



Progressive Planet Solutions Inc.

Management's Discussion & Analysis

For the quarter and six months ended October 31, 2024

December 04, 2024

INTRODUCTION

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

The following management's discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for the Company and should be read in conjunction with the Company's consolidated financial statements and the accompanying notes at and for the three and six-month periods ended Oct 31, 2024 (the "financial statements"), which were prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are filed on the SEDAR website: www.sedarplus.ca.

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

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

NON-IFRS MEASURES

This MD&A contains financial measures not prepared in accordance with IFRS. These measures are referred to as “non-IFRS” measures and include: Gross Margin, EBITDA and Adjusted EBITDA, which are defined below. The non-IFRS financial measures are presented in this MD&A as the Company’s management believes they provide investors with an additional information for the analysis of the Company’s results of operations, particularly in evaluating performance from one period to another. The Company’s management uses non-IFRS financial measures to make operating decisions, as they facilitate additional internal comparisons of the Company’s performance to historical results and to competitors’ results.

Gross margin: This ratio expresses gross profit as a percentage of revenue for a given period. It assists in explaining the Company’s results from period to period and measuring profitability. This ratio is calculated by dividing gross profit for a period by the corresponding revenue for the period. There is no directly comparable IFRS measure.

EBITDA: EBITDA, or Earnings Before Interest, Taxes, Depreciation and Amortization, is an alternative measure of performance utilized by management to evaluate and analyze the Company’s results. EBITDA is net income (or loss) excluding interest (finance costs), current and future income tax expense, amortization and depreciation expense, and depletion and asset retirement obligations accretion expense.

Adjusted EBITDA: Adjusted EBITDA is an alternative measure of performance utilized by management to evaluate and analyze the Company’s results. Adjusted EBITDA is EBITDA excluding non-recurring or irregular revenues and expenses that, in the opinion of management, make the period-over-period comparison of results from operations less meaningful. Specifically, Adjusted EBITDA excludes gains and losses on disposal of property, plant and equipment; realized and unrealized gains on shares to be issued liability¹; realized and unrealized losses on investment in a private company; gains on debt forgiveness; realized gains on settlement of lease liabilities; gains on lease modification; write-offs of exploration and evaluation assets; and losses on dispositions of exploration and evaluation assets.

¹ The *shares to be issued liability* represents the fair value of the final tranche of shares the Company was required to issue to the vendors of Absorbent Products Ltd. (“APL”) on February 18, 2024 in relation to the Company’s acquisition of APL (subsequently renamed to Progressive Planet Products Ltd. (“PPP”) on February 18, 2022.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

As discussed further in the remainder of this MD&A and accompanying financial statements, the Company notes the following significant financial and operational achievements realized during the three-month period ended October 31, 2024 (Q2 F2025).

- **Revenue** increased by 1% to \$5,468,559 compared to \$5,438,956 in Q2 F2024 (the comparable period in the prior fiscal year)
- **Gross profit** increased by 32% to \$2,110,221 compared to \$1,593,371 in Q2 F2024.
- **Gross margin**¹ increased to 38.6% compared to 29.3% in Q2 F2024.
- **Income** from operations was \$1,052,455 compared to \$257,092 in Q2 F2024.
- **Net income** was \$623,498 compared to a **loss** of \$181,663 in Q2 F2024.
- The Company's **cash** balance increased by \$1,493,838 during the current quarter, ending at \$2,932,177 at October 31, 2024.
- The Company's implementation of its cost cutting plan beginning in late fiscal 2023 has resulted in a 39% reduction in quarterly general and administrative expenses over the past 18 months. This, in addition to transitioning to higher margin products, have contributed to a significant improvement in the Company's profitability, as summarized below:

	Fiscal 2025		Fiscal 2024			
	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$5,468,559	\$4,671,780	\$4,441,791	\$4,812,604	\$5,438,956	\$4,932,947
<i>% change from prior year period</i>	1%	-5%	-8%	9%	3%	-2%
Gross profit	\$2,110,221	\$1,564,379	\$1,533,777	\$1,566,847	\$1,593,371	\$1,313,856
<i>Gross margin</i>	38.6%	33.5%	34.5%	32.6%	29.3%	26.6%
Income (loss) from operations	\$1,052,455	\$532,338	\$242,336	\$549,255	\$257,092	\$(370,648)
Net income (loss)	\$623,498	\$373,364	\$(71,988)	\$348,689	\$(181,663)	\$(487,870)
EBITDA	\$902,642	\$743,480	\$531,328	\$731,926	\$205,326	\$(113,481)
Adjusted EBITDA	\$1,291,275	\$767,539	\$531,416	\$915,712	\$429,433	\$(130,232)

- Existing credit facilities remain unused with greater than \$3,000,000 in credit available as at October 31, 2024.

DESCRIPTION OF BUSINESS

Background

Progressive Planet, a manufacturing company operating out of Kamloops, British Columbia, is reimagining what is possible when we prioritize our planet's health. The Company's expertise lies in developing products using its own mineral assets and recycled materials to create Products for a Healthy Planet™.

Progressive Planet's C-Quester™ Centre of Sustainable Solutions is proudly disrupting the cement industry and is home to the Company's cement lab. A second lab on site is geared towards developing products for the agricultural and animal care industries. The Company's product lines include patented and patent pending products which are developed with the express intent of promoting a healthy planet using naturally occurring minerals and the urban mining of recycled materials.

Progressive Planet is a B2B manufacturer that ships over 2 million products a year. The Company ships to large retail chains, distributors of industrial absorbents and farm products, and directly to poultry feed mills where its mineral powders are used as a key ingredient in poultry feed. The Company's retail products ultimately end up in over 10,000 retail stores across North America.

Progressive Planet's product development expertise lies in two distinct areas. The first area of expertise relates to developing critical low-carbon and carbon sequestering cement powders using the Company's own mineral assets and recycled materials to create planet-friendly products that fight climate change and protect the planet's health.

The second area of expertise is in the development of agricultural and animal health products using the Company's mineral assets. Progressive Planet's flagship animal health product is a bedding additive called Activated Barn Fresh™. Activated Barn Fresh is an OMRI-listed poultry bedding amendment designed for use in organic broiler houses. It mitigates ammonia emissions, improving air quality for both poultry and farm workers. It has a US patent until 2033. With over nine years remaining on its U.S. patent, Activated Barn Fresh continues to be a top seller. Progressive Planet has other products in early-stage development in the areas of agricultural and animal health.

Strategic Business Units

The Company comprises three strategic business units ("SBU"), with the common goal of developing and commercializing products to support a healthy planet, as follows:

1. **Vertically Integrated Manufacturing** – This is the legacy business, and this unit oversees the extraction and processing of natural minerals to create a range of high-quality products. Following the February 2022 acquisition of Absorbent Products Ltd., now known as Progressive Planet Products Ltd (PPP), the Company owns and operates diatomaceous earth, zeolite, and calcium bentonite quarries near its manufacturing operations in Kamloops. These minerals are transformed into products such as Activated Barn Fresh™, Red Lake Earth™ animal feed additive, WunderCat™ litter, CanDry™ chemical free industrial absorbent, Last Crawl™ chemical free pest control products and other products.

Key features of this SBU include:

- Production and distribution – PPP's manufacturing capabilities support the production of over two million units of product annually, serving customers across North America.
- Financial backbone – The profitable operations of this SBU provide critical cash flow to support the development and commercialization efforts of the other two SBUs.

- R&D efficiency – By leveraging the existing team, infrastructure, and equipment, PPP enables cost-effective research and development, facilitating innovation while maintaining production efficiency.

2. **Cement Replacement** – This SBU focuses on reducing the carbon footprint of the global cement industry by developing sustainable alternatives to traditional cement. The key initiative under this SBU is the development of PozGlass™ 100G (“PozGlass”). This is a proprietary technology that captures and stores CO₂ from cement stack emissions. The resulting PozGlass product can then be used to partially replace cement in concrete, significantly lowering carbon emissions. Progressive Planet plans to license this technology globally, following the launch of a Kamloops-based pilot plant. Progressive Planet has procured the majority of the equipment to start wet grinding of clean glass and is seeking non-dilutive funding to assist with funding the construction and operation of a larger pilot plant which can accept post-consumer glass which has not gone through primary processing to remove non-glass contamination.

Lafarge Canada Inc. entered an agreement with Progressive Plant (announced June 29, 2023), to purchase all PozGlass produced by the pilot plant (up to a maximum of 3,500 metric tonnes per year).

The pilot plant when constructed, will serve multiple purposes:

- **Environmental assessment** – Evaluating greenhouse gas emissions associated with large-scale production of PozGlass by conducting a Life Cycle Analysis (LCA) and comparing it to the emissions from producing an equivalent amount of Portland cement. This assessment will provide a clear comparison of the carbon footprint between the two products.
- **Economic viability** – Assessing the cost-effectiveness of scaling PozGlass production to full commercial levels.
- **Product testing** – Producing PozGlass for testing by Lafarge Canada.
- **Technology demonstration** – Showcasing the PozGlass technology to potential clients in the cement industry through site visits.

3. **Agricultural and Animal Health Products and Product Quality Control**– This SBU is dedicated to creating sustainable alternatives to traditional agrochemicals, aiming to reduce the agricultural sector’s carbon footprint while enhancing animal health and healthy soil. Progressive Planet’s research and development efforts, both in-house and through collaborations with third-party laboratories, focus on using various silicate minerals to create eco-friendly products. A second lab at the Company’s head office in Kamloops is also used for quality control testing of the over 2 million units of product produced on site while also serving as the location where we conduct lab-scale development of agricultural and animal health products.

Key components of this SBU include:

- **Innovation Pipeline:** Ongoing development of new products that promote environmental sustainability, with announcements planned once efficacy is confirmed through rigorous lab trials and primary approval of regulatory agencies such as the Canadian Food Inspection Agency (CFIA).
- **Quality Control Testing:** This SBU oversees all quality control testing and regulatory sample storage. As a manufacturer of retail products and animal health products, Progressive Planet is required to store samples of products produced for several years.

Together, these three SBUs strategically position Progressive Planet to lead in developing sustainable, low-carbon solutions across diverse industries, supporting both environmental stewardship and business growth.

Current Corporate Structure and Operational Overview

Progressive Planet operates as a parent company, overseeing four wholly owned subsidiaries that support its strategic business units (SBUs) focused on cement replacement, agrochemical replacement, and vertically integrated manufacturing. The corporate structure and functions of each subsidiary are outlined below:

- 1. Progressive Planet Products Ltd. (PPP)** – PPP is the operating company, based in Kamloops, BC, Canada. All of PPP's manufacturing operations are located at the Mount Paul Industrial Park, where it holds four long term industrial leases with the Tk'emlúps te Secwepemc (formerly known as the Kamloops Indian Band). The Kamloops site serves as the operational hub for the company's vertically integrated manufacturing SBU, transforming diatomaceous earth, zeolite, and calcium bentonite into various commercial products.
 - **C-Quester™ Centre for Sustainable Innovation** – This centre is equipped with an advanced cement and concrete testing laboratory. It plays a critical role in the Cement Replacement SBU by accelerating the development and data generation for low-carbon cements such as PozGlass.
 - **AgTech and Product Quality Control Laboratory** – This laboratory supports Agrochemical Replacement SBU. It oversees the development of products aimed at replacing agrochemicals for animal health and soil health and conducts quality control for the more than two million packaged products produced by PPP each year.
- 2. Progressive Planet Alberta Inc. (or "PPA")** – PPA operates out of Calgary, Alberta, Canada, and originally hosted much of the company's research and development activities, which have since moved to the Kamloops headquarters. Calgary remains strategically significant, housing two senior executives: Dr. Doug Brown, an Advisory Board Member and Suzanne Davis-Hall, a member of the Board of Directors. It is also the home of one of the Company's newest professionals, a recently hired agronomist whose sole focus is on business development for Progressive Planet's poultry bedding amendment, (Activate Barn Fresh) and its lines of animal feed additives.
- 3. O820443 B.C. Ltd.** – This subsidiary owns various properties that are integral to PPP's mineral extraction and manufacturing operations, supporting the vertically integrated manufacturing SBU. The properties facilitate the mining of diatomaceous earth, zeolite, and calcium bentonite, which are essential raw materials for Progressive Planet's product lines.
- 4. Progressive Planet US LLC** – This subsidiary is incorporated in Oregon, USA, and was initially set up to employ US-based sales personnel for PPP's product lines. However, Progressive Planet has since found it more cost effective to manage US sales operations from Canada. As a result, sales activities are now conducted by Canadian-based employees who serve a growing B2B customer base in the USA. Progressive Planet USA LLC also acts as a agency of record for products we export to US markets.

OPERATIONS DEVELOPMENTS

During the six-month period ended October 31, 2024, Progressive Planet advanced its strategy to establish itself as a leading manufacturer of low carbon and carbon sequestering solutions. Key developments during this period include:

Q1 2025 Summary (May 2024 to July 2024)

- **PozPyro strength announcement:** In May 2024 the Company announced exceptional 28-day compressive strength for its PozPyro product.
- **Share buybacks initiation:** In June, the Company began a Normal Course Issuer Bid, repurchasing 849,500 shares at an average price of \$0.10 per share.
- **Continued share buybacks:** In July, the company repurchased an additional 658,500 shares at an average price of \$0.09 per share.

Q2 2025 Summary (Aug 2024 to Oct 2024)

- **Further share buybacks:**
 - In August, 531,000 shares were repurchased at an average price of \$0.09 per share.
 - In October, 696,000 shares were repurchased at an average price of \$0.13 per share
- **Energy efficiency study:** In August, the company commenced an engineering study to evaluate its natural gas consumption. Fortis BC awarded the company a 75% subsidy for the cost of the study.
- **Robotics and automation:** In September, a third-party engineering firm was engaged to design the integration of robotics and automation into its processing plant, supporting increased operational efficiency.
- **Property sale:** In October, the Company closed the sale of a long-term lease of an industrial property, previously used for storage, generating gross proceeds of \$1.23 million.

FINANCIAL RESULTS

A comparison of the financial results for the three-month period ended October 31, 2024, to the three-month period ended October 31, 2023.

Income and comprehensive income

The Company recorded income and comprehensive income of \$623,498 for the three-month period ended October 31, 2024 ("Q2 F2025") compared to a loss and comprehensive loss of \$181,663 for the three-month period ended October 31, 2023 ("Q2 F2024"). Key drivers of this turnaround include:

- **Revenue** increased by \$29,603 (1%) from \$5,438,956 in Q2 F2024 to \$5,468,559 in Q2 F2025. This increase was driven primarily by higher sales of agricultural and animal health products. However, the increase was partially offset by the discontinuation of a product line after the Company lost access to diatomaceous earth from a third-party supplier in Q3 FY 2024. This product line had previously generated \$1,600,000 in annual revenue.
- **Cost of sales** decreased by \$487,247 (-13%) from \$3,845,585 in Q2 F2024 to \$3,358,338 in Q2 F2025. This reduction reflects the Company's transition to higher margin products and favourable pricing on certain key raw materials during the period.
- **Selling expense** decreased by \$35,267 (-9%) from \$414,891 in Q2 F2024 to \$379,624 in Q2 F2025. This decrease resulted from ongoing cost reduction strategies initiated in fiscal 2023.

- **Research and development expenses decreased** to \$38,738, down from \$128,342 in Q2 FY2024. This reduction reflects the Company's focus on advancing near-term projects, including low-carbon and carbon sequestering cement powders and agricultural and animal health products, rather than long-term research initiatives.
- **General and administrative expenses** decreased by \$153,642 (-19%) from \$793,046 in Q2 F2024 to \$639,404 in Q2 F2025. Key contributors include:
 - Streamlined management and administrative teams, reducing personnel costs by \$56,603.
 - A decrease in professional fees of \$83,732 primarily driven by a reduction auditor fees following a change in auditors.
 - A \$40,508 reduction in consulting fees due to reduced reliance on external consultants.
- **Finance costs** declined to \$142,436 in Q2 F2025 compared to \$157,478 in Q2 F2024. This decline reflects lower interest rates on floating rate debt as well as a reduction of \$380,000 in long-term debt between Q2 F2024 and Q2 F2025.
- **Other expenses** increased from \$287,612 in Q2 F2024 to \$406,442 in Q2 F2025. The increase was primarily due to a \$646,500 write-down on the investment in ZS2 Technologies, reflecting a significant decline in the fair market value of its shares and warrants. Partially offsetting this significant expense, were the following:
 - The Company recorded a gain on disposal of Property, Plant & Equipment assets of \$205,678 in Q2 F2025 compared to a gain of only \$93,513 in Q2 F2024. The current gain primarily resulted from the Company's disposition of excess warehouse and leased industrial land.
 - The Company incurred no exploration asset write-offs in Q2 F2025, whereas a \$436,763 write-off was recorded in Q2 F2024 for the Heffley Creek asset.

Overall, the Company's results demonstrate the effectiveness of its strategic focus on higher-margin products, operational efficiencies, and disciplined cost management, leading to improved profitability in Q2 F2025.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

Results for the most recent eight quarters ending:

	For the Three Months Ended			
	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024
Revenue	\$ 5,468,559	\$ 4,671,780	\$ 4,441,791	\$ 4,812,604
Gross profit	\$ 2,110,221	\$ 1,564,379	\$ 1,533,377	\$ 1,566,847
Gross margin	38.6%	33.5%	34.5%	32.6%
Share-based compensation expense	\$ 970	\$ 3,100	\$ 176,457	\$ -
Income (loss) and comprehensive income (loss)	\$ 623,498	\$ 373,364	\$ (71,988)	\$ 348,689
Basic and diluted income (loss) per share	\$ 0.01	\$ 0.00	\$ (0.00)	\$ 0.00
Total assets	\$ 26,185,863	\$ 26,430,974	\$ 26,305,349	\$ 25,885,938
Loans payable	\$ 6,294,416	\$ 6,369,571	\$ 6,444,648	\$ 6,519,642

	For the Three Months Ended			
	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Revenue	\$ 5,438,956	\$ 4,932,947	\$ 4,840,872	\$ 4,395,955
Gross profit	\$ 1,593,371	\$ 1,313,856	\$ 1,334,523	\$ 1,017,021
Gross margin	29.3%	26.6%	27.6%	23.1%
Share-based compensation expense	\$ 24,334	\$ 234,349	\$ 107,563	\$ 57,030
Income (loss) and comprehensive income (loss)	\$ (181,663)	\$ (487,870)	\$ (80,162)	\$ (533,345)
Basic and diluted income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 26,255,639	\$ 26,399,335	\$ 26,826,957	\$ 27,308,606
Loans payable	\$ 6,674,559	\$ 6,655,032	\$ 6,747,966	\$ 8,215,474

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

Note 2 – For Q2 and Q3 of fiscal 2023, revenue has been restated to deduct discounts and rebates provided to customers. Previously, revenue was presented exclusive of these amounts and the corresponding discount and rebate expense was include in selling expenses. These adjustments do not change the net loss for the period.

The Company's **revenue increased** by 17% in the current quarter, from \$4,671,780 in Q1 F2025 to \$5,468,559 in Q2 2025, primarily driven by:

- Strong demand for its agricultural products in Q2 F2025.
- The ongoing positive impact of an overhaul of the sales team in Q4 F2024, resulting in enhanced sales and marketing efforts that continue to support higher sales in Q2 F2025.

The Company's **gross margin increased** significantly from 33.5% in Q1 F2025 to 38.6% in Q2 F2025, as a result of:

- Favourable pricing on key raw materials, leading to a reduced cost of sales in Q2 FY2025.
- Elevated labour costs in Q1 F2025 due to over-time incurred to process higher sales volume, which normalized in Q2 FY2025.

The Company's **income and comprehensive income increased** from \$373,364 for Q1 F2025 to \$623,498 for Q2 F2025, primarily the result of:

- The 17% increase in revenue noted above.
- The improvement in gross margin from 33.5% to 38.6% noted above.
- A realized gain on disposition of property, plant & equipment assets of \$205,678 in the current quarter (nil in Q1 F2025). The current gain primarily resulted from the Company's disposition of excess warehouse and leased industrial land for gross proceeds of \$1,230,000.
- Deferred income tax recovery increased from \$5,732 in Q1 F2025 to \$266,360 in Q2 F2025. This substantial increase was due to the recognition of \$ 486,000 in previously unrecognized unused tax losses and other tax assets, reflecting management's expectation of generating approximately \$1,800,000 in taxable income over the next twelve months, against which tax losses can be applied.

The following items partially offset the factors above:

- Current income tax expense of \$146,439 in Q2 F2025 primarily arising from the disposition of the warehouse and leased industrial property.
- A write-down of \$646,500 on the Company's investment in ZS2 Technologies in Q2 F2025. This was the result of a significant decline in the estimated fair market value of ZS2's shares and warrants in the current quarter.

LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2024, the Company's shareholders' equity was \$13,708,749.

The following provides an analysis of the Company's cash flows for the six-month period ended October 31, 2024:

- i) **Operating Activities:** The Company generated cash from operating activities totalling \$1,335,023 (compared to \$671,310 for the same period in 2023) primarily resulting from:
 - a. The Company generated net income for the period of \$996,962.
 - b. Net non-cash expenses of \$670,878 were included in income, with significant items including \$462,685 in depreciation and amortization as well as a \$646,500 loss from the write-down of the Company's investment in ZS2 Technologies.
 - c. A decrease in net working capital (excluding cash and bank indebtedness) of \$624,355, which included significant increases in accounts receivable and inventories balances and a significant decrease in accounts payable and accrued liabilities.

Partially offsetting the items above, were the following factors:

- d. A gain from the sale of property, plant & equipment assets of \$205,678 in the current quarter which primarily resulted from the disposition of excess warehouse and leased industrial land. The gross proceeds of \$1,230,000 from this sale are recorded in cash provided by investing activities, discussed below.
 - e. A deferred income tax recovery of \$272,092 which primarily resulted from the recognition of certain deferred tax assets as discussed in the *Summary of Quarterly Financial Information* section above.
- ii) **Investing Activities:** The Company generated net cash of \$722,447 from investing activities during the period (compared to cash used of \$333,440 for the same period in 2023). Significant contributions to this figure include:

- a. Property disposition: The sale of property, plant and equipment generated \$1,284,500 including:
 - i. \$1,230,000 from the sale of excess warehouse and leased industrial land.
 - ii. Proceeds from the sale of excess equipment.

Partially offsetting the item above, were the following:

- b. Property, Plant, and Equipment: The Company invested \$350,866, allocated as follows:
 - i. \$186,161 to replace equipment used in its legacy absorbent products business.
 - ii. \$117,864 for building improvements.
 - iii. \$46,841 for equipment supporting the research and development of supplementary cementitious materials.
- c. Mineral Property assets: The Company spent \$209,718 on exploration costs and acquisition payments, primarily related to the Bromley Creek Mine.

- iii) **Financing activities:** The Company used \$811,099 for financing activities (compared with \$352,262 in the same period in 2023) consisting of:
- a. Share repurchases: The Company repurchased 2,735,000 of its common shares for cancellation under the terms of a normal course issuer bid. The total cost of the shares, including transaction costs, was \$288,481.
 - b. Loan repayments: Payments totalling \$390,822, including interest and principal.
 - c. Lease obligations repayments: The repayment of \$131,796, including interest and principal.

MINERAL PROPERTIES

EXPLORATION AND EVALUATION PROPERTIES

Z1 Natural Pozzolan Property, British Columbia

On January 23, 2017, the Company announced the signing of an option agreement, subsequently amended, to acquire a 100% interest in the Z1 Zeolite Mine ("Z1") located about 3 kilometers ("kms") northeast of Cache Creek, BC. On January 17, 2018, the Company amended certain terms of the Z1 agreement which afforded the Company an additional 12 months to meet the minimum expenditures requirement. On June 14, 2018, the Company completed all its option requirements on Z1 six months ahead of the deadline to complete the minimum expenditures requirement.

The Company has access to two sources of zeolite from permitted properties (Z1 and Bromley Creek). Bromley Creek zeolite continues to be utilized in two products, Z-Lite™ Feed Additive and The Green Patch™ Soil Conditioner. Management believes the Bromley Creek zeolite is also suited as an SCM which can partially replace cement in concrete.

During Q2, Progressive Planet received results from one cement technology company. The results determined that Z1 concrete had compressive strength higher than the control samples at 7 and 28 days. While the results are promising, no commercial relationship has been established to date and the company may or may not pursue further testing with this cement technology company.

OPERATING MINES

Red Lake Diatomaceous Earth Mine

Red Lake Mine is approximately 60 kilometers from Kamloops, BC.

The Red Lake Mine is an operating mine producing a unique diatomaceous earth with calcium bentonite. To PLAN's knowledge, the Red Lake Mine is one of only two mines in the world with this type of red tinged diatomaceous earth (diatomite) with calcium bentonite - the other mine being located in Scandinavia.

The Red Lake Mine also contains a layer of leonardite sandwiched in between two different layers of diatomite. The leonardite is rich in carbon and sulfur.

PLAN extracts approximately 30,000 wet tonnes of diatomite from this mine per annum and processes this material into three different categories of products - non-clumping cat litter, industrial absorbents, and animal husbandry products including our patented barn acidifier litter amendment, Activated Barn Fresh. Activated Barn Fresh controls ammonia and moisture to keep broiler house flocks healthier.

The two different layers of diatomite are currently mined together and combined to produce all products.

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

The Company continues to be recognized for its efforts in reclaiming land. In doing so, the Company seeks to minimize the amount of disturbed land and to promote environmental stewardship. The Company's

1,000-acre ranch adjacent to its Red Lake Mine has been used for agricultural operations and the reclaimed land at the Red Lake Mine has demonstrated higher yields after reclamation using leonardite versus pre-reclamation.

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

Bud Bentonite Clay Mine

The Bud Mine is an operating mine in Princeton, BC, producing calcium bentonite. After extraction, the wet calcium bentonite is trucked to Kamloops where it is converted to sodium bentonite for the purpose of making multiple private label brands of cat litter for most of the “big box” stores in Canada while also producing our own in-house brand of clumping cat litter, WunderCat®. The Company began shipping WunderCat® to a large North American “big box” retailer in the last ten days of Q3 2023.

In Q4 2023, the Company shipped its first truckloads of swelling bentonite powder (sodium bentonite) to a large sulfur bentonite fertilizer producer. During the year ended April 30, 2024, PLAN received its largest order to date for swelling bentonite powder.

In Q2, the Company continued to produce and ship swelling bentonite powder to multiple accounts. The first commercial shipment of bentonite for use in geothermal systems occurred in January 2024. Shipments to this new customer continued through Q2 with increased volumes.

Bromley Creek Zeolite Quarry

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

Prior to the amendment, PLAN had already paid \$102,000, resulting in an ownership interest of 7% interest in Bromley Creek. The amendment stipulated that the remaining \$623,000 was to be paid in 20 equal quarterly installments beginning July 2022 and ending March 2027. In addition, the royalty payable by PLAN to IZ per metric tonne of product mined and removed from the mine was reduced from \$9.00 to \$4.50. PLAN remains the operator of Bromley Creek. The Company has made eight \$31,150 payments between July 2022 and April 2024 which increased its ownership interest to 24.2% as of April 30, 2024.

Effective May 31, 2024, the Company gave notice to International Zeolite Corporation that it intended to cease making acquisition payments under the terms of the option agreement. The factors that influenced the Company to cease further acquisition of the Bromley Creek Zeolite deposit were outlined in a news release dated June 3, 2024 and included the following:

- A decline in annual sales of zeolite-based products,
- Notification from two international cement companies of their lack of intent to purchase zeolite in the current calendar year,
- The fact that PLAN has another permitted zeolite quarry closer to Kamloops,
- The funds saved could be diverted to fund an approved normal Course Issuer Bid also announced on June 3, 2024, and,

- PLAN made a decision to prioritize investment in developing PozGlass and PozPyro.

The minimum notice period to cease acquisition payments in the option agreement was six months and any acquisition payments scheduled during the notice period became due immediately. Accordingly, on May 31, 2024, the Company made two additional quarterly payments of \$31,150 to International Zeolite Corporation, which resulted in the Company earning an additional 4.3% interest in the property. No further payments were made in Q2.

COMMITMENTS AND CONTINGENCIES

The Company is committed to four land leases with T'kemplups te Secwepmc and one lease with a private landowner with annual payments totaling \$91,495. 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'kemplups te Secwepmc expire on June 30, 2055 and one lease expires on August 31, 2055.

The Company is committed to six equipment leases with payments totalling \$83,725 for the twelve-month period following October 31, 2024. The expiry dates of these leases range between August 31, 2025, and June 30, 2029.

The Company is committed to a non-revolving 25-year term loan payable to BMO in the amount of \$6,226,533. 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 \$67,883, 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 October 31, 2024, the Company had open US dollar forward sales contracts which require it to sell a total of \$3,250,000 USD in exchange for \$4,378,875 by October 31, 2025. The Company is contingently liable with respect to financial letters of credit issued by BMO for \$266,000 as at October 31, 2024 (April 30, 2024 - \$266,000).

SHARE CAPITAL INFORMATION

As of December 4, 2024, the Company had the following outstanding:

Common shares –110,457,943 outstanding

Stock options:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
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	75,000	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
2,000,000	2,000,000	0.275	13-Jun-26
325,000	243,750	0.275	13-Jun-26
3,505,000	3,505,000	0.18	14-Mar-29
8,600,000	8,518,750		

Warrants:

Warrants Outstanding	Exercise Price	Expiry Date
8,333,332	0.36	02-Mar-25

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 six months ended October 31, 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
Selling expenses – Personnel	86,302	14,303
General and administrative expenses – Personnel	232,210	243,524
General and administrative expenses – Professional fees	51,750	47,920
Share-based compensation	-	165,000
	<u>\$ 370,262</u>	<u>\$ 504,120</u>

As at October 31, 2024, \$11,184 (April 30, 2024 - \$10,203) 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.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Please refer to the Company's accompanying consolidated financial statements for the year end April 30, 2024 located on www.sedarplus.ca.

FINANCIAL INSTRUMENT RISK EXPOSURE AND RISK MANAGEMENT

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

(a) Market risk

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

Interest rate risk:

The Company's long-term debt is subject to interest rate risk as the required payments to service the debts will fluctuate as a result of the variable lending rate. There has been 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 \$31,000 during the six months ended October 31, 2024 (2023: \$33,000). 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:

	October 31, 2024 USD	April 30, 2024 USD
Cash	\$ 150,085	\$ 35,280
Trade receivables	791,387	464,479
Accounts payable	(246,881)	(84,666)
	<u>\$ 694,591</u>	<u>\$ 415,093</u>

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 October 31, 2024, US\$3,250,000 (April 30, 2024: US\$2,250,000) US dollar forward sales contracts were outstanding for the combined purchase of \$4,378,875 (April 30, 2024 \$3,012,750), which equates to an average exchange rate of 1.3473 (April 30, 2024: 1.3390) Canadian dollars to US dollars. Had the Company entered into the same US dollar forward sales contracts on October 31, 2024, those contracts would have purchased a combined amount of \$4,492,200 (April 30, 2024: \$3,079,652) which is \$113,325 more (April 30, 2024: \$66,902 more) than the actual total contract amount. The Company recorded the difference of \$113,325 as a foreign exchange loss during the year and a corresponding US dollar liability as at October 31, 2024 (April 30, 2024 - \$66,902).

The following table summarizes the US dollar sales contracts outstanding as at October 31, 2024 and the corresponding US dollar liability:

Contract settlement period		US dollars sold	Contract exchange rate	Canadian dollars purchased	Canadian dollar proceeds of comparable contracts at Oct 31, 2024	US dollar liability at Oct 31, 2024
Open	Closed					
Nov 1, 2024	Jan 31, 2025	\$ 750,000	1.3335	\$ 1,000,125	\$ 1,041,993	\$ (41,868)
Feb 1, 2025	Apr 30, 2025	750,000	1.3460	1,009,500	1,038,581	(29,081)
May 1, 2025	Aug 8, 2025	750,000	1.3470	1,010,250	1,034,955	(24,705)
Aug 1, 2025	Oct 31, 2025	1,000,000	1.3590	1,359,000	1,376,671	(17,671)
		\$ 3,250,000	1.3473	\$ 4,378,875	\$ 4,492,200	\$ (113,325)

(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 90 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 six-month period ended October 31, 2024, the Company recognized an impairment loss allowance on trade receivables of \$29,874 (2023 - \$nil).

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

As at October 31, 2024	Geographic location			ECL allowance	Credit impairment
	Canada	US	Total		
Current (not past due)	\$ 569,600	\$ 801,965	\$ 1,371,565	\$ -	No
1 – 30 days past due	198,668	67,358	266,026	-	No
31 – 60 days past due	32,649	2,142	34,791	(3,300)	Partial
Over 60 days past due	26,574	-	26,574	(26,574)	Yes
	\$ 827,491	\$ 871,465	\$ 1,698,956	\$ (29,874)	

Cash and cash equivalents

The Company held cash and cash equivalents of \$2,932,177 at October 31, 2024 (April 30, 2024 – \$1,685,806), 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 October 31, 2024 is as follows:

As at October 31, 2024	Carrying amount	Undiscounted contractual cash flows			
		Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028 and thereafter
Accounts payable	\$ 1,607,090	\$ 1,607,090	\$ -	\$ -	\$ -
Lease liabilities	1,737,388	88,827	167,916	162,960	2,466,492
Loans payable	6,294,416	357,404	704,226	685,547	8,991,730
Asset retirement obligation	309,188	10,000	20,000	20,000	259,188
	\$ 9,948,082	\$ 2,063,321	\$ 892,142	\$ 868,507	\$ 11,717,410

(d) Fair value disclosure

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment 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.

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.

	October 31, 2024		April 30, 2024	
	Carrying amount	Fair Value (Level 2)	Carrying amount	Fair Value (Level 2)
Loans payable	\$ 6,294,416	\$ 6,294,416	\$ 6,444,648	\$ 6,444,648

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 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:

	October 31, 2024	April 30, 2024
Total liabilities	\$ 12,477,114	\$ 13,309,051
Less: cash and cash equivalents	(2,932,177)	(1,685,806)
Net debt	9,544,937	11,623,245
Total equity	\$ 13,708,749	12,996,298
Net debt to equity	0.70	0.89

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OTHER MD&A REQUIREMENTS

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

RISKS AND UNCERTAINTIES

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

Risks Related to the Company and its Operations

Uncertainty of Future Revenues

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

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

Dependence on Key Personnel

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

Workforce and Labour Risks

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

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

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

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

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

Competition

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

Future Acquisitions and Joint-Ventures

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

Dependence on Third Party Services

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

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

Reliance on Strategic and Commercial Relationships

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

Project Risks

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

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

Compliance with Laws

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

Any such legislation, and environmental legislation in particular, can, in certain jurisdictions, comprise numerous regulations which might conflict with one another, and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. Compliance with these laws and regulations is costly and time intensive and the

Company's complete compliance with all such laws and regulations cannot be guaranteed given the nature and complexity of such laws and regulations.

Any failure to comply with relevant environmental, health and safety and other laws and regulatory standards may subject the Company to extensive liability and fines and/or penalties and have an adverse effect on the Company's business, results of operations, or prospects.

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

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

First Nations

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

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

Exploration and Development

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

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

Calculation of Reserves and Resources

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

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

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

Permits and Government Approvals

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

Reclamation

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

Litigation

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

Government Regulation and Political Risk

The Company's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. Future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Where required, obtaining necessary permits and licenses can be a complex, time-consuming process and the Company cannot assure whether any necessary permits will be obtained on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with any future exploration or development of its properties, which could have a material adverse impact on the Company's ongoing or planned operations or ongoing or planned development projects.

Operating Risks

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

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

Uninsured Hazards

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

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

Weather Conditions and Climate Change

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

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

Transportation Delays

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

Intellectual Property

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

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

Potential Conflicts of Interest

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

Debt

The Company has obtained loan and credit facilities from banks, and, as part of its acquisition of APL, has assumed bank indebtedness of APL. The Company's debt burden could have important consequences, including: increasing its vulnerability to general adverse economic and industry conditions; limiting flexibility in planning for, or reacting to, changes in its business and industry; requiring the dedication of a substantial portion of any cash flows from operations for the payment of principal and interest on our indebtedness, thereby reducing the availability of cash flow to fund operations,

growth strategy, working capital, capital expenditures, future business opportunities, and other general corporate purposes; restricting the Company from making strategic acquisitions or causing it to make non-strategic divestitures; limiting its ability to obtain additional financing for working capital, capital expenditures, research and development, acquisitions and general corporate or other purposes; limiting its ability to adjust to changing market conditions; and placing it at a competitive disadvantage relative to competitors who have lower levels of debt. Further, if and when the Company has borrowings at floating rates of interest, it could expose us to the risk of increased interest rates with respect to those borrowings.

Cyber and Cloud Security Risk

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

Risks Related to the Company's Common Shares

Share Price Volatility

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

Dividends

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

Market Perception

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

Dilution

The Company may sell additional equity securities (including through the sale of securities convertible into common shares) and may issue additional debt or equity securities to finance operations, exploration, development, acquisitions or other projects. The Company is authorized to issue an unlimited number of common shares. Management cannot predict the size of future sales and issuances

of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Company's common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the common shares. With any additional sale or issuance of equity securities, shareholders will suffer dilution of their voting power and may experience dilution in earnings per share.

Liquid Trading Market for the Common Shares

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

QUALIFIED PERSON

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

FORWARD-LOOKING STATEMENTS

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

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

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