CANADIAN PREMIUM SAND INC.

FINANCIAL STATEMENTS

For the years ended

September 30, 2022 and 2021

Independent auditor's report

To the Shareholders of Canadian Premium Sand Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Premium Sand Inc. (the Company) as at September 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's financial statements comprise:

- the statements of financial position as at September 30, 2022 and 2021;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in (deficit) equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
December 13, 2022

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

Years ended September 30,	Note	2022	2021
		$	$
Assets			
Current assets			
Cash and cash equivalents		**8,692,040**	4,831,257
Trade and other receivables		**31,703**	8,279
Prepaid expenses and deposits		**110,711**	8,379
Total current assets		**8,834,454**	4,847,915
Property, plant and equipment	6	**2,885**	8,654
Right of use assets	6	**80,904**	8,012
Total assets		**8,918,243**	4,864,581
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,404,672**	1,598,305
Current portion of lease liabilities	7	**51,713**	24,000
Total current liabilities		**1,456,385**	1,622,305
Lease liabilities	7	**30,362**	1,843
Convertible debentures	8	**2,597,591**	2,257,292
Decommissioning provision	9	**56,311**	77,237
Total liabilities		**4,140,649**	3,958,677
Shareholders' (deficit) equity			
Capital stock	10	**36,614,560**	28,852,331
Share purchase warrants	10	**1,108,890**	-
Share-based compensation reserve		**2,404,363**	2,020,671
Convertible debentures - equity component	8	**94,891**	94,891
Deficit		**(35,445,110)**	(30,061,989)
Total shareholders' (deficit) equity		**4,777,594**	905,904
Total liabilities and shareholders' (deficit) equity		**8,918,243**	4,864,581

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 18)
Subsequent Events (Note 19)

Approved by the Board of Directors

"Rodrigo Sousa"
Director

"Richard Williams"
Director

(Expressed in Canadian Dollars)

Years ended September 30,	**Note**	**2022**	2021
		$	$
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Selling, general and administrative	13	**1,540,702**	893,689
Exploration and evaluation expenditures	4	**950,254**	463,890
Glass plant development	5	**2,124,419**	629,424
Share-based compensation	10	**383,692**	267,209
Foreign exchange loss (gain)		**96,058**	(45,564)
Loss on disposal of assets		**-**	8,367
Loss from operations		**(5,095,125)**	(2,217,015)
Net finance costs (income)	14	**287,996**	282,767
Loss before income taxes		**(5,383,121)**	(2,499,782)
Income tax (recovery) expense	15	**-**	-
Net loss and comprehensive loss		**(5,383,121)**	(2,499,782)
Loss per share – basic and diluted		**(0.11)**	(0.08)
Weighted average number of shares outstanding - basic and diluted		**48,254,016**	32,015,688

(Expressed in Canadian Dollars)

	Capital stock						
	Number of shares	**Amount**	**Share purchase warrants**	**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	-	-	-	267,209	-	-	267,209
Shares issued for private placement	24,371,200	6,450,000	-	-	-	-	6,450,000
Share issue costs	-	(144,000)	-	-	-	-	(144,000)
Net loss for the period	-	-	-	-	-	(2,499,782)	(2,499,782)
Balance at September 30, 2021	45,615,660	28,852,331	-	2,020,671	94,891	(30,061,989)	905,904
Share-based compensation	**-**	**-**	**-**	**383,692**	**-**	**-**	**383,692**
Units issued	**32,100,000**	**8,426,250**	**1,203,750**	**-**	**-**	**-**	**9,630,000**
Unit issue costs	**-**	**(664,021)**	**(94,860)**	**-**	**-**	**-**	**(758,881)**
Net loss for the period	-	-	-	-	-	**(5,383,121)**	**(5,383,121)**
Balance at September 30, 2022	**77,715,660**	**36,614,560**	**1,108,890**	**2,404,363**	**94,891**	**(35,445,110)**	**4,777,594**

(Expressed in Canadian Dollars)

Years ended September 30,	**Note**	**2022**	2021
Operating activities		**$**	$
Net loss for the period		**(5,383,121)**	(2,499,782)
Adjusted for the following:			
Depreciation	4,13	**25,339**	16,212
Share-based compensation		**383,692**	267,209
Interest and accretion		**342,751**	301,809
Unrealized foreign exchange loss (gain)		**81,332**	(37,513)
Loss on disposal of assets		**-**	8,367
Decommissioning	9	**(22,681)**	(16,846)
Net changes in non-cash working capital		**(400,720)**	(713,684)
Net cash used in operating activities		**(4,973,409)**	(2,674,228)
Investing activities			
Proceeds from disposal of assets		**-**	1,000
Net cash used in investing activities		**-**	1,000
Financing activities			
Proceeds from private placement	10	**9,630,000**	6,450,000
Payment of private placement issue costs	10	**(758,881)**	(144,000)
Proceeds from long-term borrowings		**-**	20,000
Payments of long-term borrowings		**-**	(60,000)
Payment of lease	7	**(36,928)**	(24,000)
Net cash proceeds from financing activities		**8,834,191**	6,242,000
Increase (decrease) in cash and cash equivalents		**3,860,783**	3,568,772
Cash and cash equivalents at beginning of period		**4,831,257**	1,262,485
Cash and cash equivalents at end of period		**8,692,040**	4,831,257

Supplemental disclosure of cash flow information:

	$	$
Cash interest received	**37,731**	5,431
Cash interest paid	**(4,500)**	(4,823)

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 at a facility to be constructed at a site the Company has secured for purchase 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 (the "Wanipigow Sand Quarry") 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 September 30, 2022 the Company had a deficit of $35,445,110 (September 30, 2021 of $30,061,989), cash of $8,692,040 (September 30, 2021 of $4,831,257), accounts payable and accruals and current lease liabilities of $1,456,385 (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 September 30, 2023 of $158,500. For further details see Commitments and Contingencies (Note 18).

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 construction 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.

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 application and other key activities to progress the business plan, as well as for general working capital purposes. In August 2022, the Company successfully closed an additional two concurrent private placements for gross proceeds of $9,630,000 to fund the final development activities in anticipation of reaching construction-ready status in the first quarter of 2023. Once construction-ready status has been achieved, the Company will pursue funding to construct its solar glass manufacturing facility. There is no assurance that these initiatives will be successful.

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

1. NATURE OF OPERATIONS AND GOING CONCERN – CONTINUED

(b) Going concern (continued)

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 was 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 financial statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) and interpretations by the International Financial Reporting Interpretations Committee (IFRIC).

These financial statements are presented in Canadian Dollars, which is the functional and presentation currency of the Company. The financial statements 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.

The accounting policies described in Note 3 have been applied consistently to all years presented in these financial statements, except as noted herein.

These financial statements were approved by the Board of Directors of the Company on December 13, 2022.

(b) Significant accounting estimates and judgments

The preparation of the financial statements in accordance with IFRS 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 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.

Estimates and assumptions are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year in which the estimates are revised.

The following is a description of the accounting judgments, estimates and assumptions that are considered significant:

2. BASIS OF PRESENTATION – CONTINUED

(b) Significant accounting estimates and judgments (continued)

Exploration and evaluation expenditures

Exploration and evaluation expenditures are recognized as an expense until the determination of technical feasibility and commercial viability which is subject to judgment. Once commercial viability is reached, the Company will move out of the exploration and evaluation phase and into the project development phase.

Glass plant development expenditures

Glass plant development expenditures are recognized as an expense until the determination of technical feasibility and commercial viability which is subject to judgment. Once commercial viability is reached and sufficient capital resources are raised, the Company will move out of the glass plant development phase and into the project construction phase.

Right-of-use assets and lease liabilities

Right-of-use assets ("ROU assets") lease terms consider the non-cancellable period along with facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Lease liabilities incremental borrowing rate is based on judgments about the economic environment in which the Company operates. Actual results could differ significantly as a result of these estimates and judgments.

Convertible debentures

The fair value of the liability component of the convertible debentures utilizes observable market data, including interest rates. As a result of changes in key assumptions, actual amounts may vary significantly from estimated amounts.

Decommissioning liabilities

The amounts recorded for decommissioning liabilities are based on the Company's exploration and evaluation activities and management's assessment as to when a legal or constructive obligation has occurred as well as the estimated costs to reclaim the land, the estimated time period in which these costs will be incurred in the future and the discount and inflation rates. Any changes to these estimates could change the amount of the decommissioning liability and associated exploration and evaluation expenditures.

Share-based compensation

The fair value of share-based compensation is estimated at the grant date using the Black-Scholes option pricing model, which includes underlying assumptions related to volatility, interest rates, dividend yields, and expected life of the options. By their nature, these inputs are subject to measurement uncertainty and require management to exercise judgment.

Income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates substantively enacted. Tax regulations and legislation are subject to change and differing interpretations require management judgment. Income tax filings are subject to audits, reassessments and changes in

2. BASIS OF PRESENTATION – CONTINUED

(b) Significant accounting estimates and judgments (continued)

facts, circumstances and interpretations of the standards and may result in a material change in the Company's provision for income taxes.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Exploration and evaluation expenditures

All exploration and evaluation costs directly attributable to evaluating the Wanipigow Sand Quarry, determining technical feasibility and commercial viability net of incidental revenues, are charged to the statement of loss and comprehensive loss under the heading "Exploration and evaluation expenditures" in the period incurred. This includes initial acquisition and annual lease payments relating to quarry leases, participation and advance royalty payments, site labour costs and supplies, feasibility studies, environmental studies, core hole drilling for the sand testing studies, decommissioning and other exploration and evaluation activities. When it has been determined that a property has commercially viable reserves, that there are no significant evaluation activities remaining and final investment decision to proceed with the project has occurred, no further costs will be expensed into exploration and evaluation. Any costs incurred after this date relating to the development of the project will be capitalized into property, plant and equipment. On the commencement of commercial production, mining property depletion will be provided on a unit-of-production basis using estimated reserves and resources as the depletion base.

(b) Glass plant development expenditures

The costs related to the development of the Company's glass manufacturing facility are charged to the statement of loss and comprehensive loss under the heading "Glass plant development expenditures" in the period incurred. This includes feasibility studies, environmental studies, design and engineering studies, and other development activities. When it has been determined that the glass plant project is commercially viable and final investment decision to proceed with the project has occurred, no further costs will be expensed into glass plant development. Any costs incurred after this date relating to the development of the project will be capitalized into property, plant and equipment and will be depreciated over the useful life of the assets.

(c) Decommissioning provision

The Company recognizes the present value of decommissioning obligations in the period incurred. Decommissioning provisions are recorded as a liability on a discounted basis using a risk-free discount rate specific to the liability, with a corresponding increase to exploration and evaluation expenditures. The liability and associated exploration and evaluation expenditures are increased over time for accretion expense, representing the unwinding of the discount applied to the provision, and adjusted for changes to the current market-based discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation.

(d) Property, plant and equipment ("PPE")

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PPE consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(d) Property, plant and equipment ("PPE") (continued)

of PPE, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Vehicles 4 years

An item of PPE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of loss and comprehensive loss.

(e) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed for indicators of impairment at each reporting period. If indicators of impairment exist, the recoverable amount of the assets is estimated. For purposes of assessing impairment, property, plant and equipment are grouped into cash-generating units ("CGUs"), defined as the lowest levels for which there are separately identifiable independent cash inflows.

The recoverable amount of a CGU is the greater of its fair value less costs to dispose and its value in use. Fair value is determined to be the amount for which the asset would be sold in an arm's length transaction between knowledgeable and willing parties. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the cash-generating unit in its present form. These cash flows are discounted at a rate based on the time value of money and risks specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. An impairment loss recognized in respect of a CGU is allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. Impairment losses are recognized in the statements of loss.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(f) Equity

Share capital represents the amount received on the issue of shares, less issuance costs. If shares are issued when options and conversion options are exercised, the share capital account also comprises the costs previously recorded as share-based compensation reserve. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they were measured at their fair value according to the quoted price on the day immediately preceding the conclusion of the agreement.

(g) Share-based compensation transactions

Employees or individuals who provide services similar to those performed by a legally defined employee, including Directors of the Company, receive a portion of their remuneration in the form of share-based compensation transactions, whereby they receive equity instruments as consideration for services rendered ("equity-settled transactions")

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(g) Share-based compensation transactions (continued)

The costs of equity-settled transactions with employees are measured by reference to the fair value of the equity instruments at the date on which they are granted. The fair value of each option granted is estimated using the Black-Scholes option pricing model that takes into account, on the date of grant, the exercise price and expected life of the option, the price of the underlying security, the expected volatility and dividends on the underlying security and the risk-free interest rate.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees or Directors become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date and reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based compensation reserve. The Company has estimated a forfeiture rate based on a history of forfeitures to account for actual forfeitures.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, an additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

Options issued to non-employees are valued using the fair value of the equity instrument granted in the absence of a reliable estimate of the fair value of the goods or services received.

The fair value of restricted share units, performance units and deferred share units are based on the quoted market price for the Company’s common shares and is expensed over the vesting period. At each reporting date between grant date and settlement, the fair value of the liability is re-measured with any changes in fair value recognized in the statement of loss and comprehensive loss.

(h) Share purchase warrants

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the share purchase warrants are exercisable into additional common shares at a fixed price prior to expiry as stipulated by the terms of the transaction. The proceeds from issuance of units are allocated between common shares and share purchase warrants based on the relative fair value method. Under this method, the total proceeds of the issuance are allocated to the components in proportion to their relative fair values.

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(i) Income taxes

The Company follows the liability method of accounting for income taxes whereby deferred income taxes are recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent future recovery is probable. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the date of the statement of financial position.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination when, at the time of the transaction, such deferred income tax does not affect either accounting profit or taxable profit or loss. Deferred income tax is not recognized on investments in subsidiaries, associates and interest in joint ventures when the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(j) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share amounts are calculated by dividing net loss attributable to common shareholders by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on the conversion of all the dilutive potential ordinary shares into common shares, which comprise stock options granted, share purchase warrants and the issuance of convertible debentures. During the years ended September 30, 2022 and 2021, shares issuable on exercise of all the outstanding stock options, share purchase warrants and convertible debentures were not included in the computation of diluted loss per share as the effect would have been anti-dilutive.

(k) Translation of foreign currencies

Transactions and non-monetary balances denominated in foreign currencies are translated into Canadian dollars using the exchange rates at the date of the transactions. Monetary balances are translated using the rate of exchange at the

3. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(k) Translation of foreign currencies (continued)

date of the statement of financial position. Foreign currency gains and losses arising from transactions denominated in foreign currencies are reported on a net basis as either foreign exchange gains or losses on the statement of loss and comprehensive loss.

(l) Financial instruments

Classification

The Company classifies its financial assets and liabilities in the following categories: at fair value through profit or loss ("FVTPL") or at amortized cost. The Company determines the classification of financial assets and liabilities at initial recognition. The Company's financial assets consist of cash and cash equivalents and trade and other receivables which are classified as amortized cost. The Company's financial liabilities consist of accounts payable and accruals, lease liabilities, long-term borrowings, and convertible debentures which are classified as amortized cost.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment. Financial liabilities at FVTPL are measured at fair value on the statements of financial position and any changes in fair value are recognized in net loss on the statement of loss and comprehensive loss.

Convertible debentures

On the issue of a convertible borrowing, the Company determines whether the financial instrument is a compound instrument or a hybrid instrument. In a compound instrument, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. In a hybrid instrument, the fair value of the liability component is the residual value of the proceeds after the equity conversion option derivative fair value is determined unless the entire convertible financial instrument is designated as a financial liability at FVTPL, in which case, the entire convertible financial instrument is measured at fair value.

Subsequent to initial recognition, the Company measures the debt component of both a compound and a hybrid financial instrument at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. The equity conversion option of a hybrid financial instrument is marked to market at the reporting date and changes to fair value are charged or credited in net loss.

Impairment of financial assets

The Company uses the "expected credit loss" model for calculating impairment and recognizes expected credit losses as a loss allowance for assets measured at amortized cost. The Company directly reduces the carrying amount of financial assets when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company recognizes loss allowances for expected credit losses that reflects probability-weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(l) Financial instruments (continued)

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of loss and comprehensive loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

(m) Interest income

Interest income relates to demand deposits with financial institutions and is recognized in the statement of loss and comprehensive loss on an accrual basis.

(n) Royalties

The Company makes advance royalty payments in accordance with certain agreements it has entered into. The Company currently expenses these advance royalty payments when made on the basis that they can only be utilized against future production royalties and the Company has not yet achieved commercial production.

The Company received the right to future net smelter royalty income when it disposed of its Timmins property as disclosed in Note 20. No asset has been recorded in respect of this future royalty stream on the basis that the property has not yet achieved commercial production.

(o) Government assistance

Government grants are recognized when there is reasonable assurance that the relevant conditions of the grant are met and that the grant will be received. The Company records the grant in net loss as a reduction of the cost of related expenditures in the period in which eligible costs are incurred. Where government grants are provided in the form of a forgivable loan, proceeds are recorded as a financial liability and not recognized as a reduction of the cost of the related expenditures incurred until reasonable assurance of forgiveness has been obtained.

(p) Future accounting pronouncements

There are standards and interpretations that are issued, but not yet effective, and the Company is in the process of

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(p) Future accounting pronouncements (continued)

evaluating whether they would have any significant impact on the Company's financial statements in future periods. Specifically, narrow scope amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to improve accounting policy disclosures, and to distinguish changes in accounting estimates from changes in accounting policies, and an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as either current or non-current, which are effective on January 1, 2023, will be evaluated.

4. 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:

Years ended September 30,	**2022**	2021
	$	$
Advance royalty payments	**100,000**	100,000
Acquisition and participation costs	**58,738**	58,509
Permitting and environmental	**68,082**	2,585
Silica sand feasibility	**99,623**	143,007
Field office expenses	**37,126**	9,542
Labour	**200,285**	138,050
Equipment rental and site supplies	**89,681**	5,284
Quarry design	**305,619**	7,547
Depreciation	**13,781**	16,212
Decommissioning	**(22,681)**	(16,846)
Total exploration and evaluation expenditures	**950,254**	463,890

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 for the year ended September 30, 2022 were $nil (year ended September 30, 2021 were $44,269).

The cumulative exploration and evaluation expenditures as at September 30, 2022 are $20,790,603.

5. GLASS PLANT DEVELOPMENT EXPENDITURES

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

(Expressed in Canadian Dollars)

5. GLASS PLANT DEVELOPMENT EXPENDITURES - CONTINUED

Years ended September 30,	2022	2021
	$	$
Plant feasibility	**335,503**	518,520
Glass plant design	**1,542,020**	7,550
Labour, equipment & supplies	**-**	33,750
Logistics	**14,250**	14,250
Permitting & environmental	**232,646**	55,354
Total glass plant development expenditures	**2,124,419**	629,424

6. 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:

	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	**-**	**92,462**
Disposals	**-**	**-**
Balance at September 30, 2022	**23,077**	**132,545**
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	**5,769**	**19,570**
Disposals	**-**	**-**
Balance at September 30, 2022	**20,192**	**51,641**

	PP&E ASSETS	ROU ASSETS
	$	$
Carrying amounts		
Balance at September 30, 2020	25,493	16,752
Balance at September 30, 2021	8,654	8,012
Balance at September 30, 2022	**2,885**	**80,904**

(Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS - CONTINUED

During the year ended September 30, 2021, the Company recorded a decrease in property, plant and equipment due to the disposal of a vehicle. During the year ended September 30, 2022, the Company recorded an increase in ROU Assets due to the signing of a new lease for head office space in Calgary.

7. LEASE LIABILITIES

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

	$
Balance at September 30, 2020	45,020
Interest expense	4,823
Principal payments	(24,000)
Disposals	-
Balance at September 30, 2021	25,843
Additions	**92,462**
Interest expense	**698**
Principal payments	**(36,928)**
Disposals	**-**
Balance at September 30, 2022	**82,075**
Current portion of lease liabilities as September 30, 2022	**51,713**
Non-current portion of lease liabilities as at September 30, 2022	**30,362**

The Company has recognized lease liabilities in relation to all lease arrangements measured at the present value of the remaining lease payments at an incremental borrowing rate of approximately 17%.

8. 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. If a change of control of the Company occurs prior to the Maturity Date, unless the holder elects in writing to convert the Convertible Debentures into Common Shares, the Company will repay in cash upon the closing of such change of control all outstanding principal and accrued interest under each Convertible Debenture plus a change of control premium equal to an additional 3% of the outstanding principal sum under such Convertible Debenture.

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES - CONTINUED

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
Amortization of transaction costs	**17,025**	**-**
Accrued interest and accretion (effective interest rate of 15.1%)	**323,274**	**-**
Balance at September 30, 2022	**2,597,591**	**94,891**

The initial fair value of the liability portion of the Convertible Debentures was determined using the prevailing market interest rate of 14% for similar non-convertible instruments at the issue date. The liability is subsequently recognized on an amortized cost basis using the effective interest rate method until extinguished upon conversion, redemption, or maturity of the Convertible Debentures. The remainder of the proceeds is allocated to the equity component recognized in shareholder's equity, and not subsequently remeasured.

9. DECOMMISIONING PROVISION

The total undiscounted and uninflated future decommissioning costs are $77,000 and the estimated cash flows required to settle the provision have been discounted using a rate of approximately 3.14% and an inflation rate of 1.90% at September 30, 2022 (September 30, 2021 was 1.97%; 1.90% respectively). These obligations are expected to be settled in approximately 25 years.

(Expressed in Canadian Dollars)

9. DECOMMISIONING PROVISION - CONTINUED

	$
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	**(22,681)**
Accretion	**1,755**
Balance at September 30, 2022	**56,311**

10. 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
Units issued for private placement	**32,100,000**	**8,426,250**
Unit issue costs	**-**	**(664,021)**
Balance at September 30, 2022	**77,715,660**	**36,614,560**

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 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.

The Company closed a private placement unit offering on August 31, 2022, consisting of 32,100,000 units at a price of $0.30 per unit for gross proceeds of $9,630,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one common share of the Company at an exercise price of $0.40 per common share for a period of 24 months from the closing date of the offering. The value attributed to capital stock was $8,426,250 and the value attributed to the share purchase warrants was $1,203,750. Agent's fees and other direct costs such as legal and exchange fees, totaled $758,881, of which $664,021 has been allocated to Capital Stock and $94,860 has been allocated to Share Purchase Warrants.

(Expressed in Canadian Dollars)

10. CAPITAL STOCK – CONTINUED

(c) Equity-based compensation

The Company maintains an omnibus equity incentive compensation plan (the "Equity Incentive Plan") which was approved by the shareholders of the Company on February 16, 2022. The Equity Incentive Plan is a "rolling" plan under which up to 10% of the issued and outstanding common shares of the Company from time to time, subject to adjustment in certain circumstances, may be issued in the form of stock options, restricted share units, deferred share units or performance units. As at September 30, 2022, the Company has only issued stock options under the Equity Incentive Plan.

The majority of options issued to date vest 1/3 on grant date and 1/3 on the anniversary date of the grant over a two-year period and expire three to five years from the issue date.

The compensation expense that has been recognized in net loss for the year ended September 30, 2022 is $383,692 (year ended September 30, 2021 - $267,209). The corresponding amounts have been recognized in share-based compensation reserve.

(d) Stock options

A summary of the stock options issued and outstanding and changes during the years ended September 30:

	Number of options	Weighted average exercise price
		$
Balance at September 30, 2020	1,266,666	1.06
Granted	1,415,000	0.39
Expired	(420,000)	1.28
Forfeited	(80,000)	0.35
Balance at September 30, 2021	2,181,666	0.61
Granted	**1,150,000**	**0.41**
Expired	**(616,666)**	**1.20**
Forfeited	**-**	**-**
Balance at September 30, 2022	**2,715,000**	**0.40**
Exercisable at end of period	**1,476,666**	**0.39**

During the year ended September 30, 2022, 1,150,000 options were granted under the existing stock option plan of which 1,000,000 of these options were granted to key management personnel defined as directors and executive officers.

The weighted average grant date fair value of options granted during the year ended September 30, 2022 is $0.32 per option (year ended September 30, 2021 – $0.35) using the Black-Scholes option pricing model. Expected volatility is estimated by considering historic average share price volatility. The Company applied the following assumptions in determining the fair value of options for grants during the years ended:

(Expressed in Canadian Dollars)

10. CAPITAL STOCK – CONTINUED

(d) Stock options (continued)

Years ended September 30,	2022	2021
Expected life (years)	**5**	5
Expected volatility	**111%**	153%
Risk-free interest rate	**3.02%**	1.00%
Dividend yield	**0.00%**	0.00%
Forfeiture rate	**6.64%**	9.30%

The following table summarizes information about stock options outstanding at September 30, 2022:

Range of exercise prices per common share	Number of options outstanding	Weighted average remaining life (years)	Weighted average exercise price for options outstanding	Number of options exercisable	Weighted average exercisable price for options exercisable
$			$		$
0.35	350,000	2.04	0.35	250,000	0.35
0.38	1,190,000	3.74	0.38	793,333	0.38
0.42	1,050,000	4.57	0.42	350,000	0.42
0.47	125,000	3.88	0.47	83,333	0.47
Total	**2,715,000**	**3.85**	**0.40**	**1,476,666**	**0.39**

(e) Share purchase warrants

On August 31, 2022, as part of a private placement, the Company issued 32,100,000 share purchase warrants which were valued at $0.05 per warrant having an aggregate carrying value of $1,108,890. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of $0.40 per warrant share until August 31, 2024. Total outstanding share purchase warrants at September 31, 2022 are 32,100,000.

The Company applied the following assumptions in determining the fair value of the share purchase warrants issued during the years ended:

(Expressed in Canadian Dollars)

10. CAPITAL STOCK – CONTINUED

(e) Share purchase warrants (continued)

Years ended September 30,	2022	2021
Expected life (years)	**2**	-
Expected volatility	**32%**	-
Risk-free interest rate	**3.34%**	-
Dividend yield	**0.00%**	-

11. CAPITAL MANAGEMENT

The Company includes shareholders' (deficit) equity in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the development of its solar glass manufacturing facility and to ensure it continues as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

All the properties in which the Company currently has an interest are in the exploration stage with no operating revenues. In June and July 2021 and August 2022, the Company closed four private placements for combined gross proceeds of $16,080,000 for the continued development of the Company's integrated solar glass manufacturing facility and for general working capital purposes.

Although the Company was successful in securing debt and equity financing in recent periods, there are significant challenges in raising new capital through the equity and debt markets, especially in the unprecedented business climate created by the COVID-19 pandemic. It is uncertain how long these challenges will continue. As such, it is difficult to accurately predict the pace of economic recovery with any degree of confidence nor when the Company will be able to raise additional funds to support further development of the business.

Management controls its capital structure through detailed forecasting and budgeting, as well as established policies and processes over monitoring expenditures. The Company has no financial covenants. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes in the capital management policy from the prior year.

12. 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.

(Expressed in Canadian Dollars)

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

(a) Fair value (continued)

The Company analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The convertible debenture fair value (level 3) is $2,532,887 as at September 30, 2022 ($2,493,348 as at September 30, 2021).

(b) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents and trade and other receivables included in current assets. For the year ended September 30, 2022, the Company did not generate any trade receivables.

Cash and cash equivalents consist of bank deposits, which are held by a Canadian chartered bank and management believes the risk of loss is remote. The Company considers its other accounts receivable to be aged as follows:

As at September 30,	2022	2021
	$	$
Less than 30 days	-	-
31 to 60 days	**31,703**	8,279
61 to 90 days	-	-
Greater than 90 days	-	-
Total trade and other receivables	**31,703**	8,279

(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. As at September 30, 2022, the Company had a cash balance of $8,692,040 (September 30, 2021 - $4,831,257) to settle current liabilities of $1,456,385 (September 30, 2021 - $1,622,305) and commitments for the 12-month period to September 30, 2023 of $158,500. All the Company’s accounts payable and accruals have contractual maturities of less than one year and are subject to normal trade terms. See Going Concern Note 1(b). The timing of undiscounted cash outflows relating to financial liabilities, including estimated interest payments, are outlined in the table below:

As at September 30, 2022	Total	1 year	2-3 years	4-5 years
	$	$	$	$
Accounts payable and accruals	**1,404,672**	**1,404,672**	**-**	**-**
Lease liabilities[1]	**82,075**	**51,713**	**30,362**	**-**
Convertible debentures[1]	**3,169,295**	**-**	**3,169,295**	**-**
Total	**4,656,042**	**1,456,385**	**3,199,657**	**-**

12. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISK – CONTINUED

(d) Interest rate risk

The Company's interest rate risk relates to interest-bearing cash deposits. At September 30, 2022 the Company holds interest-bearing cash balances of $8,574,821 (September 30, 2021 - $4,707,707).

(e) Foreign currency risk

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

As at September 30, 2022, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have decreased (increased) net loss by approximately $154,000.

Included in accounts payable and accruals at September 30, 2022 is USD $597,585 (September 30, 2021 - USD $685,825).

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENDITURES

Years ended September 30,	**2022**	2021
	$	$
Employee compensation and benefits	**818,497**	358,678
Professional fees	**531,897**	386,217
Office	**143,510**	85,431
Depreciation	**11,558**	-
Shareholder information	**35,240**	63,363
Total selling, general and administrative expenditures	**1,540,702**	893,689

Wage and rent subsidies that were received as part of the CEWS and CERS programs and netted in selling, general and administrative expenses for the year ended September 30, 2022 were $nil (year ended September 30, 2021 were $79,464).

14. NET FINANCE COSTS (INCOME)

Years ended September 30,	**2022**	2021
	$	$
Interest and accretion on convertible debentures	**323,274**	283,574
Interest on lease	**698**	4,823
Interest income	**(37,731)**	(5,431)
Other finance costs	**1,755**	(199)
Total net finance costs (income)	**287,996**	282,767

(Expressed in Canadian Dollars)

15. INCOME TAXES

(a) Provision for income taxes

The income tax (recovery) expense differs from that expected by applying the combined federal and provincial income tax rate of 23% (2021 – 23%) to loss before income taxes for the following reasons:

Years ended September 30,	**2022**	2021
	$	$
Loss before income taxes	**(5,383,121)**	(2,499,782)
Expected tax recovery at statutory rates	**(1,238,118)**	(574,950)
Increase (decrease) from:		
Share-based compensation	**88,249**	61,458
Non-deductible expenses	**1,429**	202
Changes to deferred income tax rates	**-**	532,296
Share issue costs	**(152,725)**	(33,120)
Deferred income taxes not recognized	**1,301,167**	14,114
Other	**(2)**	-
Deferred income tax recovery	**-**	**-**

(b) Deferred tax balances

As at September 30,	**2022**	2021
	$	$
Exploration and evaluation expenditures	**4,292,119**	4,063,232
Property, plant and equipment and other assets	**520,933**	94,686
Non-capital loss carry forwards	**2,829,206**	2,356,014
Convertible debentures	**173,856**	99,503
Share and debt issue costs	**139,914**	36,613
Decommissioning provision	**12,951**	17,765
Deferred income taxes not recognized	**(7,968,980)**	(6,667,813)
Net deferred tax assets	**-**	-

(c) Unrecognized deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that those assets will be recoverable. At September 30, 2022, the Company had $34,648,000 (2021 - $28,990,000) of deductible temporary differences where no deferred tax asset was recognized. These deductible temporary differences include non-capital loss carry forwards of $12,301,000 which expire between 2026 and 2042 and tax pools of $20,925,000 that are available to reduce future taxable income.

(Expressed in Canadian Dollars)

16. KEY MANAGEMENT COMPENSATION

The remuneration of Directors, President and Chief Executive Officer and other key management personnel during the years ended September 30 were as follows:

Years ended September 30,	2022	2021
	$	$
Salaries, consulting fees and benefits	**789,469**	403,750
Share-based compensation	**383,692**	267,209
Total key management compensation	**1,173,161**	670,959

Under the terms of the key management agreements, the Company has committed to an aggregate pay-out of $815,719 related to a change of control or termination of the officers.

17. 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.

On August 31, 2022, the Company completed a private placement of 32,100,000 units at a price of $0.30 per unit for gross proceeds of $9,630,000. Certain directors and officers of the Company, being, John Assman, Todd Garman, Rodrigo Sousa, Richard Williams, Glenn Leroux and Cam Deller, as well as its largest shareholder, being Paramount Resources Ltd., directly or indirectly participated in the financing in the aggregate amount of $2,058,236, thereby making the Offering a “related party transaction” as defined under Multilateral Instrument 61-101.

In 2021, the Company completed two private placements of an aggregate of 24,371,200 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 financing 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.

18. COMMITMENTS AND CONTINGENCIES

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

(Expressed in Canadian Dollars)

18. COMMITMENTS AND CONTINGENCIES - CONTINUED

As at September 30, 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	275,000	-
Total commitments	**158,500**	**450,500**	**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 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 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 ($2,561,300 at September 30, 2022 compared to $2,307,615 at September 30, 2021) which 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 to a minimum of $3.80 per tonne.

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 to $4.30 and the minimum royalty per tonne to $3.55.

(b) Reduction of future cash royalty payments

The Company is required to make semi-annual advance royalty payments of $50,000 under one of its royalty agreements and under another agreement, prepaid a lump sum of $1.3 million which accrues interest at 9% per annum. The total accrued interest plus cash payments is $2,561,300 at September 30, 2022, ($2,307,615 as at September 30, 2021). These prepaid royalties will reduce future cash payments required under the royalty agreements, once production commences, and will continue to reduce cash payments for a number of years, depending on the annual mineral extraction rate.

18. COMMITMENTS AND CONTINGENCIES - CONTINUED

(c) 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.

19. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2022:

- On October 5, 2022, the Company submitted an Environmental Act license proposal to the Environmental Approvals Branch of Manitoba for the necessary environmental permits related to the construction and operation of its solar glass manufacturing facility in Selkirk; and

- On November 10, 2022, the Company submitted a Notice of Alteration to the Environmental Approvals Branch of Manitoba related to the construction and operation of its silica sand extraction facility at the Wanipigow Sand Quarry in Seymourville. While the Company already holds a valid Environmental Act License for the operation of a silica sand extraction facility at the site, a Notice of Alteration was required to reflect the Company’s current plans that entail a significantly smaller operation that is specifically designed for the extraction and processing of sand for solar glass manufacturing.