CANADIAN PREMIUM SAND INC.

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three months ended

December 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	December 31 2022	September 30 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents		**5,686,137**	8,692,040
Trade and other receivables		**29,360**	31,703
Prepaid expenses and deposits		**171,728**	110,711
Total current assets		**5,887,225**	8,834,454
Property, plant and equipment	5	**1,443**	2,885
Right of use assets	5	**69,346**	80,904
Total assets		**5,958,014**	8,918,243
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,788,283**	1,404,672
Current portion of lease liabilities	6	**51,713**	51,713
Total current liabilities		**1,839,996**	1,456,385
Lease liabilities	6	**19,661**	30,362
Convertible debentures	7	**2,690,398**	2,597,591
Decommissioning provision	8	**56,749**	56,311
Total liabilities		**4,606,804**	4,140,649
Shareholders' (deficit) equity			
Capital stock	9	**36,614,560**	36,614,560
Share purchase warrants	9	**1,108,890**	1,108,890
Share-based compensation reserve		**2,467,542**	2,404,364
Convertible debentures - equity component	7	**94,891**	94,891
Deficit		**(38,934,673)**	(35,445,110)
Total shareholders' (deficit) equity		**1,351,210**	4,777,594
Total liabilities and shareholders' (deficit) equity		**5,958,014**	8,918,243

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)

Three months ended December 31,	Note	2022	2021
		$	$
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Selling, general and administrative	11	**520,900**	287,683
Exploration and evaluation expenditures	3	**743,559**	185,189
Glass plant development	4	**2,146,502**	223,947
Share-based compensation		**63,179**	57,380
Foreign exchange loss (gain)		**(10,943)**	126
Loss from operations		**(3,463,197)**	(754,325)
Other income		**-**	(12,417)
Net finance costs (income)		**26,366**	75,822
Loss before income taxes		**(3,489,563)**	(817,730)
Income tax (recovery) expense		**-**	-
Net loss and comprehensive loss		**(3,489,563)**	(817,730)
Loss per share – basic and diluted		**(0.04)**	**(0.02)**
Weighted average number of shares outstanding - basic and diluted		**77,715,660**	45,615,660

(Expressed in Canadian Dollars)

	Capital stock						
	Number of shares	**Amount**	**Share Purchase Warrants**	**Share-based compensation reserve**	**Convertible debentures**	**Deficit**	**Total**
		$		**$**	**$**	**$**	**$**
Balance at September 30, 2021	45,615,660	28,852,331	-	2,020,671	94,891	(30,061,989)	905,904
Share-based compensation	-	-	-	57,380	-	-	57,380
Net loss for the period	-	-	-	-	-	(817,730)	(817,730)
Balance at December 31, 2021	45,615,660	28,852,331	-	2,078,051	94,891	(30,879,719)	145,554
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**
Share-based compensation	**-**	**-**	**-**	**63,179**	**-**	**-**	**63,179**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(3,489,563)**	**(3,489,563)**
Balance at December 31, 2022	**77,715,660**	**36,614,560**	**1,108,890**	**2,467,542**	**94,891**	**(38,934,673)**	**1,351,210**

(Expressed in Canadian Dollars)

Three months ended December 31,	Note	2022	2021
Operating activities		**$**	$
Net loss for the period		**(3,489,563)**	(817,730)
Adjusted for the following:			
Depreciation	3,11	**13,000**	3,627
Share-based compensation		**63,179**	57,380
Interest and accretion		**95,472**	81,803
Unrealized foreign exchange loss (gain)		**(17,507)**	126
Other income		**-**	(12,417)
Net changes in non-cash working capital		**342,443**	(350,546)
Net cash used in operating activities		**(2,992,975)**	(1,037,756)
Investing activities			
Proceeds from disposal of assets		**-**	-
Net cash used in investing activities		**-**	-
Financing activities			
Payment of lease	6	**(12,928)**	(6,000)
		(12,928)	(6,000)
Decrease in cash and cash equivalents		**(3,005,903)**	(1,031,756)
Cash and cash equivalents at beginning of period		**8,692,040**	4,831,257
Cash and cash equivalents at end of period		**5,686,137**	3,799,501
Supplemental disclosure of cash flow information:			
		$	$
Cash interest received		**63,956**	2,224
Cash interest paid		**(2,227)**	(774)

1. NATURE OF OPERATIONS AND GOING CONCERN

(a) General

Canadian Premium Sand Inc. (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 December 31, 2022 the Company had a deficit of $38,934,673 (September 30, 2022 of $35,445,110), cash and cash equivalents of $5,686,137 (September 30, 2022 of $8,692,040), accounts payable and accruals and current lease liabilities of $1,839,996 (September 30, 2022 of $1,456,385) and participation agreements along with commitments for the acquisition of quarry leases for the twelve-month period to December 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 construction of the patterned 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 for a patterned solar glass manufacturing facility, initiate permitting applications and other key activities to progress the business plan, as well as for general working capital purposes. Additionally, the Company successfully closed two private placements on August 31, 2022 for aggregate gross proceeds of $9,630,000 to fund the detailed engineering and designs for a patterned solar glass manufacturing facility at the site the Company has secured in the City of Selkirk, finalize permitting applications and other key activities to progress the business plan, as well as for general working capital purposes. While the Company has commenced the process to raise funds for the construction of the glass manufacturing facility and related quarry infrastructure, there is no assurance that this initiative will be successful.

Significant challenges in raising new capital through the equity and debt markets exist, compounded by high inflation and 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

1. NATURE OF OPERATIONS AND GOING CONCERN – CONTINUED

(b) Going concern (continued)

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 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 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, 2022.

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 February 23, 2023.

(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, 2022. 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 an impact on estimates and their underlying assumptions as the course of the COVID-19 pandemic remains uncertain.

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, 2022.

(Expressed in Canadian Dollars)

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:

Three months ended December 31,	2022	2021
	$	$
Advance royalty payments	**50,000**	50,000
Acquisition and participation costs	**23,706**	23,706
Permitting and environmental	**21,626**	-
Silica sand feasibility	**188,614**	4,571
Field office expenses	**27,871**	6,374
Labour	**66,772**	45,155
Equipment rental and site supplies	**33,746**	3,783
Quarry design	**329,783**	47,973
Depreciation	**1,442**	3,627
Total exploration and evaluation expenditures	**743,559**	185,189

The cumulative exploration and evaluation expenditures at December 31, 2022 are $21,534,162.

4. GLASS PLANT DEVELOPMENT EXPENDITURES

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

Three months ended December 31,	2022	2021
	$	$
Plant feasibility	**124,466**	107,119
Glass plant design	**1,960,598**	57,884
Logistics	**-**	14,782
Permitting & environmental	**61,439**	44,162
Total glass plant development expenses	**2,146,502**	223,947

The cumulative glass plant development expenditures at December 31, 2022 are $4,900,345.

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, 2021	23,077	40,083
Additions	-	92,462
Disposals	-	-
Balance at September 30, 2022	23,077	132,545
Additions	**-**	**-**
Disposals	**-**	**-**
Balance at December 31, 2022	**23,077**	**132,545**
Accumulated depreciation		
Balance at September 30, 2021	14,423	32,071
Depreciation	5,769	19,570
Disposals	-	-
Balance at September 30, 2022	20,192	51,641
Depreciation	**1,442**	**11,558**
Disposals	**-**	**-**
Balance at December 31, 2022	**21,634**	**63,199**

	PP&E ASSETS	ROU ASSETS
	$	$
Carrying amounts		
Balance at September 30, 2021	8,654	8,012
Balance at September 30, 2022	2,885	80,904
Balance at December 31, 2022	**1,443**	**69,346**

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.

6. LEASE LIABILITIES

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

(Expressed in Canadian Dollars)

6. LEASE LIABILITIES – CONTINUED

	$
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
Additions	**-**
Interest expense	**2,227**
Principal payments	**(12,928)**
Disposals	**-**
Balance at December 31, 2022	**71,373**
Current portion of lease liabilities as December 31, 2022	**51,713**
Non-current portion of lease liabilities as at December 31, 2022	**19,661**

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 12%.

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:

(Expressed in Canadian Dollars)

7. CONVERTIBLE DEBENTURES – CONTINUED

	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
Amortization of transaction costs	**5,150**	**-**
Accrued interest and accretion (effective interest rate of 15.1%)	**87,657**	**-**
Balance at December 31, 2022	**2,690,398**	**94,891**

8. DECOMMISIONING PROVISION

	$
Balance at September 30, 2021	77,237
Change in discount rate	(22,681)
Accretion	1,755
Balance at September 30, 2022	56,311
Change in discount rate	**-**
Accretion	**438**
Balance at December 31, 2022	**56,749**

The estimated cash flows required to settle the provision have been discounted using a rate of 3.14% and an inflation rate of 1.90% at December 31, 2022 (September 30, 2022 was 3.14% and 1.90% respectively). These obligations are expected to be settled in 25 years.

(Expressed in Canadian Dollars)

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, 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
Balance at December 31, 2022	**77,715,660**	**36,614,560**

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 entitles 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.

(c) Stock options

	Number of options	Weighted average exercise price
		$
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
Balance at December 31, 2022	**2,715,000**	**0.40**
Exercisable at end of period	**1,501,667**	**0.39**

9. CAPITAL STOCK – CONTINUED

(c) Stock options - continued

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.

(d) Restricted, performance and deferred share units

As at December 31, 2022, there have been no restricted**,** performance or deferred share units granted.

(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, net of issue costs of $94,860. 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 December 31, 2022 are 32,100,000.

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISKS

(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 December 31, 2022, the fair value of the Convertible Debentures is $2.7 million.

(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 December 31, 2022 the Company holds interest-bearing cash balances of $5,619,373 (September 30, 2022 was $8,574,821). 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.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND MANAGEMENT OF FINANCIAL AND OTHER RISKS – CONTINUED

(d) Foreign currency risk - continued

The Company has not entered into any derivative financial instruments to manage exposures to currency fluctuation.

For the three months ended December 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 $126,608. Included in accounts payable and accruals at December 31, 2022 is USD $633,891 (September 30, 2022 was USD $597,585).

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Three months ended December 31,	**2022**	2021
	$	$
Employee compensation and benefits	**214,666**	198,533
Professional fees	**255,475**	51,926
Office	**32,606**	29,467
Depreciation	**11,558**	-
Shareholder information	**6,595**	7,757
Total selling, general and administrative expenses	**520,900**	287,683

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.

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.

(Expressed in Canadian Dollars)

12. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS - CONTINUED

Certain directors of the Company, being Lowell Jackson, John Assman, and Glenn Leroux, and its two largest shareholders at the time 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 on 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:

	Payments due by period		
As at December 31, 2022	**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 which total $2,653,179 at December 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 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.

13. COMMITMENTS AND CONTINGENCIES - CONTINUED

(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 December 31, 2022, the Company:

- Announced on January 31, 2023, the positive results of its bulk sand testing project which confirmed that only simple, low-cost and environmentally responsible processes will be needed to refine its silica sand to patterned solar glass grade specifications.