PROGRESSIVE PLANET SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

(Expressed in Canadian Dollars)

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

Independent Auditor's Report

To the Shareholders of Progressive Planet Solutions Inc.:

Opinion

We have audited the consolidated financial statements of Progressive Planet Solutions Inc. and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Valuation of the Investment in a Private Company

Key Audit Matter Description

As described in Notes 2 and 6 to the consolidated financial statements, the Company uses significant judgement in determining the fair value of its investment in a private company.

The Company's investment in a private company, amounting to $892,500, includes financial instruments for which inputs or measures are not readily observable. These financial instruments include common shares and common share purchase warrants in ZS2 Technologies Inc. Significant judgement is exercised by management to determine the fair value of these financial instruments at each reporting period.

We consider this a key audit matter given the significant judgement made by management in assessing the fair value of the Company's investment in a private company. This resulted in an increased extent of audit effort and judgement.

Audit Response

We responded to this matter by performing audit procedures in relation to the valuation of the investment in a private company. Our audit work in relation to this included, but was not restricted to, the following:

- Evaluating the reasonableness of inputs used in the fair value calculation by reviewing the investee's most recent financing and financial statements, as well as the valuation techniques and assumptions utilized,
- Developing an independent point of estimate of the fair value estimate based on volatility of comparable small capitalization companies,
- Obtaining direct confirmation from the investee's legal counsel for the details of the most recent financing, as well as the number of common shares and warrants held,
- Recalculating the gain or loss arising from change in fair value of the investments, and
- Assessing the appropriateness and completeness of related disclosures in the consolidated financial statements.

Other Matter

The consolidated financial statement for the year ended April 30, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on September 1, 2023.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Kate Duholke.

Vancouver, British Columbia

MNP LLP

August 27, 2024

Chartered Professional Accountants

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars, except share amounts)
AS AT APRIL 30, 2024 AND 2023

	2024	2023
ASSETS		
Current		
Cash and cash equivalents (Note 3)	$ 1,685,806	$ 704,553
Accounts receivable (Note 4)	1,341,426	1,675,691
Inventories (Note 5)	2,520,423	3,045,988
Prepaid expenses and other	224,313	201,546
	5,771,968	5,627,778
Investment in a private company (Note 6)	892,500	1,170,000
Property, plant and equipment (Note 7)	14,451,338	14,948,033
Leased assets (Note 8)	2,430,941	2,255,708
Mineral properties (Note 9)	1,490,712	1,143,026
Exploration and evaluation assets (Note 10)	1,267,890	1,682,412
	$ 26,305,349	$ 26,826,957
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 11)	$ 1,662,956	$ 1,993,236
Deferred revenue (Note 12)	4,656	137,858
Other current liabilities (Note 13)	91,902	62,842
Lease obligations - current (Note 14)	225,248	168,105
Loans payable - current (Note 15)	304,077	382,029
Shares to be issued (Note 16)	-	393,428
	2,288,839	3,137,498
Long-term lease obligations (Note 14)	2,404,265	2,297,799
Long-term loans payable (Note 15)	6,140,571	6,365,937
Asset retirement obligations (Note 17)	273,577	261,150
Deferred income tax liability (Note 18)	2,201,799	2,013,726
	13,309,051	14,076,110
Shareholders' equity		
Share capital (Note 19)	30,202,409	29,999,266
Share-based payment reserve (Note 19)	6,218,992	5,783,852
Deficit	(23,425,103)	(23,032,271)
	12,996,298	12,750,847
	$ 26,305,349	$ 26,826,957

Nature of operations (Note 1)
Commitments (Note 20)
Contingencies (Note 21)
Subsequent events (Note 27)

Approved on behalf of the Board:

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

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars, except share amounts)
FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

	2024	2023
REVENUE (Note 26)	$ 19,626,298	$ 19,543,288
COST OF SALES		
Cost of goods sold (Notes 5 and 22)	10,117,269	10,771,049
Freight	2,557,380	2,730,018
Amortization and depreciation	912,207	879,382
Depletion and asset retirement obligations accretion	31,591	32,766
	13,618,447	14,413,215
GROSS PROFIT	6,007,851	5,130,073
EXPENSES		
Selling expenses:		
Advertising and other	740,617	908,671
Personnel (Note 22)	579,397	1,022,083
	1,320,014	1,930,754
Research and development costs	531,397	874,758
General and administrative expenses:		
Office and administration (Note 22)	1,093,948	1,150,763
Personnel (Note 22)	1,127,872	1,171,275
Share-based compensation (Notes 19 and 22)	435,140	288,324
Consulting fees	159,425	265,762
Professional fees (Note 22)	662,020	588,263
	3,478,405	3,464,387
	5,329,816	6,269,899
INCOME (LOSS) FROM OPERATIONS	678,035	(1,139,826)
Finance costs	619,772	679,792
Other expenses (income) (Note 23)	266,734	(535,932)
Loss before income taxes	(208,471)	(1,283,686)
Current income tax expense (recovery) (Note 18)	(3,712)	21,452
Deferred income tax expense (recovery) (Note 18)	188,073	(140,666)
Loss and comprehensive loss for the year	$ (392,832)	$ (1,164,472)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	110,417,318	98,639,804

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars, except share amounts)
FOR THE YEARS ENDED APRIL 30, 2024 AND 2023

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity
April 30, 2022	88,451,151	$ 26,175,235	$ 5,564,096	$ (21,867,799)	$ 9,871,532
Private placements	5,000,000	980,000	270,000	-	1,250,000
Share issuance cost - cash	-	(28,075)	-	-	(28,075)
Share issuance cost - broker warrant	-	(12,128)	12,128	-	-
Shares issued upon exercised options	60,000	19,628	(7,928)	-	11,700
Shares issued upon exercised warrants	13,842,936	2,234,606	(342,768)	-	1,891,838
Shares issued for acquisition of APL	2,571,428	630,000	-	-	630,000
Share-based compensation	-	-	288,324	-	288,324
Loss for the year	-	-	-	(1,164,472)	(1,164,472)
April 30, 2023	109,925,515	$ 29,999,266	$ 5,783,852	$ (23,032,271)	$ 12,750,847
Shares issued for acquisition of APL	2,571,428	203,143	-	-	203,143
Share-based compensation	-	-	435,140	-	435,140
Loss for the year	-	-	-	(392,832)	(392,832)
April 30, 2024	112,496,943	$ 30,202,409	$ 6,218,992	$ (23,425,103)	$ 12,996,298

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars, except share amounts)
FOR THE YEARS ENDED APRIL 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (392,832)	$ (1,164,472)
Adjustments:		
Reclamation work performed on mineral properties	(15,774)	(8,745)
Amortization and depreciation	912,207	879,382
Depletion and asset retirement obligation accretion	31,591	32,766
Share-based compensation	435,140	288,324
Finance costs	619,772	679,792
Loss on foreign exchange	29,060	37,842
(Gain) loss on disposal of equipment and vehicle assets	(102,796)	34,277
Gain on lease modification	(9,952)	-
Gain on settlement of debt	(20,000)	-
Reversal of flow-through premium	-	(7,501)
Realized loss on investments in private companies	-	82,500
Unrealized loss on investments in private companies	277,500	78,000
Realized gain on settlement of shares to be issued liability	(190,285)	(87,429)
Unrealized gain on shares to be issued liability	-	(267,428)
Write-off of exploration and evaluation asset	436,763	78,554
Deferred income tax expense (recovery)	188,073	(140,666)
Net change in non-cash operating working capital (Note 24)	373,581	1,090,417
Net cash provided by operating activities	2,572,048	1,605,613
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(462,888)	(1,310,028)
Proceeds from disposition of property, plant and equipment	249,252	-
Mineral property additions	(351,076)	(337,746)
Exploration and evaluation of assets acquisition and expenditures	(22,241)	(128,827)
Acquisition of Absorbent Products Ltd., net of cash acquired	-	130,000
Net cash used in investing activities	(586,953)	(1,646,601)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share and warrant issuances	-	1,250,000
Share issuance costs	-	(28,075)
Loan proceeds	92,662	-
Loan repayments	(893,526)	(2,486,455)
Repayment of bank indebtedness	(3,546)	(1,480,333)
Payments on lease obligations	(199,432)	(183,816)
Proceeds from exercise of options	-	11,700
Proceeds from exercise of warrants	-	1,891,838
Net cash used in financing activities	(1,003,842)	(1,025,141)
Change in cash during the year	981,253	(1,066,129)
Cash and cash equivalents, beginning of year	704,553	1,770,682
Cash and cash equivalents, end of year	$ 1,685,806	$ 704,553

Supplemental cash flow information (Note 24)

(Expressed in Canadian dollars, except share amounts)

1. NATURE OF OPERATIONS

Progressive Planet Solutions Inc. (the "Company") was incorporated under the laws of British Columbia, Canada on November 10, 2006. The Company's shares trade on the TSX Venture Exchange under the trading symbol PLAN and on the Frankfurt Stock Exchange under the symbol ARB3. On August 17, 2022, the Company's shares were listed to trade on the OTCQB Venture Market under the trading symbol ASHXF.

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

2. BASIS OF PREPARATION

(a) Statement of compliance:

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

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors on August 27, 2024.

(b) Basis of presentation:

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

(c) Basis for consolidation:

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

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

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

2. BASIS OF PREPARATION (cont'd…)

(d) Functional and presentation currency:

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

(e) Use of estimates and judgments:

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

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

i) The recognition of deferred tax assets.

ii) The measurement of raw material inventory stockpiles involves the use of significant judgments and assumptions, including the volume and bulk density of that material.

iii) Identification and correct interpretation of indicators of impairment of the Company's assets.

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

i) The measurement of the fair value of investments in a private company (Note 6).

ii) The determination of the fair value of share consideration issued for the purchase of the APL Group, including the liquidity discount applied (Note 16).

iii) The expected annualized volatility of the Company's shares, which is estimated when calculating the fair value of share-based compensation expense (Note 19).

Material Accounting Policies

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

(f) Business combinations

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

2. BASIS OF PREPARATION (cont'd…)

(f) Business combinations (cont'd…)

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

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

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

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

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

(g) Revenue recognition:

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

2. BASIS OF PREPARATION (cont'd…)

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

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

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

(i) Inventories

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

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

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

(j) Property, plant and equipment

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

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

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

2. **BASIS OF PREPARATION** (cont'd…)

(j) Property, plant and equipment (cont'd…)

Asset	
Buildings	20 to 40 years
Equipment	5 to 20 years
Vehicles	3 to 10 years

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

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

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

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

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

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

2. BASIS OF PREPARATION (cont'd…)

(l) Exploration and evaluation assets

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

The Company capitalizes the direct costs of acquiring resource property interests, as well as the costs of all exploration and evaluation activity, as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option. Exploration and evaluation expenditures not amortized. When technical feasibility and commercial viability of the exploration and evaluation asset is demonstrable, the exploration and evaluation expenditures are reclassed to mineral properties.

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceeds its fair value

(m) Mineral properties

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

(n) Government assistance

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

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

(o) Provisions

i. Asset retirement obligations

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

The amount of the asset retirement obligation is estimated using the expected cash flow approach discounted at a risk free interest rate based on government bonds with a similar date to maturity.

2. BASIS OF PREPARATION (cont'd…)

(o) Provisions (cont'd…)

Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of the reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in profit or loss as finance costs using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

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

ii. Other provisions

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

(p) Income taxes

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

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

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

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

2. BASIS OF PREPARATION (cont'd…)

(q) Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets:

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

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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

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

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

2. BASIS OF PREPARATION (cont'd…)

(q) Financial instruments (cont'd…)

Financial liabilities:

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

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

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

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

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

(r) Foreign currency transactions

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

If applicable, assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. Income and expenses of foreign operations are translated into the functional currency at the dates of the transactions. Foreign currency differences are recognized in gain or loss on foreign exchange, which is included in other income as reported on the statement of loss and comprehensive loss.

(s) Employee benefits

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

2. BASIS OF PREPARATION (cont'd…)

(s) Employee benefits (cont'd…)

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

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

(t) Impairment

i. Non-derivative financial assets

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

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

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

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

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

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

2. BASIS OF PREPARATION (cont'd…)

(t) Impairment (cont'd…)

Write off

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

ii. Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

Impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount. Non-financial assets that have been impaired in prior periods are reviewed for possible reversal of the impairment at each reporting date. When identified, a reversal of an impairment loss is recognized in the statement of income immediately.

(u) Share capital

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

(v) Finance costs

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

(w) Fair value measurement

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

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

2. BASIS OF PREPARATION (cont'd…)

(w) Fair value measurement (cont'd…)

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

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

(x) Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the equity instrument. Otherwise, share-based payments are measured at the fair value of the goods or services received.

(y) Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features is credited as a liability and included in profit or loss at the same time the qualifying expenditures are made.

(z) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component. Any fair value attributed to warrants is recorded as share-based payment reserve.

(Expressed in Canadian dollars, except share amounts)

2. BASIS OF PREPARATION (cont'd…)

(aa) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. The Company's 10,765,000 stock options and 8,333,332 warrants outstanding at April 30, 2024 are not included in the loss per share calculation as the effect would be anti-dilutive.

(bb) Contingencies

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

3. CASH AND CASH EQUIVALENTS

	April 30, 2024	April 30, 2023
Bank balances	$ 685,459	$ 704,206
Cash on hand	347	347
Term deposit	1,000,000	-
Cash and cash equivalents	$ 1,685,806	$ 704,553

Term deposit

As at April 30, 2024, the Company had $1,000,000 invested in a short term investment account with a Tier 1 Canadian bank. The account bears interest at 4.75% per annum, for a period of 12 months (maturing on April 18, 2025). The funds can be withdrawn in whole, or in part, at any time without penalty.

(Expressed in Canadian dollars, except share amounts)

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

Bank indebtedness

The Company has a credit facility agreement with BMO to borrow Canadian and U.S. funds by means of an operating line of credit to a maximum of $3,000,000 Canadian dollars. The available operating line of credit balance is calculated based on the Company's available accounts receivable and inventory balances. The operating line of credit bears interest at 0.78% above the bank's commercial prime lending rate (April 30, 2024 – 7.98%, in aggregate). Interest expense of $3,546 (2023 - $62,794) is included in finance costs in the statement of loss and comprehensive loss related to this facility.

The Company has an additional credit facility agreement with BMO to borrow up to $1,000,000, by way of multi-draws of non-revolving lines of credit or fixed rate term loans to finance the purchase of equipment assets. The Company did not utilize this facility during the years ended April 30, 2024 and 2023.

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

4. ACCOUNTS RECEIVABLE

	April 30, 2024	April 30, 2023
Trade receivables	$ 1,293,161	$ 1,498,148
Commodity tax recoverable	5,752	47,872
Income tax receivables	-	82,260
Other receivables	42,513	47,411
	$ 1,341,426	$ 1,675,691

5. INVENTORIES

	April 30, 2024	April 30, 2023
Finished goods	$ 390,961	$ 279,961
Raw materials	892,799	864,129
Supplies	1,236,663	1,901,898
	$ 2,520,423	$ 3,045,988

Inventories have been pledged as security for the Company's bank indebtedness (Note 3) and long-term debt (Note 15) in accordance with the respective agreements.

6. INVESTMENT IN A PRIVATE COMPANY

The Company's investment in a private company balance is comprised of common shares and warrants of ZS2 Technologies Inc. ("ZS2"). The following is a summary of the Company's investment in ZS2 for the years ended April 30, 2024 and 2023:

(Expressed in Canadian dollars, except share amounts)

6. INVESTMENT IN A PRIVATE COMPANY (cont'd…)

			Total
ZS2 Technologies Ltd. – Common shares	Common shares		
Balance, April 30, 2023, and 2022	450,000	$	900,000
Unrealized loss from change in fair value (a)	-		(157,500)
Balance, April 30, 2024	450,000	$	742,500
ZS2 Technologies Ltd. – Share purchase warrants	Warrants		
Balance, April 30, 2022	450,000	$	430,500
Expired (b)	(150,000)		(82,500)
Unrealized loss from change in fair value (c)	-		(78,000)
Balance, April 30, 2023	300,000	$	270,000
Unrealized loss from change in fair value (c)	-		(120,000)
Balance, April 30, 2024	300,000	$	150,000
Investments in common shares and warrants of ZS2 balance, April 30, 2023		$	1,170,000
Investments in common shares and warrants of ZS2 balance, April 30, 2024		$	892,500

(a) In the fall of 2023 and in January 2024, ZS2 completed two private placements with arm's length investors. In those private placements, ZS2 issued units at $1.65 per unit, each unit consisting of one common share and 1/10 of a warrant. Accordingly, during the year ended April 30, 2024, the Company reduced the carrying value of its 450,000 common shares in ZS2 from $2.00 to $1.65 per share, and recorded a corresponding unrealized loss on investments in private companies of $157,500.

(b) On March 3, 2023, 150,000 of the ZS2 share purchase warrants expired. Accordingly, during the year ended April 30, 2023 the Company recorded a realized loss of $82,500 on this investment which was included in Other income (Note 23).

(c) On April 30, 2023, the Company estimated the fair value of its 300,000 share-purchase warrants to be $270,000, which was $78,000 lower than the carrying value recorded as at April 30, 2022. Accordingly, the Company recorded an unrealized loss of $78,000 during the year ended April 30, 2023.

On April 30, 2024, the Company estimated the fair value of its 300,000 share-purchase warrants to be $150,000, which was $120,000 lower than the carrying value recorded as at April 30, 2023. Accordingly, the Company recorded an unrealized loss of $120,000 during the year ended April 30, 2024.

The share-purchase warrants expire on March 8, 2027 and were valued using a Black-Scholes option pricing model, with the following assumptions:

	April 30, 2024	April 30, 2023
Spot price per share	$1.65	$2.00
Strike price per share	$2.00	$2.00
Risk-free interest rate	3.79%	3.51%
Expected life of options	2.86 years	3.86 years
Expected annualized volatility	50.00%	55.00%
Expected dividend rate	0.00%	0.00%

(Expressed in Canadian dollars, except share amounts)

7. PROPERTY, PLANT AND EQUIPMENT

A summary of the changes in the Company's property, plant and equipment for the years ended April 30, 2024 and 2023 is as follows:

	Land	Buildings	Equipment	Vehicles	Total
Cost					
Balance, April 30, 2022	$ 7,911,000	$ 2,474,233	$ 4,454,233	$ 185,763	$ 15,025,229
Additions	-	39,611	1,315,985	-	1,355,596
Dispositions	-	(8,085)	(91,942)	(5,108)	(105,135)
Balance, April 30, 2023	7,911,000	2,505,759	5,678,276	180,655	16,275,690
Additions	-	1,989	372,319	88,580	462,888
Dispositions	-	-	(370,118)	-	(370,118)
Balance, April 30, 2024	$ 7,911,000	$ 2,507,748	$ 5,680,477	$ 269,235	$ 16,368,460
Accumulated depreciaton					
Balance, April 30, 2022	$ -	$ 29,532	$ 449,929	$ 79,613	$ 559,074
Additions	-	133,165	637,399	31,376	801,940
Dispositions	-	(2,905)	(29,098)	(1,354)	(33,357)
Balance, April 30, 2023	-	159,792	1,058,230	109,635	1,327,657
Additions	-	124,591	647,299	41,237	813,127
Dispositions	-	-	(223,662)	-	(223,662)
Balance, April 30, 2024	$ -	$ 284,383	$ 1,481,867	$ 150,872	$ 1,917,122
Net Book Value					
Balance, April 30, 2023	$ 7,911,000	$ 2,345,967	$ 4,620,046	$ 71,020	$ 14,948,033
Balance, April 30, 2024	$ 7,911,000	$ 2,223,365	$ 4,198,610	$ 118,363	$ 14,451,338

Property, plant and equipment have been pledged as security for the Company's bank indebtedness (Note 3) and long-term debt (Note 15) in accordance with the respective agreements.

(Expressed in Canadian dollars, except share amounts)

8. LEASED ASSETS

As at April 30, 2024, the Company's equipment balance included $34,618 of leased assets (April 30, 2023 - $78,919) and the vehicles balance included $26,219 of leased assets (April 30, 2023 - $37,456). For the year ended April 30, 2024, depreciation expense for the equipment leased assets was $10,436 (2023- $19,730) and $11,237 (2023 - $16,052) for the vehicle leased assets. Equipment and vehicle leased asset additions during the year ended April 30, 2024 were $nil (2023 – $nil). In September 2023, the Company bought-out the lease of a forklift asset included in the equipment balance and immediately sold the item for $60,000, which resulted in a gain on sale of equipment of $8,558 during the year ended April 30, 2024.

In addition to the above, the Company acquired leased forklifts of $327,247 during the year ended April 30, 2024. Depreciation expense of $23,131 was recorded during the year ended April 30, 2024 in relation to these leased forklifts. Accordingly, as at April 30, 2024, the net book value of these leased forklifts was $304,178.

The Company's leased land assets consist of leased real property utilized in its manufacturing operations. These leased land assets are depreciated on a straight-line basis over the term of the lease. During the year ended April 30, 2024 leased land additions were $nil (April 30, 2023 - $nil), and the Company had a reduction in recognized leased land asset value of $52,995 due to a lease modification during the year (2023 - $nil). Depreciation charge on leased land assets during the year ended April 30, 2024 was $75,949 (2023 - $77,440) and the net book value of leased land assets as at April 30, 2024 was $2,126,763 (2023 - $2,255,708).

9. MINERAL PROPERTIES

A summary of the changes in the Company's mineral properties for the year ended April 30, 2024 and 2023 is as follows:

	Red Lake Mine Savona, BC	Bud Mine Princeton, BC	Bromley Creek Mine Princeton, BC	Total
Balance, April 30, 2022	$ 518,111	$ 190,249	$ 101,485	$ 809,845
Additions	79,821	73,729	184,196	337,746
Increase in asset retirement obligations	14,976	4,787	-	19,763
Depletion and asset retirement obligations accretion	(15,897)	(8,431)	-	(24,328)
Balance, April 30, 2023	597,011	260,334	285,681	1,143,026
Additions	98,766	106,964	145,346	351,076
Increase in asset retirement obligations	14,976	4,787	-	19,763
Depletion and asset retirement obligations accretion	(16,603)	(6,550)	-	(23,153)
Balance, April 30, 2024	$ 694,150	$ 365,535	$ 431,027	$ 1,490,712

The additions to the Bromley Creek property for the year ended April 30, 2024 included $124,600 of payments to acquire an additional 8.6% interest in the mineral property as well as $20,745 of costs to further develop the mine. As at April 30, 2024, the Company owned a 24.2% interest in the Bromley Creek Mine. See Note 21 – Contingencies and Note 27 – Subsequent events for additional information on the Company's option agreement to obtain up to a 50% ownership interest in this mineral property. The Company pays a royalty of $4.50 per metric tonne of zeolite that is mined and removed from the property to International Zeolite Corporation, the property's majority owner.

(Expressed in Canadian dollars, except share amounts)

10. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets interests involves certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

A summary of the changes in the Company's exploration and evaluation assets for the years ended April 30, 2024, and 2023:

	Z1 Zeolite Property, BC	Z2 Zeolite Property, BC	Heffley Creek Property, BC	Sun Group Zeolite Property, BC	Total
Balance, April 30, 2022	$ 1,290,986	$ 75,179	$ 265,974	$ -	$ 1,632,139
Acquisition cost additions	-	-	27,500	36,250	63,750
Exploration cost additions	150	3,375	51,957	9,595	65,077
Write-off	-	(78,554)	-	-	(78,554)
Reclassification	(87,397)	-	87,397	-	-
Balance, April 30, 2023	1,203,739	-	432,828	45,845	1,682,412
Exploration cost additions	4,000	-	3,935	14,306	22,241
Write-off	-	-	(436,763)	-	(436,763)
Balance, April 30, 2024	$ 1,207,739	$ -	$ -	$ 60,151	$ 1,267,890

Z1 Zeolite Property, British Columbia

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

i) Cash payment of $20,000 (paid);
ii) 1,000,000 common shares (issued at a combined value of $535,000); and
iii) incur $500,000 of exploration expenditures on or before January 23, 2019 (incurred).

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

Z2 Zeolite Property, British Columbia

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

i) 166,667 common shares (100,000 were issued with a value of $29,667);
ii) $26,000 in cash payments ($16,000 paid); and
iii) incur $200,000 in exploration on or before October 22, 2022 (not fully incurred)

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

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

Heffley Creek Property, British Columbia

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

i) Cash payment.
   a) $7,500 on or before February 25, 2020 (paid).
   b) $10,000 on or before February 10, 2021 (paid).
   c) $10,000 on or before February 10, 2022 (paid).
   d) $12,500 on or before February 10, 2023 (paid).
   e) $15,000 on or before February 10, 2024.

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

Based on the results of the exploration work conducted during the year ended April 30, 2024, the Company determined not to proceed further with the acquisition of the Heffley Creek Property. Accordingly, during the year ended April 30, 2024, the Company wrote-off the capitalized value of this property of $436,763.

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 entered into an option agreement to earn up to a 50% interest in the property by making cash payments and/or funding exploration expenditures totally $725,000 by July 2027. Required within the total payment of $725,000 was a cash payment of $36,250 due in July 2022, which was made by the Company at that time.

Subsequent to April 30, 2024, the Company cancelled the option agreement and relinquished its 2.5% interest in the Sun Group Property in exchange for an additional 2.1% interest in the Bromley Creek Zeolite deposit (Note 27).

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of $102,353 as at April 30, 2024, (April 30, 2023 - $45,950), which include amounts payable for GST, PST, EHT, payroll related taxes, workers' compensation and other federal remittances.

(Expressed in Canadian dollars, except share amounts)

12. DEFERRED REVENUE

During the year ended April 30, 2023, the Company generated invoices to customers at time of shipment or pickup, but revenue was not recognized on delivered orders until the goods were accepted at the customer's premises. Accordingly, sales revenue from these orders was classified as deferred revenue until such time as the goods are accepted by the customer. As at April 30, 2023 the Company had $137,858 of orders in transit that had not yet been accepted at the customer's premises. All of these orders were accepted by the customers subsequent to April 30, 2023. The Company's April 30, 2024 deferred revenue balance was comprised of rental revenue received from a third party tenant for use of certain warehouse facilities subsequent to April 30, 2024.

13. OTHER CURRENT LIABILITIES

A summary of the Company's other current liabilities as at April 30, 2024 and 2024 is as follows:

		April 30, 2024		April 30, 2023
Current portion of Asset Retirement Obligation (Note 17)	$	25,000	$	25,000
US dollar liability (Note 25)		66,902		37,842
	$	91,902	$	62,842

14. LEASE OBLIGATIONS

		April 30, 2024		April 30, 2023
Equipment (1)	$	359,924	$	89,287
Land (2)		2,269,589		2,376,617
		2,629,513		2,465,904
Less current portion of lease obligations		(225,248)		(168,105)
	$	2,404,265	$	2,297,799

(1) The Company's equipment leases as at April 30, 2024, were comprised of the following:

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

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

(c) Four 5-year leases for the use of four forklifts commencing between August 1, 2023 and March 1, 2024, with a combined monthly lease payment of $5,963 over the following 64 months. An initial amount of $327,309 was capitalized to leased assets on inception of the leases.

(2) The Company's land leases as at April 30, 2024, were comprised of the following:

(a) A lease expiring June 30, 2055 (approximately 31 years remaining at April 30, 2024) for 2.2 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $27,225. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(Expressed in Canadian dollars, except share amounts)

14. LEASE OBLIGATIONS (cont'd…)

(b) A lease expiring June 30, 2055 (approximately 31 years remaining at April 30, 2024) for 1.4 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $23,595. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(c) A lease expiring June 30, 2055 (approximately 31 years remaining at April 30, 2024) for 0.5 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $8,250. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(d) A lease expiring August 31, 2055 (approximately 31 years remaining at April 30, 2024) for 1.1 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. This lease was modified on effective September 1, 2023 and annual lease payments were increased from $17,825 to $22,425 at that time. The interest rate attributed to the lease is 7.6% based on an estimate of the Company's incremental borrowing rate at the lease modification date.

(e) A lease expiring September 30, 2058 (approximately 34 years remaining at April 30, 2024) for 2.7 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments are $41,175. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

(f) A lease expiring June 30, 2031 (approximately 7 years remaining at April 30, 2024) for industrial storage property located near Kamloops, B.C. owned by a private landowner. Annual lease payments are $10,000. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

Interest expense of $98,826 (2023 - $95,802) relating to lease liabilities has been included in finance costs in the statement of loss and comprehensive loss related to these lease arrangements.

A summary of the changes in the Company's lease liabilities for the years ended April 30, 2024 and 2023 is as follows:

		2024		2023
Lease liabilities, beginning of year	$	2,465,904	$	2,553,918
Additions		327,309		-
Payments		(199,432)		(183,816)
Decrease due to lease modification		(62,947)		-
Interest expense		98,679		95,802
Lease liabilities, end of year	$	2,629,513	$	2,465,904

A schedule of the Company's lease maturities as at April 30, 2024 and 2023 is as follows:

		April 30, 2024		April 30, 2023
Maturity analysis - contractual undiscounted cash flows				
Less than one year	$	226,071	$	172,707
More than one year		4,156,230		3,873,123
Total undiscounted lease liabilities	$	4,382,301	$	4,045,830

(Expressed in Canadian dollars, except share amounts)

15. LOANS PAYABLE

	April 30, 2024	April 30, 2023
Canada Emergency Business Account loans #1 and #2, non-interest bearing until January 18, 2024, 5% per annum thereafter. $20,000 of principal forgivable if $60,000 repaid by January 18, 2024 (a)	$ -	$ 80,000
BMO 25-year term non-revolving demand loan, interest at BMO's prime rate + 0.75% per annum, repayable in monthly installments of $23,233 plus interest, secured by a general security agreement of the Company's assets as well as first mortgages on the Company's real property and leased properties, and partially secured by personal guarantees of certain shareholders of the Company	6,365,933	6,667,966
TD Auto Finance 48-month term loan, interest at 5.99% per annum, repayable in 48 equal blended payments of principal and interest of $2,176, with the final payment due on August 10, 2027	78,715	-
	6,444,648	6,747,966
Less current portion of loans payable	(304,077)	(382,029)
	$ 6,140,571	$ 6,365,937

(a) The Company repaid the Canada Emergency Business Account loan #1 and loan #2 prior to January 18, 2024. Accordingly, the Company received $20,000 of loan forgiveness during the year ended April 30, 2024.

The Company's non-revolving demand loan with BMO is subject to a fixed charge coverage ratio covenant. The covenant specifies that the Company's consolidated net income after taxes, plus amortization and depreciation, interest and adjusted for non-cash charges, share-based compensation, equity raise(s), less unfunded capital expenditures, dividends, transfer to related parties outside the normal course of business, divided by the aggregate of required principal payment on long-term debt and capital leases plus interest. The ratio must be no less than 1.0x and is to be calculated annually commencing on April 30, 2023. The Company was in compliance with this covenant as at April 30, 2024 and 2023.

A summary of changes in the Company's loans payable for the years ended April 30, 2024 and 2023 is as follows:

	2024	2023
Loans payable, beginning of year	$6,747,966	$ 8,713,224
Loan proceeds	92,662	-
Loan repayments	(893,526)	(2,486,455)
Interest expense	517,546	521,197
Loan forgiveness	(20,000)	
Loans payable, end of year	$ 6,444,648	$ 6,747,966

(Expressed in Canadian dollars, except share amounts)

16. SHARES TO BE ISSUED

On February 18, 2022, the Company acquired 100% of the shares of Absorbent Products Ltd. and certain related companies (combined "the APL Group"). The purchase price included three tranches of shares of the Company to be issued to the APL Group vendors, as follows:

(1) Tranche 1: $1,200,000 in common shares of the Company issued on February 18, 2022 at a price of $0.35 per share (resulting in 3,428,571 shares issued).

(2) Tranche 2: $900,000 in common shares of the Company to be issued on February 18, 2023, at a price equal to the greater of (a) $0.35 per share, or (b) the 50-day volume weighted average trading price of such shares in the days immediately preceding each issuance of such shares. Effective February 24, 2023, the Company issued 2,571,428 shares to the vendor in order to satisfy this requirement.

(3) Tranche 3: $900,000 in common shares of the Company to be issued February 18, 2024, 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 20, 2024, the Company issued 2,571,428 shares to the vendor in order to satisfy this requirement

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

The fair value of the share consideration as at February 18, 2022 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 February 18, 2022, 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 were non-derivative financial liabilities as they comprised 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 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 and comprehensive loss in the period in which they arise.

During the fiscal year ended April 30, 2023, the Company recorded a $87,429 realized gain on the issuance of the Tranche 2 common shares as well as a $267,428 unrealized gain on the Tranche 3 common shares to be issued. During the fiscal year ended April 30, 2024, the Company recorded a $190,285 realized gain on the issuance of the Tranche 3 common shares.

In determining the fair value of shares to be issued liability, the discounts deducted from the face value of the shares to be issued as at April 30, 2023 and February 20, 2024 (the date the Tranche 3 shares were issued), 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:

	February 20, 2024	April 30, 2023
Risk-free interest rate	4.16%	3.65%
Expected hold period – 3rd Tranche	0.4 years	1.2 years
Expected annualized volatility	87.03%	78.71%
Expected dividend rate	0.00%	0.00%

(Expressed in Canadian dollars, except share amounts)

17. ASSET RETIREMENT OBLIGATIONS

The Company has recorded asset retirement obligations for the estimated costs of reclaiming its mineral property assets. Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision relates to the timing and costs that will be incurred. The estimated reclamation costs include costs of backfilling, grading, applying topsoil, and seeding and planting trees as required by the BC Ministry of Energy, Mines and Low Carbon Innovation. The following is a reconciliation of the changes in the asset retirement obligations during the years ended April 30, 2024 and 2023:

		2024		2023
Asset retirement obligations, beginning of year	$	286,150	$	266,694
Reclamation work performed		(15,774)		(8,745)
Change in estimated costs and assumptions		19,763		19,763
Accretion expense		8,438		8,438
Asset retirement obligations, end of year		298,577		286,150
Less estimated current portion		(25,000)		(25,000)
	$	273,577	$	261,150

18. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying statutory Canadian federal and provincial tax rates to the loss before tax for the years ended April 30, 2024 and 2023 due to the following:

		2024		2023
Loss for the year before taxes	$	(208,471)	$	(1,283,686)
Statutory income tax rate		27%		27%
Expected income tax recovery computed at statutory rates	$	(56,287)	$	(346,595)
Non-deductible share-based compensation		117,488		77,848
Non-deductible portion of capital loss		37,463		-
Fair market value adjustment to common shares		(51,377)		-
Other permanent differences		6,304		84,837
Impact of share issue costs		-		(7,580)
Adjustment to prior period estimates		167,381		-
Change in unrecognized deferred tax assets		(28,022)		102,216
Other		(8,589)		(29,940)
Total income tax expense (recovery)	$	184,361	$	(119,214)

The Company's income tax expense (recovery) reported for each of the years ended April 30, 2024 and 2023, is comprised of the following:

		2024		2023
Current income tax expense (recovery)	$	(3,712)	$	21,452
Deferred income tax expense (recovery)		188,073		(140,666)
	$	184,361	$	(119,214)

(Expressed in Canadian dollars, except share amounts)

18. INCOME TAXES (cont'd…)

The Company's recognized deferred tax assets and liabilities as at April 30, 2024 and 2023 are as follows:

		April 30, 2024		April 30, 2023
Deferred income tax assets				
Non-capital losses	$	29,821	$	147,890
Lease liability and other		700,235		692,700
	$	730,056	$	840,590
Deferred income tax liabilities				
Mineral properties	$	(250,726)	$	(90,200)
Property, plant and equipment		(2,024,775)		(2,155,116)
Leased assets		(656,354)		(609,000)
	$	(2,931,855)	$	(2,585,316)
Net deferred income tax liability	$	(2,201,799)	$	(2,013,726)

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

		2024		2023
At May 1	$	(2,013,726)	$	(2,154,392)
Deferred income tax (expense) recovery recognized in net loss		(188,073)		140,666
At April 30	$	(2,201,799)	$	(2,013,726)

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

		April 30, 2024	Expiry Date Range		April 30, 2023
Non-capital losses	$	11,305,000	2028-2044	$	11,769,000
Exploration and evaluation assets		4,439,000	No expiry		4,245,000
Property, plant and equipment		239,000	No expiry		151,000
Share issue costs		113,000	2045-2047		175,000
Asset retirement obligation		299,000	No expiry		-
Scientific research and experimental development expenses		134,000	No expiry		-
Other		121,000	No expiry		321,000
Unrecognized deductible temporary differences	$	16,650,000		$	16,661,000

The undisclosed internal deductible temporary differences related to investments in subsidiaries is $10,435,000.

19. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the year ended April 30, 2024, the Company:

i) issued 2,571,428 common shares which comprised the 3rd tranche share payment required under the terms of the APL Group acquisition (see Note 16). The estimated fair value was $203,143 or $0.08 per share.

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

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

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

iv) issued 2,571,428 common shares which comprised the 2nd tranche share payment required under the terms of the APL Group acquisition (see Note 16). The estimated fair value was $630,000 or $0.24 per share.

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

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

(Expressed in Canadian dollars, except share amounts)

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

A summary of the Company's stock option activity for the years ended April 30, 2024 and 2023 is as follows:

	Options		Weighted Average Exercise Price
Balance, April 30, 2022	8,048,000	$	0.38
Granted	3,090,000		0.34
Exercised	(60,000)		0.20
Cancelled	(650,000)		0.38
Expired	(1,983,000)		0.39
Balance, April 30, 2023	8,445,000		0.34
Granted	6,505,000		0.23
Cancelled	(1,210,000)		0.35
Expired	(2,975,000)		0.39
Balance, April 30, 2024	10,765,000	$	0.34
Exercisable, April 30, 2024	10,548,750	$	0.35

During the year ended April 30, 2024, the Company granted 6,505,000 stock options to employees, officers, directors and consultants of the Company. The stock options issued to the consultants were in exchange for corporate strategy, business development or research and development services. The weighted average exercise price of the stock options granted was $0.23 per option and the weighted average term was 4.1 years. The estimated fair value of the options granted was $400,730 or $0.06 per option.

During the year ended April 30, 2023, the Company granted 3,090,000 stock options to employees, officers, directors and consultants of the Company. The stock options issued to the consultants were in exchange for investor relations, government relations, or product consultation services. The weighted average exercise price of the stock options granted was $0.34 per option and the weighted average term was 2.2 years. The estimated fair value of the options granted was $333,000 or $0.11 per option.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the years ended April 30, 2024 and 2023:

	2024	**2023**
Risk-free interest rate	3.85%	3.42%
Expected life of options	4.1 years	2.16 years
Expected annualized volatility	66.72%	59.67%
Expected dividend rate	0.00%	0.00%

(Expressed in Canadian dollars, except share amounts)

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

Stock options (cont'd)…

As at April 30, 2024, the Company had the following stock options outstanding:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
175,000	175,000	$ 0.32	18-Jul-24
50,000	50,000	0.35	26-Jul-24
100,000	75,000	0.35	17-Aug-24
1,500,000	1,500,000	0.355	24-Aug-24
15,000	11,250	0.355	13-Sep-24
25,000	18,750	0.35	12-Oct-24
100,000	100,000	0.35	9-Nov-24
300,000	300,000	0.29	17-Feb-25
150,000	150,000	0.40	14-Mar-25
1,420,000	1,420,000	0.35	6-Apr-25
100,000	50,000	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	0.350	11-May-26
2,100,000	2,100,000	0.275	13-Jun-26
325,000	162,500	0.275	13-Jun-26
100,000	100,000	0.275	20-Sep-26
3,505,000	3,505,000	0.18	14-Mar-29
10,765,000	10,517,500		

Warrants

A summary of the Company's warrant activity for the years ended April 30, 2024 and 2023 is as follows:

	Warrants	Weighted Average Exercise Price
Balance, April 30, 2022	45,586,675	$ 0.54
Granted	5,224,600	0.25
Exercised	(13,842,936)	0.14
Expired	(5,646,767)	0.26
Balance, April 30, 2023	31,321,572	0.48
Expired	(22,988,240)	0.52
Balance, April 30, 2024	8,333,332	$ 0.36

(Expressed in Canadian dollars, except share amounts)

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

Warrants (cont'd)…

During the year ended April 30, 2024, the Company did not issue any warrants.

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

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

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

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

As at April 30, 2024, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
8,333,332	$ 0.36	2-March-25

Share-based Compensation

During the fiscal year ended April 30, 2024, the Company recognized share-based compensation of $435,140 (2023 - $288,324) for stock options vesting in the period.

20. COMMITMENTS

The Company is committed to five land leases with T'kemlups te Secwepmc and one lease with a private landowner with annual payments totaling $132,670 (Note 14(2)). The leases contain clauses allowing the rental amount to be reviewed and adjusted every five years. The lease with the private landowner expires on June 30, 2031. Three of the leases with T'kemlups te Secwepmc expire on June 30, 2055, one lease expires on August 31, 2055, and one lease expires on September 30, 2058.

The Company is committed to six equipment leases with payments totalling $93,400 for the twelve-month period following April 30, 2024 (Note 14(1)). The expiry dates of these leases range between September 20, 2024, and June 30, 2029.

The Company is committed to a non-revolving 25-year term loan payable to BMO in the amount of $6,365,933. Annual principal payments on this loan are $278,796 and the interest rate is equal to BMO's prime rate + 0.75% per annum. The loan matures on February 28, 2047.

The Company is committed to a non-revolving 48-month term loan payable to TD Auto Finance in the amount of $89,226, with an annual interest rate of 5.99%. Annual combined principal and interest payments on this loan are $26,109. The loan matures on August 10, 2027.

As at April 30, 2024, the Company had open US dollar forward sales contracts which require it to sell a total of $2,250,000 USD in exchange for $3,012,750 by January 31, 2025 (Note 25(a)).

21. CONTINGENCIES

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

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

The Company is contingently liable with respect to financial letters of credit issued by BMO for $266,000 as at April 30, 2024 (April 30, 2023 - $266,000).

The Company has an option agreement to acquire a 50% interest in the Bromley Creek Zeolite deposit from International Zeolite Corporation for $725,000. As at April 30, 2024, the Company had made cumulative royalty payments of $351,196. The agreement stipulates that the Company is to pay the remaining $373,804 in 16 equal quarterly installments of $31,150 from July 2024 to March 2027. Subsequent to April 30, 2024, the Company gave notice that it intended to cease making acquisition payments under the terms of the option agreement (refer to Note 27 – Subsequent Events for additional details).

The Company has an option agreement to acquire a 50% ownership interest in the Sun Group zeolite property from International Zeolite Corporation for $725,000. The Company made a $36,250 payment in July 2022 in order to acquire an initial 5% interest. The remaining $688,750 must be paid by July 26, 2027, for the Company to acquire the remaining 45% ownership interest. 50% of the value of any exploration expenditures made by the Company on the Sun Group zeolite property prior to July 26, 2027, will be considered payments toward the acquisition price. Subsequent to April 30, 2024, the Company cancelled the Sun Group zeolite property option agreement (refer to Note 27 – Subsequent Events for additional details).

(Expressed in Canadian dollars, except share amounts)

22. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and comprises the Company's Chief Executive Officer, Chief Financial Officer, Chief Operating Officer (from May 9, 2023 until February 13, 2024), President and Directors.

The spouses of three of the Company's key management personnel are employed by the Company in sales or marketing positions.

Key management compensation for the years ended April 30, 2024 and 2023 is comprised of the following, and includes amounts paid to both key management and certain of their spouses noted above:

		2024		2023
Cost of goods sold	$	33,373	$	82,719
Selling expenses – Personnel		113,415		35,451
General and administrative expenses – Personnel		571,146		427,816
General and administrative expenses – Professional fees		99,280		146,000
Research and development		–		12,919
Share-based compensation		332,752		51,000
	$	1,149,966	$	755,905

As at April 30, 2024, $10,203 (April 30, 2023 - $11,766) is included in accounts payable and accrued liabilities which is comprised of amounts owed to the CEO and a corporation owned by the Company's CFO.

Sale of Equipment

On February 20, 2024, the Company completed the sale of a redundant piece of equipment to a company owned by a shareholder of the Company. The equipment was sold for proceeds of $70,000 which resulted in a gain on sale of equipment of $8,242 (included in Other income – Note 23). As part of the sales process, the Company obtained an independent appraisal which concluded the fair market value of the equipment was $55,000 as at January 19, 2024.

(Expressed in Canadian dollars, except share amounts)

23. OTHER (EXPENSES) INCOME

A summary of the Company's other income and expenses for the years ended April 30, 2024 and 2023 is as follows:

		2024		2023
(Loss) gain on foreign exchange	$	(43,156)	$	53,863
Grant revenue		64,169		335,560
Gain (loss) on disposal of equipment and vehicle assets		102,796		(34,277)
Gain on debt forgiveness		20,000		-
Gain on lease modification		9,952		-
Other income (i)		40,976		-
Property rental (ii)		62,507		57,482
Realized loss on investments in private companies (Note 6)		-		(82,500)
Realized gain on settlement of shares to be issued liability (Note 16)		190,285		87,429
Reversal of flow-through premium liability		-		7,501
Unrealized loss on investments in private companies (Note 6)		(277,500)		(78,000)
Unrealized gain on shares to be issued liability (Note 16)		-		267,428
Write-off of exploration and evaluation assets (Note 10)		(436,763)		(78,554)
	$	(266,734)	$	535,932

i) The Company earns royalty income for the use of one of it's proprietary product formulations by a third-party.

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

24. SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental cash flow information is provided for the years ended April 30, 2024 and 2023:

		2024		2023
Shares issued for acquisition of APL Group (Note 19)	$	203,143	$	630,000
Fair value of stock option exercised	$	-	$	7,928
Fair value of finder's warrants	$	-	$	12,128
Fair value of warrants exercised	$	-	$	342,768
Leased asset additions	$	327,309	$	-
Lease modifications	$	52,995	$	-
Write down of obsolescent inventory	$	-	$	8,879
Property, plant and equipment purchases included in accounts payable and accrued liabilities	$	-	$	8,068

(Expressed in Canadian dollars, except share amounts)

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

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

		2024	2023
Restricted cash	$	–	$ 266,000
Accounts receivable		334,265	394,355
Inventories		525,565	213,160
Prepaid expenses and other		(22,767)	132,015
Accounts payable and accrued liabilities		(330,280)	253,290
Deferred revenue		(133,202)	(168,403)
	$	373,581	$ 1,090,417

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(a) Market risk

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

Interest rate risk:

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

A change of 100 basis points on interest rates would have changed finance costs by $65,000 (2023: $84,000). 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 2023 due to an increase in US denominated revenues. Effective February 1, 2023, the Company began entering into US dollar forward sales agreements to partially mitigate this risk (see US dollar facilities section below)

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

		April 30, 2024 USD		April 30, 2023 USD
Cash	$	35,280	$	90,597
Trade receivables		464,479		519,798
Tax receivable		–		14,663
Accounts payable		(84,666)		(97,643)
	$	415,093	$	527,415

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

US dollar facilities

Greater than 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 order to partially mitigate the risk arising from this exposure to US dollar fluctuations, the Company regularly enters into US dollar forward sales contracts.

On April 30, 2024, US$2,250,000 (2023: US$1,625,000) US dollar forward sales contracts were outstanding for the combined purchase of $3,012,750 (2023: $2,157,063), which equates to an average exchange rate of 1.3390 (2023: 1.3274) Canadian dollars to US dollars. Had the Company entered into the same US dollar forward sales contracts on April 30, 2024, those contracts would have purchased a combined amount of $3,079,652 (2023: $2,194,904) which is $66,902 more (2023: $37,842 more) than the actual total contract amount. The Company recorded the difference of $66,902 as a foreign exchange loss during the year and a corresponding US dollar liability as at April 30, 2024 (April 30, 2023 - $37,842).

The following table summarizes the US dollar sales contracts outstanding as at April 30, 2024 and the corresponding US dollar liability:

Contract settlement period Open	Closed	US dollars sold	Contract exchange rate	Canadian dollars purchased	Canadian dollar proceeds of comparable contracts at Apr 30, 2024	US dollar liability at Apr 30, 2024
May 1, 2024	July 31, 2024	$ 750,000	1.3165	$ 987,375	$ 1,028,620	$ (41,245)
Aug 1, 2024	Oct 31, 2024	750,000	1.3670	1,025,250	1,026,618	(1,368)
Nov 1, 2024	Jan 31, 2025	750,000	1.3335	1,000,125	1,024,414	(24,289)
		$ 2,250,000	1.3390	$ 3,012,750	$ 3,079,652	$ (66,902)

(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, 2024, the Company recognized an impairment loss allowance on trade receivables of $nil (2023 - $nil) in profit or loss.

(Expressed in Canadian dollars, except share amounts)

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

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

As at April 30, 2024	Geographic location Canada	US	Total	ECL allowance	Credit impairment
Current (not past due)	$ 548,243	$ 567,327	$ 1,115,570	$ -	No
1 – 30 days past due	125,844	24,364	150,208	-	No
31 – 60 days past due	8,471	10,115	18,586	-	No
Over 60 days past due	8,797	-	8,797	-	No
	$ 691,355	$ 601,806	$ 1,293,161	$ -	

Cash and cash equivalents

The Company held cash and cash equivalents of $1,685,806 at April 30, 2024 (2023 - $704,553), which includes $1,000,000 deposited in a redeemable short-term investment account. 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 Company 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.

A summary of the Company's prospective undiscounted contractual cash flows (i.e., including known or estimated interest costs) that existed as at April 30, 2024 is as follows:

As at April 30, 2024		Undiscounted contractual cash flows			
	Carrying amount	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028 and thereafter
Accounts payable	1,662,956	1,662,956	-	-	-
Lease liabilities	2,629,513	259,582	209,091	204,135	3,731,705
Loans payable	6,444,648	800,891	778,726	756,562	9,920,245
Asset retirement obligation	298,577	25,000	20,000	20,000	233,577
	$ 11,035,694	$ 2,748,429	$ 1,007,817	$ 980,697	$ 13,885,527

(d) Fair value disclosure

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

(Expressed in Canadian dollars, except share amounts)

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

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

	Apr 30, 2024		April 30, 2023	
	Carrying amount	Fair Value (Level 2)	Carrying amount	Fair Value (Level 2)
Loans payable	$ 6,444,648	$ 6,444,648	$ 6,747,966	$ 6,737,260

Investment in a private company, the US dollar liability, and the shares to be issued liability are carried at fair value.

(e) Capital management:

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

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

	April 30, 2024	April 30, 2023
Total liabilities	$ 13,309,051	$ 14,076,110
Less: cash and cash equivalents	(1,685,806)	(704,553)
Net debt	11,623,245	13,371,557
Total equity	$ 12,996,298	$ 12,750,847
Net debt to equity	0.89	1.05

(Expressed in Canadian dollars, except share amounts)

26. SEGMENTED INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer. The Company has identified one operating segment being the Canadian operations. All of the Company's assets are located in Canada.

Revenue by geographic location

The Company sells to customers located in Canada and in the US. The following is a summary of sales by geographic location for the years ended April 30, 2024, and 2023:

	2024	2023
Revenue from customers located in Canada	$ 8,723,231	$ 9,635,484
Revenue from customers located in the US	10,903,067	9,907,804
	$ 19,626,298	$ 19,543,288

Customer concentration

During the year ended April 30, 2024, there were two customers that individually accounted for more than 10% of total revenues (year ended April 30, 2023: two customers). These customers accounted for 15% and 13%, respectively of total revenues (year ended April 30, 2023: 13% and 12%, respectively).

27. SUBSEQUENT EVENTS

Subsequent to April 30, 2024, the Company:

(a) Gave notice to International Zeolite Corporation that it intended to cease making royalty payments under the terms of the Bromley Creek Zeolite deposit option agreement (see note 21) in order to acquire additional ownership of the property. The minimum notice period to cease royalty payments in the option agreement is six months. Accordingly, subsequent to April 30, 2024, the Company will make two additional quarterly payments of $31,150 to International Zeolite Corporation, which we result in the Company earning an additional 4.3% interest in the property.

(b) Cancelled the option agreement with International Zeolite Corporation to acquire up to a 50% interest in the Sun Group Property (see note 10). In conjunction with this cancellation, the Company relinquished its 2.5% interest in the Sun Group Property in exchange for an additional 2.1% interest in the Bromley Creek Zeolite deposit.