CANADIAN PREMIUM SAND INC.

INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended

June 30, 2024

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	June 30, 2024	September 30, 2023
		$	$
Assets			
Current assets			
Cash and cash equivalents		**1,251,944**	1,833,110
Trade and other receivables		**6,866**	30,632
Prepaid expenses and deposits		**176,727**	171,973
Total current assets		**1,435,537**	2,035,715
Property, plant and equipment	5	**-**	-
Right of use assets	5	**-**	34,673
Total assets		**1,435,537**	2,070,388
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,212,990**	1,820,715
Current portion of lease liabilities	6	**-**	37,061
Convertible debentures	7	**3,321,167**	2,989,190
Total current liabilities		**4,534,157**	4,846,966
Decommissioning provision	8	**52,567**	47,501
Total liabilities		**4,586,724**	4,894,467
Shareholders' (deficit) equity			
Capital stock	9	**39,101,735**	37,024,655
Share purchase warrants	9	**898,699**	1,076,737
Share-based compensation reserve		**3,385,926**	2,959,141
Convertible debentures - equity component	7	**94,891**	94,891
Deficit		**(46,632,438)**	(43,979,503)
Total shareholders' (deficit) equity		**(3,151,187)**	(2,824,079)
Total liabilities and shareholders' (deficit) equity		**1,435,537**	2,070,388

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

Approved by the Board of Directors

"Rodrigo Sousa"
Director

"Lowell Jackson"
Director

(Expressed in Canadian Dollars)

	Note	Three months ended June 30,		Nine months ended June 30,	
		2024	2023	**2024**	2023
		$	$	**$**	$
Revenue		**-**	-	**-**	-
Cost of sales		**-**	-	**-**	-
Gross profit		**-**	-	**-**	-
Selling, general and administrative	11	**496,817**	618,900	**1,530,965**	1,692,962
Exploration and evaluation expenditures	3	**90,464**	206,296	**283,405**	1,271,068
Glass plant development	4	**28,278**	440,974	**130,083**	3,512,244
Share-based compensation		**100,421**	311,150	**426,785**	437,507
Foreign exchange loss (gain)		**9,789**	(16,769)	**19,867**	(24,371)
Loss from operations		**(725,769)**	(1,560,551)	**(2,391,105)**	(6,889,410)
Other income		**(7,832)**	-	**(7,832)**	(12,800)
Net finance costs (income)		**98,512**	63,766	**269,662**	138,844
Loss before income taxes		**(816,449)**	(1,624,317)	**(2,652,935)**	(7,015,454)
Income tax (recovery) expense		**-**	-	**-**	-
Net loss and comprehensive loss		**(816,449)**	(1,624,317)	**(2,652,935)**	(7,015,454)
Loss per share – basic and diluted		**(0.01)**	(0.02)	**(0.03)**	(0.09)
Weighted average number of shares outstanding - basic and diluted		**83,420,752**	78,330,781	**82,196,750**	77,920,700

(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, 2022	77,715,660	36,614,560	1,108,890	2,404,363	94,891	(35,445,110)	4,777,594
Share-based compensation	-	-	-	437,507	-	-	437,507
Common shares issued	834,000	364,875	-	-	-	-	364,875
Warrants exercised	-	-	(31,275)	-	-	-	(31,275)
Net loss for the period	-	-	-	-	-	(7,015,454)	(7,015,454)
Balance at June 30, 2023	78,549,660	36,979,435	1,077,615	2,841,870	94,891	(42,460,564)	(1,466,753)
Balance at October 1, 2023	**78,673,060**	**37,024,655**	**1,076,737**	**2,959,141**	**94,891**	**(43,979,503)**	**(2,824,079)**
Share-based compensation	**-**	**-**	**-**	**426,785**	**-**	**-**	**426,785**
Common shares issued	**4,747,692**	**2,077,080**	**-**	**-**	**-**	**-**	**2,077,080**
Warrants exercised	**-**	**-**	**(178,038)**	**-**	**-**	**-**	**(178,038)**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,652,935)**	**(2,652,935)**
Balance at June 30, 2024	**83,420,752**	**39,101,735**	**898,699**	**3,385,926**	**94,891**	**(46,632,438)**	**(3,151,187)**

(Expressed in Canadian Dollars)

	Note	Three months ended June 30, 2024	2023	Nine months ended June 30, 2024	2023
OPERATING ACTIVITIES		**$**	$	**$**	$
Net loss for the period		**(816,449)**	(1,624,317)	**(2,652,935)**	(7,015,454)
Adjusted for the following:					
Depreciation	3,11	**11,558**	11,558	**34,673**	37,558
Share-based compensation	9	**100,421**	311,150	**426,785**	437,507
Interest and accretion		**117,064**	101,562	**336,727**	295,494
Unrealized foreign exchange loss (gain)		**6,902**	(18,259)	**10,205**	(36,329)
Decommissioning	3	**(1,085)**	(1,405)	**3,743**	(1,092)
Net changes in non-cash working capital		**(29,561)**	(20,887)	**(598,918)**	(203,819)
Net cash flow from operating activities		**(611,150)**	(1,240,598)	**(2,439,720)**	(6,486,135)
INVESTING ACTIVITIES					
Net cash flow from investing activities		**-**	-	**-**	-
FINANCING ACTIVITIES					
Proceeds from warrants exercised		**-**	333,600	**1,899,042**	333,600
Proceeds from stock options exercised		**-**	-	**-**	-
Payment of lease	6	**(13,743)**	(13,002)	**(40,488)**	(38,933)
Net cash flow from financing activities		**(13,743)**	320,598	**1,858,554**	294,667
Increase (decrease) in cash and cash equivalents		**(624,893)**	(920,000)	**(581,166)**	(6,191,468)
Cash and cash equivalents at beginning of period		**1,876,837**	3,420,572	**1,833,110**	8,692,040
Cash and cash equivalents at end of period		**1,251,944**	2,500,572	**1,251,944**	2,500,572
Supplemental disclosure of cash flow information:					
		$	$	**$**	$
Cash interest received		**17,513**	31,831	**58,118**	139,988
Cash interest paid		**(128)**	(1,568)	**(1,507)**	(5,697)

The accompanying notes are an integral part of these Unaudited Interim Condensed Financial Statements

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 June 30, 2024 the Company had a deficit of $46,632,438 (September 30, 2023 of $43,979,503), cash and cash equivalents of $1,251,944 (September 30, 2023 of $1,833,110), current liabilities of $4,534,157 (September 30, 2023 of $4,846,966) and participation agreements along with commitments for the acquisition of quarry leases for the twelve-month period to June 30, 2025 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 design 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.

In December 2023, the Company's insiders, including board members and management, as well as certain key strategic investors exercised 4,747,692 common share purchase warrants, at an exercise price of $0.40 per warrant, resulting in net cash proceeds of $1,899,042. Additionally, the Company reached an agreement with the holders of its outstanding convertible debentures to extend the maturity date by one year from February 26, 2024 to February 26, 2025.

1. NATURE OF OPERATIONS AND GOING CONCERN - CONTINUED

(b) Going concern - continued

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 the volatile inflation rate and challenging business climate. It is uncertain how long these events will continue to impact the economy and the Company's ability to secure financing. If the Company is unsuccessful in obtaining additional sources of financing when needed and on acceptable terms, the going concern assumption may not be appropriate. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company 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, 2023.

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 August 22, 2024.

(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, 2023. 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, and the Company is in the process of 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 for annual periods beginning on or after January 1, 2023 will be evaluated.

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION - CONTINUED

(b) Significant accounting policies - continued

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.

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, 2023.

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 June 30,		Nine months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Advance royalty payments	**50,000**	50,000	**100,000**	100,000
Acquisition and participation costs	**25,866**	22,357	**54,762**	47,251
Permitting and environmental	**-**	(2,769)	**281**	36,055
Silica sand feasibility	**962**	72,624	**55,592**	406,734
Field office expenses	**4,355**	10,889	**34,550**	53,431
Labour	**9,439**	9,658	**28,318**	80,253
Equipment rental and site supplies	**927**	575	**1,849**	46,487
Quarry design	**-**	44,367	**4,310**	499,064
Depreciation	**-**	-	**-**	2,885
Decommissioning	**(1,085)**	(1,405)	**3,743**	(1,092)
Total exploration and evaluation expenditures	**90,464**	206,296	**283,405**	1,271,068

The cumulative exploration and evaluation expenditures at June 30, 2024 are $22,415,943.

4. GLASS PLANT DEVELOPMENT EXPENDITURES

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

(Expressed in Canadian Dollars)

4. GLASS PLANT DEVELOPMENT EXPENDITURES - CONTINUED

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Plant feasibility	**26,526**	51,943	**72,783**	231,333
Glass plant design	**1,752**	390,693	**57,300**	3,207,281
Permitting and environmental	**-**	(1,662)	**-**	73,630
Total glass plant development expenditures	**28,278**	440,974	**130,083**	3,512,244

The cumulative glass plant development expenditures at June 30, 2024 are $7,020,701.

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, 2022	23,077	132,545
Additions	-	-
Disposals	-	-
Balance at September 30, 2023	23,077	132,545
Additions	**-**	**-**
Disposals	**-**	**-**
Balance at June 30, 2024	**23,077**	**132,545**
Accumulated depreciation		
Balance at September 30, 2022	20,192	51,641
Depreciation	2,885	46,231
Disposals	-	-
Balance at September 30, 2023	23,077	97,872
Depreciation	**-**	**34,673**
Disposals	**-**	**-**
Balance at June 30, 2024	**23,077**	**132,545**

(Expressed in Canadian Dollars)

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

	PP&E ASSETS	ROU ASSETS
	$	$
Carrying amounts		
Balance at September 30, 2022	2,885	80,904
Balance at September 30, 2023	-	34,673
Balance at June 30, 2024	**-**	**-**

6. LEASE LIABILITIES

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

	$
Balance at September 30, 2022	82,075
Additions	-
Interest expense	6,921
Principal payments	(51,935)
Disposals	-
Balance at September 30, 2023	37,061
Additions	**-**
Interest expense	**3,427**
Principal payments	**(40,488)**
Disposals	**-**
Balance at June 30, 2024	**-**
Current portion of lease liabilities as at June 30, 2024	**-**
Non-current portion of lease liabilities as at June 30, 2024	**-**

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 February 26, 2025 (“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.

(Expressed in Canadian Dollars)

7. 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
	$	**$**
Balance at September 30, 2022	2,597,591	94,891
Amortization of transaction costs	23,067	-
Accrued interest and accretion (effective interest rate of 15.1%)	368,532	-
Balance at September 30, 2023	2,989,190	94,891
Amortization of transaction costs	**8,947**	**-**
Accrued interest and accretion (effective interest rate of 15.1%)	**323,030**	**-**
Balance at June 30, 2024	**3,321,167**	**94,891**

8. DECOMMISIONING PROVISION

	$
Balance at September 30, 2022	56,311
Change in discount rate	(10,572)
Accretion	1,762
Balance at September 30, 2023	47,501
Change in discount rate	**3,743**
Accretion	**1,323**
Balance at June 30, 2024	**52,567**

The estimated cash flows required to settle the provision have been discounted using a rate of 3.39% and an inflation rate of 1.90% at June 30, 2024 (September 30, 2023 was 3.81% 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, 2022	77,715,660	36,614,560
Common shares issued	957,400	410,095
Balance at September 30, 2023	78,673,060	37,024,655
Common shares issued	**4,747,692**	**2,077,080**
Balance at June 30, 2024	**83,420,752**	**39,101,735**

In the year ending September 30, 2023, the Company issued 957,400 common shares in connection with the exercise of 857,400 share purchase warrants and 100,000 stock options for net cash proceeds of $377,943. Reflecting the fair value of the warrants exercised at $32,153 ($0.0375 per warrant), the fair value of the common shares issued in connection with these transactions was $410,095. In the nine month period ending June 30, 2024, the Company issued 4,747,692 common shares in connection with the exercise of 4,747,692 share purchase warrants for net cash proceeds of $1,899,042. Reflecting the fair value of the warrants exercised at $178,038 ($0.0375 per warrant), the fair value of the common shares issued in connection with these transactions was $2,077,080.

(c) Stock options

	Number of options	Weighted average exercise price
		$
Balance at September 30, 2022	2,715,000	0.40
Granted	1,695,000	0.59
Exercised	100,000	0.35
Balance at September 30, 2023	4,310,000	0.47
Granted	**1,177,000**	**0.31**
Balance at June 30, 2024	**5,487,000**	**0.44**
Exercisable at end of period	**4,137,333**	**0.44**

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

(d) Restricted, performance and deferred share units

As at June 30, 2024, there have been no restricted, performance or deferred share units granted.

(Expressed in Canadian Dollars)

9. CAPITAL STOCK - CONTINUED

(e) Share purchase warrants

	Number of warrants	Amount
		$
Balance at September 30, 2022	32,100,000	1,108,890
Warrants exercised	(857,400)	(32,153)
Balance at September 30, 2023	31,242,600	1,076,737
Warrants exercised	**(4,747,692)**	**(178,038)**
Balance at June 30, 2024	**26,494,908**	**898,699**

In the year ending September 30, 2023, the Company issued 857,400 common shares in connection with the exercise of 857,400 share purchase warrants that had a fair value of $32,153 ($0.0375 per warrant). In the nine month period ending June 30, 2024, the Company issued 4,747,692 common shares in connection with the exercise of 4,747,692 share purchase warrants that had a fair value of $178,038 ($0.0375 per warrant).

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 June 30, 2024, the fair value of the Convertible Debentures is $2.9 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 June 30, 2024 the Company holds interest-bearing cash balances of $1,175,864 (September 30, 2023 was $1,726,284). 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).

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

(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 June 30, 2024, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the US and European dollar would have decreased (increased) net loss in aggregate by approximately $130,775. Included in accounts payable and accruals at June 30, 2024 is USD $597,585 (September 30, 2023 was USD $599,487).

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENDITURES

The following table disaggregates the selling, general and administrative expenditures for the three and nine months ended June 30, 2024:

	Three months ended June 30,		Nine months ended June 30,	
	2024	2023	**2024**	2023
	$	$	**$**	$
Employee compensation and benefits	**264,090**	244,702	**794,863**	740,757
Professional fees	**173,208**	324,159	**587,851**	789,531
Office	**39,582**	32,182	**82,060**	96,356
Depreciation	**11,558**	11,558	**34,673**	34,673
Shareholder information	**8,379**	6,299	**31,518**	31,645
Total selling, general and administrative expenditures	**496,817**	618,900	**1,530,965**	1,692,962

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.

During the year ended September 30, 2023, 1,695,000 options were granted under the existing stock option plan of which 1,675,000 of these options were granted to key management personnel defined as executive officers and directors.

In the nine month period ending June 30, 2024, 1,177,000 options were granted under the existing stock option plan of which 1,065,000 were granted to key management personnel defined as executive officers and directors.

(Expressed in Canadian Dollars)

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 June 30, 2024	**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 economic 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 $3,065,762 at June 30, 2024 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 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.

13. COMMITMENTS AND CONTINGENCIES - CONTINUED

(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 $3,065,762 at June 30, 2024. 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.