CANADIAN PREMIUM SAND INC.

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three and six months ended

March 31, 2023

NOTICE TO READER

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

The accompanying unaudited interim condensed financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of unaudited interim condensed financial statements by an entity's auditor.

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

As at	Note	March 31 2023	September 30 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents		**3,420,572**	8,692,040
Trade and other receivables		**20,959**	31,703
Prepaid expenses and deposits		**180,464**	110,711
Total current assets		**3,621,995**	8,834,454
Property, plant and equipment	5	**-**	2,885
Right of use assets	5	**57,788**	80,904
Total assets		**3,679,783**	8,918,243
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,262,661**	1,404,672
Current portion of lease liabilities	6	**51,713**	51,713
Convertible debentures	7	**2,786,521**	-
Total current liabilities		**4,100,895**	1,456,385
Lease liabilities	6	**8,560**	30,362
Convertible debentures	7	**-**	2,597,591
Decommissioning provision	8	**57,496**	56,311
Total liabilities		**4,166,951**	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		**2,530,721**	2,404,363
Convertible debentures - equity component	7	**94,891**	94,891
Deficit		**(40,836,230)**	(35,445,110)
Total shareholders' (deficit) equity		**(487,168)**	4,777,594
Total liabilities and shareholders' (deficit) equity		**3,679,783**	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

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Note	Three months ended March 31		Six months ended March 31	
		2023	2022	**2023**	2022
		$	$	**$**	$
Revenue		**-**	-	**-**	-
Cost of sales		**-**	-	**-**	-
Gross profit		**-**	-	**-**	-
Selling, general and administrative	11	**510,253**	397,411	**1,031,153**	685,093
Exploration and evaluation expenditures	3	**315,190**	317,116	**1,107,663**	502,305
Glass plant development	4	**924,769**	457,366	**3,071,270**	681,313
Share-based compensation		**63,179**	55,883	**126,358**	113,263
Foreign exchange loss (gain)		**3,341**	(5,118)	**(7,602)**	(4,991)
Loss from operations		**(1,816,732)**	(1,222,658)	**(5,328,842)**	(1,976,983)
Other income		**(12,800)**	(44,383)	**(12,800)**	(56,800)
Net finance costs (income)		**48,711**	78,449	**75,078**	154,271
Loss before income taxes		**(1,852,643)**	(1,256,724)	**(5,391,120)**	(2,074,454)
Income tax (recovery) expense		**-**	-	**-**	-
Net loss and comprehensive loss		**(1,852,643)**	(1,256,724)	**(5,391,120)**	(2,074,454)
Loss per share – basic and diluted		**(0.02)**	**(0.03)**	**(0.07)**	**(0.05)**
Weighted average number of shares outstanding - basic and diluted		**77,715,660**	45,615,660	**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	-	-	-	113,263	-	-	113,263
Net loss for the period	-	-	-	-	-	(2,074,454)	(2,074,454)
Balance at March 31, 2022	45,615,660	28,852,331	-	2,133,934	94,891	(32,136,443)	(1,055,287)
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	**-**	**-**	**-**	**126,358**	**-**	**-**	**126,358**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(5,391,120)**	**(5,391,120)**
Balance at March 31, 2023	**77,715,660**	**36,614,560**	**1,108,890**	**2,530,721**	**94,891**	**(40,836,230)**	**(487,168)**

(Expressed in Canadian Dollars)

	Note	Three months ended March 31,		Six months ended March 31,	
		2023	2022	**2023**	2022
Operating activities		**$**	$	**$**	$
Net loss for the period		**(1,852,643)**	(1,256,724)	**(5,391,120)**	(2,074,454)
Adjusted for the following:					
Depreciation	3,11	**13,000**	3,627	**26,000**	7,254
Share-based compensation		**63,179**	55,883	**126,358**	113,263
Interest and accretion		**98,460**	84,499	**193,932**	166,303
Unrealized foreign exchange loss (gain)		**(563)**	(5,118)	**(18,069)**	(4,992)
Loss on disposal of assets		**-**	-	**-**	-
Decommissioning		**313**	(10,645)	**313**	(10,645)
Other income		**-**	(44,383)	**-**	(56,800)
Net changes in non-cash working capital		**(574,308)**	128,542	**(182,951)**	(222,004)
Net cash used in operating activities		**(2,252,562)**	(1,044,319)	**(5,245,538)**	(2,082,074)
Investing activities		**-**	-	**-**	-
Net cash used in investing activities		**-**	-	**-**	-
Financing activities					
Payment of lease	6	**(13,003)**	(6,000)	**(25,931)**	(6,000)
Net cash used in financing activities		**(13,003)**	(6,000)	**(25,931)**	(6,000)
Decrease in cash and cash equivalents		**(2,265,565)**	(1,038,319)	**(5,271,468)**	(2,070,075)
Cash and cash equivalents at beginning of period		**5,686,137**	3,799,501	**8,692,040**	4,831,257
Cash and cash equivalents at end of period		**3,420,572**	2,761,182	**3,420,572**	2,761,182
Supplemental disclosure of cash flow information:					
		$	$	**$**	$
Cash interest received		**44,201**	2,224	**108,157**	2,224
Cash interest paid		**(1,902)**	(774)	**(4,129)**	(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 raising sufficient capital 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 patterned solar glass manufacturing facility.

(b) Going concern

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

As at March 31, 2023 the Company had a deficit of $40,836,230 (September 30, 2022 of $35,445,110), cash and cash equivalents of $3,420,572 (September 30, 2022 of $8,692,040), accounts payable and accruals, current lease liabilities, and convertible debentures of $4,100,895 (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 March 31, 2024 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 patterned solar 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 May 25, 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 March 31,		Six months ended March 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Advance royalty payments	**-**	-	**50,000**	50,000
Acquisition and participation costs	**1,188**	1,431	**24,894**	25,137
Permitting and environmental	**17,198**	3,789	**38,824**	3,789
Silica sand feasibility	**96,563**	32,625	**334,092**	37,196
Field office expenses	**14,672**	15,356	**42,543**	21,730
Labour	**46,733**	53,980	**113,505**	99,134
Equipment rental and site supplies	**12,166**	70,753	**45,911**	74,536
Quarry design	**124,915**	146,200	**454,697**	194,173
Depreciation	**1,442**	3,627	**2,884**	7,255
Decommissioning	**313**	(10,645)	**313**	(10,645)
Total exploration and evaluation expenditures	**315,190**	317,116	**1,107,663**	502,305

The cumulative exploration and evaluation expenditures at March 31, 2023 are $21,849,352.

4. GLASS PLANT DEVELOPMENT EXPENDITURES

Expenditures incurred for the development of the patterned solar glass manufacturing facility are broken down as follows:

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Plant feasibility	**54,925**	133,325	**179,390**	240,444
Glass plant design	**855,991**	301,526	**2,816,588**	359,410
Logistics	**-**	(532)	**-**	14,250
Permitting & environmental	**13,853**	23,047	**75,292**	67,209
Total glass plant development expenditures	**924,769**	457,366	**3,071,270**	681,313

The cumulative glass plant development expenditures at March 31, 2023 are $5,825,114.

(Expressed in Canadian Dollars)

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:

	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 March 31, 2023	**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	**2,885**	**23,116**
Disposals	**-**	**-**
Balance at March 31, 2023	**23,077**	**74,757**

	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 March 31, 2023	**-**	**57,788**

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, Alberta.

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	**4,129**
Principal payments	**(25,931)**
Disposals	**-**
Balance at March 31, 2023	**60,273**
Current portion of lease liabilities as at March 31, 2023	**51,713**
Non-current portion of lease liabilities as at March 31, 2023	**8,560**

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	**10,698**	**-**
Accrued interest and accretion (effective interest rate of 15.1%)	**178,232**	**-**
Balance at March 31, 2023	**2,786,521**	**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	**313**
Accretion	**872**
Balance at March 31, 2023	**57,496**

The estimated cash flows required to settle the provision have been discounted using a rate of 3.02% and an inflation rate of 1.90% at March 31, 2023 (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 March 31, 2023	**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 March 31, 2023	**2,715,000**	**0.40**
Exercisable at end of period	**1,526,667**	**0.39**

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.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK – CONTINUED

(d) Restricted, performance and deferred share units

As at March 31, 2023, there have been no restricted**,** performance or deferred share units granted.

(e) Share purchase warrants

	Number of Warrants	Amount
		$
Balance at September 30, 2021	-	-
Warrants issued for private placement	32,100,000	1,203,750
Warrant issue costs	-	(94,860)
Balance at September 30, 2022	32,100,000	1,108,890
Balance at March 31, 2023	**32,100,000**	**1,108,890**

On August 31, 2022, as part of a private placement, the Company issued 32,100,000 share purchase warrants 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. In the event that the Common Shares trade at a closing price at or greater that $0.90 per Common Share for a period of thirty (30) consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof, and in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company.

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 March 31, 2023, the fair value of the Convertible Debentures is $2.8 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 March 31, 2023 the Company holds interest-bearing cash balances of $3,306,087 (September 30, 2022 was $8,574,821). The Company has collected the trade and other receivables balance in full, subsequent to the period end.

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

(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.

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

For the three months ended March 31, 2023, 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 $154,663. Included in accounts payable and accruals at March 31, 2023 is USD $624,144 (September 30, 2022 was USD $597,585).

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENDITURES

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	**2023**	2022
	$	$	**$**	$
Employee compensation and benefits	**238,479**	209,492	**453,144**	408,026
Professional fees	**209,897**	124,583	**465,373**	176,509
Office	**31,567**	46,227	**64,174**	75,694
Depreciation	**11,558**	-	**23,116**	-
Shareholder information	**18,752**	17,109	**25,346**	24,864
Total selling, general and administrative expenditures	**510,253**	397,411	**1,031,153**	685,093

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.

(Expressed in Canadian Dollars)

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

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 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 March 31, 2023	**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 $2,695,058 at March 31, 2023 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 economic

13. COMMITMENTS AND CONTINGENCIES – CONTINUED

(a) Royalty and economic participation agreement commitments - continued

participation agreements, 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) 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.

c) Reduction in 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 $2,695,058 at March 31, 2023. 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.

14. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2023, the Company provided a comprehensive update in an announcement on May 11, 2023 that included:

- The execution of multiple binding commercial offtake agreements that represent a minimum of 62% of planned output capacity, with optionality to increase to 77%, providing revenue certainty;
- The execution of a turnkey EPC agreement that incorporates a guaranteed maximum cost of $880 million, providing capital cost certainty and operational performance assurances;
- The attractive economics associated with the project;
- The receipt of an Environmental Act Licence to construct and operate its proposed patterned solar glass manufacturing facility in Selkirk, Manitoba;
- The appointment of Dana Partridge as the Company's Vice President, Glass Operations. With over 20 years of glass manufacturing experience, Mr. Partridge will be joining the Company initially as a management consultant pending his relocation to Canada;
- The addition of Theresa Jester to the Company's board of directors, who brings over 40 years of experience in solar energy technology, engineering and manufacturing operations; and

14. SUBSEQUENT EVENTS - CONTINUED

- The initiation of a formal financing process to raise external capital for construction of the project.

The Company also announced subsequent to the period ended March 31, 2023:

- The grant of 1,695,000 share options to acquire common shares, including 475,000 granted to its independent directors and 1,220,000 to its executive officers and employees.