Progressive Planet Solutions Inc.
Management's Discussion & Analysis
For the Year Ended April 30, 2023

September 1, 2023

INTRODUCTION

Shares of Progressive Planet Solutions Inc. ("the Company" or "PLAN") are listed for trading on the TSX Venture Exchange ("TSX-V") under the trading symbol PLAN, on the Frankfurt Stock Exchange under the trading symbol ARB3, and on August 17, 2022, were listed to trade on the OTCQB Venture Market under the trading symbol ASHFX.

The following management's discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for the Company and should be read in conjunction with the Company's consolidated financial statements and the accompanying notes as at and for the year ended April 30, 2023, 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.sedarplus.ca.

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.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

As discussed further in the remainder of this MD&A and accompanying financial statements, the Company notes the following significant financial and operational achievements realized during fiscal 2023:

- Successfully integrated a strong base business with 50 employees to accelerate commercialization of the Company's innovations

- Developed partnerships for commercializing the Company's technologies - including with the biggest cement company in Canada and major agricultural entities

- Revenue increased by 410% from $3.83 million in fiscal 2022 to $19.54 million in fiscal 2023

- Increased gross margin[1] of the base business by 13.6% while growing revenues

- Operating cash flow increased from negative $2.19 million in fiscal 2022 to positive $1.61 million generated from operations in fiscal 2023 – an increase of $3.80 million

- Net loss of $1.16 million in fiscal 2023 – includes $0.87 million in research and development expenditures

- Repayment in full of the line of credit balance of $1.48 million in fiscal 2023

- Repayment in full of two variable interest rate bank loans in fiscal 2023, related to the acquisition of the base business, of $0.97 million and $0.71 million, respectively

- Investment in research and development of $0.87 million and in property, plant, and equipment of $1.31 million both related to the development of low carbon and carbon sequestering cement and agriculture products expected to position the Company for long term revenue growth and profitability

[1] Gross margin is a non-IFRS financial measure. This ratio expresses gross profit as a percentage of revenue for a given period. It assists in explaining the Company's results from period to period and measuring profitability. This ratio is calculated by dividing gross profit for a period by the corresponding revenue for the period. There is no directly comparable IFRS measure. The Company's gross margin increased from 12.6% in fiscal 2022 to 26.2% in fiscal 2023.

DESCRIPTION OF BUSINESS

Background

Prior to the acquisition of Absorbent Products Ltd. in February 2022 (see below for details), PLAN was primarily engaged in developing natural pozzolan properties in British Columbia ("BC"), Canada. Its two mineral properties are all within a one-hour drive of Kamloops, BC. These two properties are named the Z1 Natural Pozzolan Property and the Heffley Creek Metals & Pozzolan Property.

On February 18, 2022, the Company acquired all the issued and outstanding shares of Absorbent Products Ltd. and certain related companies[2] (combined, "APL").

APL is a manufacturer of mineral-based products derived from diatomaceous earth, zeolite, and bentonite headquartered in Kamloops, BC that has been in operation since 1989. APL is the sole owner of a diatomaceous earth mine located near Kamloops and a bentonite mine, located near Princeton, BC. APL is also the operator of a zeolite mine, also located near Princeton.

At the date of acquisition, APL was manufacturing products for sale primarily in the following markets:

- Industrial Absorbents – These products are sold in every state and province under the brand, CanDry®, as well as under a private label brand that is sold in over 550 locations of one of Canada's top ten retailers.
- Cat Litter – These products are sold in Western Canada under the brand, WunderCat®, as well as under a private label brand for most of the large national retailers in Canada.
- Animal Husbandry/AgTech – These products are sold under numerous brand names. The best-selling product in this category, which is marketed under the brand Activated Barn Fresh, neutralizes ammonia in chicken barns thereby enabling the birds to breathe easier. This product holds a US patent until 2033 and was invented in Kamloops, BC.

The Company acquired APL with the intention to maintain and grow APL's existing business operations in the above-noted legacy markets. In addition, management believes that APL's existing operations, mineral deposits and expertise will be a foundation for the Company's long-term goals of:

- becoming an industry leader in the manufacture of regenerative fertilizers which reduce the application of chemical fertilizers and chemical pesticides; and
- creating supplementary cementing materials with low-embodied carbon footprints.

PLAN began consolidating its financial statements with APL effective February 18, 2022. PLAN changed APL's name to Progressive Planet Products ("PPP") on May 2, 2022. Going forward, APL shall be referred to as PPP.

[2] Related companies included 0820443 B.C. Ltd., a company which owned certain properties utilized in APL's business, and 1111157 B.C. Ltd., a holding company which owned shares in APL.

Integration of PLAN and PPP Operations

Prior to the acquisition of PPP, PLAN operated a seasonal pilot plant which produced mineral powders (soft rock phosphate) for agriculture on a seasonal basis. This plant was not reopened in the spring of 2022 due to the acquisition of PPP. In Q1 2023, the pilot plant was dismantled and all the industrial scale equipment from the plant was relocated to Kamloops, BC.

In Q3 2023, the remaining industrial equipment was installed in PPP's facilities, consisting primarily of the air classification system which allows for segregation of powders by size and enables the sale of ultra-fine powders used in fertigation.

In Q4 2023, PLAN sold the fixed assets (two steel truss fabric tents) which remained on site at the seasonal pilot plant. The cost of disassembling and relocating these tents was greater than their value and the former landlord purchased these tents from PLAN which avoided excess costs of removing them from the site.

Current Corporate Structure and Operational Overview

PLAN operates as a parent company with four wholly owned subsidiaries including the following:

1. PPP – PPP is the operating company in Kamloops, BC, Canada. The head office of PPP 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, 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.

   Our Agricultural Tech and Product Quality Control Lab is also located in Kamloops, BC.

2. Progressive Planet Alberta Inc. (or "PPA") – PPA is located in Calgary, Alberta, Canada. PPA has a growing employee and director count in Calgary, Alberta. Originally, PPA was where the bulk of research and development occurred, but is now the home of two senior executives, Dr. Doug Brown an Advisory Board Member and fPLAN's newest member of its Board of Directors, Suzanne Davis-Hall, who joined the board on March 27, 2023. PLAN views Calgary as a location where it will continue to add key team members.

3. 0820443 B.C. Ltd. – a company which owns certain properties utilized in PPP's mineral extraction and manufacturing operations.

4. Progressive Planet US LLC is incorporated in Oregon, USA and employs one US-based salesperson who sells products for PPP.

<u>Supplementary Cementitious Materials</u>

Supplementary Cementitious Materials ("SCMs") are materials used as a partial replacement of Portland cement in the production of concrete in order to improve both fresh and hardened concrete properties. Historically, one of the primary SCMs used in North America has been fly ash, which is the fine ash residue that is produced by coal-fired power plants because of burning coal.

In December 2018, Canada announced regulations to phase-out traditional coal-fired electricity by 2029. As 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 has already been diminishing with early shutdowns of these power plants. Further early shutdowns were announced in December 2020 by Capital Power which advised of the intended closure of the coal fired Genesee 1 and Genesee 2 plants in Alberta by 2023. This shut down has subsequently been delayed until the first quarter of 2024. As the concrete industry will continue to require SCMs (of which fly ash is the most common in Canada), other materials are expected to fill the supply void created by the reduction of fly ash on a prospective basis.

In addition to operating PPP's legacy businesses, the Company is continuing its efforts to commercialize SCMs and has the following three products in development:

- PozGlass™ 100G SCM
- PozDE™ SCM, and
- PozZeo™ SCM

These innovative SCMs are intended to replace up to 50% of Portland cement in concrete thereby significantly reducing its carbon footprint. The flagship product PozGlass™ 100G, is made from 100% post-consumer glass which is treated in a process that removes sodium from the glass. Sodium is undesirable as its presence in concrete weakens the concrete. The sodium is reacted with CO_2 to create a permanent carbon store.

In Q4 2023, the Company announced the following relating to developing its PozGlass™ 100G SCM:

- On March 7, 2023, the Company announced plans to build a pilot plant to produce PozGlass™ 100G
- On March 9, 2023, the Company announced that the pilot plant would receive glass from Recycle BC
- On March 13, 2023, the Company announced an innovation partnership in a non-binding memorandum of understanding ("MOU") with Lafarge Canada to pursue a reduction in cement's carbon footprint

On June 29, 2023, the Company announced that it had finalized a sales and purchase agreement with Lafarge Canada to purchase all the PozGlass™ 100G produced by the Company's pilot plant up to a maximum of 3,500 metric tonnes per year. The sales and purchase agreement followed the non-binding MOU with Lafarge on March 13, 2023, as referenced above.

PozDE™ is made from material sourced from our Red Lake Diatomaceous Earth Mine. While the Company has the option to develop PozDE™, most of the efforts in Q4 2023 were focused on advancing PozGlass™ 100G while work on Diatomaceous Earth (“DE”) fines was focused on producing Carbon PK™, a regenerative fertilizer blend.

On December 8, 2022, the Company announced agreements to develop three regenerative fertilizers with Eco Health Industries Ltd. and Hi Brix Manufacturing. Market research done with the farming community in southern Alberta suggests that gross margins on regenerative fertilizers will greatly exceed the potential gross margin on PozDE™. As results of various tests on these three regenerative fertilizer blends become available, the Company will update the market.

In Q4 2023, the Company did not focus on developing PozZeo™ as it is a by-product of making two granular zeolite products. Samples were provided to a large international cement company to complete their own testing for water demand and compressive strength. The Company is currently waiting for results.

The Company announced in Q3 2023 that it had entered into a sales and purchase agreement with ZS2 Technologies Ltd. ("ZS2") to provide 24 tonnes of PozGlass™ SCM and PozZeo™ SCM to ZS2 over a twelve-month period, with an expected monthly supply of roughly two tonnes. In Q4 2023, the Company announced that it had received a purchase order to ship a full truck of PozZeo™, totalling 26 tonnes, to ZS2’s new pilot plant in Calgary.

2023 OPERATIONS DEVELOPMENTS

During the year ended April 30, 2023, there were a significant number of developments and activities as PLAN transitioned from a mineral exploration company to a well-established mineral processor focused on high-growth market opportunities. The following is a summary for fiscal 2023, and for the subsequent four months to August 2023:

Q1 2023 (May to July 2022)

- PLAN promoted Ian Grant to Chief Operating Officer and relocated him to Kamloops, BC.
- PLAN unveiled PozDE™ made from waste powders generated from producing granulated products in its manufacturing operations. The Company 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.
- PLAN announced the first order of custom-blended, regenerative fertilizer.
- PLAN announced a patent application for PozGlass™ 100G in 156 countries.

Q2 2023 (August to October 2022)

- PLAN renegotiated an option agreement to purchase 50% of the Bromley Creek Zeolite Mine in Princeton, BC.
- PLAN announced the commencement of trading of its shares on the OTCQB Venture Market.
- PLAN announced that 7.5 million warrants were exercised for proceeds of $1,125,000.
- PLAN hired a new Director of Sales.
- PLAN commenced field trials with PozGlass™ SCM, PozDE™ SCM, and PozZeo™ SCM with three cement companies in Calgary, Alberta.
- ZS2, one of the three companies provided samples shared 7-day test results with PLAN for a 33 weight-percent incorporation of PozGlass™ SCM and PozZeo™ SCM into their magnesium-based cement showing more than twice the required structural capacity of Portland cement.
- PLAN achieved a 33% reduction in active SKUs and this remains an area of focus for Management.
- PLAN commenced construction of a standalone Ag-Tech plant and began producing fertilizers.
- PLAN completed the commissioning of a new fume hood in its Kamloops AgTech lab and created a schedule of experiments using by-product powders as base ingredients for products designed to reduce the application of chemical pesticides.
- PLAN announced its first purchase order with ZS2 to provide a proprietary blend of PozGlass™ and PozZeo™.
- The Company hired its first full-time Director of Marketing.

Q3 2023 (November 2022 to January 2023)

- The Company announced that its common shares are now eligible for electronic clearing and settlement in the United States through the Depository Trust Company ("DTC").
- PLAN announced multiple agreements to provide next generation, eco-friendly regenerative fertilizers.
- PLAN announced that it engaged Independent Trading Group as its market maker.

- PLAN continued to scale back on low margin private label cat litter while focusing on promoting the higher margin WunderCat®brand.

Q4 2023 (February 2023 to April 2023)

- PLAN announced that it had started supplying one of North America's largest retailers with WunderCat®, an eco-friendly cat litter liner.
- PLAN began shipping a key fertilizer ingredient to a global manufacturer and supplier of fertilizers.
- PLAN announced plans to build its first pilot plant to produce low-carbon cement (PozGlass™ 100G).
- PLAN announced that it will receive glass from Recycle BC for its PozGlass™ pilot plant.
- PLAN announced an innovation partnership in a non-binding MOU with Lafarge Canada to pursue a reduction in cement's carbon footprint.
- The Company appointed Suzanne Davis-Hall to its Board of Directors.

After April 30, 2023 (May 2023 to August 2023)

- The Company appointed Randy Gue to its Board of Directors.
- PLAN announced that it continues to grow fertilizer revenues with the reorder of key fertilizer ingredient from a global fertilizer company.
- PLAN announced the reduction in fertilizer use by 50% with its new proprietary fertilizer, Carbon PK™.
- The Company announced plans to gear up for commercialization of low carbon innovations by naming Steve Gurney as President.
- PLAN announced that it had finalized a sales and purchase agreement with Lafarge Canada.
- PLAN announced receipt of a large reorder of WunderCat® from a big box retailer which started buying WunderCat® in January 2023. Based on the reorder amount, the Company expects the addition of this customer will increase PLAN's annual revenues by more than $1.2 million.

OUTLOOK AND ADDRESSING INFLATIONARY PRESSURES

INFLATIONARY OVERVIEW & COMMENTARY ON GROSS MARGIN[3]

The acquisition of PPP occurred in the middle of a historical period of inflation. Immediately upon taking over PPP, PLAN's management team had to address several difficult issues, all of which contributed to historically low gross margins (12.6%) 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 the prior fiscal year).

Many of these problems were addressed in Q1 2023 and gross margins rose to 23.5% from 12.6% in Q4 of fiscal 2022. Gross margins rose further in Q2 2023 to 30.2%.

For Q3 of fiscal 2023, gross margins declined to 23.1%. While PLAN did not provide specific guidance on gross margin in prior quarters, management did state in the prior year-end MD&A that it did "*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*"

Management's long-term goal is to maintain gross margins above 30%. Gross margins in Q3 2023 were 23.1%. There were several events which occurred in Q3 2023 that negatively impacted sales revenue and/or margins, summarized as follows and discussed in more detail below:

1. Increased hauling costs of raw materials as the Company utilized temporary hauling services while transitioning to new contracted suppliers.
2. The Company discontinued numerous SKUs and wrote off the associated packaging.
3. The highest ever recorded time lost to sick days in December 2022.
4. The occurrence of a cold snap in December which dramatically decreased production including the complete shutdown of production facilities for two days.
5. The recall of a third party supplied ice melt product due to product quality issues.
6. The rotary kiln dryer which dries all inbound raw minerals was shut down for bearing replacement which occurs once a decade.

The increased hauling costs were the result of PLAN's long-term hauling company leaving the business and the need to pay multiple new hauling companies higher rates for short-term contracts until the subsequent procurement of a new long-term hauler.

[3] As noted previously, gross margin is a non-IFRS financial measure. For each of Q1 through Q3 of fiscal 2023, gross margin has been restated to reflect a change in the presentation of revenue during those periods. Previously, revenue was presented prior to the deduction of volume rebates and other discounts provided to customers. Those costs were instead included in selling expenses. In this MD&A, revenue is presented net of volume rebates and other discounts, which are correspondingly excluded from selling expenses. This adjustment does not change the net income or loss reported by the Company for each period. However, it impacts the calculation of gross margin because the revenue balance for each period is reduced by the discount and rebate expense. As a result, the gross margin amounts presented in this MD&A for each of Q1 through Q3 of fiscal 2023 are lower than previously reported by the Company.

The discontinuation of SKUs was part of the long-term written plan to reduce the number of SKUs. Discontinued SKUs were selected based on their sales volumes and associated gross margins. Associated packaging no longer has value when a SKU is discontinued.

During December 2022, PLAN incurred the highest percentage of sick hours since the acquisition of PPP. A combination of COVID-19, RSV, and flu viruses impacted employee attendance. The sick day rates were consistent with other local businesses and the problem rectified itself in January 2023 as positive rates for COVID-19, RSV, and flu viruses trended lower.

The cold snap in December 2022 resulted in 48 hours of consecutive shifts having zero production as the Company took precautions to not damage its machinery due to temperatures of approximately minus 35 Celsius. Employees were still working and paid, but no product was produced.

For the first time ever, PPP was shipped a significant amount of defective ice melt from a long time supplier. The product was identified as defective by customers of the Company and all this product was returned to the supplier. Although the supplier incurred the costs to return the product, the gross margin on this product was lost to the Company.

In November 2022, PLAN scheduled maintenance on its natural gas dryer. This maintenance involved repairing and replacing bearings and trunnions. This maintenance is planned once a decade and the work required the dryer to be offline for twelve days. PLAN continued to incur full labour costs at the plant during this time as it did not wish to reduce shifts due to the tight labour market.

In Q4 2023, gross margin increased to 27.6% which resulted in the gross margin for the fiscal year averaging 26.2%. This increase in gross margin was primarily because the above-noted factors which negatively impacted gross margin in Q3 2023 did not recur during Q4 2023.

CORPORATE ACTIVITIES

Acquisition of PPP

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

The intention of the acquisition was to support and grow the PPP Group's existing business operations, with a specific focus on the expansion of the agricultural product market. In addition, the Company's acquisition intention was on developing an incremental line of business in sustainable cement using PPP's mineral deposits.

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

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

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

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

(2) The share consideration was comprised of the following:

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

b. Tranche 2: $900,000 in common shares of the Company to be issued one year from the Acquisition date, at a price equal to the greater of (a) $0.35 per share, or (b) the 50-day volume weighted average trading price of such shares in the days immediately preceding each issuance of such shares. Effective February 17, 2023, the Company issued 2,571,428 shares to the vendor in order to satisfy this requirement.

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

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

The fair value of the share consideration at the Acquisition date was determined based on the face value of the three tranches of shares ($3,000,000) less a discount to reflect 4 month hold periods as well as the one and two year "waiting periods" associated with the share issuances for 2nd and 3rd Tranches, respectively. As at the Acquisition date, the Tranche 1 common shares were valued at $1,076,571, the Tranche 2 common shares were valued at $717,429 and the Tranche 3 common shares were valued at $660,857. The Tranche 2 and Tranche 3 common shares to be issued to the vendor are non-derivative financial liabilities as they comprise an obligation for the Company to deliver a variable number of its common shares to the vendor under the terms of the acquisition agreement. The Company has designated its shares to be issued as financial liabilities carried at FVTPL. Realized and unrealized gains and losses arising from changes in the fair value of the common shares to be issued are included in the statement of loss in the period in which they arise. The Company recorded a $87,429 realized gain on the issuance of the Tranche 2 common shares on February 24, 2023. The Company also recorded a $267,428 unrealized gain in the year ended April 30, 2023 on the Tranche 3 common shares to be issued in February 2024.

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

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

Adjustment to financial liabilities as at April 30, 2022

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

	Shares to be issued	Total current liabilities	Total liabilities	Share-based payment reserve
Previously reported [1]	$ -	$ 4,308,388	$ 17,151,407	$ 6,942,381
Adjustment	1,378,286 [2]	717,429	1,378,286	(1,378,286)
Adjusted	$ 1,378,286	$ 5,025,817	$ 18,529,693	$ 5,564,095

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

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

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

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

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

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

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

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

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

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

During the year ended April 30, 2023, the main focus of PLAN was the continued integration of PLAN's pilot plant equipment with PPP's operations in Kamloops while spending considerable resources continuing to react to inflationary pressures on the business. This integration focused on construction of the standalone ball milling operations with the air classification system being installed in Q3 2023. Optimization of these operations continued through the end of Q3 2023 and into Q4 2023. During optimization, the ball milling operations produced soft rock phosphate regenerative fertilizer powders for a long-term customer of the Company.

FINANCIAL RESULTS

A comparison of the financial results for the year ended April 30, 2023, to the year ended April 30, 2022.

Loss and comprehensive loss

The Company recorded a net loss and comprehensive loss of $1,164,472 for the year ended April 30, 2023, compared to $3,290,697 in the comparative period. A brief explanation of the significant changes in revenue and expenses by category is provided below:

- Revenue increased from $3,833,146 to $19,543,288. Revenue for both periods was all generated from PPP's operations which were acquired on February 18, 2022. Accordingly, only 72 days of revenue from these operations was recorded for the comparable period. The income generated from PLAN's pilot plant operations during the comparable period was recorded in Other Income.

- Cost of sales increased from $3,348,812 to $14,413,215. The current year cost of sales relates to direct product manufacturing costs incurred by PPP for the period. In the prior fiscal year, there were only 72 days of consolidated financial results as PPP was acquired on February 18, 2022.

- Selling expense increased to $1,930,754 (2022 – $577,013) due to the inclusion of regular marketing expenses and sales staff wages incurred by PPP during the full fiscal year of consolidated operations versus the prior year.

- Research and development costs increased to $874,758 (2022 - $168,010) due to additional resources being committed to accelerate work on PozDE™ and PozGlass™ 100G in addition to several product development initiatives already underway at PPP related to regenerative fertilizers/soil amenders/animal husbandry/Ag Tech. PLAN anticipates that the bulk of its research and development costs will focus on building a PozGlass™ 100G pilot plant in Kamloops, BC during fiscal 2024.

- Office and administration costs increased to $1,150,763 (2022 - $504,266) due to the increased costs to run the Company post-acquisition of PPP.

- General and administrative personnel expense increased to $1,171,275 (2022 - $733,163) due to the increased staffing and associated costs of running PPP versus the comparable period which only included 72 days of PPP ownership. In addition, in July 2022 the Company recorded a performance bonus of $100,000 which was awarded to the CEO by the Board of Directors.

- Share-based compensation decreased to $288,324 (2022 - $1,826,811) due to fewer stock options being issued to employees, consultants and officers in the current period than in the comparable period. In addition, during the fourth quarter of fiscal 2022, the Company incurred $1,083,333 of share-based compensation expense in respect of the warrants issued to three insiders of the Company. These warrants were granted as compensation for the insiders personally guaranteeing $3,000,000 of a $8,683,000 bank loan obtained in conjunction with the acquisition of PPP in February 2022.

- Consulting fees decreased to $265,762 (2022 – $428,282). The Company incurred significant transaction costs in relation to the acquisition of PPP in the prior period.

- Professional fees decreased to $588,263 (2022 - $760,203) primarily due to transaction costs incurred in the prior year for the PPP acquisition and also fees for corporate structuring advice. The difference would have been greater without the inclusion of a performance bonus of $50,000 which was awarded to the CFO by the Board of Directors in August 2022.

- Finance costs increased to $679,792 (2022 - $175,443) due to the interest costs of the three term loans used to purchase PPP along with interest charges for the operating line of credit used in PPP's operations. In addition, the three term loans had floating interest rates, which were subject to the significant increases in Bank of Canada prime rate during the current fiscal year. Of further note, two of the floating rate loans were paid off in full in April 2023.

- Other income decreased to $535,932 from $1,288,160 in the prior fiscal year. The decrease was primarily due to the following amounts being recognized in 2022:
    - Consulting income of $348,000 arising from the Company providing research and development support for the development of concrete materials to ZS2.
    - Realized gain on investments in private companies of $446,838 arising from the sale of shares of Snow Lake Resources Ltd.
    - Unrealized gain on investments in private companies of $382,500 arising from the increase in estimated value of ZS2 shares and warrants.

  The above were partially offset by the following income amounts being recognized only in 2023:
    - Realized gain on settlement of shares to be issued liability of $87,429.
    - Unrealized gain on shares to be issued liability of $267,428.

SELECTED ANNUAL FINANCIAL INFORMATION

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

	Year ended April 30,		
	2023	2022	2021
		(Note 1)	
Revenue	$ 19,543,288	$ 3,833,146	$ -
Gross profit	$ 5,130,073	$ 484,334	$ -
Gross margin	26.2%	12.6%	N/A
Share-based compensation expense	$ (288,324)	$ (1,826,811)	$ (1,605,422)
Transaction fees related to PPP acquisition	$ -	$ (562,100)	$ -
Other income	$ 535,932	$ 1,288,160	$ 512,791
Loss and comprehensive loss	$ (1,164,472)	$ (3,290,697)	$ (2,391,849)
Basic and diluted loss per share	$ (0.01)	$ (0.05)	$ (0.06)
Total assets	$ 26,826,957	$ 28,401,224	$ 4,256,912
Total long-term financial liabilities *(Note 2)*	$ (8,663,736)	$ (10,446,933)	$ (352,106)

Note 1 – See Adjustment to financial liabilities as at April 30, 2022 comments in Acquisition of PPP section above.

Note 2 - 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, 2023 to 2022

The Company reported revenue of $19,543,288 in 2023 compared to $3,833,146 in 2022 because fiscal 2023 incorporated a full year of PPP revenue, whereas fiscal 2022 included only 72 days of PPP revenue.

The Company's loss and comprehensive loss decreased from $3,290,697 in 2022 to $1,164,472 in 2023 primarily as a result of the following factors which improved the Company's profitability:

- A reduction in the Company's share-based compensation expense from $1,826,811 in 2022 to $288,324 in 2023.

- Gross profit increased from $484,334 in fiscal 2022 to $5,130,073 as 2023 included a full year of PPP sales and related direct costs.

The above were partially offset by the following factors which decreased the Company's profitability:

- Selling expenses and general and administrative expenses (excluding share-based compensation) increased to $5,106,817 in fiscal 2023 compared to $3,002,927 in fiscal 2022 as the result of the additional expenses arising from operating PPP for an entire year.

- Research and development costs increased to $874,758 in fiscal 2023 compared to $168,010 in fiscal 2022 as the Company expanded its activities into developing SCM and regenerative fertilizer products.

- Finance costs increased to $679,792 in fiscal 2023 compared to $175,443 in fiscal 2022 as the Company's acquisition loans were only outstanding for the last 2.5 months of fiscal 2022.

- Other income declined to $535,932 in fiscal 2023 from $1,288,160 in fiscal 2022 due to certain items only being earned in 2022 (consulting income of $348,000, realized gain on investments in private companies of $446,838, and unrealized gain on investments in private companies of $382,500). However, in fiscal 2023, the Company's grant income increased to $335,560 (from 110,119 in fiscal 2022) and the Company realized a gain on settlement of shares to be issued liability of $87,429 and an unrealized gain on shares to be issued liability of $267,428, which partially offset the 2022 income items noted previously.

The decrease in the Company's assets from 2022 to 2023 was primarily the result of the reduction in the Company's cash and receivables balances. The cash and proceeds from the collection of the receivables were used to completely repay the Company bank indebtedness during fiscal 2023. Furthermore, the significant decrease in the Company's long term financial liabilities was primarily the result of the Company repaying two of its long-term loans in April 2023.

<u>Comparison of financial information from the year ended April 30, 2022 to 2021</u>

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 $3,316,973 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 $175,443 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 INFLATIONARY OVERVIEW & COMMENTARY ON GROSS MARGIN section above) and also selling inventory in that period which was recorded at acquisition date fair value by the Company as required by IFRS accounting standards which decreased realized gross margin by approximately $300,000.

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.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

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

	For the Three Months Ended			
	April 30, 2023	January 31, 2023	October 31, 2022	July 31, 2022
		(notes 1,2)	*(notes 1,2)*	*(notes 1,2)*
Revenue	$ 4,840,872	$ 4,395,955	$ 5,280,686	$ 5,025,775
Gross profit	$ 1,334,523	$ 1,017,021	$ 1,595,548	$ 1,182,981
Gross margin	27.6%	23.1%	30.2%	23.5%
Share-based compensation expense	$ 107,563	$ 57,030	$ 85,481	$ 38,250
Unrealized gain on shares to be issued liability	$ 267,428	$ -	$ -	$ -
Income (loss) and comprehensive income (loss)	$ (80,162)	$ (533,345)	$ 3,922	$ (554,877)
Basic and diluted income (loss) per share	$ (0.00)	$ (0.00)	$ 0.00	$ (0.00)
Property, plant and equipment	$14,948,033	$15,027,998	$14,724,263	$14,573,456
Mineral properties	$ 1,143,026	$ 1,141,753	$ 1,060,992	$ 990,089
Exploration and evaluation assets	$ 1,682,412	$ 1,608,192	$ 1,597,021	$ 1,647,719
Total assets	$26,826,957	$27,308,606	$28,677,456	$29,466,371
Loans payable	$ 6,747,966	$ 8,215,474	$ 8,364,799	$ 8,563,899

	For the Three Months Ended			
	April 30, 2022	January 31, 2022	October 31, 2021	July 31, 2021
	(note 1)			
Revenue	$ 3,833,146	$ -	$ -	$ -
Gross profit	$ 484,334	$ -	$ -	$ -
Gross margin	12.6%	N/A	N/A	N/A
Share-based compensation expense	$ 1,402,061	$ 66,250	$ 238,500	$ 120,000
Loss and comprehensive loss	$(1,687,920)	$ (783,990)	$ (320,751)	$ (498,036)
Basic and diluted loss per share	(0.02)	$ (0.01)	$ (0.00)	$ (0.01)
Property, plant and equipment	$14,466,155	$ 1,125,291	$ 1,031,989	$ 1,074,241
Mineral properties	$ 809,845	-	-	-
Exploration and evaluation assets	$ 1,632,139	$ 1,612,164	$ 1,607,790	$ 1,578,630
Total assets	$ 28,401,224	$ 3,752,082	$ 4,101,700	$ 3,908,704
Loans payable	$ 8,713,224	$ 220,144	$ 229,572	$ 238,865

Note 1 – As discussed in the Acquisition of PPP section above, in accordance with IFRS 3 Business Combinations, certain previously reported amounts in fiscal 2022 and fiscal 2023 financial statements have been restated to reflect adjustments between the preliminary and final recognized amounts of identifiable assets acquired and liabilities assumed with respect to the PPP acquisition.

Note 2 – For each of Q1 through Q3 of fiscal 2023, revenue has been restated to deduct discounts and rebates provided to customers. Previously, revenue was presented exclusive of these amounts and the corresponding discount and rebate expense was include in selling expenses. These adjustments do not change the net loss for the period.

As described above, the Company acquired PPP effective February 18, 2022.

PPP generated revenue of $4,840,872 during the three months ended April 30, 2023 compared to $4,395,955 during the three months ended January 31, 2023. The increase in sales revenue of $444,917 between Q3 and Q4 2023 was the primarily the result of a resurgence in sales of Activated Barn Fresh (“ABF”) – see page 3. A large customer who had previously switched to a competitive product returned to regular ordering of ABF in Q4 2023. The customer originally stopped ordering when the price of ABF increased during the period of inflationary pressure. The customer advised PLAN that the competitive product did not perform as well as ABF which resulted in the switch back. ABF remains under US patent protection until 2033 which prohibits competitors from offering a chicken barn acidifier which contains citric acid and diatomaceous earth.

The decrease of revenue of $884,731 between Q2 and Q3 resulted mainly from the discontinuation of sales to our largest cat litter account in November 2022. The partial replacement of this business with higher margin sales to another big box retailer did not commence until January 2023.

In addition, the Company temporarily ceased selling to a major grocery chain until they accepted a significant price increase.

The decrease in gross margin from 30.2% to 23.1% from Q2 to Q3 was largely the result of increased hauling costs for raw materials with a corresponding lag in customer price increases.

The Company's loss and comprehensive loss decreased from $533,345 during the three months ended January 31, 2023 to $80,162 during the three months ended April 30, 2023. This increase in profitability was primarily the result of:

a. Increased sales revenue of $444,917 as noted above.

b. Increased gross margin from 23.1% in Q3 2023 to 27.6% in Q4 2023. Refer to the INFLATIONARY OVERVIEW & COMMENTARY ON GROSS MARGIN section above for discussion on the reasons for the increase in gross margin between Q3 and Q4 2023.

c. In Q4 2023, the Company reported a realized gain on settlement of shares to be issued liability of $87,429 when it issued the second tranche of shares to the PPP vendors in February 2023. In addition, the Company reported an unrealized gain on shares to be issued liability of $260,046 which resulted from the April 30, 2023 reduction of the fair value estimate of the Company's obligation to issue the third tranche of shares to the PPP vendors in February 2024.

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 Mine (“Z1”) located about 3 kilometers (“kms”) northeast of Cache Creek, BC. On January 17, 2018**,** the Company amended certain terms of the Z1 agreement which 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.

PLAN has conducted various research activities on natural pozzolan from Z1 including the development of PozGlass™ SCM to compete 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; however, fly ash is created from burning thermal coal to produce electricity and coal-burning power stations are being phased out.

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.

With the acquisition of PPP, the Company now has access to two sources of zeolite from permitted properties (Z1 and Bromley Creek). Management believes that the Z1 zeolite is best suited for the production of animal feed additives and soil amenders while the Bromley Creek zeolite is suited for animal feed additives, soil amenders, and SCM’s. The Company has commenced the testing needed to get the zeolite from the Z1 Mine approved by the Canadian Food Inspection Agency (“CFIA”) as an animal feed additive and as a soil amender.

Z2 Zeolite Property, British Columbia

The Z2 property is a natural pozzolan property located near Falkland, BC (approximately 40kms from Kamloops).

PLAN entered into an agreement on October 3, 2019 to acquire a 100% interest in the Z2 property. The acquisition agreement required PLAN to pay cash of $26,000 and issue 166,667 shares over a three-year period. In addition, PLAN had to incur $200,000 of exploration expenditures by October 22, 2022.

By September 2022, the Company had made $16,000 in cash payments, issued 100,000 shares, and incurred $28,570 of exploration expenditures in relation to Z2. At that time, management decided to focus efforts and resources on the Company's other zeolite properties (Z1 and Sun Group – see page 27) which were determined to be more promising in terms of geology and relative acquisition cost.

Accordingly, the Company did not make the final cash payment of $10,000 and did not issue the final share payment of 66,667 shares which were both due on October 22, 2022. As a result, the Company wrote-off the $78,554 capitalized value of Z2 as at October 31, 2022.

Heffley Creek Metals and Pozzolan Property, British Columbia

On February 24, 2020, the Company entered into an option agreement to acquire a 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 (paid).
   e) $15,000 on or before February 10, 2024.

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

The vendor retains a royalty of $8 per tonne of industrial mineral products produced from the property, subject to a 75% buyback right 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 (the "Ministry") and notified First Nations in the area of our intentions. PLAN received the approved Heffley Notice of Work Permit on April 25, 2022 from the Ministry.

In Q3 2023 no further field sampling was conducted as this work finished in October as the winter season arrived early. A final report was prepared by a geologist.

All of the $275,000 in exploration expenses required to earn a 100% interest in this property has now been incurred.

In February 2023, the second last cash payment of $12,500 was made to the vendor. The Company expects to make the final $15,000 payment to the vendor to earn a 100% interest in this property in Q2 of fiscal 2024.

No further work was done on this property in Q4 2023, but work commenced on this property after April 30, 2023 as we began to explore opportunities for carbon sequestration in the serpentinite mineralization that is prevalent on this property.

Sun Group Property, British Columbia

The Sun Group Property is a group of zeolite claims located in southern B.C. In July 2022, the Company renegotiated an option agreement to earn up to a 50% interest in the property by making cash payments and/or funding exploration expenditures totally $725,000 by July 2027. Required within the total payment of $725,000 was a cash payment of $36,250 due in July 2022 which was made by the Company at that time and resulted in the Company earning a 2.5% interest in the property. No further payments were made to increase the ownership interest in the Sun Group claims during the year ended April 30, 2023.

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.

PLAN 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 two different layers of diatomite are currently mined together and combined for the production of all of the products produced from this mine by PLAN. In Q3 2023, PLAN continued to assess the various differences in the two layers with respect to their suitability as both SCM's and for making regenerative fertilizers. This work is ongoing.

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. In Q4 2023, PLAN received an expression of interest to test this product as part of a blend with another regenerative mineral powder from an existing agricultural products distributor. PLAN is evaluating the best way to prepare this product.

In Q1 2023, PLAN began exploring the efficacy of using leonardite, in conjunction with other minerals, for broad acre fertilizer applications. This work in ongoing.

The Company 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. The Company'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.

The Company 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"). PLAN has a strong focus on sustainable use of resources including mined materials, electricity, natural gas, or other resources. Furthermore, the Company 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.

Bud Bentonite Clay Mine

The Bud Mine is an operating mine which contains calcium bentonite. The Company 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®

Like all of the industrial mineral assets that owned by the Company, we consider this a valuable resource and are constantly evaluating higher margin opportunities.

While scaling back on lower margin private label business in Q3 2023, the bentonite resource remains available as the Company moves towards building the WunderCat®brand of cat litter. The Company began shipping WunderCat®to a large North American big box retailer in the last ten days of Q3 2023.

In Q4 2023, the Company shipped its first truckloads of swelling bentonite powder to a large sulfur bentonite fertilizer producer. After April 30, 2023, PLAN received its largest order to date for swelling bentonite powder.

In addition, the Company is exploring newer higher margin opportunities for bentonite including its use in fertilizers, and geothermal systems and has several product trials underway with multiple end-users of bentonite in both these new areas.

Bromley Creek Zeolite Mine

In July 2022, PLAN amended its November 30, 2015 option agreement with International Zeolite Corporation ("IZ") to purchase a 50% interest in IZ's Bromley Creek Zeolite Mine ("Bromley Creek") located in Princeton, BC for total consideration of $725,000. PLAN's Bud Bentonite Clay Mine is also located in Princeton, BC.

Prior to the amendment, PLAN had already paid $102,000, which resulted in an ownership interest of 7% interest in Bromley Creek. The amendment stipulated that the remaining $623,000 was to be paid in 20 equal quarterly installments beginning July 2022 and ending March 2027. In addition, the royalty payable by PLAN to IZ per metric tonne of product mined and removed from the mine was reduced from $9.00 to $4.50. PLAN remains the operator of Bromley Creek. The Company made a $31,150 payment in each of July 2022, October 2022, January 2023 and April 2023 which increased its ownership interest to 16% as at April 30, 2023.

The Company made a subsequent payment of $31,150 in July 2023 which increased PPP's ownership stake to 18%.

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 the Bromley Creek is becoming a larger part of operations quarter by quarter as PLAN 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), and,
- As an SCM under the tradename PozZeo™ SCM.

As mentioned earlier in the MD&A, PLAN shipped a full truck load of PozZeo™ to ZS2 in Q4 2023 for use in their new pilot plant in Calgary.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2023, the Company's shareholders' equity was $12,750,847.

The Company had the following cash flows during the year ended April 30, 2023:

i) Cash generated from operating activities of $1,605,613 (2022 – cash used of $2,190,318[4]) primarily resulted from the Company incurring a net loss for the period of $1,164,472, which was more than offset by the following factors:

   a. Included in the net loss was $1,094,251 of net non-cash expenses including $879,382 of depreciation and amortization expense and $288,324 of share-based compensation expense.

   b. The Company decreased its net working capital (excluding cash and bank indebtedness) by $1,090,417, which included decreases in restricted cash, accounts receivable, and prepaid expenses and deposits, and deferred revenue, as well as an increase in accounts payable and accrued liabilities.

ii) Cash used by investing activities of $1,646,601 (2022 - $11,485,971) consisted primarily of the following:

   a. $1,310,028 of cash used for the purchase of property, plant and equipment assets, net of cash generated from dispositions. These additions include certain vehicle and equipment assets used to replace assets used in the Company's legacy absorbent products business that were past their economic lives, as well equipment related to the operational expansion into the natural fertilizer business.

   b. $337,746 of cash used for additions to mineral property assets. The majority of these expenditures pertain to exploration costs and acquisition payments for the Bromley Creek Mine, in which the Company has an interest.

iii) Cash used by financing activities of $1,025,141 (2022 - $14,108,388) consisted primarily of the following:

   a. The repayment of loans and lease obligations, which was a combined $2,670,271, including interest, in fiscal 2023.

   b. The Company's repayment of its entire Line of Credit balance (reported as Bank Indebtedness on the balance sheet) in the amount of $1,480,333, including interest.

   The above factors were partially offset by the following:

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[4] Cash used in operating activities, cash used in investing activities and cash provided by financing activities for fiscal 2022 have been adjusted from amounts reported in the financial statements for the year ended April 30, 2022, to the amounts reported in the comparative results presented in the financial statements for the year ended April 30, 2023. See Adjustment to the statement of cashflows for the year ended April 30, 2022 section below for discussion.

c. $1,903,538 proceeds received from option and warrant exercises in fiscal 2023.

d. $1,250,000 of proceeds received from a private placement of the Company's shares and warrants in April 2023.

The Company has incurred losses to date and for the year ended April 30, 2023 the Company recorded a net loss of $1,036,565, and had overall negative cash flows of $1,066,129. These conditions result in a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company may require additional debt or equity funding in order to meet its business objectives. In those circumstances, the Company would plan to raise the necessary funds primarily through issuance of common shares and the utilization of its credit facilities. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

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

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

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash provided by (used in) financing activities
Previously reported	$ (3,353,658)	$ (11,293,792)	$ 15,079,549
Adjustment (a)	807,586	-	(807,586)
Adjustment (b)	192,180	(192,180)	-
Adjustment (c)	163,575	-	(163,575)
Adjusted	$ (2,190,317)	$ (11,485,972)	$ 14,108,388

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

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

COMMITMENTS AND CONTINGENCIES

The Company is committed to five land leases with T'kemlups te Secwepmc and one lease with a private landowner with annual payments totaling $128,070. The leases contain clauses allowing the rental amount to be reviewed and adjusted every five years. The lease with the private landowner expires on June 30, 2031. One of the leases with T'kemlups te Secwepmc expires on February 28, 2055, three leases expire June 30, 2055, and one lease expires on September 30, 2058. Further information can be found in Note 15 of the consolidated financial statements posted on www.sedarplus.ca.

The Company is committed to three equipment leases with payments totalling $44,637 for the twelve-month period following April 30, 2023. The expiry dates of these leases range between March 26, 2024, and September 25, 2025. Further information can be found in Note 15 of the consolidated financial statements posted on www.sedarplus.ca.

The Company 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.sedarplus.ca.

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

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

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

The Company is contractually committed to US dollar forward exchange contracts with a financial institution in the total amount of $1,625,000 USD. Under the terms of the contracts, the Company is obligated to sell $1,625,000 US dollars in exchange for $2,157,063 Canadian dollars between May 1, 2023 and April 20, 2024 (average US dollar to Canadian dollar exchange rate of 1.3274).

Under the terms of an amended option agreement with IZ, PLAN is required to pay $498,400 in 16 remaining equal quarterly installments of $31,150 from July 2023 until ending March 2027 in order to obtain an additional 35% interest in the Bromley Creek mine.

The Company has an option agreement to acquire a 50% ownership interest in the Sun Group zeolite property from IZ for $725,000. The Company made a $36,250 payment in July 2022 in order to acquire an initial 5% interest. The remaining $688,750 must be paid by July 26, 2027, for the

Company to acquire the remaining 45% ownership interest. 50% of the value of any exploration expenditures made by the Company on the Sun Group zeolite property prior to July 26, 2027, will be considered payments toward the acquisition price.

SHARE CAPITAL INFORMATION

As of September 1, 2023, the Company had the following outstanding:

Common shares – 104,925,515 outstanding

Stock options:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
100,000	100,000	0.34	20-Sep-23
2,500,000	2,500,000	0.39	22-Feb-24
200,000	200,000	0.29	13-May-24
175,000	175,000	0.32	18-Jul-24
50,000	50,000	0.35	26-Jul-24
100,000	50,000	0.35	17-Aug-24
1,500,000	1,250,000	0.355	24-Aug-24
400,000	400,000	0.36	9-Sep-24
15,000	3,750	0.35	13-Sep-24
25,000	25,000	0.35	12-Oct-24
100,000	25,000	0.35	9-Nov-24
100,000	25,000	0.35	9-Nov-24
300,000	100,000	0.29	17-Feb-25
150,000	150,000	0.40	14-Mar-25
1,720,000	1,720,000	0.35	6-Apr-25
250,000	250,000	0.275	13-Jun-25
50,000	50,000	0.35	27-Jul-25
150,000	150,000	0.25	25-Jan-26
300,000	300,000	0.35	27-Mar-26
300,000	300,000	0.35	27-Mar-26
2,475,000	2,475,000	0.275	13-Jun-26
10,960,000	10,298,750		

Warrants:

Warrants Outstanding	Exercise Price	Expiry Date
11,470,500	0.60	10-Feb-24
6,293,140	0.60	25-Feb-24
5,000,000	0.25	27-Apr-24
224,600	0.25	27-Apr-24
8,333,332	0.36	02-Mar-25
31,321,572		

RELATED PARTY TRANSACTIONS

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Please refer to the Company's accompanying consolidated financial statements as at and for the year ended April 30, 2023 located on www.sedarplus.ca.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

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

(a) Market risk

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

Interest rate risk:

The Company's long-term debt is subject to interest rate risk as the required payments to service the debts will fluctuate as a result of the variable lending rate. There has been an increase to the interest rate risk exposure from 2022 due to an increase in long-term debt during 2023.

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

Currency risk:

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

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

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

US dollar facilities:

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

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

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

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

(b) Credit risk

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

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

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

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

Cash and cash equivalents

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

(c) Liquidity risk

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

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

(d) Fair value disclosure

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

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

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

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

(e) Capital management:

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

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

	April 30, 2023	April 30, 2022
Total liabilities	$ 14,076,110	$ 18,529,692
Less: cash	(704,553)	(1,770,682)
Less: restricted cash	-	(266,000)
Net debt	13,371,557	16,493,010
Total equity	$ 12,750,847	$ 9,971,532
Net debt to equity	1.05	1.67

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.sedarplus.ca .

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.

Risks Related to the Company and its Operations

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. 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 the 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 may be 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 Company'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 Company'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. 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 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 licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain or maintain all necessary licenses and permits that are required to carry out exploration and development at its properties. Regulations and policies relating to licenses 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 licenses 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 licenses 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 Company, the Company 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.

Cyber and Cloud Security Risk

The Company's exposure to cybersecurity risks arises from the ever-increasing reliance on internet and cloud technologies, coupled with the remote or hybrid work environment for certain employees and consultants. Heightened geopolitical tensions are also contributing to elevated global exposures to cybersecurity risks. These risks include the threat of data loss resulting in potential exposure of customer or employee information, identity theft and fraud. Ransomware or denial of service attacks could result in system failure and service disruption. Threat campaigns are becoming better organized and more sophisticated, with reported data breaches, often through third-party suppliers, that can negatively impact the Company's brand and reputation.

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.