



**Progressive Planet Solutions Inc.**  
Management's Discussion & Analysis  
For the Six Months Ended October 31, 2025

**December 18, 2025**

**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 August 17, 2022, were listed to trade on the OTCQB Venture Market under the trading symbol ASHFX.

The following management's discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for the Company and should be read in conjunction with the Company's consolidated financial statements and the accompanying notes at and for the six-month period ended October 31, 2025 (the "financial statements"), which were prepared using accounting policies consistent with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB") and are filed on the SEDAR website: [www.sedarplus.ca](http://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 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 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; unrealized gains or losses on investment in a private company; unrealized gains or losses on investment in a public company; gains on debt forgiveness; gains and losses on modification or settlement of lease liabilities; write-offs of exploration and evaluation assets; and losses on dispositions of exploration and evaluation assets.

## 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 results realized during the three months ended October 31, 2025, compared to three months ended October 31, 2024:

- **Net income** increased 56% to \$971,895
- **Revenue** decreased by 9% to \$4,964,201
- **Gross margin** decreased slightly to 38.1% compared to 38.6% for 2024
- **Income from operations** decreased by 43% to \$602,140
- **EBITDA** increased to \$1,446,716, compared to \$902,642 for 2024 (a 60% increase)
- **Adjusted EBITDA** decreased to \$1,118,554, compared to \$1,291,275 for 2024 (a 13% decrease)
- Existing **credit facilities** remain unused with greater than \$3,000,000 in credit available as at October 31, 2025

During the six-month period ended October 31, 2025, the Company invested \$3,238,913 in **property, plant and equipment assets**, including \$1,457,492 for a building extension and equipment to be utilized in its PozGlass™ pilot plant.

## 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 recyclable materials to create Products for a Healthy Planet™.

As a public company, we are listed on the TSX Venture as a Tier 1 company under the classification of both a manufacturing company and a non-metallic mineral extraction company. The specific industry classification is Industrial/Technology/Life Sciences – Clean Technology.

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 recyclable 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 current 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 recyclable 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 seven years remaining on its U.S. patent, Activated Barn Fresh continues to be a top seller.

## 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, 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 CO<sub>2</sub> 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. On March 5, 2025, Progressive Planet announced grant funding of up to \$4.6 million over 4 years from SDTC Canada in financial support to build the PozGlass™ pilot plant.

On March 25, 2025, Progressive Planet announced a further grant funding of \$1.14 million from the British Columbia Innovative Clean Energy (ICED) Fund.

Amrize Canada Inc. (formerly 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).

Procurement of the equipment for the pilot plant has commenced with all major components required for Phase 1 of the pilot plant now ordered and with multiple components now delivered to site. The plant is being developed in two phases. The first phase involves procuring and assembling the equipment to size reduce the glass while removing all the contaminants from the post-consumer glass (plastic and metal lids, aluminum necks on wine bottles, paper and glue from labels, etc.). The expected completion date of Phase 1 has been extended to the first quarter of 2026 due to longer procurement times and delays in receiving municipal building permits.

At the completion of Phase 1, Progressive Planet will have the capacity to produce coarse glass products such as CanBlast™, a crystalline silica-free sand blasting media which Progressive Planet has sold for over a decade. CanBlast has historically been made by a third-party company using post-consumer glass.

Phase Two will involve procuring and assembling the equipment to conduct wet grinding of coarse glass powder to create PozGlass™. Phase 2 construction of the wet grinding facility is expected to be completed in late 2026. The delays in completing Phase 1 have not currently resulted in any expected delays in completing Phase 2.

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 Amize Canada (formerly, Lafarge Canada).
- **Technology demonstration** – Showcasing PozGlass™ technology to potential clients in the cement industry through site visits.

On September 29, 2025, Progressive Planet announced that Dr. Doug Brown had joined Progressive Planet Alberta as its President and CTO.

In conjunction with the hiring of Dr. Brown, Progressive Planet Alberta is opening a new cement materials research lab in Calgary. The cement lab located in Kamloops will remain fully functional and will continue to operate as usual and will continue to be the lab which supports the PozGlass™ Pilot Plant which is under construction. It will perform all quality control testing of PozGlass™ produced at the pilot plant. The new Calgary lab will enable the Plan Group of Companies to accelerate product development on multiple new, early-stage cementitious material initiatives.

On October 21, 2025, Progressive Planet announced that it has developed a second supplementary cementing material which it has named Gladiator SCM.

The Company filed a provisional patent in the USA, for the composition of Gladiator SCM and has also begun the process to trademark the name in both Canada and the USA.

The name Gladiator SCM pays tribute to Roman Concrete, celebrated for its strength and longevity. A famous example is the Pantheon in Rome, whose nearly 2,000-year-old unreinforced concrete dome remains the largest of its kind and is still in remarkable condition.

Gladiator SCM contains multiple materials including PozGlass. It was developed to take advantage of the positive attributes of PozGlass, while also incorporating other materials that are even more abundant than post-consumer glass.

Gladiator SCM was invented by Steve Harpur, Dr. Doug Brown, and Michael Carrell, all full-time team members of Progressive Planet.

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.

Innovation work in Q2 focused on the continued development of a new light weight cat litter using our Red Lake Earth along with a patented recipe licensed from a publicly traded international sorbent company where Progressive Planet will pay a 3% royalty on net sales of lightweight cat litter. The licensed recipe enables Red Lake Earth to clump.

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.

Progressive Planet has a continuous program of product development but does not discuss details of early-stage product development until it has confirmation of market traction of the products under development. Progressive Planet currently has other products in the early stages of development in the area of low carbon cement, animal health, and plant health.

## Current Corporate Structure and Operational Overview

Progressive Planet operates as a parent company, overseeing four wholly owned subsidiaries that support its 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 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. ("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, the new President and CTO, and Suzanne Davis-Hall, a member of the Board of Directors. As mentioned above, Progressive Planet Alberta is opening a new cement materials research lab in Calgary.
3. **0820443 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 an agency of record for products we export to US markets.

## OPERATIONS DEVELOPMENTS

During the three months ended October 31, 2025, there were a significant number of developments and activities. The following is a summary by fiscal quarter:

### Q2 2026 Summary (Aug 2025 to Oct 2025)

- **On August 21, 2025, Progressive Planet announced record net income and cash flow for the fiscal year ended April 30, 2025.** The last year saw the Company continue its focus on controlling costs which resulted in strong cash flow and net income relative to the year prior.
- **On September 11, 2025, Progressive Planet announced record Q1 revenue, gross profit, and Net Income.** In Q1, the Company saw material growth in revenue compared to the first quarter of the prior fiscal year. The revenue increase was driven by strong demand for the Company's products across all major product categories.
- **On September 18, 2025, Progressive Planet announced another \$1.9 million in grants.** The company received a commitment from FortisBC Energy Inc ("FortisBC") for up to \$1.9 million in energy efficiency rebates upon completion of several upgrade projects at its Kamloops facility. The projects included:
  - Installing a new mineral powder grinding mill with a dynamic classifier,
  - Installing a new roller compactor to reduce the amount of moisture entering the legacy natural gas dryer, and,
  - Installing a heat recovery loop to recycle heat from our legacy natural gas dryer exhaust and return this heat to the dryer.
- **On September 29, 2025, Progressive Planet announced the hiring of a seasoned CTO and the planned opening of a cement lab in Calgary.** The Company announced that Dr. Doug Brown had joined the Progressive Planet Group of Companies. Dr. Brown assumed the role of President and CTO of Progressive Planet Alberta, a wholly owned subsidiary of Progressive Planet Solutions. In conjunction with the hiring of Dr. Brown, the Company announced that Progressive Planet Alberta is opening a new cement materials research lab in Calgary. The cement lab located in Kamloops will remain fully functional and will continue to operate as usual and will continue to be the lab which supports the PozGlass™ Pilot Plant which is under construction. It will perform all quality control testing of PozGlass™ produced at the pilot plant. The new Calgary lab will enable the Plan Group of Companies to accelerate product development on multiple new, early-stage cementitious material initiatives.
- **On October 14, 2025, Progressive Planet provided a shareholder update. announced record Q1 revenue, gross profit, and Net Income.** The Company provided updates on the following matters:
  - Provided update on third party testing of PozGlass™ SCM,
  - Provided update on the PozGlass™ Pilot Plant and the production of PozGlass,
  - Announced the first commercial pour of PozGlass™ would occur in November 2025,
  - Announced major new product listings with large US retailer, and,
  - Announced winning major national carbon capture award.
- **On October 21, 2025, Progressive Planet announced that it had created a new cement, Gladiator SCM, and hired a cement materials expert.** The Company announced that it had developed a second supplementary cementing material which it named Gladiator SCM. The Company has filed a provisional patent in the USA, for the composition of Gladiator



SCM and has also begun the process to trademark the name in both Canada and the USA. The name Gladiator SCM pays tribute to Roman Concrete, celebrated for its strength and longevity. A famous example is the Pantheon in Rome, whose nearly 2,000-year-old unreinforced concrete dome remains the largest of its kind and is still in remarkable condition.

## FINANCIAL RESULTS

*A comparison of the financial results for three months ended October 31, 2025, to the three months ended October 31, 2024.*

### Income and comprehensive income

The Company recorded income and comprehensive income of \$978,895 for three months ended October 31, 2025 ("Q2 F2026"), compared to a \$623,498 for the three months ended October 31, 2024 ("Q2 F2025"). A brief explanation of the significant changes in revenue and expenses by category, that contributed to that change in profitability, is provided below:

- **Revenue** decreased by \$504,358 (9.2%) from \$5,468,559 in Q2 F2025 to \$4,964,201 in Q2 F2026. This decrease was primarily the result of the following:
  - The Company undertook a planned shut-down of its main production line for several weeks during the current quarter, which reduced production capacity. The shut-down was implemented in order to install new automated production equipment. In addition, Company re-tooled its other production lines to calibrate them to produce and package new products. As a result, revenue decreased in the quarter and the Company's backlog increased by over \$800,000 compared to Q2 F2025.
  - A slowdown in agricultural product sales in the current quarter following a record quarter in Q1 F2026. Management notes that agricultural product sales have strengthened significantly subsequent to October 31, 2025.
- **Cost of sales** decreased by \$287,128 (8.5%) from \$3,358,338 in Q2 F2025 to \$3,071,210 in Q2 F2026. This increase was primarily the result of decreased product sold during the current period. Gross margin decreased slightly to 38.1% in Q2 F2026 compared to 38.6% in Q2 F2025 as the Company's operating efficiencies decrease as it processes lower volumes. Partially offsetting this was a 11.7% decrease in freight expenses resulting from lower transportation rates experienced during the current quarter as well as more shipping costs being borne by customers.
- **Selling** expenses decreased by \$57,268 (15.1%) from \$379,624 in Q2 F2025 to \$322,356 in Q2 F2026. This decrease resulted from the Company disbursing less compensation commission to its sales staff in the current quarter as a result of the decline in revenue.
- **Research and development costs** increased to \$308,384 (Q2 F2025 - \$38,738) as the Company hired a contract researcher in the current fiscal year. In addition, the Company incurred significant expenses related to the development of its PozGlass™ pilot plant in the current quarter.
- **General and administrative expenses** increased by \$20,707 (3.2%) from \$639,404 in Q2 F2025 to \$660,111 in Q2 F2026. The small increase was primarily driven by:
  - An increase of \$83,655 in professional fees, which was primarily the result of increased legal fees associated with the development of the PozGlass™ pilot plant in the current quarter.

- A \$26,933 increase in personnel costs relating to additional staff wages allocated to administrative functions in the current quarter as well as inflationary increases to overall staff wages.
- Partially offsetting the above factors was a \$102,655 decrease in office and administrative costs primarily resulting from significant expenses incurred in Q2 F2025 relating to the sale of a building and leased land in October 2024, which was not repeated in the current quarter.
- **Finance costs** decreased by \$50,788 (-35.7%) to \$91,648 in Q2 F2026 compared to \$142,436 in Q2 F2025. This decline reflects a lower interest rate on the Company's long-term debt as it refinanced from a variable to a fixed-rate loan during Q1 F2026. In addition, the Company reduced its long-term debt by \$569,191 between October 31, 2024 and October 31, 2025.
- **Grant income** increased from \$Nil in Q2 F2025 to \$244,687 in Q2 F2026 as the Company recognized a portion of the two PozGlass™ pilot plant construction grants awarded to PLAN in the prior fiscal year. Work on this project began in November 2024.
- **Other income** increased from an expense of \$406,442 in the comparable period to income of \$368,203 in Q2 F2026. The increase was primarily the result of:
  - In Q2 F2025, the Company recorded a \$646,500 write-down on its investment in ZS2 Technologies, reflecting a significant decline in the fair market value of its shares and warrants. In Q2 F2026, the Company recorded a \$273,000 gain on its investment in ZS2 Technologies in light of a significant increase in the indicated fair value of this investment.
  - The Company earned \$32,046 of other income in Q2 F2026, compared to only \$19,976 in Q2 2025, which was primarily comprised of royalty income from a third-party, interest income from term deposits, and dividend income from its investment in a public company
  - The Company reported a gain on foreign exchange of \$8,535 in Q2 F2026 compared to a loss on foreign exchange of \$43,871 in Q2 F2025. In the comparable quarter, the Company incurred a significant loss on its forward US dollar purchase contracts.

The above factors, which increased Other income in the current quarter, were partially offset by the following factor:

- In Q2 F2025, the Company reported a \$268,834 gain on disposal of PP&E compared to a gain of only \$16,273 in Q2 F2026. The comparable period gain was primarily the result of the disposition of excess warehouse and leased industrial land.
- **Deferred income tax expense** increased from a recovery of \$266,360 in Q2 F2025 to an expense of \$150,146 in Q2 F2026. The current period expense is primarily the result of a reduced estimate of the amount of deferred tax assets that will be utilized to offset taxable income in the prospective 12-month period. It is the Company's policy to only recognize deferred tax assets (generally, unused non-capital losses) that will be utilized in the subsequent 12 months.

## SUMMARY OF QUARTERLY FINANCIAL INFORMATION

Results for the most recent eight quarters ending:

	For the Three Months Ended			
	October 31, 2025	July 31, 2025	April 30, 2025	January 31, 2025
	<b>(Amended - note A)</b>			
Revenue	\$ 4,964,201	\$ 5,914,187	\$ 4,598,639	\$ 4,779,099
Income and comprehensive income	\$ 971,895	\$ 1,308,299	\$ 557,891	\$ 114,838
Basic and diluted income per share	\$ 0.01	\$ 0.01	\$ 0.01	\$ 0.00
Total assets	\$ 28,243,945	\$ 27,993,959	\$ 27,979,126	\$ 27,859,149
Loans payable	\$ 5,725,225	\$ 5,731,017	\$ 6,143,856	\$ 6,242,412

	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
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

The Company's **revenue decreased** by 20% in the current quarter, from \$5,914,187 in Q1 F2026 to \$4,964,201 in Q2 F2026, primarily driven by:

- The planned shut-down of the Company's main production line and retooling of its secondary production lines, as discussed in the Financial Results section above.
- A slowdown in agricultural product sales in the current quarter, as discussed in the Financial Results section above.

The Company's **income and comprehensive income decreased** from \$1,308,298 for Q1 F2026 to \$971,895 for Q2 F2026, primarily the result of:

- The 20% decrease in revenue noted above.
- Gross margin decreased from 39.7% in Q1 F2026 to 38.1% in Q2 F2026. Due to the presence of certain production-level fixed costs, the Company's gross margins tend to decrease as it processes lower volumes in a given period. This decline was partially offset by a relative improvement in freight costs in the current quarter.

- Research and development costs increased to \$308,384 in the current quarter compared to \$209,647 in Q1 F2026, due to increased activity related to the development of the Company's PozGlass™ pilot plant. The Company receives grant funding equal to 49.86% of eligible expenses incurred in relation to pilot plant development.
- The Company's deferred income tax expense increased from a recovery of \$469,854 in Q1 F2026 to an expense of \$150,146 in Q2 F2026. The current period expense is primarily the result of a reduced estimate of the amount of deferred tax assets that will be utilized to offset taxable income in the prospective 12-month period. It is the Company's policy to only recognize deferred tax assets (generally, unused non-capital losses) that will be utilized in the subsequent 12 months.

Partially offsetting the above factors which decreased the Company's income in the current quarter was the following:

- In Q2 F2026, the Company recorded a \$273,000 gain on its investment in ZS2 Technologies in light of a significant increase in the indicated fair value of this investment. No change in value of this investment was reported in Q1 F2026.
- In Q1 F2026, the Company reported \$228,800 of share-based compensation expense compared to only \$3,544 in the current quarter. Stock-based compensation is a non-cash expense.

#### **Note A – Amendment to financial results for the three-month period ended July 31, 2025**

*The Company amended its financial results for the three-month period ended July 31, 2025, as a result of a change to the grant income reported therein. Originally, the Company identified \$897,420 of expenditures incurred during the quarter as being eligible for reimbursement from its previously awarded SDTC Canada and BC ICED Fund grants. The Company recognized grant income of \$447,454 in its consolidated statement of income and comprehensive income in relation to these expenditures based on the cumulative reimbursement rate of 49.86%.*

*Subsequently, the Company identified an additional \$48,431 of expenditures incurred during the three-month period ended July 31, 2025, as being eligible for grant reimbursement. In addition, the Company determined that, of the total \$945,851 eligible expenditures incurred during the quarter (i.e., the original identified amount of \$879,420 plus the additional amount of \$48,431), \$72,580 were for equipment assets that had been capitalized as at July 31, 2025 and \$556,303 were deposits for equipment assets that were included in prepaid expenses as at July 31, 2025. Accordingly, to be consistent with the Company's accounting policies, the grant reimbursement for these expenditures should have been reported as a corresponding reduction in the values of the equipment assets and the prepaid expenses balance, rather than reported as grant income.*

*The following table summarizes the original reported balances, the adjustments, and the final amended balances for the balance sheet and income statement accounts impacted by these changes, for the three-month period ended July 31, 2025:*

<i>Three month period ended July 31, 2025</i>			
	<i>Original Balance</i>	<i>Adjustment</i>	<i>Amended Balance</i>
<i>Individual Accounts</i>			
<i>Balance Sheet</i>			
Prepaid expenses and other	\$ 1,113,863	\$ (277,373)	\$ 836,490
Property, plant and equipment	14,299,300	(36,188)	14,263,112
Deferred grant income	(1,425,661)	24,148	(1,401,513)
<i>Statement of Income</i>			
Grant income	447,454	(289,413)	158,041
<i>Summary Accounts</i>			
<i>Balance sheet</i>			
Total assets	28,307,520	(313,561)	27,993,959
Total liabilities	(12,099,091)	24,148	(12,074,943)
Total shareholders' equity	(16,208,429)	289,413	(15,919,016)
<i>Statement of Income</i>			
Income and comprehensive income	\$ 1,597,712	\$ (289,413)	\$ 1,308,299

Management assessed the prior-period amendments for materiality considering quantitative and qualitative factors and concluded they were not material to the previously issued financial statements.

These amendments did not impact the financial results reported for the three and six-month periods ended October 31, 2025, as reported in the accompanying financial statements.

## LIQUIDITY AND CAPITAL RESOURCES

As at October 31, 2025, the Company's shareholders' equity was \$16,894,454

The Company had the following cash flows during the six-month period ended October 31, 2025:

- i) **Operating Activities:** the Company generated cash from operating activities of \$1,991,162 (compared to \$1,335,023 in Q2 F2025) primarily resulting from:
  - a. The Company generated net income for the period of \$2,280,193.
  - b. Non-cash expenses of \$726,029 were included in income, with significant items including \$447,916 in depreciation and amortization as well as a \$232,344 of share-based compensation.  
  
Partially offsetting the items above were the following:
    - c. Non-cash income items of \$1,094,489 were included in income, with significant items including \$402,727 of grant income, \$319,708 of deferred income tax recovery and \$273,000 of unrealized gain on investments in a private company.
- ii) **Investing Activities:** Cash used by investing activities of \$4,011,985 during the six-month period ended October 31, 2025 (October 31, 2024: cash generated of \$722,447). Significant contributions to this figure include:
  - a. Property, Plant, and Equipment: The Company invested \$3,238,913 in new automated production equipment for the legacy manufacturing operations as well as for new equipment and a building extension to be used in the PozGlass™ Pilot plant.
  - b. Mineral Property assets: The Company spent \$178,086 on development costs, primarily related to the Red Lake Mine.
  - c. Investment in a Public Company: The Company spent \$568,156 to acquire additional common shares of a Canadian public company for strategic purposes. This company has historically paid quarterly dividends including dividend income received by Progressive Planet in the current period.
- iii) **Financing activities:** The Company used \$628,490 for financing activities during the six-month period ended October 31, 2025 (October 31, 2024: \$811,099). Significant contributions to this figure include:
  - a. Loan repayments: Net loan repayments totalling \$564,435, including interest and principal.
  - b. Lease obligations repayments: Net lease repayments of \$64,049, 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.

Prior to the end of the quarter, the mine lease on the Z1 Zeolite Quarry expired. Management made the decision to not renew the lease for the following reasons:

- Lease renewal costs were expected to exceed \$100,000, and
- With the acquisition of Absorbent Products in 2022 and the Ferguson Creek Property in 2025, Progressive Planet obtained superior assets for the production of Supplementary Cementing Materials (SCMs) and agricultural soil amendment products.

As a result, the Company will write down the entire carrying value of this asset on its balance sheet of \$1,209,200 during the three-month period ending January 31, 2026. Management notes that, since the acquisition of Absorbent Products in February 2022, the Company has only spent \$7,485 toward developing the Z1 property.

#### Ferguson Creek Property, British Columbia

The Ferguson Creek Property is a group of pozzolan claims located near the town of Clinton in southwestern B.C.

On June 17, 2025, the Company entered into a purchase agreement to acquire a 100% interest in a pozzolan mineral property near Ferguson Creek, BC, for the following consideration:

- i) \$50,000 cash payment on June 17, 2025 (paid).
- ii) \$25,000 cash payment due within five days following the issuance of a bulk sample permit.
- iii) \$50,000 cash payment due within five days following the issuance of a mine permit.

The Ferguson Creek Pozzolan Property was the subject of historical drilling, bulk sampling and commercial testing by an international cement company which also received government approval to extract a bulk sample from the property. No Mine Permit has been issued to date on the property.

Progressive Planet conducted a series of cement tests on material procured from the property before signing the agreement. Testing included water demand and compressive strength. Progressive Planet has completed further testing, exploration and development work on the property since it announced procuring the mineral rights on June 25, 2025.



Progressive Planet has not yet applied for a Bulk Sample Permit or a Mine Permit. There is no assurance or guarantee that either or both permits will be issued. Progressive Planet will provide further updates as further work is completed on this property.

## **OPERATING MINES**

### **Red Lake Diatomaceous Earth Mine**

The 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.

During Q2, PLAN continued with extraction and hauling of diatomite from the mine to the plant for processing 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. A related product, Fresh Coop, is sold to back yard farmers and continues to see growth in sales.

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.

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 many of the "big box" stores in Canada while also producing our own in-house brand of clumping cat litter, WunderCat®.

Beginning in 2023, the Company began selling swelling bentonite powder (sodium bentonite) to customers for fertilizer production. In fiscal 2024, the Company began selling bentonite for use in

geothermal systems. Both of these markets grew in fiscal 2025. In Q1, the Company signed a long-term agreement to supply a customer with this material for use as geothermal grout. Geothermal grout sales continue to be a meaningful source of revenue for the Company.

### **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 and adjacent mineral claims ("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 decided 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 fiscal 2025.

During the current quarter, the Company continued to sell products produced from Bromley Creek zeolite. Total ownership of the Bromley Creek Mineral Property currently sits at 32.1%.

## COMMITMENTS AND CONTINGENCIES

The Company is committed to four land leases with T'kemlups 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'kemlups te Secwepmc expire on June 30, 2055 and one lease expires on August 31, 2055.

The Company is committed to four equipment leases with payments totaling \$75,145 for the twelve-month period following October 31, 2025. The expiry dates of these leases range between November 30, 2028, and June 30, 2029.

The Company is committed to a non-revolving 23-year term loan payable to BDC in the amount of \$5,680,000. Annual principal payments on this loan are \$246,840 and the interest rate is equal to 5.05% per annum. The loan matures on November 23, 2049. Only interest payments are due on this loan until March 2026.

The Company is committed to a non-revolving 48-month term loan payable to TD Auto Finance in the amount of \$45,228, 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.

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 for \$266,000 as at October 31, 2025 (April 30, 2025 - \$266,000).

## SHARE CAPITAL INFORMATION

As of December 18, 2025, the Company had the following outstanding:

Common shares –109,761,943 outstanding

Stock options:

Options Outstanding	Options Exercisable	Exercise Price	Expiry Date
300,000	300,000	0.35	27-Mar-26
300,000	300,000	0.35	11-May-26
1,700,000	1,700,000	0.275	13-Jun-26
225,000	225,000	0.275	13-Jun-26
100,000	25,000	0.29	20-Oct-28
3,505,000	3,505,000	0.18	14-Mar-29
2,860,000	2,860,000	0.18	09-May-30
8,990,000	8,915,000		

Warrants:

Warrants Outstanding	Exercise Price	Expiry Date
Nil	N/A	N/A

## 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, President and Directors. The spouses of two of the Company's key management personnel are employed by the Company in sales or marketing positions. A third spouse worked for the Company in sales in the prior fiscal year, but resigned in October 2024.

Key management compensation for the six months ended October 31, 2025, and 2024 is comprised of the following, and includes amounts paid to both key management and certain of their spouses noted above:

	2025	2024
Selling expenses – Personnel	\$ 53,360	86,302
General and administrative expenses – Personnel	257,514	232,210
General and administrative expenses – Professional fees	52,371	51,750
Share-based compensation	162,800	-
	<u>\$ 526,045</u>	<u>\$ 370,262</u>

As at October 31, 2025, \$18,547 (April 30, 2025: \$9,560) is included in accounts payable and accrued liabilities which is comprised of amounts owed to the CEO, a director 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 six months ended October 31, 2025, located on [www.sedarplus.ca](http://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 not subject to short-term interest rate risk as its long-term debt carries a fixed interest rate for a five-year term.

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 Company's currency risk during the six-month period ended October 31, 2025, because US denominated revenues has increased compared with the prior year period.

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

	October 31, 2025, USD	April 30, 2025, USD
Cash	\$ 371,094	\$ 665,615
Trade receivables	315,676	414,420
Accounts payable	(127,694)	(89,323)
	<u>\$ 559,076</u>	<u>\$ 990,712</u>

(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, 2025, the Company recognized an impairment loss allowance on trade receivables of \$112,627 (April 30, 2025 – \$75,845).

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

As at October 31, 2025	Geographic location			ECL allowance	Credit impairment
	Canada	US	Total		
Current (not past due)	\$ 628,841	\$ 389,966	\$ 1,018,807	\$ -	No
1 – 30 days past due	75,330	35,562	110,892	-	No
31 – 60 days past due	10,899	9,945	20,844	-	No
Over 60 days past due	112,627	-	-	(112,627)	Partial
	\$ 827,697	\$ 435,473	\$ 1,263,170	\$ (112,627)	

As at October 31, 2025, \$678,038 of the Company's trade receivables were due from four customers (April 30, 2025 – \$697,931 due from three customers).

#### Cash and cash equivalents

The Company held cash and cash equivalents of \$2,779,200 at October 31, 2025 (April 30, 2024 – \$5,428,513), which includes \$1,750,000 deposited in redeemable short-term investment accounts. 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 and 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, 2025, is as follows:

As at October 31, 2025	Undiscounted contractual cash flows				
	Carrying amount	Remaining Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029 and thereafter
Accounts payable	\$ 1,640,167	\$ 1,640,167	\$ -	\$ -	\$ -
Lease liabilities	1,661,470	83,105	170,350	170,518	2,310,789
Loans payable	5,725,225	199,802	551,878	521,806	7,858,490
Asset retirement obligation	265,809	10,000	20,000	20,000	279,311
	\$ 9,292,671	\$ 1,933,074	\$ 742,228	\$ 712,324	\$ 10,448,590

(d) Fair value disclosure

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investment in a public company, lease receivable, investment in a private company, accounts payable and accrued liabilities, and loans payable. 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 short-term nature.

The Lease receivable and the 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. Management determined the carrying values of the lease receivable and the loans payable were equal to their respective carrying values as at July 31, 2025 (and as at April 30, 2025 in respect to the loans payable).

Investment in a public company and investment in a private company 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:

	October 31, 2025	April 30, 2025
Total liabilities	\$ 11,349,491	\$ 13,597,209
Less: cash and cash equivalents	(2,779,200)	(5,428,513)
Net debt	8,570,291	8,168,696
Total equity	\$ 16,894,454	\$ 14,381,917
Net debt to equity	0.51	0.57

## 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](http://www.sedarplus.ca).



## RISKS AND UNCERTAINTIES

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

### Risks Related to the Company and its Operations

#### *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 products that it produces. The existence of these factors may delay expected revenues from operations and cause cost estimates not to be accurate, which may result in significant cost over-runs that could make the Company's ventures uneconomical, either of which would have a material and adverse effect on the Company's business, financial condition and results of operations.

### *Compliance with Laws*

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

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

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

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

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

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

#### *First Nations*

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

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

#### *Exploration and Development*

Some of the Company's mineral assets are in exploration or development stage, and further development may only follow upon obtaining continuing satisfactory exploration results and being able to obtain sufficient financing to continue the development and eventual commercial production. Mineral exploration

and development are speculative in nature and involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any additional discoveries of reserves or that the current reserves or resources will be developed to production or be commercially viable. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

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

#### *Calculation of Reserves and Resources*

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

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

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

### *Permits and Government Approvals*

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

### *Reclamation*

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

### *Litigation*

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

### *Government Regulation and Political Risk*

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

### *Operating Risks*

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

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

### *Uninsured Hazards*

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

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

### *Weather Conditions and Climate Change*

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

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

### *Transportation Delays*

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

### *Intellectual Property*

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

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

### *Potential Conflicts of Interest*

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

### *Debt*

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



who have lower levels of debt. Further, if and when the Company has borrowings at floating rates of interest, it could expose us to the risk of increased interest rates with respect to those borrowings.

### *Cyber and Cloud Security Risk*

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

### **Risks Related to the Company's Common Shares**

#### *Share Price Volatility*

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

#### *Dividends*

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

#### *Market Perception*

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

#### *Dilution*

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

### *Liquid Trading Market for the Common Shares*

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

### **QUALIFIED PERSON**

The technical content of this MD&A with respect to the mineral properties 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.