacity and improve operational efficiencies, although the Company can provide no assurance or guarantee of such result.

PLAN began consolidating its financial statements with APL effective February 18, 2022, the date it was acquired. PLAN changed APL's name to Progressive Planet Products ("PPP") on May 2, 2022. For the remainder of this MD&A, APL shall be referred to as PPP.

PPP had revenue of $3,833,146 in the 72 days between February 18, 2022 and April 30, 2022 when the fiscal year ended. This scale of revenue was never achieved by PLAN as a mineral exploration company in its entire history. PPP also had associated expenses on a scale which PLAN never before incurred as it was not an active mineral processor on a commercial scale before the acquisition.

As a result of this paradigm shift in PLAN as a company, this MD&A differs greatly from the MD&A for the prior fiscal year.

In addition to operating PPP, PLAN is continuing its efforts to commercialize two supplementary cementing materials ("SCMs") to replace up to 50% of Portland cement in concrete through an active product development program focused on developing technologies to lower the carbon footprint of all the Portland cement powder we replace with new innovative SCMs. Our flagship product, PozGlass 100G is made from 100% post-consumer glass and our product PozDE is made from waste fines from the Red Lake Diatomaceous Earth Mine.

In December 2018, Canada announced regulations to phase-out traditional coal-fired electricity by 2029. As Class F fly ash is only created by coal fired power plants, the generation of fly ash as a by-product of burning coal will cease in Canada by 2030. In the interim, the supply of fly ash is already diminishing with early shutdowns already occurring. Further early shutdowns were announced in December 2020 by Capital Power announcing the early shutdown of the coal fired Genesee 1 and Genesee 2 in Alberta by 2023. This shut down is now moved to the first quarter of 2024. As the concrete industry will not change the need to supplementary cementing materials (of which fly ash is the most common in Canada), other materials will need to fill this supply void going forward.

For the foreseeable future, the Company does not intend to dispose of any significant business assets or interests owned by PPP, including its mineral and mining operations, industrial properties (including long-term lease properties), manufacturing / sales / distribution infrastructure, portfolio of eco-conscious product lines, patents and intellectual property.

The Company believes that the PPP acquisition is a significant step to achieving its long-term goal of becoming an industry leader in the manufacture of regenerative fertilizers and low-embodied carbon SCMs.

PPP is a major regional manufacturer of industrial minerals with three main markets including the following:

- Industrial Absorbents – These are sold in every state and province under our brand, CanDry, as well as under private label.
- Cat Litters – These are sold in Western Canada under our brand, WunderCat, as well as under private label for most of the large national retailers in Canada.
- Animal Husbandry/AgTech – These products are sold under many brands with our largest selling individual product as a company marketed as Activated Barn Fresh. Activated Barn Fresh neutralizes ammonia in chicken barns and enables the birds to breathe easier. This product holds a US patent until 2033 and was invented in Kamloops, BC.

Progressive Planet Solutions Inc. is the parent company with three wholly owned subsidiaries including the following:

1. Progressive Planet Products Inc. ("PPP") - PPP is the operating company in Kamloops, BC, Canada. The head office and all manufacturing operations are located at the Mount Paul Industrial Park where PPP has four long term industrial leases with the Tk'emlúps te Secwepemc who are also known as the Kamloops Indian Band.

   Our Low Carbon Cement Lab is also located on these premises, and this is where we operate the PozGlass Reactor at our fully equipped concrete lab. This lab is run by Michael Carrell, a mechanical engineer.

   Our Agricultural Tech and Product Quality Control Lab is also located in Kamloops, BC and is operated by Jen Bylycia, the co-inventor of Activated Barn Fresh, our patented activated bedding for chickens.

2. Progressive Planet Alberta Inc. (or "PPA") – PPA is the research division of PLAN and is located in Calgary, Alberta, Canada. PPA operates the C-Quester™ Centre for Sustainable Innovation and is led by Dr. Roger Mah. The lab focuses on measuring the carbon footprint of all new materials under development by the PLAN group of companies.

3. Progressive Planet US LLC is incorporated in Oregon, USA and employs two US based salespersons who sell products for PPP.

HIGHLIGHTS & ACTIVITIES

During the fiscal year ended April 30, 2022, there were a significant number of highlights and activities and PLAN transitioned from a mineral exploration company to a well-established mineral processor focused on high-growth market opportunities. The following are highlights from the fiscal year.

<u>May 2021</u>

- Change of CFO to bring in a CFO experienced in operations versus a contract CFO focused on accounting for mineral exploration.

<u>June 2021</u>

- Addition of scientist, Dr. Roger Mah to management. Dr. Mah has a strong background in carbon capture applications and has been published in Science Magazine in December 2021.

<u>July 2021</u>

- PLAN announced a letter of intent with ZS2 Technologies Inc. ("ZS2") to supply pozzolan and to invest in ZS2.

<u>September 2021</u>

- PLAN appointed Peter Lacey to its Board of Directors.

<u>November 2021</u>

- PLAN unveiled PozGlass 100G a supplementary cementing material made from 100% post-consumer glass.
- PLAN launched its Calgary based C-Quester Centre of Sustainable Innovation dedicated to tackling global challenges of climate change.

<u>December 2021</u>

- PLAN announced 28-day strength results for PozGlass 100G.
- PLAN reached a definitive share purchase agreement to acquire APL.

<u>January 2022</u>

- PLAN received TSX-V conditional approval to acquire APL.
- PLAN engaged Bank of Montreal to underwrite debt to fund the acquisition of APL.

<u>February 2022</u>

- PLAN closed the acquisition of APL.
- PLAN raised $6.2 million from private placements.

<u>March 2022</u>

- PLAN announced its sustainable fertilizer expansion.

HIGHLIGHTS AFTER FISCAL YEAR END

May 2022

- PLAN promoted Ian Grant to COO and relocated Grant to Kamloops, BC.

June 2022

- PLAN unveiled PozDE made from waste powders generated from producing granulated products at PPP. PozDE announced ASTM C311 testing results completed by an independent pozzolan expert. ASTM C311 is a standard test method for sampling and testing fly ash or natural pozzolans for use in Portland Cement Concrete.

July 2022

- PLAN announced the first order of custom-blended, regenerative fertilizer using new specialty blending equipment.
- PLAN announced a patent application for PozGlass 100G in 156 countries.
- PLAN announced the acceleration of 7.5 million warrants.

August 2022

- PLAN finalized a plan to purchase 50% of Bromley Creek Zeolite Mine in Princeton, BC.
- PLAN announced commencement of trading of its shares on the OTCQB Venture Market.
- PLAN completed the acceleration of the 7.5 million warrants with all 7.5 million warrants being exercised for proceeds of $1,125,000.

OUTLOOK AND ADDRESSING INFLATIONARY PRESSURES

INFLATIONARY OVERVIEW

The acquisition of PPP occurred in the middle of a historical period of inflation. Immediately upon taking over APL, PLAN's management team had to address several difficult issues, all of which contributed to historically low gross margins relative to APL's results from prior years for the seventy-two day period from February 18, 2022 (date of acquisition) to April 30, 2022 (end of fiscal year).

Challenges included the following:

- A rapid increase in the cost of corrugated cardboard boxes,
- A rapid increase in the cost of diesel and its effect on outbound shipping rates,
- A rapid increase in the cost of hauling raw mineral materials to Kamloops from PPP's mines,
- The resistance of several long-time customers to accept significant price increases, and,
- The scarcity of carrier availability to deliver finished goods, with particular difficulty in US bound deliveries.

Cardboard boxes are commonplace within the Consumer-Packaged Goods ("CPG") sector, and likewise represent a significant portion of the cat litter stock-keeping units ("SKUs") for sale in the pet aisle. Like many other wood-based products, the cost of cardboard has increased dramatically over the past year. In the case of one big box retailer, corrugated packaging represented over 40% of the net revenue received per box of clumping cat litter. Given widespread resistance to cost increases among retailers, the Company moved to eliminate cardboard as a primary packaging component and is now drawing down the last shelf-ready boxes in inventory.

The rising cost of diesel – whether incurred directly by the Company or indirectly via carrier surcharges - increased not only the cost of operating mining equipment, but also the cost of freight for inbound raw materials and the cost of freight for outbound finished goods. Of particular note, was the increase in the cost per tonne to haul bentonite from Princeton to Kamloops which increased in the fourth quarter from $33 per tonne to $50 per tonne which was a 52% increase.

In addition to rising fuel costs, scarcity of carrier availability on various freight lanes made it difficult to secure timely transport from our warehouse to many customer destinations, effectively increasing PPP's inventory of finished goods, creating warehouse congestion, and limiting the amount of new product that could be manufactured and shipped.

CORRECTIVE ACTIONS TO ADDRESS GROSS MARGINS

Suspension of Supply of Cat Litter in Cardboard Boxes

As a result of resistance to price increases, PPP suspended supplying a number of SKUs of clumping bentonite clay-based cat litters packaged in corrugated cardboard boxes to a major Canadian retailer in March 2022. The decision to suspend supply was influenced by the fact that PPP was experiencing negative gross margin on multiple cat litter private label SKUs sold to this customer.

Sales resumed to this retailer in May 2022 upon the acceptance of a significant price increase. PPP continues to work with this and other retail partners to ensure that costs and profits are shared equitably. In addition, PPP has ceased reordering most private label corrugated cardboard packaging and is working to consume all remaining inventory of corrugated boxes.

Implementation of Major Price Increases

PPP notified its customers of price increases of between 7% and 50% during the first quarter of the new fiscal year (May to July 2022), with the price increases generally taking place on or after August 1, 2022 which is the start of the second quarter. Margins are expected to increase with the price increases.

Switching Product Mix to Increase PPP Branded Litter

In March 2022, PPP began encouraging private label cat litter customers to also purchase PPP's brand of cat litter, WunderCat, packaged in plastic bags, which provides higher margins. This initiative also resulted in the sale of significantly more WunderCat litter in the first quarter with a corresponding higher gross margin versus private label cat litter.

Reduction of SKUs

PPP made a further strategic decision in the fourth quarter to reduce the number of products it would produce. At the date of acquisition, PPP had over 400 unique SKUs, yet over 75% of historical sales came from only 30 SKUs. The reduction of SKUs has commenced, including the decision to cease production of three additional in-house brands of cat litter (Cattitudes, Cozy Kitty, and Litter Essence) with all marketing efforts focused on growing our top selling house brand, WunderCat.

PPP will continue to reduce the number of SKUs produced in an effort to reduce the costs associated with constant switch overs at the production plant while recognizing the fact that historically over 75% of sales come from 30 SKUs.

Optimizing Warehouse Space

One pallet of 18 kg plastic bags contains 6,000 bags. One pallet of 18kg corrugated cardboard boxes contains 550 boxes. As a result, switching to using plastic bags results in a reduction of storage space required for packaging inventory by over 90%.

An additional decision was made in the fourth quarter of fiscal 2022 to eliminate selling products in rigid plastic jugs and switching to flexible plastic pouches. This decision results in a reduction of storage space of over 95% while also reducing the amount of plastic packaging by approximately 73%.

This strategic decision to switch product packaging types has resulted in the cancellation of a capital project to increase warehouse space which was planned before the PPP acquisition.

Increasing Automation

The pandemic and other dynamic work force trends have resulted in labour challenges. PPP currently operates a pallet loading robot affectionately named the "Probot". The Probot can load two different products on two different pallets at any given time as long as the two pallets are either boxes or plastic bags. It cannot load a pallet of boxes and a pallet of bagged product at the same time as boxes and bags required different "robotic fingers". The decision to eliminate cardboard boxes has resulted in the ability of the Probot to now double its loading capacity by being able to load two pallets of separate bagged products simultaneously.

Introduction of Lean-Agile Principles

In relation to finding production efficiencies, PPP has introduced Lean-Agile into its operations. Lean-Agile is a set of principles and practices for working that aims to minimize waste while maximizing value. With a staff of 55 persons, 5 members of the management team have been certified with a Lean-Agile Greenbelt in the first quarter of the new fiscal year, with another seven management team members to receive training in September 2022.

Gross Margin

While not providing specific guidance on gross margin, management does not envision gross margin to remain at these levels starting in the second quarter of the current fiscal year with full effects of the price increases and reduced packaging costs expected to be experienced in the third quarter which starts on November 1, 2022. Increased market demand, capacity growth, training, product rationalization and price adjustments should all provide positive margin momentum as fiscal 2023 progresses, although the Company can provide no assurance or guarantee of such result.

Future Focus on Toll Processing Fertilizers & Soil Amenders

While PPP completed its first toll processing of non-chemical fertilizer in March of 2022, it became apparent that existing plant operators could run additional products simultaneously if a separate section of the plant was equipped to handle toll processing. Work commenced in the first quarter of the new fiscal year to install existing equipment while additional equipment was ordered to enable toll processing of soft rock phosphate and other natural materials (e.g., bonemeal) without concurrent shutting down production of the primary products made by PPP. Gross margins on toll processing are higher than the gross margins on cat litter and PPP anticipates concurrent toll processing for existing customers early in the third quarter of the current fiscal year.

CORPORATE ACTIVITIES

Acquisition of Absorbent Product Ltd.

On December 24, 2021, the Company announced that it had signed a binding share purchase agreement ("SPA") to acquire 100% of the issued and outstanding shares of PPP (at that time named Absorbent Products Ltd.) and certain related companies[1].

On February 18, 2022, the Company completed the acquisition of PPP.

The total fair value of consideration paid by the Company for PPP was approximately $13.5 million, comprised of:

Cash consideration (1)	$ 11,000,340
Share consideration (2)	2,454,857
Total (3)	$ 13,455,197

1) Under the terms of the SPA, cash due on closing included a $1.0 million holdback paid into trust, that was to be adjusted upward or downward on a dollar for dollar basis to the extent that PPP's net working capital (accounts receivable, inventory, and prepaid expenses less accounts payable and accrued liabilities) on the closing date was greater or less than the target net working capital of $4.0 million.

   The Company calculated the net working capital on closing to be approximately $3.8 million. 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 this MD&A, a disagreement existed between the Company and the PPP vendors regarding this working capital adjustment, which the Company expects will be resolved through a dispute resolution process outlined in the SPA. The Company estimates the disputed adjustment amount to be less than $190,000.

2) Share consideration is comprised of the following:
   i. $1.2 million in common shares of the Company issued at the closing date at a price of $0.35 per share. These shares had a 4 month hold period which expired on June 19, 2022.
   ii. $900,000 in common shares of the Company issued one year from the closing 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, and

[1] The related companies are 0820443 B.C. Ltd., a property holding company, and 1111157 B.C. Ltd., a holding company. Together with Absorbent Products Ltd., these companies are collectively referred to as PPP in this document.

iii. $900,000 in common shares of the Company issued two years from the closing 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.

As disclosed in its consolidated financial statements for the year ended April 30, 2022, the Company estimated the fair value of the share consideration to be $2.5 million which incorporates a discount from the $3.0 million face value to reflect the 4-month trade restriction periods for each tranche, as well as waiting periods to receive the remaining two tranches of shares on February 18, 2023 and February 18, 2024 respectively.

3) In addition to the cash and share consideration discussed above, the Company assumed PPP's existing bank indebtedness at the acquisition date. The bank indebtedness was comprised of an operating line of credit with the Bank of Montreal. As shown in the Assets Acquired and Liabilities Assumed table below, the balance of this bank indebtedness, net of cash acquired, was approximately $2.15 million at the acquisition date.

Assets Acquired and Liabilities Assumed

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. Accounts receivable, inventories, property, plant & equipment, exploration and evaluation assets, accounts payable, deferred revenue, 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.

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

Concurrent Private Placement to Acquisition of Absorbent Products Ltd.

Concurrent to the acquisition of APL, the Company completed a non-brokered private placement of common share units by which it generated gross proceeds of $6,217,274. The private placement was completed in two tranches, as follows:

a) On February 10, 2022, the Company closed a private placement of 11,470,500 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 entitles 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 entitles the holder to purchase one share at a price of $0.35 per share until February 10, 2023.

b) On February 22, 2022, the Company closed a private placement of 6,293,140 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 entitles the holder to purchase one share at a price of $0.60 per warrant 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 entitles the holder to purchase one share at a price of $0.35 per warrant until February 25, 2023.

Investments in Private Companies – Snow Lake Lithium

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. 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 the remaining shares held on April 30, 2021.

Between May and July 2021, the Company sold 7,050,000 shares at $0.04 per share. 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 USD$3.75 per share ($4.69 per share). As a result, 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	-	$	-

Investment in Private Companies – ZS2 Technologies Inc.

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.

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 the warrant fair value estimates:

	Sep 3, 2022 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 ZS2 investment 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

ANNUAL RESULTS

Year ended April 30, 2022 compared to the year ended April 30, 2021.

Loss and comprehensive loss

The Company recorded a net loss and comprehensive loss of $3,278,379 for the year ended April 30, 2022, compared to $2,391,849 in the comparative period. A brief explanation of the significant changes in revenue and expenses by category is provided below:

- Revenue increased from nil to $3,833,146 due to revenue from PPP for the period from February 18, 2022 to April 30, 2022.

- Cost of sales increased from nil to $3,336,493. The current year cost of sales relates to direct product manufacturing costs incurred by PPP for the period from February 18, 2022 to April 30, 2022.

- Selling expense increased to $577,013 (2021 – $42,417) due to the inclusion of regular marketing expenses and sales staff wages incurred by PPP during the February 18, 2022 to April 30, 2022 period. In addition, the Company retained consultants to increase its public relations and market making activities during 2022. Management cancelled these services in March 2022 to prioritize other activities.

- Consulting fees increased to $428,282 (2021 - $94,732) due to the Company incurring significant non-recurring fees in conjunction with the acquisition of PPP. These include tax structuring and appraisal fees. In addition, the Company incurred significant one-time fees in 2022 to obtain an OTC listing.

- Management and director fees expense increased to $126,500 (2021 - $60,000), which primarily resulted from an increased allocation of the CEO's time, and corresponding fees, to management and business development functions. In previous periods, a greater amount of the CEO's time was devoted to research and development activities, and therefore, a greater amount of his fees were allocated to research and development expense.

- Finance costs increased to $175,443 (2021 - $25,866) due to the Company acquiring approximately $11 million in debt from the Bank of Montreal ("BMO") to finance the acquisition of PPP. Included in this increase was a one time $50,000 administration fee charged by BMO to prepare the debt package to leverage the purchase of PPP with less dilution to shareholders.

- Personnel fees increased to $606,663 (2021 - $275,694) due to including PPP management salaries subsequent to the acquisition of PPP.

- Professional fees increased to $760,203 (2021 - $186,673) due to legal, accounting, and other advisory fees and transaction costs associated with the PPP acquisition. PLAN does not anticipate this same level of professional fees in fiscal 2023.

- Research and development costs increased to $168,010 (2021 - $158,997) due to additional resources being committed to accelerated work on PozDE and PozGlass 100G in addition to over 20 product development initiatives already underway at PPP related to regenerative fertilizers/soil amenders/animal husbandry/Ag Tech. PLAN anticipates this number to increase substantially in fiscal 2023 as it scales up the production of PozGlass 100G and PozDE as well as beginning to develop various regenerative fertilizer prills.

- Share-based compensation increased to $1,826,811 (2021 - $1,605,422). This number was historically high for two years in a row as PLAN issued a significant amount of options and warrants in fiscal 2021 and 2022. Warrants issued to three insiders of the Company to personally guarantee $3 million of a $8,683,000 bank loan for 36 months had an estimated fair value of $1,083,333. PLAN does not expect the value of share-based compensation to remain at these levels in fiscal 2023 although a series of key PPP employees (former APL employees) were granted stock options in the first quarter of fiscal 2023 as compensation for signing new secrecy agreements and assigning their rights to any intellectual property generated with PPP over to PPP.

- Travel and entertainment increased to $117,094 (2021 - $3,577) due to increased travel required to complete the acquisition of PPP during the fiscal year. Travel related to the acquisition began early in the fiscal year as the negotiations related to the acquisition transpired over the entire fiscal year. PLAN does not anticipate that travel costs will subside due the fact that it now has salespeople in the US and Canada with the acquisition of PPP and also has a growing presence in Calgary where it operates its C-Quester Centre of Excellence.

- Other income (expense), which is primarily comprised of sales from PLAN's comminution operations (less related expenses) along with consulting income, increased to $440,788 (2021 – loss of $19,383) due to the Company acquiring additional customers and expanding its processing capacity to make soft rock phosphate powders as natural fertilizers. Because the comminution plant is classified as a pilot plant, related pilot plant expenses are deducted from these revenues and the net amount is reported as Other Income. In addition, PLAN received 300,000 warrants in ZS2 as compensation for its scientific staff working collaboratively with ZS2 on creating magnesium cellular concrete formulations along with using a foaming agent created by PLAN which sequesters CO2 in cellular concrete. The fair market value of these warrants was estimated at $348,000.

- The realized gain on investments in private companies increased to $446,838 (2021 – Expense of $79,962) due to the Company's disposition of its Snow Lake Resources Ltd. shares. Although Snow Lake had an IPO financing at $7.50 USD per share at the time when PLAN disposed of its shares privately at $3.75 USD per share, the shares held by PLAN were escrowed. PLAN management considered it likely that the shares would decline in value upon the release from escrow of a large block of Snow Lake shares and decided the capital was better deployed in operations. In hindsight, this decision proved to be correct as the shares declined significantly in value after the release from escrow.

SELECTED ANNUAL FINANCIAL INFORMATION

The table below summarizes select financial information from Company's three most recently completed fiscal years:

	Year ended April 30,		
	2022	2021	2020
Revenue	$ 3,833,146	$ Nil	$ Nil
Share-based compensation expense	(1,826,811)	(1,605,422)	(37,300)
Transaction fees related to PPP acquisition	(562,100)		
Loss and comprehensive loss	(3,278,379)	(2,391,849)	(1,718,200)
Basic and diluted loss per share	(0.05)	(0.06)	(0.07)
Total assets	28,295,121	4,256,912	1,816,701
Total long-term financial liabilities *	(10,446,933)	(352,106)	(96,395)

* Total long-term financial liabilities is comprised of the long term-portion of the company's lease obligation and loans payable balances.

Comparison of financial information from the year ended April 30, 2021 to 2022

The Company reported revenue of $3,833,146 in 2022 as a result of the PPP acquisition during the year.

The Company's loss and comprehensive loss increased from $2,391,849 in 2021 to $3,278,379 in 2022 primarily as a result of:

- an increase in the Company's share-based compensation expense from $1,605,422 in 2021 to $1,826,811 in 2022
- the Company incurred $562,100 in non-recurring transaction costs associated with the PPP acquisition in 2022
- finance costs increased to $175,442 in 2022 (2021 – $25,866) as a result of the interest and loan administration fees arising from the acquisition-related debt obtained during the year
- the operations of PPP incurred a loss for the period from the acquisition date until April 30, 2022 primarily as the result of various factors discussed previously (see OUTLOOK AND ADDRESSING INFLATIONARY PRESSURES section above) and a one-time increase to cost of sales of approximately $300,000 due to the write up PPP's inventory at acquisition as required by IFRS accounting standards

The significant increase in the Company's assets from 2021 to 2022 was the result of the assets acquired in the PPP acquisition. Furthermore, the significant increase in the Company's long term financial liabilities was the result of the acquisition-related debt financing obtained in 2022 as well as the lease liabilities assumed in the PPP acquisition.

Comparison of financial information from the year ended April 30, 2020 to 2021

The Company's Loss and comprehensive loss increased from $1,718,200 in 2020 to $2,391,849 in 2021 primarily as a result of an increase in the Company's share-based compensation expense from $37,300 in 2020 to $1,605,422 in 2021, which was partially offset by:

- a decrease in the Company's write-off of exploration and evaluation assets from $970,309 in 2020 to $Nil in 2021
- an increase in the Company's other income from $56,470 in 2021 to $190,054 in 2021 (other income was comprised of the revenue less direct costs of the Company's pilot plant operations)
- an increase in the Company's unrealized gain on marketable securities from a loss of $19,300 in 2020 to a gain of $204,650 in 2021

The increase in total assets from $1,816,701 in 2020 to $4,256,912 in 2021 was primarily the result of the Company generating proceeds of $2,743,750 in a private placement in 2021. Some of these proceeds were used for the purchase of property, plant and equipment assets during the year.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

Results for the most recent eight quarters ending**:**

	For the Three Months Ended			
	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021
Revenue	$ 3,833,146	$ Nil	$ Nil	$ Nil
Loss and comprehensive loss	(1,675,602)	(783,990)	(320,751)	(498,036)
Basic and diluted loss per share	(0.02)	(0.01)	(0.00)	(0.01)
Property, plant and equipment	13,838,772	1,125,291	1,031,989	1,074,241
Mineral properties	1,148,176	-	-	-
Exploration and evaluation assets	1,632,139	1,612,164	1,607,790	1,578,630
Total assets	28,295,121	3,752,082	4,101,700	3,908,704
Loans payable	8,713,224	220,144	229,572	238,865

	For the Three Months Ended			
	April 30, 2021	January 31, 2021	October 31, 2020	July 31, 2020
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Income (loss) and comprehensive income (loss)	(1,692,156)	24,587	(184,511)	(539,769)
Basic and diluted income (loss) per share	(0.03)	0.00	(0.01)	(0.02)
Property, plant and equipment	968,921	562,432	530,643	502,814
Exploration and evaluation assets	1,544,612	1,429,981	1,311,969	1,221,872
Total assets	4,256,912	3,050,933	2,127,903	1,962,027
Loans payable	248,027	536,927	695,806	699,977

Significant variations in income (losses) occurred between quarters as a result of substantial changes in the amount of share-based compensation, professional fees and exploration and evaluation assets write-offs.

As described above, the Company acquired PPP effective February 18, 2022. PPP had revenue of $3,833,146 in the 72 days between February 18, 2022 and April 30, 2022. In addition, the Company experienced a significant variety of manufacturing cost pressures and resistance to price increases among customers as outlined in the Outlook section of the MD&A.

MINERAL PROPERTIES

EXPLORATION AND EVALUATION PROPERTIES

Z1 Natural Pozzolan Property, British Columbia

On January 23, 2017, the Company announced the signing of an option agreement, subsequently amended, to acquire a 100% interest in the Z1 Zeolite Quarry/Mine ("Z1") located about 3 kms northeast of Cache Creek, BC.

On January 17, 2018**,** the Company amended certain terms of the Z1 Zeolite agreement. The mending agreement afforded the Company an additional 12 months to meet the minimum expenditures requirement.

On June 14, 2018, the Company completed all its option requirements on Z1 six months ahead of the deadline to complete the minimum expenditures requirement.

Since completing the acquisition of Z1, PLAN has conducted various research activities on natural pozzolan from Z1 including the development of PozGlass SCM to complete with fly ash as a lower carbon footprint substitute for Portland cement. Management determined that the largest market opportunity involves creating a SCM since the main SCM currently consumed in Canada is fly ash and fly ash is created from burning thermal coal to produce electricity.

In April 2021, PLAN announced the successful completion of Phase One of a Two Phase test program for its PozGlass™ SCM product. In June 2021, PLAN announced the positive accelerated-cure Resistance to Chloride Ion Penetration ("RCP") test results for its PozGlass™ SCM product. The Company is focused on delivering economic and eco-friendly solutions for the cement and concrete industry.

Phase Two testing has now been completed and was focused on testing concrete durability, including compressive strength, chloride permeability testing and sulphate resistance. All results have been disseminated in news releases and can be found on PLAN's website at https://progressiveplanet.ca/investors-nov-21/.

With the acquisition of APL, PPP generates natural pozzolan powders on a near daily basis from the production of cat litter and industrial absorbents and needs to consume less energy to further size reduce these powders versus grinding Z1 rock from scratch.

As a result, PLAN is focused on using aggregate from Z1 as a lightweight aggregate and filler and has commenced testing of it for this use going forward while also maintaining this mineralization as a back up supply of natural pozzolan for future use. Considerable testing has commenced using this material with ZS2 Technologies Ltd. ("ZS2") of which PLAN owns approximately 2.8% of the common shares. ZS2 was named a top 60 Milestone Finalist in the $100 Million USD XPrize Carbon Removal Challenge in April 2022.

Z2 Natural Pozzolan Property, British Columbia

On October 3, 2019, the Company entered into a property option agreement to acquire the Z2 Zeolite Property located near Falkland, BC ("Z2") 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, 2021l(issued with a value of $26,667).
   c) 66,667 common shares on or before October 22, 2022.

ii) Cash payments
   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 vendor will retain a royalty of $8 per tonne of mineral products produced from the property, subject to a 50% buyback right for consideration of $75,000.

Additional sampling was completed on the Z2 Natural Pozzolan Property in 2021 to work towards finishing the earn out of this property. Results confirmed the continued presence of natural pozzolan and an application to drill this property was submitted in the Q1 2022. Due to the length of time it currently takes the BC Ministry of Energy, Mines and Low Carbon Innovation to process such applications, there is no guarantee that a drilling permit will be issued in 2022.

Management remains optimistic regarding Z2's ability to supply natural pozzolan to the cement industry. Testing of the Z2 natural pozzolan for compressive strength showed that this pozzolan had excellent compressive strength, but the samples collected in 2021 were not submitted for compressive strength as the Company focused the majority of its exploration efforts and budget on the Heffley Creek Metals and Pozzolan Property.

It is management's intention to finish its exploration obligations to earn a 100% interest in this property in 2022 with the long-term goal of completing a successful Notice of Work for Z2 so that natural pozzolan from this property can be used to supply the cement industry as the supply of Class F fly ash continues to diminish in Canada. To this end, PLAN filed a five-year Notice of Work in March

25, 2022 and the application was acknowledged as received by the BC Ministry of Energy, Mines and Low Carbon Innovation.

Heffley Creek Metals and Pozzolan Property, British Columbia

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

i) Cash payments
   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 for consideration of $150,000. The vendor also retains a 3% net smelter return subject to a 50% buyback right for consideration of $1,500,000.

PLAN optioned this property after conducting surface sampling which confirmed the presence of alumino-silicates (natural pozzolans), magnesium, and anomalous gold and silver. Five rock samples were taken and one soil sample. PLAN's original interest in the property was for its potential as a further source of natural pozzolans near Kamloops, BC. When surface sampling was done to confirm the presence of natural pozzolans, it revealed the presence of anomalous gold and silver in the soil (0.28 g/tonne gold and 1.6 g/tonne silver). As a result, PLAN obtained the precious metal rights to the property in addition to the industrial mineral rights.

The field exploration program was led by Dwayne Melrose, a director of PLAN and a professional geologist. When PLAN optioned Heffley Creek, the owner of the mineral claims believed there was potential for gold on the property. Since PLAN was required to spend $275,000 on exploration on the property to earn a 100% interest, it commenced soil and hard rock sampling during the 2020 field exploration season and submitted these samples for precious metals and base metal assays.

In July 2020, PLAN received its first assays back from its soil and hard rock sampling and discovered that many of these samples had elevated nickel content.

In early August 2020, PLAN announced that the nickel in soil anomaly was over 500 meters long and by mid-August, PLAN announced that it had confirmed the presence of nickel in bedrock at Heffley Creek.

In late October 2020, PLAN announced that it has expanded the nickel in bedrock to a strike length of 800 meters and also confirmed anomalous chromium in bedrock with a strike length of 800 meters.

The field exploration program ended in November 2020 with the onset of snowfall in the area. PLAN subsequently completed the expenditure of the flow through funds it raised in December 2019 by conducting further detailed assaying on over two hundred rock samples collected during the field season. In addition, work was completed by ALS Metallurgy on rock lithologies to better understand the geological environment at Heffley Creek.

Most of the work on this property in 2021 included completing detailed geological mapping as well as designing a drill program. Third party contractors were hired to assess the suitability of drill hole locations. PLAN submitted a full application to drill this property in early 2021, including posting a required performance bond with the BC Ministry of Energy, Mines and Low Carbon Innovation and notified First Nations in the area of our intentions. PLAN has received the approved Heffley Notice of Work Permit on April 25, 2022 from the Ministry.

It is management's intention to finish its exploration obligations to earn a 100% interest in this property on or before February 10, 2024.

OPERATING MINES

Red Lake Diatomaceous Earth Mine

With the acquisition of PPP, PLAN obtained ownership of two operating mines in BC, Canada including the Red Lake Mine approximately 60 kilometers from Kamloops, BC and the Bud Mine in Princeton, BC.

The Red Lake Mine is an operating mine which contains a unique diatomaceous earth with calcium bentonite. To PLAN's knowledge, there are only two mines in the world with this type of red tinged diatomaceous earth (diatomite) with calcium bentonite with the other mine located in Scandinavia. The Red Lake Mine also contains a layer of leonardite sandwiched in between two different layers of diatomite which is rich in carbon and sulfur. PPP extracts approximately 30,000 wet tonnes of diatomite from this mine per annum and processes this material into three different categories of products – non-clumping cat litter, industrial absorbents, and animal husbandry products.

The layer of leonardite is stockpiled and used for reclamation. In addition, it is being used for reclamation research projects at two large gold mines in BC. PPP is also investigating the value of this material as a soil amendment for vineyards with two years of data already gathered in this field study.

Bud Bentonite Clay Mine

The Bud Mine is an operating mine which contains calcium bentonite. PPP extracts about 20,000 wet tonnes per year of this calcium bentonite and transports it to Kamloops where it converts it from calcium bentonite to sodium bentonite for the purpose of making multiple private label brands of cat litter for most of the big box stores in Canada while also producing our own in-house brand of clumping cat litter, WunderCat.

PPP continues to be recognized for its efforts in reclaiming land. In doing so, the Company seeks to minimize the amount of disturbed land and to promote environmental stewardship. PPP's 1,000-acre ranch adjacent to its Red Lake Mine has been used for agricultural operations and utilizes leonardite. The reclaimed land at the Red Lake Mine has demonstrated higher yields after reclamation using leonardite versus pre-reclamation.

PPP takes immense pride in the environmental integrity of its operations and products with many of its products being listed for use in organic production by the Organic Material Review Institute ("OMRI"). PPP has a strong focus on sustainable use of resources including mined materials, electricity, natural gas, or other resources. PPP has reduced its use of natural gas and electricity per tonne over the past five years and uses approximately 98% of the material that is transported from the mines to the processing facility in Kamloops.

Bromley Creek Zeolite Mine (7% interest)

After the fiscal year end of April 30, 2022, PLAN announced that PPP had amended its agreement with International Zeolite Corporation ("IZ") to purchase a 50% interest in IZ's Bromley Creek Zeolite Mine ("Bromley Creek") located in Princeton, BC. PPP's Bud Bentonite Clay Mine is also located in Princeton, BC.

The amended agreement outlined the payment details for the 50% interest for consideration of $725,000. $102,000 had already been paid to IZ, with PLAN now holding a 7% interest in Bromley Creek. The remaining $623,000 is payable in 20 equal quarterly installments to March 2027, for the remaining 43% interest. In addition, IZ will receive a net royalty payment of $4.50 per metric tonne of product mined and removed from the mine. PPP remains the operator of Bromley Creek.

The amended agreement also formalized the option granted to PLAN by IZ to acquire up to a 50% interest in a separate group of mineral claims known as the "Sun Group" also located in Princeton, BC, for an additional purchase price of $725,000, exercisable until July 26, 2027. To date, PLAN has acquired a 2.5% interest by paying $36,250. PLAN has operated the Bud Bentonite Mine, also near Princeton, for over 24 years, so Princeton has become a significant operational hub for PLAN.

Zeolite from this mine is becoming a larger part of operations quarter by quarter as PPP develops markets for zeolite in the following areas:

- Animal feed additives (sold as Z-Lite Feed),
- Soil amendments (sold as The Green Patch and Hydr8).

PPP anticipates that future products will be focused on Slow-release fertilizers and SCMs.

In the fourth quarter ending April 30, 2022, for the first time, one of the top 15 Canadian customers of PPP (by sales volume) was a company which exclusively purchases Z-Lite Feed.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2022, the Company's shareholders' equity was $11,262,136.

The Company had the following cash flows during the fiscal year ended April 30, 2022;

i) Cash used in operating activities of $3,353,658 (2021 - $899,474) resulted from the Company's cash expenses exceeding its revenues by $2,390,222 for in 2022. Furthermore, the change in the Company's non-cash working capital consumed cash of $963,436 in 2022, primarily the result of the repayment of bank indebtedness and accounts payable and accrued liabilities, partially offset by a decrease in inventories.

ii) Cash used by investing activities of $11,293,792 (2021 – $894,006) consisted primarily of cash used for the acquisition of PPP, net of cash acquired, which was $10,925,446.

iii) Cash generated by financing activities of $15,079,549 (2021 - $3,024,602) consisted primarily of proceeds from share issuances of $6,217,275 (2021 - $2,743,750) and loan proceeds from BMO for the purchase of PPP of $8,683,000 versus loan proceeds in 2021 of $355,000 also from BMO which were used to buy equipment to scale up the Comminution Pilot Plant in 2021.

COMMITMENTS AND CONTINGENCIES

PPP is committed to five land leases with Tk'emlúps te Secwepmc with annual payments totalling $118,070. The leases contain clauses allowing the rental amount to be reviewed and adjusted every five years and the leases expire June 30, 2055. Further information can be found in Note 15 of the consolidated financial statements posted on www.sedar.com.

PLAN has multi-year lease commitments on two forklifts, a transport truck, and a skid steer with the leases expiring between 2023 and 2025. Further information can be found in Note 15 of the consolidated financial statements posted on www.sedar.com.

PPP has recorded asset retirement obligations for the estimated costs of reclaiming its Red Lake and Princeton Bentonite quarries. 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 British Columbia's Ministry of Energy, Mines and Low Carbon Innovation . Further information can be found in Note 17 of the consolidated financial statements posted on www.sedar.com.

PPP has entered into a revised agreement with International Zeolite Inc., whereby PPP pays a royalty After the fiscal year end of April 30, 2022, PLAN announced that PPP had amended its agreement with International Zeolite Corporation ("IZ") to purchase a 50% interest in IZ's Bromley Creek Zeolite Mine ("Bromley Creek") located in Princeton, BC. PPP's Bud Bentonite Clay Mine is also located in Princeton, BC.

The amended agreement outlined the payment details for the 50% interest for consideration of $725,000. $102,000 had already been paid to IZ, with PLAN now holding a 7% interest in Bromley Creek. The remaining $623,000 is payable in 20 equal quarterly installments to March 2027, for the remaining 43% interest. In addition, IZ will receive a net royalty payment of $4.50 per metric tonne of product mined and removed from the mine. PPP remains the operator of Bromley Creek. The former royalty was $9 per metric tonne.

PPP, 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 15 of the consolidated financial statements cannot be reasonably determined.

PPP is contingently liable with respect to financial letters of credit issued by BMO for $266,000.

SHARE CAPITAL INFORMATION

As of August 29, 2022, the Company had the following outstanding:

Common shares – 100,011,151 outstanding

Stock options:

Options Outstanding	Exercise Price	Expiry Date
108,000	0.195	13-Jan-23
50,000	0.38	8-Feb-23
1,150,000	0.39	22-Feb-23
125,000	0.41	1-Mar-23
175,000	0.395	17-Mar-23
375,000	0.43	6-May-23
100,000	0.34	20-Sep-23
3,000,000	0.39	22-Feb-24
200,000	0.29	13-May-24
175,000	0.32	18-Jul-24
50,000	0.35	26-Jul-24
150,000	0.35	17-Aug-24
400,000	0.36	09-Sep-24
300,000	0.40	14-Mar-25
1,830,000	0.35	6-Apr-25
50,000	0.35	27-Jul-25
200,000	0.59	8-Nov-25
8,438,000		

Warrants:

Warrants Outstanding	Exercise Price	Expiry Date
382,500	0.35	10-Feb-23
512,936	0.20	12-Feb-23
6,975,000	0.25	12-Feb-23
119,267	0.35	25-Feb-23
4,000,000	0.05	15-Jun-23
11,470,500	0.60	10-Feb-24
6,293,140	0.60	25-Feb-24
8,333,332	0.36	02-Mar-25
45,603,739		

RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the year 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.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Please refer to the Company's accompanying consolidated financial statements for the year ended April 30, 2022 located on www.sedar.com.

FINANCIAL INSTRUMENT RISK EXPOSURE 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.

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 2021 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 $15,868 (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	$ -	

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. Management 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	Contractual Cash Flows				
	Carrying amount	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	Contractual Cash Flows				
	Carrying amount	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. Cash and cash equivalents and investments in private companies are carried at fair value. The fair values of 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

(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	(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)

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OTHER MD&A REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks. The risks and uncertainties described below are significant risks that management of the Company is aware of and believe to be material to the business and results of the Company. When reviewing forward-looking statements and other information contained in this MD&A, readers should carefully consider these factors, as well as other uncertainties, potential events and industry and Company-specific factors that may adversely affect the Company's financial status. New risk factors may emerge from time to time, and it is not possible for the Company's management to predict all risk factors or the impact of such factors on the Company. The Company assumes no obligation to update or revise these risk factors or other information contained in this MD&A to reflect new events or circumstances, except as may be required by law.

<u>Risks Related to the Company and its Operations</u>

Integration of PPP

The Company's ability to maintain and successfully operate its business depends upon the judgment and project execution skills of its senior professionals. Any management disruption or difficulties in integrating PPP's management and operations staff could significantly affect the Company's business and results of operations. The success of the Company's acquisition of PPP will depend, in some part, on the ability of management to realize the anticipated benefits and cost synergies from the integration of PPP's businesses into the Company's. The integration of the businesses may result in significant challenges, and management may be unable to accomplish the integration smoothly, or successfully, in a timely manner or without spending significant amounts of money. It is possible that the integration process could result in the loss of key employees, the disruption of the respective ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of management to maintain relationships with business partners or employees or to achieve the anticipated benefits of the acquisition.

The integration of PPP requires the dedication of effort, time and resources on the part of management, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. There can be no assurance that the Company will be able to integrate the operations of the business successfully or achieve any of the synergies or other benefits that are anticipated as a result of its acquisition of PPP. The extent to which synergies are realized and the timing of such cannot be assured.

Any inability of the Company to successfully integrate PPP's operations could have a material adverse effect on the Company's business, financial condition and results of operations. The challenges involved in the integration may include, among other things, the following: retaining key personnel; integrating PPP into the Company's existing accounting system and adjusting the Company's internal control environment to cover PPP's operations; and unplanned costs required to integrate the business and achieve synergies.

Cost Synergies

Although it is anticipated that the Company will achieve some annual cost synergies from its acquisition of PPP, the Company may or may not achieve these cost synergies imminently or at all.

The Company continues to analyze potential synergies to be realized from its acquisition of PPP, although actual synergies could differ materially from current estimates. Actual cost synergies, the expenses required to realize the cost synergies and the sources of the cost synergies could differ materially, and there is no assurance that the Company will achieve the full amount of cost synergies or at all or that these cost synergy programs will not have other adverse effects on its business.

Historic Performance of PPP outside of the Company's Control

Historic performance of PPP's business and operations may not be indicative of the Company's success in future periods. The future performance of the Company may be influenced by, among other factors, economic downturns, long-term changes in consumer trends, preferences and spending patterns and other factors beyond the Company's control. As a result of any one or more of these factors, among others, the operations and financial performance of the Company may be negatively affected which may adversely affect the Company's future financial results.

Uncertainty of Future Revenues

The Company's future growth and prospects will depend on its ability to maintain and potentially expand the Company and PPP's current operations and gain additional revenue streams, while maintaining effective cost controls. Any failure to do so will likely have a material adverse effect on the Company's business, financial condition and results.

Changes in the Company's capital costs and operating costs are likely to have an impact on its profitability. The Company's main planned production expenses include mining costs, transport costs, processing and treatment costs and other overheads. Changes in costs of the Company's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral reserves uneconomic to mine. Many of these changes may be beyond the Company's control. Material increases in costs could have a material adverse effect on the Company's future cash flows, profitability, results of operations and the financial condition.

Dependence on Key Personnel

The Company has a small management team and the loss of a key individual could have an adverse effect on the future of its business or cause delay in its plans. The Company's future success will also depend in large part upon its ability to attract and retain appropriate personnel. There can be no assurance that the Company will be successful in attracting and retaining such personnel and an inability to do so could have a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

Workforce and Labour Risks

Certain of the Company's operations may be carried out under potentially hazardous conditions. While the Company intends to operate in accordance with relevant health and safety regulations and requirements, the Company is susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be uninsurable or beyond the Company's control.

The Company's operations may be affected by labour-related problems in the future, such as unionization. There can be no assurance that work stoppages or other labour-related developments will not adversely affect the results of the Company's operations or the financial condition.

During periods of growth in the mining industry, there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services.

As a result, the Company may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Company in its activities. Any of the foregoing may have a material adverse effect on the Company's results of operations or financial condition. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the Company's results of operations or the financial condition.

Competition

The Company faces potential competition from other companies in connection with the acquisition of mineral assets, or from other innovation companies in connection with the development of competitive technologies or applications, as well as for the recruitment and retention of qualified employees. Larger companies, in particular, may have access to greater financial resources, operational experience and technical capabilities than the Company, which may give them a competitive advantage.

Future Acquisitions and Joint-Ventures

The Company may evaluate opportunities to acquire and/or joint venture additional assets and businesses as part of its business objectives. These acquisitions or joint ventures may be significant in size, may change the scale of the Company's business and may expose it to new geographic, operating, financial and geological risks. The Company's success in its acquisition and/or joint venture activities will depend on its ability to identify suitable acquisition and/or joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of the Company. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of the Company's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

Dependence on Third Party Services

The Company currently relies and will continue to rely on products and services provided by third parties. If there is any interruption to the products or services provided by such third parties, the Company unable to find adequate replacement services on a timely basis or at all.

The Company is unable to predict the risk of insolvency or other managerial failure, or the failure to otherwise deliver such products and services, by any of the contractors or other service providers currently or in the future used by the Company.

Reliance on Strategic and Commercial Relationships

In conducting its business, the Company relies and will continue to rely on continuing existing strategic and commercial relationships, and forming new relationships with other entities and also certain regulatory and governmental departments. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the loss of these relationships could have a material adverse effect on the results of the Company's operations or the financial condition.

Project Risks

The Company manages and participates in a variety of projects in the conduct of its business. The Company's ability to execute projects and market its products will depend upon numerous factors beyond its control, including: the availability of processing capacity; the availability of storage capacity; the supply of and demand for pozzolanic materials; the availability of equipment; unexpected cost increases; accidental events; currency fluctuations; changes in regulations; the availability and productivity of skilled labour; and the regulation of the industry by various levels of government and governmental agencies.

Because of these factors, the Company could be unable to execute projects on time, on budget or at all, and may not be able to effectively market products that it produces. The existence of these factors may delay expected revenues from operations and cause cost estimates not to be accurate, which may result in significant cost over-runs that could make the Company's ventures uneconomical, either of which would have a material and adverse effect on the Company's business, financial condition and results of operations.

Compliance with Laws

The Company's operations are, and will going forward be, subject to various laws and regulations relating to the protection of the environment (including regular environmental impact assessments and the obtaining of appropriate permits or approvals by relevant environmental authorities), worker health and safety, employment standards, waste disposal, protection of historic and archaeological sites, mine development, protection of endangered and protected species, Indigenous communities' rights and other matters.

Any such legislation, and environmental legislation in particular, can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Compliance with these laws and regulations is costly and time intensive and the Company's complete compliance with all such laws and regulations cannot be guaranteed given the nature and complexity of such laws and regulations.
Any failure to comply with relevant environmental, health and safety and other laws and regulatory standards may subject the Company to extensive liability and fines and/or penalties and have an adverse effect on the Company's business, results of operations, or prospects.

In particular, a violation of environmental health and safety laws relating to a mine or other plant or a failure to comply with the instructions of the relevant environmental or health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Company to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new environmental or health and safety laws and regulations, such measures could have a material adverse effect on the Company's results of operations or financial condition. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Company's business or have an otherwise negative impact on its operations. Any changes to, or increases in the current level of regulation or legal requirements may have a material adverse effect upon the Company in terms of additional compliance costs.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive. As a result, there are certain risks inherent in the Company's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances, that could subject the Company to potential liability. The Company cannot give any assurance that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its financial condition and its results from operations.

First Nations

The Company operates in some areas presently or previously inhabited or used by First Nations peoples. There are many laws, rules and regulations that address the rights of First Nations peoples. Some mandate governmental consultation with First Nations regarding actions which may affect First Nations people, including actions to approve or grant mining rights or permits. The obligations of government and private parties under these laws, rules and regulations continue to evolve and be defined.

The Corporation's current and future operations are subject to a risk that one or more First Nations may oppose continued operation, further development, or new development of the Company's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against the Company's activities. Opposition by First Nations to the Company's operations may require modification of or preclude operation or development of the Corporation's projects or may require the Company to enter into agreements with First Nations with respect to the Company's projects, which may impact the Company's business, operations and financial condition.

Exploration and Development

Some of the Company's mineral assets are in exploration or development stage, and further development may only follow upon obtaining continuing satisfactory exploration results and being able to obtain sufficient financing to continue the development and eventual commercial production of potash. Mineral exploration and development are speculative in nature and involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any additional discoveries of reserves of potash or that the current reserves or resources will be developed to production or be commercially viable. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish resources and reserves through drilling and development and for mining and processing facilities and infrastructure. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Calculation of Reserves and Resources

Mineral Reserves and Mineral Resources are based on estimates of mineral content and quantity derived from limited information acquired through drilling and other sampling methods and require judgmental interpretations of geology, structure, grade distributions and trends, and other factors. These estimates may change as more information is obtained. No assurance can be given that the estimates are accurate or that the indicated level of mineral product will be produced. Actual mineralization or formations may be different from those predicted. Further, it may take many years from the initial phase of drilling before production is possible, and during that time the economic feasibility of exploiting a discovery may change.

In addition, the Mineral Reserve and Mineral Resource estimates are subject to updates from time to time as the geological and technical information on the mineralization increases. These Mineral Reserve and Mineral Resource updates may result in reclassification of resources from one category of resources to another and these reclassifications may have a follow-on impact on reserves. To the extent that these reclassifications of resources are from a higher category to a lower category, there may be a resulting negative impact on related Mineral Reserves. Any reduction of reserves resulting from reclassification of resources may ultimately impact on project economics, including net present values and internal rates of return. For future projects, these reductions may impact adversely on production decisions. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. It cannot be assumed that all or any part of declared Mineral Resources constitute or will be converted into reserves. Market price fluctuations of minerals as well as increased production and capital costs, reduced recovery rates or technical, economic, regulatory or other factors may render proven and probable reserves unprofitable to develop at a particular site or sites for periods of time or may render Mineral Reserves containing relatively lower grade mineralization uneconomic. Successful extraction requires safe and efficient mining and processing. Moreover, short-term operating factors relating to the Mineral Reserves, such as the need for the orderly development of ore bodies or the processing of new or different ore types, may cause Mineral Reserves to become uneconomic. Estimated reserves may have to be recalculated based on actual production experience. Any of these factors may require the reduction of the Mineral Reserve and Mineral Resource.

There is also no assurance that the Company will achieve indicated levels of recovery or obtain the prices for production assumed in determining the amount of any reserves. Anticipated levels of production may be affected by numerous factors, including mining conditions, labour availability and relations, weather and supply shortages.

Permits and Government Approvals

The operations of the Company require licences and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain or maintain all necessary licences and permits that are required to carry out exploration and development at its properties. Regulations and policies relating to licences and permits may change or be implemented in a way that the Company does not currently anticipate and permits and licenses may take significantly greater time to obtain than anticipated by the Company. These licences and permits are subject to numerous requirements, including compliance with the environmental regulations, which may be difficult, time consuming, expensive or impossible for the Company to fulfill. The failure of the Company to obtain necessary licenses and permits on the timeline required, or at all, or the revocation or suspension of the permits or licenses obtained by the Company, could have a material adverse effect on its business, financial condition and results of operations.

Reclamation

There is a risk that monies allotted for land reclamation may not be sufficient to cover all risks, due to changes in the nature of the waste rock or tailings and/or revisions to government regulations. Therefore, additional funds, or reclamation bonds or other forms of financial assurance may be required over the tenure of the Company's mineral projects to cover potential risks. These additional costs may have a material adverse impact on the Company's financial condition and results.

Litigation

The Company may be subject to litigation arising in the normal course of business and may be involved in disputes with other parties, including governments and its workforce, in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental laws, volatility in stock price, failure to comply with disclosure obligations or labour disruptions at the Company's projects. The results and costs of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favorably, it may have a material adverse impact on the Company's financial performance, cash flow and results of operations.

Government Regulation and Political Risk

The Company's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. Future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot assure whether any necessary permits will be obtained on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with any future exploration or development of its properties, which could have a material adverse impact on the Company's ongoing or planned operations or ongoing or planned development projects.

Operating Risks

The Company's activities are subject to all of the hazards and risks normally incidental to exploring and developing natural resource projects. These risks and uncertainties include, but are not limited to, environmental hazards, industrial accidents, labour disputes, encountering unusual or unexpected geological formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and mineral recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions and other acts of God or unfavourable operating conditions and losses.

Should any of these risks and hazards affect the Company's exploration, development or mining activities, it may cause the cost of production to increase to a point where it would no longer be economic to produce mineral resources from the Company's properties, require the Company to write-down the carrying value of one or more mineral projects, cause delays or a stoppage of mining and processing, result in the destruction of mineral properties or processing facilities, cause death or personal injury and related legal liability; any and all of which may have a material adverse effect on the Company.

Uninsured Hazards

The Company may be subject to substantial liability claims due to the inherently hazardous nature of its activities or for acts and omissions of contractors, sub-contractors or operators. Any indemnities the Company may receive from such parties may be limited or may be difficult to enforce if such contractors or sub-contractors or operators lack adequate resources.

The Company can give no assurance that the proceeds of insurance applicable to covered risks will be adequate to cover expenses relating to losses or liabilities. The Company is also subject to the risk of unavailability, increased premiums or deductibles, reduced cover and additional or expanded exclusions in connection with its insurance policies and those of operators of assets it does not itself operate. Accordingly, the Company might become subject to liability for which it is completely or partially uninsured, or for which it elects not to ensure because of unavailability, premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon the financial condition and/or results of operations of the Company.

Weather Conditions and Climate Change

It may not be possible to fully insure against adverse weather conditions, and should such events occur, liabilities may arise which could reduce or eliminate any future profitability, result in increasing costs or the loss of the Company's assets and a decline in the value of its securities. The Company acknowledges climate change and that increased environmental regulation resulting therefrom may adversely affect its operations.

There is no assurance that the response of the Company to the risks posed by climate change and the corresponding legislation and regulation will be effective and the physical risks of climate change will not have an adverse effect on its operations and profitability.

Transportation Delays

The Company is reliant upon public and privately owned transportation infrastructure to transport its products offsite. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations. Any such issues arising in respect of the supporting infrastructure or on the Company's worksites could materially and adversely affect the Company's results of operations or financial condition. Furthermore, any failure or unavailability of the Company's operational infrastructure (for example, through equipment failure or disruption to its transportation arrangements) could adversely affect the production or distribution of its products.

Intellectual Property

The Company has several research and development projects ongoing, through which new intellectual property assets may develop. Any infringement of the Company's rights in such intellectual property assets may affect the Company's operations and results.

Further, the Company may face allegations that it has infringed the trademarks, copyrights, patents or other intellectual property rights of third parties, including from its competitors. Infringement and other intellectual property claims, with or without merit, can be expensive and time-consuming to litigate, and the results are difficult to predict. The Company may not have the financial or human resources to defend against any infringement suits that may be brought. As a result of any court judgement or settlement, the Company may be obligated to cancel the continued research and development of new products or applications, the launch of a new product or application offerings, pay royalties or significant settlement costs, purchase licenses, or modify the Company's products and applications, or develop substitutes.

Potential Conflicts of Interest

Certain of the Company's directors and officers also serve as directors and officers of other public and private companies or have significant shareholdings in other public and private companies. Consequently, there exists the possibility that such individuals will be in a position of a conflict of interest in the ordinary course of the Company's business in dealings between these companies and the Company. While applicable corporate law requires any decision made by directors and executive officers to be made in accordance with applicable laws and the duties and obligations of such individuals to act honestly, in good faith and in the best interests of the Corporation, the Corporation does not have any agreements mandating the Company's directors and officers act in the best interests of the Company and there can be no assurance that any such conflicts will be resolved in favour of the Company. If any such conflicts are not resolved in favour of the Company, it may be adversely affected.

Debt

The Company has obtained loan and credit facilities from banks, and, as part of its acquisition of APL, has assumed bank indebtedness of APL. The Company's debt burden could have important consequences, including: increasing its vulnerability to general adverse economic and industry conditions; limiting flexibility in planning for, or reacting to, changes in its business and industry; requiring the dedication of a substantial portion of any cash flows from operations for the payment of principal and interest on our indebtedness, thereby reducing the availability of cash flow to fund operations, growth strategy, working capital, capital expenditures, future business opportunities, and other general corporate purposes; restricting the Company from making strategic acquisitions or causing it to make non-strategic divestitures; limiting its ability to obtain additional financing for working capital, capital expenditures, research and development, acquisitions and general corporate or other purposes; limiting its ability to adjust to changing market conditions; and placing it at a competitive disadvantage relative to competitors who have lower levels of debt. Further, if and when the Company has borrowings at floating rates of interest, it could expose us to the risk of increased interest rates with respect to those borrowings.

Risks Related to the Company's Common Shares

Share Price Volatility

The market price of the Company's common shares may be subject to wide price fluctuations in response to many factors, including variations in the Company's operating results, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects of LEAF, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic political conditions, could adversely affect the market price for the Company's common shares.

Dividends

It is not anticipated that the Company will pay dividends on its shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Market Perception

Market perception of smaller mining companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further common shares. Future issues or sales of the common shares could cause the share price to decline. If the Company issues equity or debt securities in the future or if shareholders sell a substantial number of the Company's common shares in the public market, or if there is a perception that these sales or issuances might occur, the market price of the Company's common shares could decline.

Dilution

The Company may sell additional equity securities (including through the sale of securities convertible into common shares) and may issue additional debt or equity securities to finance operations, exploration, development, acquisitions or other projects. The Company is authorized to issue an unlimited number of common shares. Management cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Company’s common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the common shares. With any additional sale or issuance of equity securities, shareholders will suffer dilution of their voting power and may experience dilution in earnings per share.

Liquid Trading Market for the Common Shares

Shareholders of the Company may be unable to sell significant quantities of common shares into the public trading markets without a significant reduction in the price of the Company’s common shares, or at all. There can be no assurance that there will be sufficient liquidity of the Company’s common shares on the trading market, and that the Company will continue to meet the listing requirements of the TSX-V, OTCQB or achieve listing on any other public listing exchange.

QUALIFIED PERSON

The technical content of this MD&A has been reviewed and approved by Dwayne Melrose, P.Geo., a director of the Company and a qualified person as defined in Canadian Securities Administrators National Instrument 43-101, and is a member of the Association of Professional Engineers and Geoscientists of British Columbia.

FORWARD-LOOKING STATEMENTS

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management's expectations regarding the Company's future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including with respect to the Company's products) and opportunities. Often, this information includes words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) successful integration of APL into the Company's business; (ii) assumptions about operating costs and expenditures; (iii) assumptions about management and personnel; (iv) assumptions about competition; (v) assumptions regarding third party service providers; (vi) assumptions regarding legal and regulatory risks; (vii) assumptions regarding the Company's intellectual property assets; (viii) assumptions about the Company's debt burdens; (ix) assumptions about future production and recovery; (x) that there is no unanticipated fluctuation in foreign exchange rates; and (xi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things, those described in the "Risk and Uncertainties" portion of this MD&A.

Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.