CANADIAN PREMIUM SAND INC.

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended

March 31, 2022

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the unaudited interim condensed 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 condensed financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of unaudited interim condensed financial statements by an entity's auditor.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

As at	Note	March 31 2022	September 30 2021
		$	$
Assets			
Current assets			
Cash and cash equivalents		**2,761,182**	4,831,257
Trade and other receivables		**15,520**	8,279
Prepaid expenses and deposits		**18,299**	8,379
Total current assets		**2,795,001**	4,847,915
Property, plant and equipment	5	**5,770**	8,654
Right of use assets	5	**3,642**	8,012
Total assets		**2,804,413**	4,864,581
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,355,669**	1,598,305
Current portion of lease liabilities	6	**12,000**	24,000
Total current liabilities		**1,367,669**	1,622,305
Lease liabilities	6	**3,206**	1,843
Convertible debentures	7	**2,421,472**	2,257,292
Decommissioning provision	8	**67,353**	77,237
Total liabilities		**3,859,700**	3,958,677
Shareholders' (deficit) equity			
Capital stock	9	**28,852,331**	28,852,331
Share-based compensation reserve		**2,133,934**	2,020,671
Convertible debentures - equity component		**94,891**	94,891
Deficit		**(32,136,443)**	(30,061,989)
Total shareholders' (deficit) equity		**(1,055,287)**	905,904
Total liabilities and shareholders' (deficit) equity		**2,804,413**	4,864,581

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 13)
Subsequent Events (Note 14)

Approved by the Board of Directors

"Rodrigo Sousa"
Director

"Richard Williams"
Director

(Expressed in Canadian Dollars)

	Note	Three months ended March 31, 2022	2021	Six Months ended March 31, 2022	2021
		$	$	**$**	$
Sand sales revenue		**-**	-	**-**	-
Cost of sales		**-**	-	**-**	-
Gross profit		**-**	-	**-**	-
Selling, general and administrative	11	**397,411**	193,595	**685,093**	376,451
Exploration and evaluation expenditures	3	**317,116**	29,491	**502,305**	204,201
Glass plant development	4	**457,366**	77,514	**681,313**	77,514
Share-based compensation		**55,883**	26,286	**113,263**	51,444
Foreign exchange loss (gain)		**(5,118)**	(13,127)	**(4,991)**	(60,049)
Loss on disposal of assets		**-**	8,367	**-**	8,367
Loss from operations		**(1,222,658)**	(322,126)	**(1,976,983)**	(657,928)
Other income		**(44,383)**	-	**(56,800)**	-
Net finance costs (income)		**78,449**	72,001	**154,271**	135,734
Loss before income taxes		**(1,256,724)**	(394,127)	**(2,074,454)**	(793,662)
Income tax (recovery) expense		**-**	-	**-**	-
Net loss and comprehensive loss		**(1,256,724)**	(394,127)	**(2,074,454)**	(793,662)
Loss per share – basic and diluted		**(0.03)**	(0.02)	**(0.05)**	(0.04)
Weighted average number of shares outstanding - basic and diluted		**45,615,660**	21,244,460	**45,615,660**	21,244,460

(Expressed in Canadian Dollars)

	Capital stock					
	Number of shares	Amount	Share-based compensation reserve	Convertible debentures	Deficit	Total
		$	$	$	$	$
Balance at October 1, 2020	21,244,460	22,546,331	1,753,462	94,891	(27,562,207)	(3,167,523)
Share-based compensation			51,444			51,444
Net loss for the period	-	-	-	-	(793,662)	(793,662)
Balance at March 31, 2021	21,244,460	22,546,331	1,804,906	94,891	(28,355,869)	(3,909,741)
Balance at October 1, 2021	**45,615,660**	**28,852,331**	**2,020,671**	**94,891**	**(30,061,989)**	**905,904**
Share-based compensation	**-**	**-**	**113,263**	**-**	**-**	**113,263**
Net loss for the period	**-**	**-**	**-**	**-**	**(2,074,454)**	**(2,074,454)**
Balance at March 31, 2022	**45,615,660**	**28,852,331**	**2,133,934**	**94,891**	**(32,136,443)**	**(1,055,287)**

(Expressed in Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	**2022**	2021
Operating activities	**$**	$	**$**	$
Net loss for the period	**(1,256,724)**	(394,127)	**(2,074,454)**	(793,662)
Adjusted for the following:				
Depreciation	**3,627**	4,479	**7,254**	8,958
Share-based compensation	**55,883**	26,286	**113,263**	51,444
Interest and accretion	**84,499**	75,658	**166,303**	143,106
Unrealized foreign exchange loss (gain)	**(5,118)**	(13,652)	**(4,992)**	(67,608)
Loss on disposal of assets	**-**	8,367	**-**	8,367
Decommissioning	**(10,645)**	(16,846)	**(10,645)**	(16,846)
Other income	**(44,383)**	-	**(56,800)**	-
Net changes in non-cash working capital	**128,542**	58,637	**(222,004)**	57,508
Net cash used in operating activities	**(1,044,319)**	(251,198)	**(2,082,075)**	(608,733)
Investing activities				
Proceeds from disposal of assets	**-**	1,000	**-**	1,000
Net cash used in investing activities	**-**	1,000	**-**	1,000
Financing activities				
Proceeds from private placement	**-**	-	**-**	-
Payment of private placement issue costs	**-**	-	**-**	-
Proceeds from long-term borrowings	**-**	-	**-**	20,000
Payments of long-term borrowings	**-**	(60,000)	**-**	(60,000)
Payment of lease	**(6,000)**	(6,000)	**(6,000)**	(12,000)
	(6,000)	(66,000)	**(6,000)**	(52,000)
Decrease in cash and cash equivalents	**(1,038,319)**	(316,198)	**(2,070,075)**	(659,733)
Cash and cash equivalents at beginning of period	**3,799,501**	918,950	**4,831,257**	1,262,485
Cash and cash equivalents at end of period	**2,761,182**	602,752	**2,761,182**	602,752
Supplemental disclosure of cash flow information:				
	$	$	**$**	$
Cash interest received	**1,972**	766	**4,196**	1,846
Cash interest paid	**(589)**	(1,292)	**(1,363)**	(2,745)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) General

The Company was formed under the Business Corporations Act (Ontario) on September 21, 2005 by articles of incorporation and continued under the Canada Business Corporations Act in 2019. The Company is presently a "Venture Issuer" as defined in National Instrument 51-102 and trades under the trading symbol "CPS". The Company's head and principal office is located at Suite 2000, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6.

The Company is developing a business to manufacture patterned solar glass. The manufacturing facility is to be constructed at a site identified in the City of Selkirk, Manitoba. It is currently in the process of finalizing detailed engineering work to refine the associated capital expenditures, and to obtain the necessary permits and regulatory approvals for construction and operation.

The Company has 41 contiguous quarry leases located approximately 160 kilometers north of Winnipeg, Manitoba that grant the Company the exclusive right to quarry silica sand which the Company intends to use as feedstock for the glass manufacturing facility.

(b) Going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on the basis of accounting principles applicable to a going concern, which assume the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at March 31, 2022 the Company had a deficit of $32,136,443 (September 30, 2021 of $30,061,989), cash of $2,761,182 (September 30, 2021 of $4,831,257), accounts payable and accruals and current lease liabilities of $1,367,669 (September 30, 2021 of $1,622,305) and participation agreements along with commitments for the acquisition of quarry leases for the twelve-month period to March 31, 2023 of $158,500. For further details see Commitments and Contingencies (Note 13).

The Company's continued existence is dependent upon the preservation of its interest in the Company's quarry leases, the receipt of permits and regulatory approvals and the successful pursuit of additional financing to fund the development of the solar glass manufacturing facility and future operations. These material uncertainties lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. There is no assurance that these initiatives will be successful.

The Company successfully closed two private placements in June and July 2021 for aggregate gross proceeds of $6,450,000 to fund the Front-End Engineering and Design ("FEED") for a solar glass manufacturing facility, initiate permitting applications and other key activities to progress the business plan, as well as for general working capital purposes.

Significant challenges in raising new capital through the equity and debt markets exist, compounded by the unprecedented business climate created by the COVID-19 pandemic. It is uncertain how long these events will continue to impact the economy and the Company's ability to secure financing. If the Company is unsuccessful in obtaining additional sources of financing when needed and on acceptable terms, the going concern assumption may not be appropriate. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Basis of preparation and presentation

These unaudited interim condensed financial statements were prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). They do not include all disclosures that would otherwise be required for full annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended September 30, 2021.

These interim condensed financial statements are presented in Canadian Dollars unless otherwise noted, and have been prepared on a historical cost basis, except for certain financial instruments and share-based compensation transactions that have been measured at fair value.

These interim condensed financial statements were authorized for issuance by the Board of Directors of the Company on May 25, 2022.

(b) Significant accounting policies

The significant accounting policies adopted in the preparation of these interim condensed financial statements are the same as those set out in the annual audited financial statements for the year ended September 30, 2021. Unless otherwise stated, these policies have been consistently applied to all periods presented.

There are standards and interpretations that are issued, but not yet effective, however the Company does not expect them to have any significant impact on the Company's financial statements in future periods.

The preparation of the interim condensed financial statements in accordance with IAS 34, requires management to make judgments, estimates, and assumptions that affect the reported assets, liabilities, revenues, expenses and the disclosure of contingencies. Actual results may differ significantly from these estimates. The COVID-19 pandemic could have a significant impact on estimates and their underlying assumptions as the course of the COVID-19 pandemic remains highly uncertain.

The extent to which COVID-19 impacts the Company's accounting estimates and judgments will depend on future developments which are currently unknown, including, but not limited to, the duration and severity of the pandemic, the impact of the pandemic on economic growth, commodity prices, financial and capital markets and government responses and restrictions. A description of the significant accounting judgments, estimates and assumptions are set out in the annual audited financial statements for the year ended September 30, 2021.

3. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures of the Company relate to the development of the Wanipigow Sand Quarry and are broken down by category as follows:

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION EXPENDITURES - CONTINUED

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Advance royalty payments	**-**	-	**50,000**	50,000
Acquisition and participation costs	**1,431**	1,188	**25,137**	24,894
Permitting and environmental	**3,789**	(56)	**3,789**	636
Silica sand feasibility	**32,625**	8,590	**37,196**	70,825
Field office expenses	**15,356**	(1,215)	**21,730**	793
Labour	**53,980**	30,867	**99,134**	61,337
Equipment rental and site supplies	**70,753**	2,484	**74,536**	3,604
Quarry design	**146,200**	-	**194,173**	-
Depreciation	**3,627**	4,479	**7,255**	8,958
Decommissioning	**(10,645)**	(16,846)	**(10,645)**	(16,846)
Total Wanipigow Sand Project expenditures	**317,116**	29,491	**502,305**	204,201

Wage and rent subsidies that were received as part of the Canada Emergency Wage and Rent Subsidy ("CEWS" and "CERS") programs and netted in exploration and evaluation expenditures were $nil for the three and six months ended March 31, 2022 compared to $19,591 for the three months ended and $33,372 for the six months ended March 31, 2021.

The cumulative exploration and evaluation expenditures at March 31, 2022 are $20,342,654.

4. GLASS PLANT DEVELOPMENT EXPENDITURES

Expenses incurred for the development of the glass manufacturing facility are broken down as follows:

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Plant feasibility	**133,325**	58,914	**240,444**	58,914
Glass plant design	**301,526**		**359,410**	-
Labour, equipment & supplies	**-**	-	**-**	-
Logistics	**(532)**		**14,250**	-
Permitting & environmental	**23,047**	18,600	**67,209**	18,600
Total glass plant development expenses	**457,366**	77,514	**681,313**	77,514

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

The Company owns vehicles, classified as PP&E assets, and leases property, classified as ROU assets, as set out below:

(Expressed in Canadian Dollars)

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS – CONTINUED

	PP&E ASSETS	ROU ASSETS
	$	$
Cost		
Balance at September 30, 2020	36,702	40,083
Additions	-	-
Disposals	(13,625)	-
Balance at September 30, 2021	23,077	40,083
Additions	**-**	**-**
Disposals	**-**	**-**
Balance at March 31, 2022	**23,077**	**40,083**
Accumulated depreciation		
Balance at September 30, 2020	11,209	23,331
Depreciation	7,472	8,740
Disposals	(4,258)	
Balance at September 30, 2021	14,423	32,071
Depreciation	**2,884**	**4,370**
Disposals		-
Balance at March 31, 2022	**17,307**	**36,441**
Carrying amounts		
Balance at September 30, 2020	36,702	40,083
Balance at September 30, 2021	8,654	8,012
Balance at March 31, 2022	**5,770**	**3,642**

6. LEASE LIABILITIES

The following table sets out the changes in lease obligations for the periods presented:

	$
Balance at October 1, 2020	45,020
Interest expense	4,823
Principal and interest payments	(24,000)
Disposals	-
Balance at September 30, 2021	25,843
Interest expense	**1,363**
Principal and interest payments	**(12,000)**
Disposals	**-**
Balance at March 31, 2022	**15,206**

(Expressed in Canadian Dollars)

6. LEASE LIABILITIES – CONTINUED

Current portion of lease liabilities as March 31, 2022	**12,000**
Non-current portion of lease liabilities as at March 31, 2022	**3,206**

The Company has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments at an implicit and incremental borrowing rate of approximately 14%.

7. CONVERTIBLE DEBENTURES

The Company issued $1,975,000 of secured convertible debentures ("Convertible Debentures") on February 26, 2020. The Convertible Debentures bear interest at 12% per annum, compounded quarterly from the date of issuance and payable in arrears on maturity. The maturity date is four years from the date of issuance ("Maturity Date"). The Convertible Debentures are a secured obligation of the Company which rank senior to all present and future indebtedness that is not senior indebtedness, which will involve the grant by the Company, of a fixed and floating charge over all of its present and after acquired property.

The Convertible Debentures and accrued interest thereon are convertible into common shares, at the holder's option, at a price of $0.75 per Common Share, subject to adjustment in certain events, at any time prior to the Maturity Date. On or after February 26, 2022 and prior to their Maturity Date, the Convertible Debentures may be redeemed by the Company, in whole or in part, at any time the daily volume weighted average trading price is $1.20 per Common Share or more over a 30 consecutive trading day period. The Convertible Debentures may be redeemed for either a cash payment or by issuing Common Shares at a deemed price of $0.75 per Common Share that is equal to all outstanding principal and accrued interest up to the redemption date or any combination thereof, on not less than 30 days' notice to the Convertible Debenture holders.

The Convertible Debentures represent a compound financial instrument that contains a host debt contract and equity component. The net proceeds received from the issue of the Convertible Debentures have been split between the financial liability and equity components as follows:

	Liability Component	**Equity Component**
	$	**$**
Allocation of proceeds on issue date, February 26, 2020	1,876,477	98,523
Transaction costs on February 26, 2020	(69,172)	(3,632)
Net proceeds on issue date February 26, 2020	1,807,305	94,891
Amortization of transaction costs 2020	5,221	-
Accrued interest and accretion (effective interest rate of 15.1%)	149,049	-
Balance at September 30, 2020	1,961,575	94,891
Amortization of transaction costs	12,143	-
Accrued interest and accretion (effective interest rate of 15.1%)	283,574	-
Balance at September 30, 2021	2,257,292	94,891

(Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURES – CONTINUED

Amortization of transaction costs	**7,835**	-
Accrued interest and accretion (effective interest rate of 15.1%)	**156,345**	-
Balance at March 31, 2022	**2,421,472**	**94,891**

8. DECOMMISIONING PROVISION

		$
Balance at September 30, 2020		92,815
Change in discount rate	-	16,846
Accretion		1,268
Balance at September 30, 2021		77,237
Change in discount rate		**(10,645)**
Accretion		**761**
Balance at March 31, 2022		**67,353**

The estimated cash flows required to settle the provision have been discounted using a rate of 2.37% and an inflation rate of 1.9% at March 31, 2022 (September 30, 2021 was 1.97% and 1.9% respectively). These obligations are expected to be settled in 25 years.

9. CAPITAL STOCK

(a) Authorized

The Company is authorized to issue an unlimited number of common shares. The shares have no par value. All issued shares are fully paid.

(b) Issued and outstanding common shares

	Number of Shares	Amount
		$
Balance at September 30, 2020	21,244,460	22,546,331
Shares issued for private placement	24,371,200	6,450,000
Share issue costs		(144,000)
Balance at September 30, 2021	45,615,660	28,852,331
Balance at September 30, 2021	45,615,660	28,852,331
Shares issued for private placement	-	-
Share issue costs	-	-
Balance at March 31, 2022	**45,615,660**	**28,852,331**

The Company closed a non-brokered private placement on June 16, 2021 and issued an aggregate of 20,799,200 common shares (the "Common Shares") at a price of $0.25 per Common Share for gross proceeds of $5,199,800. The

(Expressed in Canadian Dollars)

9. CAPITAL STOCK - CONTINUED

(b) Issued and outstanding common shares - continued

Company completed a further non-brokered private placement on July 22, 2021 of 3,572,000 common shares at a price of $0.35 per share, for gross proceeds of $1,250,200. Agent's fees and other direct costs such as legal and exchange fees, totaled $144,000.

(c) Stock options

	Number of options	Weighted average exercise price
		$
Balance at September 30, 2020	1,266,666	1.06
Granted	1,415,000	0.38
Expired	(420,000)	1.28
Forfeited	(80,000)	0.35
Balance at September 30, 2021	2,181,666	0.61
Granted	**-**	**-**
Expired	**(116,666)**	**2.18**
Forfeited	**-**	**-**
Balance at March 31, 2022	**2,065,000**	**0.53**
Exercisable at end of period	**1,083,333**	**0.64**

The majority of options issued to date vest 1/3 on grant date and 1/3 on each anniversary date of the grant and expire between three to five years from the issue date. 400,000 options granted will expire on June 20, 2022.

(d) Restricted share units

As at March 31, 2022, there have been no restricted share units granted.

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISK

(a) Fair value

The fair values of cash and cash equivalents, trade and other receivables, and accounts payable and accruals included in the statement of financial position approximate their carrying amount due to the short-term maturity of these instruments.

The fair value of the capital lease obligations, long-term borrowings and the liability component of the convertible debentures is determined based on discounted cash flows, including interest at current rates for similar instruments. At March 31, 2022, the fair value of the Convertible Debentures is $2.6 million.

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISK - CONTINUED

(b) Credit and interest rate risk

The Company's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables included in current assets. Cash and cash equivalents consist of bank deposits, which are held by a Canadian chartered bank. At March 31, 2022 the Company holds interest-bearing cash balances of $2,646,573 (September 30, 2021 was $4,707,707). The Company has collected the trade and other receivables balance in full, subsequent to the period end.

(c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due and ensuring an adequate supply of funds to enable the Company to carry out its intended programs. See Going Concern Note 1(b).

(d) Foreign currency risk

The Company is exposed to foreign currency exchange risk as the Company undertakes certain transactions in US dollars, Australian dollars and Euros. The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuation.

For the three months ended March 31, 2022, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have decreased (increased) net loss in aggregate by approximately $99,091. Included in accounts payable and accruals at March 31, 2022 is USD $610,665 (September 30, 2021 was USD $685,825).

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31,		Six months ended March 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Employee compensation and benefits	**209,492**	57,473	**408,026**	117,489
Professional fees	**124,583**	87,664	**176,509**	195,159
Office	**46,227**	11,224	**75,694**	24,400
Shareholder information	**17,109**	37,234	**24,864**	39,403
Total selling, general and administrative expenses	**397,411**	193,595	**685,093**	376,451

Wage and rent subsidies that were received as part of the CEWS and CERS programs and netted in selling, general and administrative expenses were $nil for the three and six months ended March 31, 2022 compared to $34,051 for the three months ended and $57,520 for the six months ended March 31, 2021.

(Expressed in Canadian Dollars)

12. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

The related parties are directors and officers of the Company and entities over which executive management and directors have control or significant influence. The amounts are for services rendered during the period and arose as a result of transactions entered into with the related parties in the ordinary course of business.

The Company completed two private placements for an aggregate of 24,371,200 common shares (the "**Common Shares**"). The first at a price of $0.25 per Common Share for gross proceeds of $5,199,800, in June of 2021 and the second at a price of $0.35 in July of 2021 for proceeds of $1,250,200. Certain directors and officers of the Company, being Lowell Jackson, John Assman, Rodrigo Sousa, Richard Williams, Glenn Leroux and Anshul Vishal, as well as its largest shareholder, being Paramount Resources Ltd., directly or indirectly participated in the Offering in the aggregate amount of $1,262,675, thereby making the Offering a “related party transaction” as defined under Multilateral Instrument 61-101.

Certain directors of the Company, being Lowell Jackson, John Assman, and Glenn Leroux, and its two largest shareholders being Paramount Resources Ltd. and David Wilson, directly or indirectly participated in the Offering of Convertible Debentures in the aggregate amount of $1,975,000 in February 26, 2020, thereby making the Offering a “related party transaction” as defined under Multilateral Instrument 61-101.

13. COMMITMENTS AND CONTINGENCIES

The Company is committed to payments under the terms of quarry leases, royalty and participation agreements and provincial statutes as follows:

As at March 31, 2022		**Payments due by period**	
	Less than 1 year	**1-3 years**	**4 -5 years**
	$	**$**	**$**
Quarry lease agreements[1]	58,500	175,500	117,000
Royalty and participation agreements[2]	100,000	375,000	-
Total commitments	**158,500**	**550,500**	**117,000**

[1] Beyond five years, the Company is committed to annual quarry lease payments of $27 per hectare under lease.

[2] Certain of the royalty and participation agreements require payments to be made prior to the commencement of commercial production. Once commercial production commences, royalty and participation payments are based on tonnes sold as described in detail below, less any reductions related to advanced royalty payments already made.

(a) Royalty and economic participation agreement commitments

The Company has economic participation agreements with respect to the Wanipigow Sand Quarry with Hollow Water First Nation and the Incorporated Community of Seymourville (together, the "Economic Participation Agreements"). The Company has also entered into various contractual agreements relating to the acquisition of title for 18 of its quarry leases.

Certain of the royalty and participation agreements entered into, required payments to be made prior to the

13. COMMITMENTS AND CONTINGENCIES – CONTINUED

(a) Royalty and economic participation agreement commitments - continued

commencement of commercial production as noted in the table above. A portion of the payments made to date, plus applicable accrued interest, are considered advance royalty payments which total $2,484,457 at March 31, 2022 and can be offset against specified future royalty payments owing when commercial production commences.

Once commercial production commences, the royalty and participation agreements combined with the royalty due under Manitoba Provincial statutes, have varying future payments based on a number of factors including the rate, location and type of mineral extracted and the sale point end use. Due to the variability in the royalty and participation obligations, the Company's future commitment ranges from a maximum of $4.80 per tonne sold to a minimum of $3.80 per tonne sold.

The Company has an option to acquire 50% of the production royalty under one agreement for $1,500,000 within the first three years of achieving initial production. This option can be extended a further two years by increasing the payment to $2,000,000. This would reduce the maximum royalty per tonne sold to $4.30 and the minimum royalty per tonne sold to $3.55.

(b) Future royalty income

The Company received a Net Smelter Royalty (the "NSR") when it sold its Timmins mineral exploration properties that vary from 1% to a maximum of 2%, depending upon the claims and the pre-existing NSR burden if the Timmins properties achieve commercial production. The NSR payable to the Company is capped at $5,000,000.

14. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2022, the Company:

- Announced on April 19, 2022, the engagement of Green City Glass LLC as its client technical representative to assist in the selection and oversight of key service providers as the Company proceeds to the detailed engineering phase of its solar glass manufacturing facility.

- Announced on April 25, 2022, the inaugural grant of share options under its new omnibus equity incentive plan consisting of a total 1,050,000 options exercisable at $0.42 per common share.