

PROGRESSIVE PLANET SOLUTIONS INC.

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

FOR THE NINE MONTHS ENDED JANUARY 31, 2026, AND 2025

(Expressed in Canadian Dollars)

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)
AS AT,

	January 31, 2026	April 30, 2025
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 2,148,409	\$ 5,428,513
Accounts receivable (Note 4)	1,277,609	1,355,931
Inventories (Note 5)	2,540,961	2,594,736
Prepaid expenses and other	312,625	602,074
	<u>6,279,604</u>	<u>9,981,254</u>
Investment in a public company (Note 6)	1,188,300	420,700
Lease receivable (Note 7)	245,004	-
Investment in a private company (Note 8)	474,000	240,000
Property, plant and equipment (Note 9)	17,369,107	14,388,501
Mineral properties (Note 10)	1,952,120	1,739,471
Exploration and evaluation assets (Note 11)	88,009	1,209,200
	<u>\$ 27,596,144</u>	<u>\$ 27,979,126</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 2,348,406	\$ 2,067,303
Other current liabilities (Note 13)	20,000	51,063
Deferred grant income (Note 14)	160,796	1,873,115
Lease obligations - current (Note 15)	97,382	103,168
Loans payable - current (Note 16)	254,231	304,077
	<u>2,880,815</u>	<u>4,398,726</u>
Long-term lease obligations (Note 15)	1,596,133	1,590,631
Long-term loans payable (Note 16)	5,465,115	5,839,779
Asset retirement obligations (Note 17)	245,290	250,439
Deferred income tax liability	1,509,303	1,517,634
	<u>11,696,656</u>	<u>13,597,209</u>
Shareholders' equity		
Share capital (Note 18)	30,017,403	29,913,928
Share-based payment reserve (Note 18)	6,429,778	6,223,501
Deficit	(20,547,693)	(21,755,512)
	<u>15,899,488</u>	<u>14,381,917</u>
	<u>\$ 27,596,144</u>	<u>\$ 27,979,126</u>

Nature of operations (Note 1)
Commitments (Note 19)

Contingencies (Note 20)

Approved on behalf of the Board:

/s/ Stephen Harpur

Director

/s/ Randy Gue

Director

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited - Expressed in Canadian dollars, except share amounts)
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31,

	Three-month period ended		Nine-month period ended	
	January 31,		January 31,	
	2026	2025	2026	2025
REVENUE (Note 25)	\$ 5,816,709	\$ 4,779,099	\$ 16,695,097	\$ 14,919,438
COST OF SALES				
Cost of goods sold (Notes 5 and 21)	2,816,802	2,589,529	7,533,792	7,184,014
Freight	757,072	615,407	2,220,934	2,006,876
Amortization and depreciation	247,912	206,919	695,828	669,604
Depletion	3,622	8,193	11,923	25,293
	<u>3,825,408</u>	<u>3,420,048</u>	<u>10,462,477</u>	<u>9,885,787</u>
GROSS PROFIT	<u>1,991,301</u>	<u>1,359,051</u>	<u>6,232,620</u>	<u>5,033,651</u>
EXPENSES				
<u>Selling expenses:</u>				
Advertising and other	637,747	180,566	1,033,033	532,597
Personnel (Note 21)	145,843	142,209	449,196	474,640
	<u>783,590</u>	<u>322,775</u>	<u>1,482,229</u>	<u>1,007,237</u>
Research & development costs	397,000	91,692	915,031	226,583
<u>General and administrative expenses:</u>				
Office and administration (Note 21)	276,778	263,659	840,125	867,673
Personnel (Note 21)	289,295	251,499	844,408	731,994
Share-based compensation (Notes 18 & 21)	2,458	439	234,802	4,509
Consulting fees	-	-	-	10,500
Professional fees (Note 21)	84,737	197,542	439,081	368,917
	<u>653,268</u>	<u>713,139</u>	<u>2,358,416</u>	<u>1,983,593</u>
	<u>1,833,858</u>	<u>1,127,606</u>	<u>4,755,676</u>	<u>3,217,413</u>
INCOME FROM OPERATIONS	<u>157,443</u>	<u>231,445</u>	<u>1,476,944</u>	<u>1,816,238</u>
Finance costs	94,881	120,685	278,159	415,813
Grant income (Note 14)	(241,547)	-	(644,274)	-
Other (income) expense (Note 22)	(59,182)	24,598	(482,058)	443,054
Write-off of exploration and evaluation asset (Note 11)	1,209,349	-	1,209,349	-
	<u>(846,058)</u>	<u>89,162</u>	<u>1,115,768</u>	<u>957,371</u>
Income (loss) before income taxes	(846,058)	89,162	1,115,768	957,371
Current income tax (recovery) expense	(85,061)	1,204	(83,720)	147,643
Deferred income tax (recovery) expense	311,377	(29,880)	(8,331)	(301,972)
	<u>(519,745)</u>	<u>60,486</u>	<u>(92,771)</u>	<u>(154,329)</u>
Income (loss) and comprehensive income (loss) for the period	<u>(1,072,374)</u>	<u>\$ 114,838</u>	<u>\$ 1,207,819</u>	<u>\$ 1,111,700</u>
Basic and diluted income (loss) per share	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>
Weighted average number of common shares outstanding – basic	109,774,660	109,761,943	109,766,182	111,087,679
– diluted	112,785,796	109,761,943	111,694,091	111,087,679

The accompanying notes are an integral part of these consolidated financial statements.

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian dollars, except share amounts)
FOR THE PERIOD APRIL 30, 2024 TO JANUARY 31, 2026

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity
April 30, 2024	112,496,943	\$ 30,202,409	\$ 6,218,992	\$ (23,425,103)	\$ 12,996,298
Repurchased shares for cancellation	(2,735,000)	(288,481)	-	-	(288,481)
Share-based compensation	-	-	4,509	-	4,509
Net income for the year	-	-	-	1,669,591	1,669,591
April 30, 2025	109,761,943	\$ 29,913,928	\$ 6,223,501	\$ (21,755,512)	\$ 14,381,917
Share-based compensation	-	-	234,802	-	234,802
Exercise of stock options	390,000	103,475	(28,525)	-	74,950
Net income for the year	-	-	-	1,207,819	1,207,819
January 31, 2026	110,151,943	\$ 30,017,403	\$ 6,429,778	\$ (20,547,693)	\$ 15,899,488

The accompanying notes are an integral part of these consolidated financial statements.

PROGRESSIVE PLANET SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31,

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	\$ 1,207,819	\$ 1,111,700
Adjustments:		
Reclamation work performed on mineral properties	(7,481)	(3,490)
Amortization and depreciation	695,828	669,604
Depletion and asset retirement obligations accretion	11,923	25,293
Share-based compensation	234,802	4,509
Finance costs	278,159	415,813
Gain on sale of property, plant and equipment	(47,834)	(199,184)
(Gain) loss on foreign exchange	(31,063)	147,934
Gain on settlement of lease liability	(14,166)	(52,189)
Gain on investment in a public company	(161,645)	-
(Gain) loss on investment in a private company	(234,000)	646,500
Write-off of exploration and evaluation assets (Note 11)	1,209,349	24,059
Deferred income tax recovery	(8,331)	(301,972)
Net change in non-cash operating working capital (Note 23)	(1,009,670)	1,170,197
Net cash provided by operating activities	2,123,690	3,658,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,928,603)	(559,089)
Grant income recognized for the purchase of plant and equipment	1,068,045	-
Proceeds from dispositions of property, plant and equipment	56,065	1,284,500
Mineral property additions	(222,239)	(231,727)
Exploration and evaluation assets acquisition and expenditures	(88,158)	(1,619)
Purchase of shares in a public company (Note 6)	(605,955)	-
Net cash provided by (used in) investing activities	(4,720,845)	492,520
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchased shares for cancellation (Note 18)	-	(288,481)
Proceeds from loan financing	5,680,000	-
Loan repayments	(6,323,262)	(543,971)
Repayment of bank indebtedness	(62)	(91)
Payments on lease obligations	(143,720)	(184,719)
Lease payments received	29,145	-
Proceeds from the exercise of stock options	74,950	-
Net cash used in financing activities	(682,949)	(1,017,262)
Change in cash during the period	(3,280,104)	3,134,033
Cash and cash equivalents, beginning of period	5,428,513	1,685,806
Cash and cash equivalents, end of period	\$ 2,148,409	\$ 4,819,839

Supplemental cash flow information (Note 23)

The accompanying notes are an integral part of these consolidated financial statements.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

1. NATURE OF OPERATIONS

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance:

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

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

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 12, 2026.

(b) Basis of presentation:

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

(c) Basis for consolidation:

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

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

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

2. BASIS OF PREPARATION (cont'd...)

(d) Functional and presentation currency:

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

(e) Use of estimates and judgments:

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

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

- i) The recognition of deferred tax assets.
- ii) The measurement of raw material inventory stockpiles involves the use of significant judgments and assumptions, including the volume and bulk density of that material.
- iii) Identification and correct interpretation of indicators of impairment of the Company's assets.

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

- i) The measurement of the fair value of investment in a private company (Note 8).
- ii) The taxable income the Company will generate in the subsequent 12-month period which is the basis for which it recognizes unused tax losses or other deductible amounts.

Material Accounting Policies

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

(f) Revenue recognition:

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

BASIS OF PREPARATION (cont'd...)

(g) Cash and cash equivalents:

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

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

(h) Inventories

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

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

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

(i) Lease Receivables:

The Company classifies any assets leased to a third-party as either finance leases or operating leases. Under a finance lease, substantially all the risks and rewards of ownership of the asset are transferred to the lessee. Under an operating lease, the lessee obtains the right to use the asset for a period of time, but does not obtain all the risks and rewards of ownership.

At the inception of a finance lease, the Company derecognizes the underlying asset (for example, an equipment asset) from its balance sheet and correspondingly recognizes a lease receivable. The lease receivable represents the present value of the future lease payments the Company will receive under the terms of the lease agreement.

The lease receivable is reduced as lease payments are received by the Company. Further, the Company recognizes interest income over the lease term based on the interest rate embedded in the lease.

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

2. BASIS OF PREPARATION (cont'd...)

(j) Property, plant and equipment

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the consolidated statement of income and comprehensive income.

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

Asset	Estimated Useful Life
Buildings	20 to 40 years
Equipment	5 to 20 years
Vehicles	3 to 10 years

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

(k) Leases

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

The Company recognizes a right of use asset and a lease liability at the lease commencement date (for new leases) or at the lease assumption date (for leases which exist and the Company is assuming from a third party). The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred (including any amount paid to assume a lease) and an estimate of any costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right of use assets are included in the Company's Property, Plant and Equipment balance as presented on the Consolidated Statement of Financial Position.

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

2. BASIS OF PREPARATION (cont'd...)

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

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

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

(l) Exploration and evaluation assets

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

In addition, the Company capitalizes any direct costs of acquiring resource property interests as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets as mineral properties.

Exploration and evaluation assets are not amortized. Exploration and evaluation assets are assessed for impairment when there is an indication that their carrying amount exceeds their recoverable amount. Management performs a review for such impairment indicators at the end of each reporting period.

(m) Mineral properties

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

2. BASIS OF PREPARATION (cont'd...)

(n) Government assistance / Grant income

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

Government assistance relating to capital expenditures is reflected as a reduction of the cost of such assets. Government assistance relating to expenses incurred is recognized as grant income in the consolidated statement of income and comprehensive income as other income, on a systematic basis in the periods in which the corresponding expenses are recognized.

The Company recognizes grant income when there's a reasonable assurance that the Company will meet the grant's conditions and receive it. Grant proceeds received by the Company prior to the grant's conditions being met are reported as deferred grant income. The deferred grant income is recognized as income in the consolidated statement of income and comprehensive income in the same period, and in proportion to, the expenses the Company incurs in order to meet the conditions of the grant.

(o) Provisions

i. Asset retirement obligations

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

The amount of the asset retirement obligation is estimated using the expected cash flow approach discounted at a credit adjusted interest rate based on government bonds with a similar date to maturity. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of the reporting period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. Changes in the obligation due to the passage of time are recognized in profit or loss as finance costs using the effective interest method. Changes in the obligation due to changes in estimated cash flows are recognized as an adjustment of the carrying amount of the related long-lived asset that is amortized over the remaining life of the asset.

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

ii. Other provisions

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

PROGRESSIVE PLANET SOLUTIONS INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited - Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED JANUARY 31, 2026 AND 2025

2. BASIS OF PREPARATION (cont'd...)

(p) Income taxes

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

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

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

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

(q) Financial Instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement

Financial assets:

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

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

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2. BASIS OF PREPARATION (cont'd...)

(q) Financial instruments (cont'd...)

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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

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

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

Financial liabilities:

The Company's financial liabilities are accounts payable and accrued liabilities and loans payable. On initial recognition, a financial asset is classified as: amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL")

All of the Company's financial liabilities are classified at amortized cost. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the consolidated statement of income (loss) and consolidated income (loss). Any gain or loss on derecognition is also recognized in the consolidated statement of income and comprehensive income.

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

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

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2. BASIS OF PREPARATION (cont'd...)

(r) Foreign transactions

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

If applicable, assets and liabilities of foreign operations are translated into the functional currency at the exchange rates at the reporting date. Income and expenses of foreign operations are translated into the functional currency at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income or loss and accumulated in the translation reserve. When a foreign operation is disposed of in its entirety, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the consolidated statement of income and comprehensive income as part of the gain or loss on disposal.

(s) Employee benefits

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

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

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

(t) Impairment

i. Non-derivative financial assets

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

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2. BASIS OF PREPARATION (cont'd...)

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

(t) Impairment (cont'd...)

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

The Company considers a financial asset to be in default when:

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

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

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

Write off

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

ii. Non-financial assets

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

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

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

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2. BASIS OF PREPARATION (cont'd...)

(u) Share capital

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

(v) Finance costs

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

(w) Fair value measurement

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

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

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

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

(x) Share-based compensation

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

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2. BASIS OF PREPARATION (cont'd...)

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

(y) Income per share

The Company presents basic income (loss) per share for its common shares, calculated by dividing the net income (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted income (loss) per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed by assuming that outstanding options, warrants and similar instruments were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive. All of the Company's 8,600,000 stock options outstanding at January 31, 2026 are included in the income per share calculation.

(z) Contingencies

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

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3. CASH AND CASH EQUIVALENTS

	January 31, 2026	April 30, 2025
Bank balances	\$ 2,148,409	\$ 3,678,513
Term deposit	-	1,750,000
Cash and cash equivalents	\$ 2,148,409	\$ 5,428,513

Term deposit

At April 30, 2025 the Company had \$1,750,000 in a short-term investment account with a Tier 1 Canadian bank. The account bore interest at 3.05% per annum, for a period of 12 months (matured on Nov 19, 2025).

4. ACCOUNTS RECEIVABLE

	January 31, 2026	April 30, 2025
Trade receivables	\$ 1,203,456	\$ 1,300,722
Commodity tax recoverable	10,397	6,211
Other receivables	63,756	48,998
	\$ 1,277,609	\$ 1,355,931

5. INVENTORIES

	January 31, 2026	April 30, 2025
Finished goods	\$ 321,527	\$ 378,199
Raw materials	768,013	770,714
Supplies	1,451,421	1,445,823
	\$ 2,540,961	\$ 2,594,736

Inventories have been pledged as security for the Company's long-term debt (Note 16) in accordance with the respective agreement. During the nine-month periods ended January 2026, and 2025, no write-downs of inventories or reversals of previously recognized write-downs of inventories occurred.

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6. INVESTMENT IN A PUBLIC COMPANY

During the fiscal year ended April 30, 2025, and the nine months ended January 31, 2026, the Company acquired common shares of a Canadian public company. These shares are classified as and subsequently measured at FVTPL.

The following is a summary of the Company's public company investment for the year ended April 30, 2025 and the nine-month period ended January 31, 2026:

	Total
Balance, April 30, 2024	\$ -
Shares purchased by the Company in the open market	397,892
Unrealized gain from change in fair value	22,808
Balance, April 30, 2025	420,700
Shares purchased by the Company in the open market	605,955
Unrealized gain from change in fair value (a)	161,645
Balance, January 31, 2026	\$ 1,188,300

(a) The Company reported a gain of \$161,645 in order to increase the carrying value of the public company shares to their fair value as at January 31, 2026. The fair value was considered to be equivalent to their closing trading price at that date. This gain is included in the Company's Other income (Note 22).

7. LEASE RECEIVABLE

In June 2025, the Company entered into an agreement to lease an under-utilized equipment asset to a third-party. The Company assessed the lease to be a finance lease as substantially all the risks and rewards of ownership were transferred to the third-party lessee. The lease has a term of 66 months with monthly lease payments of \$4,800 (combined interest and principal) in addition to a down payment of \$25,000 received by the Company at the commencement of the lease. The interest rate embedded in the lease is 5.45% per annum. The Company determined the net present value of the lease payments to be \$274,149 which it recognized as a lease receivable. The carrying value of the equipment asset was \$234,330 at the lease inception date and accordingly, the Company reported a gain on sale of \$64,819 in June 2025 as a result of the disposition of this asset (calculated as: down payment of \$25,000 plus lease receivable of \$274,149 equals total proceeds of \$299,149 less carrying value of \$234,330).

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8. INVESTMENT IN A PRIVATE COMPANY

The following is a summary of the Company's investment in *ZS2 Technologies Ltd.* ("ZS2") for the year ended April 30, 2025, and the nine-month period ended January 31, 2026:

	Total	
ZS2 Technologies Ltd. – Common shares		
	<u>Common shares</u>	
Balance, April 30, 2024	450,000	\$ 742,500
Unrealized loss from change in fair value	-	(517,500)
Balance, April 30, 2025	450,000	\$ 225,000
Unrealized gain from change in fair value (a)	-	225,000
Balance, January 31, 2026	450,000	\$ 450,000
ZS2 Technologies Ltd. – Share purchase warrants		
	<u>Warrants</u>	
Balance, April 30, 2024	300,000	\$ 150,000
Unrealized loss from change in fair value	-	(135,000)
Balance, April 30, 2025	300,000	\$ 15,000
Unrealized gain from change in fair value (b)	-	9,000
Balance, January 31, 2026	300,000	\$ 24,000
Investments in common shares and warrants of ZS2 balance:		
Balance, April 30		\$ 240,000
Balance, January 31, 2026		\$ 474,000

- (a) In the nine-month period ended January 31, 2026, ZS2 issued common shares under a private placement at \$1.00 per share. The Company did not participate in the private placement. However, the private placement price of \$1.00 per share was an indicator of the fair value of the ZS2 shares as at January 31, 2026. Accordingly, the Company recorded an unrealized gain of \$225,000 (\$0.50 per share) to increase the carrying value of the investment from \$225,000 to \$450,000 during the nine-month period ended January 31, 2026.
- (b) On January 31, 2026, the Company estimated the fair value of its 300,000 share-purchase warrants to be \$24,000 (\$0.08 per warrant), which was \$9,000 higher than the carrying value recorded as at April 30, 2025. Accordingly, the Company recorded an unrealized gain of \$9,000 during the nine-month period ended January 31, 2026.

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

	January 31, 2026	April 30, 2025
Spot price per share	\$1.00	\$0.50
Strike price per share	\$2.00	\$2.00
Risk-free interest rate	2.561%	2.47%
Expected life of options	1.1 years	1.85 years
Expected annualized volatility	65.00%	80.00%
Expected dividend rate	0.00%	0.00%

The Company's investments in shares and warrants in ZS2 are classified as and subsequently measured at FVTPL.

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9 PROPERTY, PLANT AND EQUIPMENT

A summary of the changes in the Company's property, plant and equipment for the year ended April 30, 2025, and the nine months ended January 31, 2026, as follows:

	Land		Buildings	Equipment		Vehicles		Total
	Freehold	Leasehold		Owned	Leased	Owned	Leased	
Cost								
Balance, April 30, 2024	\$ 2,170,000	\$ 8,037,878	\$ 2,507,748	\$ 5,605,353	\$ 402,433	\$ 140,764	\$ 128,471	\$ 18,992,647
Additions	-	-	164,661	613,231	-	-	-	777,892
Adjustments	-	-	-	-	-	128,471	(128,471)	-
Dispositions	-	(1,532,467)	(399,047)	(375,652)	-	-	-	(2,307,166)
Balance, April 30, 2025	2,170,000	6,505,411	2,273,362	5,842,932	402,433	269,235	-	17,463,373
Additions (a)	-	-	534,898	3,325,661	-	-	-	3,860,559
Adjustments (b)	-	71,754	-	75,124	(48,622)	-	-	98,256
Dispositions (c)	-	-	-	(503,715)	-	-	-	(503,715)
Balance, January 31, 2026	\$ 2,170,000	\$ 6,577,165	\$ 2,808,260	\$ 8,740,002	\$ 353,811	\$ 269,235	\$ -	\$ 20,918,473
Accumulated								
Balance, April 30, 2024	\$ -	\$ 170,115	\$ 284,383	\$ 1,441,361	\$ 63,637	\$ 48,620	\$ 102,252	\$ 2,110,368
Additions	-	590,533	106,193	615,469	68,680	35,509	-	1,416,384
Adjustments	-	-	-	-	-	102,252	(102,252)	-
Dispositions	-	(112,712)	(152,982)	(186,186)	-	-	-	(451,880)
Balance, April 30, 2025	-	647,936	237,594	1,870,644	132,317	186,381	-	3,074,872
Additions	-	157,132	73,606	394,618	48,243	22,230	-	695,829
Adjustments (b)	-	-	-	47,430	(47,430)	-	-	-
Dispositions (c)	-	-	-	(221,335)	-	-	-	(221,335)
Balance, January 31, 2026	\$ -	\$ 805,068	\$ 311,200	\$ 2,091,357	\$ 133,130	\$ 208,611	\$ -	\$ 3,549,366
Net Book Value								
Balance, April 30, 2025	\$ 2,170,000	\$ 5,857,475	\$ 2,035,768	\$ 3,972,288	\$ 270,116	\$ 82,854	\$ -	\$ 14,388,501
Balance, January 31, 2026	\$ 2,170,000	\$ 5,772,097	\$ 2,497,060	\$ 6,648,645	\$ 220,681	\$ 60,624	\$ -	\$ 17,369,107

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PROPERTY, PLANT AND EQUIPMENT (cont'd...)

(a) The total value of property, plant and equipment additions for the nine-month period ended January 31, 2026, was \$4,928,603. Of these additions, \$2,142,087 were determined to be eligible expenditures for previously awarded government grants (see Note 14), which reimburse 49.86% of such expenditures. Accordingly, consistent with the Company's accounting policies, the value of the property, plant and equipment additions have been reduced by the corresponding grant proceeds received, which was \$1,068,045 for the nine-months ended January 31, 2026 (i.e., \$2,142,087 of eligible expenditures multiplied by the grant rate of 49.86%). Of this amount, \$31,489 was applied to building additions and \$1,036,556 was applied to equipment additions.

(b) During the nine-month period ended January 31, 2026, the Company purchased a forklift prior to the end of its lease term. Accordingly, the Company transferred the initial cost of this asset (\$75,124) and accumulated depreciation (\$47,430) from the Leased Equipment to Owned Equipment category above.

In addition, during the current period there were changes to certain of the Company's leases, as follows:

- In October 2025, there were modifications to four of the Company's forklift leases, which resulted in an increase in the leased equipment value of \$26,502 and a corresponding increase in the lease liability of \$26,502 (see Note 15).
- In January 2026, there were modifications to three of the Company's land leases, which resulted in an increase in the leased land value of \$71,754 and a corresponding increase in the lease liability of \$71,754 (see Note 15).

(c) During the nine-month period ended January 31, 2026, the Company sold equipment assets with a combined cost of \$503,715 and accumulated depreciation of \$221,335 for total gross proceeds of \$330,214 (consisting of cash of \$56,065 and a lease receivable of \$274,149 – see Note 7 above).

Property, plant and equipment have been pledged as security for the Company's long-term debt (Note 16) in accordance with the respective agreements.

10. MINERAL PROPERTIES

A summary of the changes in the Company's mineral properties for the year ended April 30, 2025 and the nine months ended January 31, 2026 is as follows:

	Red Lake Mine Savona, BC	Bud Mine Princeton, BC	Bromley Creek Mine Princeton, BC	Total
Balance, April 30, 2024	\$ 694,150	\$ 365,535	\$ 431,027	\$ 1,490,712
Additions	102,752	50,008	146,313	299,073
Change in ARO estimate	23,863	(83,576)	34,235	(25,478)
Depletion	(17,681)	(7,155)	-	(24,836)
Balance, April 30, 2025	803,084	324,812	611,575	1,739,471
Additions	141,359	78,266	2,614	222,239
Change in ARO estimate	-	-	-	-
Depletion	(6,745)	(2,845)	-	(9,590)
Balance, January 31, 2026	\$ 937,698	\$ 400,233	\$ 614,189	\$ 1,952,120

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10. MINERAL PROPERTIES (cont'd...)

As at January 31, 2026, the Company owned 100% interests in the Red Lake Mine and the Bud Bentonite Mine, as well as 32.1% interest in the Bromley Creek Mine. The Company pays a royalty of \$4.50 per metric tonne of zeolite that is mined and removed from the Bromley Creek Mine property to International Zeolite Corporation.

11. EXPLORATION AND EVALUATION ASSETS

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

A summary of the changes in the Company's exploration and evaluation assets for the year ended April 30, 2025, and the nine months ended January 31, 2026, is as follows:

	Z1 Zeolite Property, BC	Ferguson Creek Property, BC	Sun Group Zeolite Property, BC	Other	Total
Balance, April 30, 2024	\$ 1,207,739	\$ -	\$ 60,151	\$ -	\$ 1,267,890
Exploration cost additions	1,461	-	158	-	1,619
Disposition	-	-	(60,309)	-	(60,309)
Balance, April 30, 2025	1,209,200	-	-	-	1,209,200
Acquisition payments	-	50,000	-	-	50,000
Exploration cost additions	149	11,785	-	26,224	38,158
Write-off	(1,209,349)	-	-	-	(1,209,349)
Balance, January 31, 2026	\$ -	\$ 61,785	\$ -	\$ 26,224	\$ 88,009

Z1 Zeolite Property, British Columbia

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

- i) Cash payment of \$20,000 (paid);
- ii) 666,667 common shares (issued at a value of \$430,000);
- iii) 333,333 common shares (issued at a value of \$105,000); and
- iv) incur \$500,000 of exploration expenditures on or before January 23, 2019 (incurred).

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

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11. EXPLORATION AND EVALUATION ASSETS (cont'd...)

In November 2025, Management elected not to renew the Company's mine lease permit for the Z1 Zeolite property, which was expiring at that time. In preparation for this renewal, Management determined that the zeolite material at the Company's existing Bromley Creek Zeolite Mine was superior for use in current products, as well as for products under research and development. Management concluded that expending the significant estimated costs associated with renewing the mine lease was not justified in light of the limited opportunities for further development of the Z1 Zeolite property. Accordingly, the Company wrote-off the entire capitalized cost of this property of \$1,209,349 during the current period.

Ferguson Creek Property, British Columbia

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.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances payable of \$78,841 as at January 31, 2026 (April 30, 2025 - \$266,238), which include amounts payable for GST, PST, EHT, payroll related taxes, workers' compensation and other federal remittances.

13. OTHER CURRENT LIABILITIES

A summary of the Company's other current liabilities as at January 31, 2026 and April 30, 2025 is as follows:

	January 31, 2026	April 30, 2025
Current portion of Asset Retirement Obligation (Note 15)	\$ 20,000	\$ 20,000
US dollar forward contracts liability (Note 24)	-	31,063
	<u>\$ 20,000</u>	<u>\$ 51,063</u>

14. DEFERRED GRANT INCOME

Effective November 18, 2024, the Company was awarded a grant from Sustainable Development Technology Canada ("SDTC") to support the Company's construction of a pilot plant to produce PozGlass™, a low-carbon supplementary cementitious material derived from post-consumer glass. The total grant award from SDTC was equal to 40% of the Company's anticipated pilot plant project costs, to a maximum of \$4,636,468. The first tranche of SDTC grant funding was received by the Company on January 31, 2025, in the amount of \$1,555,682. A second tranche, in the amount of \$1,112,509, was received subsequent to January 31, 2026 (see Note 25).

Additionally, effective March 25, 2025, the Company was awarded a grant from B.C.'s Innovative Clean Energy Fund ("ICE"), which was also to support the Company's construction of the PozGlass™ pilot plant. The total grant award from ICE was equal to 9.86% of the Company's anticipated pilot plant project costs, to a maximum of \$1,140,000. The first tranche of ICE grant funding was received by the Company on April 3, 2025 in the amount of \$602,569. A second tranche of ICE grant funding in the amount of \$268,715 was received subsequent to January 31, 2026 (Note 26).

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14. DEFERRED GRANT INCOME (cont'd...)

During the nine-month period ended January 31, 2026, the Company incurred \$3,434,253 in eligible pilot plant project costs (nine-month period ended January 31, 2025: \$92,898). Of this amount, \$2,142,087 were related to the acquisition of property, plant and equipment assets. Accordingly, 49.86% of this amount (\$1,068,045) was considered government assistance and deducted from the acquisition cost of these assets (see Note 9)

In respect to the remaining \$1,292,166 of non-capital eligible project costs, the Company recognized 49.86% of these costs (\$644,274) as grant income for the period (nine-month period ended January 31, 2025: \$92,898 of non-capital eligible project costs incurred resulting in the recognition of \$46,319 of grant income).

The combined capital grant proceeds and non-capital grant income recognized in the current period (\$1,068,045 and \$644,274, respectively) reduced the Company's deferred grant income balance from \$1,873,115 as at April 30, 2025, to \$160,796 as at January 31, 2026.

The entire amounts of the SDTC and ICE grants are expected to be funded and utilized over a 45-month period beginning in November 2024.

15. LEASE OBLIGATIONS

	January 31, 2026	April 30, 2025
Equipment (1)	\$ 236,447	\$ 269,950
Land (2)	1,457,068	1,423,849
	1,693,515	1,693,799
Less current portion of lease obligations	(97,382)	(103,168)
	\$ 1,596,133	\$ 1,590,631

- (1) The Company's equipment leases balance as at January 31, 2026, is comprised of four 5-year leases for the use of four forklifts commencing between August 1, 2023 and March 1, 2024, with a combined initial monthly lease payment of \$5,963 over the following 64 months. An initial amount of \$327,309 was capitalized to leased assets on inception of the leases. In October 2025, the lease agreements were modified which resulted in an increase in the combined monthly lease payment to \$6,571. This change resulted in an increase in the leased liability of \$26,502 and a corresponding increase in the leased equipment value of \$26,502 (see Note 9).
- (2) The Company's land leases as at January 31, 2026 were comprised of the following:
- (a) A lease expiring June 30, 2055 (approximately 29 years remaining at January 31, 2026) for 2.2 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments increased from \$27,225 to \$33,990 effective January 2026. This change resulted in an increase in the leased liability of \$34,042 and a corresponding increase in the leased land value of \$34,042 (see Note 9). The interest rate attributed to the lease is 4.95% based on an estimate of the Company's incremental borrowing rate at the lease modification date.
- (b) A lease expiring June 30, 2055 (approximately 29 years remaining at January 31, 2026) for 1.4 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments increased from \$23,595 to \$29,458 effective January 2026. This change resulted in an increase in the leased liability of \$29,569 and a corresponding increase in the leased land value of \$29,569 (see Note 9). The interest rate attributed to the lease is 4.95% based on an estimate of the Company's incremental borrowing rate at the lease modification date.

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15. LEASE OBLIGATIONS (cont'd...)

- (c) A lease expiring June 30, 2055 (approximately 29 years remaining at January 31, 2026) for 0.5 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. Annual lease payments increased from \$8,250 to \$10,300 effective January 2026. This change resulted in an increase in the leased liability of \$8,142 and a corresponding increase in the leased land value of \$8,142 (see Note 9). The interest rate attributed to the lease is 4.95% based on an estimate of the Company's incremental borrowing rate at the lease modification date.
- (d) A lease expiring August 31, 2055 (approximately 30 years remaining at January 31, 2026) for 1.1 acres of industrial property in Kamloops, B.C. owned by the Tk'emlúps te Secwépemc First Nation. This lease was modified on effective September 1, 2023 and annual lease payments were increased from \$17,825 to \$22,425 at that time. The interest rate attributed to the lease is 7.6% based on an estimate of the Company's incremental borrowing rate at the lease modification date.
- (e) A lease expiring June 30, 2031 (approximately 5 years remaining at January 31, 2026) for industrial storage property located near Kamloops, B.C. owned by a private landowner. Annual lease payments are \$10,000. The interest rate attributed to the lease is 3.55% based on an estimate of the Company's incremental borrowing rate at the lease recognition date.

Effective September 1, 2024, the Company exercised a buyout option on a transport truck that was at the end of its 5-year lease. The buyout price was \$34,281 and the remaining lease liability was \$23,414 at the buyout date. The Company reported the difference of \$10,967 as a loss on settlement of lease liability (included in Other Income – see Note 22).

Effective October 30, 2024, the Company sold a leased property, and the associated building, for gross proceeds of \$1,230,000. This lease for a 2.7 acre industrial property in Kamloops, B.C. was expiring September 30, 2058 (approximately 34 years remaining at the date of sale). The lease liability recognized by the Company in relation to this lease (\$825,836) was eliminated at the date of sale (see Note 9).

Effective July 9, 2025, the Company exercised a buyout option on a forklift prior to the end of its 5-year lease. The buyout price was \$10 and the remaining lease liability was \$14,176 at the buyout date. The Company reported the difference of \$14,166 as a gain on settlement of lease liability (included in Other income – see Note 22).

During the nine-month period ended January 31, 2026, interest expense of \$59,346 (2025 – \$73,987) relating to lease liabilities has been included in finance costs in the statement of income and comprehensive income related to these lease arrangements.

A summary of the changes in the Company's lease liabilities for the year ended April 30, 2025, and the nine months ended January 31, 2026, is as follows:

	January 31, 2026	April 30 2025
Lease liabilities, beginning of period	\$ 1,693,799	\$ 2,629,513
Payments	(143,720)	(213,820)
Interest expense	59,346	92,975
Settlement of lease liability	-	(825,836)
(Gain) loss on settlement of lease liabilities	(14,166)	10,967
Lease modification	98,256	-
Lease liabilities, end of the period	\$ 1,693,515	\$ 1,693,799

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15. LEASE OBLIGATIONS (cont'd...)

A schedule of the Company's lease maturities as at January 31, 2026 and at April 30, 2025 is as follows:

	January 31, 2026	April 30, 2025
Maturity analysis - contractual undiscounted cash flows		
Less than one year	\$ 185,028	\$ 167,916
More than one year	2,928,049	2,629,539
Total undiscounted lease liabilities	\$ 3,113,077	\$ 2,797,455

16. LOANS PAYABLE

	January 31, 2026	April 30, 2025
BMO 25-year term non-revolving demand loan, interest at BMO's prime rate + 0.75% per annum, repayable in monthly installments of \$23,233 plus interest, secured by a general security agreement of the Company's assets as well as first mortgages on the Company's real property and leased properties, and partially secured by personal guarantees of certain shareholders of the Company	\$ -	\$ 6,087,133
BDC 23-year term non-revolving loan, interest at 5.05% per annum, repayable in monthly installments of \$20,570 plus interest secured by a general security agreement of the Company's assets as well as first mortgages on the Company's leased properties. No principal payments are due until March 2026.	5,680,000	-
TD Auto Finance 48-month term loan, interest at 5.99% per annum, repayable in 48 equal blended payments of principal and interest of \$2,176, with the final payment due on August 10, 2027	39,346	56,723
	5,719,346	6,143,856
Less current portion of loans payable	(254,231)	(304,077)
	\$ 5,465,115	\$ 5,839,779

A summary of changes in loans payable for the year ended April 30, 2025, and the nine months ended January 31, 2026 is as follows:

	January 31, 2026	April 30, 2025
Loans payable, beginning of period	\$ 6,143,856	\$ 6,444,648
Loan proceeds	5,680,000	-
Loan repayments	(6,323,262)	(761,347)
Interest expense	218,752	460,555
Loans payable, end of period	\$ 5,719,346	\$ 6,143,856

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17. ASSET RETIREMENT OBLIGATIONS

The Company has recorded asset retirement obligations for the estimated costs of reclaiming its mineral property assets. Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision relates to the timing and costs that will be incurred. The estimated reclamation costs include costs of backfilling, grading, applying topsoil, and seeding and planting trees as required by the BC Ministry of Energy, Mines and Low Carbon Innovation. The Company has calculated the present value of the reclamation costs as at January 31, 2026 and April 30, 2025 using a pre-tax discount rate of 3.07% and an inflation rate of 2.0%. The estimated total undiscounted cash flows for reclamation costs as at January 31, 2026 is \$329,311 (April 30, 2025: \$335,496). The following is a reconciliation of the changes in the asset retirement obligations during the year ended April 30, 2025, and the nine months ended January 31, 2026:

	January 31, 2026	April 30, 2025
Asset retirement obligations, beginning of period	\$ 270,439	\$ 298,577
Reclamation work performed	(7481)	(5,187)
Change in estimated costs and assumptions	-	(25,478)
Accretion expense	2,332	2,527
Asset retirement obligations, end of period	265,290	270,439
Less estimated current portion	(20,000)	(20,000)
	\$ 245,290	\$ 250,439

18. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the nine-month period ended January 31, 2026, the Company issued 390,000 common shares in relation to stock options that were exercised during the period.

During the year ended April 30, 2025, the Company repurchased 2,735,000 of its common shares for cancellation under the terms of a normal course issuer bid. The total cost of the shares, including transaction costs, was \$288,481 (\$0.105 per common share). The Company cancelled all the 2,735,000 shares prior to April 30, 2025.

Stock options

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

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

A summary of the Company's stock option activity for the years ended April 30, 2025 and the nine months ended January 31, 2026 is as follows:

	Options	Weighted Average Exercise Price
Balance, April 30, 2024	10,765,000	0.27
Forfeited	(850,000)	0.28
Expired	(3,735,000)	0.35
Balance, April 30, 2025	6,180,000	\$ 0.23
Issued	2,960,000	0.18
Exercised	(390,000)	0.18
Expired	(150,000)	0.30
Balance, January 31, 2026	8,600,000	\$ 0.21
Exercisable, January 31, 2026	8,525,000	\$ 0.21

During the nine months ended January 31, 2026, the Company granted the following:

- (1) 2,860,000 stock options to employees, officers, directors and consultants of the Company. All of the stock options vested immediately. The stock options issued to the consultants were in exchange for corporate strategy, business development or research and development services. The exercise price of the stock options granted was \$0.18 per option and the term was 5.0 years. The estimated fair value of the options granted was \$228,800 or \$0.08 per option.
- (2) 100,000 stock options to a consultant of the Company. 25,000 stock options vested at the grant date and the remaining 75,000 options vest on October 20, 2026. The stock options were issued in exchange for research and development services. The exercise price of the stock options granted was \$0.29 per option and the term was 3.0 years. The estimated fair value of the options granted was \$13,000 or \$0.08 per option.

During the year ended April 30, 2025, the Company did not grant any stock options.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the nine-month period ended January 31, 2026:

	2026
Risk-free interest rate	2.74%
Expected life of options	4.9 years
Expected annualized volatility	74.7%
Expected dividend rate	0.00%

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

Stock options (cont'd)...

As at January 31, 2026, the Company had the following stock options outstanding:

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
1,875,000	1,875,000	0.275	13-Jun-26
100,000	25,000	0.29	20-Oct-28
3,415,000	3,415,000	0.18	14-Mar-29
2,610,000	2,610,000	0.18	09-May-30
8,600,000	8,525,000		

Warrants

A summary of the Company's warrant activity for the year ended April 30, 2025, and the nine-month period ended January 31, 2026:

	Warrants	Weighted Average Exercise Price
Balance, April 30, 2024	8,333,332	0.36
Expired	(8,333,332)	0.36
Balance, April 30, 2025 and January 31, 2026	-	\$ -

The Company did not issue any warrants during the nine-month period ended January 31, 2026 or during the year ended April 30, 2025.

Share-based Compensation

During the nine-month period ended January 31, 2026, the Company recognized share-based compensation of \$234,802 (2025 - \$4,509) for stock options vesting in the period.

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19. COMMITMENTS

The Company is committed to four land leases with T'kemlups te Secwepmc and one lease with a private landowner with annual payments totaling \$106,173 (Note 15(2)). The leases contain clauses allowing the rental amount to be reviewed and adjusted every five years. The lease with the private landowner expires on June 30, 2031. Three of the leases with T'kemlups te Secwepmc expire on June 30, 2055 and one lease expires on August 31, 2055.

The Company is committed to four equipment leases with payments totaling \$78,855 for the twelve-month period following January 31, 2026 (Note 15(1)). 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 \$39,346, 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.

20. CONTINGENCIES

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

The Company, by agreement with the Government of British Columbia, is responsible for any future site restoration costs on its mining properties. At this time, the need for, or the nature of, any future site restoration 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 January 31, 2026 (April 30, 2025 - \$266,000).

21. 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 year ended April 30, 2025, but resigned in October 2024.

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21. RELATED PARTY TRANSACTIONS (cont'd...)

	2026	2025
Selling expenses – Personnel	\$ 76,067	111,655
General and administrative expenses – Personnel	389,471	374,900
General and administrative expenses – Professional fees	78,867	68,325
Share-based compensation	162,800	-
	\$ 707,205	\$ 554,880

As at January 31, 2026, \$10,786 (April 30, 2025 \$9,560) is included in accounts payable and accrued liabilities which is comprised of amounts owed to the CEO and a corporation owned by the Company's CFO.

22. OTHER INCOME

A summary of the Company's other income (expenses) for the three and nine-month periods ended January 31, 2026, and 2025 is as follows:

	Three-month period ended January 31,		Nine-month period ended January 31,	
	2026	2025	2026	2025
Loss on foreign exchange	\$ (61,605)	\$ (97,203)	\$ (73,325)	\$ (166,989)
Gain (loss) on disposal of property, plant and equipment	730	(6,494)	47,834	199,184
Other income (a)	36,466	33,146	99,008	72,236
Property rental (b)	-	(365)	-	26,381
Gain on investment in public company (Note 6)	123,861	-	161,645	-
Gain on settlement of lease liabilities	-	-	14,166	52,189
Reclamation expense	(1,270)	-	(1,270)	-
Gain (loss) on investment in a private company (Note 8)	(39,000)	-	234,000	(646,500)
	\$ 59,182	\$ (70,916)	\$ 482,058	\$ (463,499)

- (a) The Company earns royalty income for the use of one of its proprietary product formulations by a third-party. In addition, the Company earns dividend income on its Public Company shares (see Note 6).
- (b) Prior to the sale of one of its leased properties effective October 30, 2024, the Company leased excess warehouse space to a third party.

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23. SUPPLEMENTAL CASH FLOW INFORMATION

The following supplemental cash flow information is provided for the nine months ended January 31, 2026, and 2025

	2026	2025
Lease Receivable addition (a)	\$ 274,149	\$ -
Property, plant and equipment disposition (a)	\$ (274,149)	\$ -
Addition of leased assets (b)	\$ 98,256	\$ -
Leased liability addition (b)	\$ (98,256)	\$ -
Mineral property additions (c)	\$ -	\$ 36,250
Evaluation and exploration asset dispositions (c)	\$ -	\$ (36,250)
Disposition of leased asset (d)	\$ -	\$ 762,679
Settlement of lease liability (d)	\$ -	\$ (762,679)

- (a) During the nine-month period ended January 31, 2026, the Company disposed of an under-utilized equipment asset by entering into an agreement to lease the asset to a third-party (see Note 7). The Company determined the net present value of the lease payments to be \$274,149 at the inception of the lease which were recorded as a Lease receivable.
- (b) In October 2025, the Company's lease agreements for four forklifts were modified which resulted in an increase in the combined monthly lease payment to \$6,571. This change resulted in an increase in the leased liability of \$26,502 and a corresponding increase in the leased equipment value of \$26,502 (see Note 9). In addition, in January 2026, three of Company's lease agreement for land assets were modified which resulted in an increase in the combined monthly lease payment of \$7,339. This change resulted in an increase in the leased liability of \$71,754 and a corresponding increase in the leased land value of \$71,754 (see Note 9).
- (c) Effective May 31, 2024, the Company relinquished its 2.5% interest in the Sun Group Property, an exploration and evaluation asset (see Note 11), in exchange for an additional 2.5% interest in the Bromley Creek Mine, a mineral property asset. Management estimated the fair value of the 2.5% interest in the Bromley Creek Mine to be \$36,250.
- (d) Effective October 30, 2024, the Company sold a leased property, and the associated building. At the date of sale, the lease liability recognized by the Company in relation to this lease was \$825,836. On disposition of the leased property, the Company eliminated both the lease liability and the corresponding right-of-use asset.

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23. SUPPLEMENTAL CASH FLOW INFORMATION (cont'd...)

The net changes in non-cash operating working capital, during the nine-month period ended January 31, 2026:

	2026	2025
Accounts receivable	\$ 78,322	\$ (262,806)
Inventories	53,775	(34,879)
Prepaid expenses and other	289,449	(20,403)
Accounts payable and accrued liabilities	281,103	(16,422)
Deferred revenue	-	(4,656)
Deferred grant income	(1,712,319)	1,509,363
	\$ (1,009,670)	\$ 1,170,197

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

(a) Market risk

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

Interest rate risk:

The Company's long-term debt is 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 nine-month period ended January 31, 2026 because US denominated revenues increased compared with the prior year period.

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

	January 31, 2026 USD	April 30, 2025 USD
Cash	\$ 194,671	\$ 665,615
Trade receivables	379,204	414,420
Accounts payable	(137,340)	(89,323)
	\$ 436,535	\$ 990,712

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24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

(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 nine-month period ended January 31, 2026, 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 January 31, 2026	Geographic location			ECL allowance	Credit impairment
	Canada	US	Total		
Current (not past due)	\$ 591,522	\$ 499,804	\$ 1,091,326	\$ -	No
1 – 30 days past due	98,794	-	98,794	-	No
31 – 60 days past due	1,111	12,225	13,336	-	No
Over 60 days past due	112,627	-	112,627	(112,627)	Yes
	\$ 804,054	\$ 512,029	\$ 1,316,083	\$ (112,627)	

As at January 31, 2026, \$462,109 of the Company's trade receivables were due from three customers (April 30, 2025 - \$697,931 due from three customers).

Cash and cash equivalents

The Company held cash and cash equivalents of \$2,148,409 at January 31, 2026 (April 30, 2025 - \$5,428,513). The balance as at April 30, 2025, included \$1,750,000 deposited in redeemable short-term investment accounts. The cash and cash equivalents are held with a bank rated at AA-, based on Fitch ratings.

(c) Liquidity risk

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

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24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

A summary of the Company's prospective undiscounted contractual cash flows (i.e., including known or estimated interest costs) that existed as at January 31, 2026 is as follows:

As at January 31, 2026	Undiscounted contractual cash flows				
	Carrying amount	Remaining Fiscal 2026	Fiscal 2027	Fiscal 2028	Fiscal 2029 and thereafter
Accounts payable	\$ 2,348,406	\$ 2,348,406	\$ -	\$ -	\$ -
Lease liabilities	1,693,515	35,926	185,028	185,028	2,707,095
Loans payable	5,719,346	120,975	551,878	521,806	7,858,490
Asset retirement obligation	265,290	5,000	20,000	20,000	284,311
	\$ 10,026,557	\$ 2,510,307	\$ 756,906	\$ 726,834	\$ 10,849,896

(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 January 31, 2026 (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:

	January 31, 2026	April 30, 2025
Total liabilities	\$ 11,696,656	\$ 13,597,209
Less: cash and cash equivalents	(2,148,409)	(5,428,513)
Net debt	9,548,247	8,168,696
Total equity	\$ 15,899,488	\$ 14,381,917
Net debt to equity	0.60	0.57

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25. SEGMENTED INFORMATION

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

Revenue by geographic location

The Company sells to customers located in Canada and in the US. The following is a summary of sales by geographic location for the nine months ended January 31, 2026, and 2025:

	2026	2025
Revenue from customers located in Canada	\$ 6,752,723	\$ 6,501,963
Revenue from customers located in the US	9,942,374	8,417,475
	\$ 16,695,097	\$ 14,919,438

Customer concentration

During the nine months ended January 31, 2026, there was one customer that individually accounted for more than 10% of total revenues (nine months ended January 31, 2025, two customers). This customer accounted for 19% of total revenues (nine months ended January 31, 2025: 16% and 12%, respectively).

26. SUBSEQUENT EVENT

In March 2026, the Company received the second tranche of the SDTC grant, in the amount of \$1,112,509, and the second tranche of the ICE grant, in the amount of \$268,715, which were awarded for the development of the Company's PozGlass™ Pilot Plant (see Note 14).