CANADIAN PREMIUM SAND INC.

FINANCIAL STATEMENTS

For the years ended

September 30, 2024 and 2023

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, 2024 and 2023, 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 Accounting Standards).

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

- the statements of financial position as at September 30, 2024 and 2023;
- 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 to 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.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 3100, Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825, Fax to mail: ca_calgary_main_fax@pwc.com

Key audit matters

Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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 Accounting Standards, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
January 9, 2025

STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

Years ended September 30,	Note	2024	2023
		$	$
Assets			
Current assets			
Cash and cash equivalents		**736,746**	1,833,110
Trade and other receivables		**5,534**	30,632
Prepaid expenses and deposits		**112,249**	171,973
Total current assets		**854,529**	2,035,715
Prepaid expenses and deposits		**60,975**	-
Right of use assets	6	**83,470**	34,673
Total assets		**998,974**	2,070,388
Liabilities and shareholders' (deficit) equity			
Current liabilities			
Accounts payable and accruals		**1,343,810**	1,820,715
Current portion of lease liabilities	7	**51,928**	37,061
Convertible debentures	8	**3,383,419**	2,989,190
Total current liabilities		**4,779,157**	4,846,966
Lease liabilities	7	**41,171**	-
Decommissioning provision	9	**103,986**	47,501
Total liabilities		**4,924,314**	4,894,467
Shareholders' (deficit) equity			
Capital stock	10	**39,101,735**	37,024,655
Share purchase warrants	10	**1,475,385**	1,076,737
Share-based compensation reserve		**3,491,232**	2,959,141
Convertible debentures - equity component	8	**144,794**	94,891
Deficit		**(48,138,486)**	(43,979,503)
Total shareholders' (deficit) equity		**(3,925,340)**	(2,824,079)
Total liabilities and shareholders' (deficit) equity		**998,974**	2,070,388

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

Approved by the Board of Directors

"Rodrigo Sousa"
Director

"Lowell Jackson"
Director

(Expressed in Canadian Dollars)

Years ended September 30,	**Note**	**2024**	2023
		$	$
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Selling, general and administrative	13	**2,137,195**	2,238,882
Exploration and evaluation expenditures	4	**312,951**	1,418,096
Glass plant development	5	**202,119**	4,136,773
Share-based compensation	10	**532,091**	554,778
Net loss on modification of financial instruments	8,10	**591,743**	-
Foreign exchange loss (gain)		**10,721**	(14,126)
Loss from operations		**(3,786,820)**	(8,334,403)
Other income		**(7,832)**	(12,800)
Net finance costs	14	**379,995**	212,790
Loss before income taxes		**(4,158,983)**	(8,534,393)
Income tax (recovery) expense	15	**-**	-
Net loss and comprehensive loss		**(4,158,983)**	(8,534,393)
Net loss per share – basic and diluted		**(0.05)**	(0.11)
Weighted average number of shares outstanding – basic and diluted		**82,535,973**	78,086,396

(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	-	-	-	554,778	-	-	554,778
Common shares issued	957,400	410,095	-	-	-	-	410,095
Warrants exercised	-	-	(32,153)	-	-	-	(32,153)
Net loss for the period	-	-	-	-	-	(8,534,393)	(8,534,393)
Balance at September 30, 2023	78,673,060	37,024,655	1,076,737	2,959,141	94,891	(43,979,503)	(2,824,079)
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	**-**	**-**	**-**	**532,091**	**-**	**-**	**532,091**
Common shares issued	**4,747,692**	**2,077,080**	**-**	**-**	**-**	**-**	**2,077,080**
Warrants exercised	**-**	**-**	**(178,038)**	**-**	**-**	**-**	**(178,038)**
Loss on modification of warrants	**-**	**-**	**576,686**	**-**	**-**	**-**	**576,686**
Loss on modification of convertible debentures	**-**	**-**	**-**	**-**	**49,903**	**-**	**49,903**
Net loss for the period	**-**	**-**	**-**	**-**	**-**	**(4,158,983)**	**(4,158,983)**
Balance at September 30, 2024	**83,420,752**	**39,101,735**	**1,475,385**	**3,491,232**	**144,794**	**(48,138,486)**	**(3,925,340)**

(Expressed in Canadian Dollars)

Years ended September 30,	**Note**	**2024**	2023
OPERATING ACTIVITIES		**$**	$
Net loss for the period		**(4,158,983)**	(8,534,393)
Adjusted for the following:			
Depreciation	4,13	**45,910**	49,116
Share-based compensation	10	**532,091**	554,778
Net loss on modification of financial instruments	8,10	**591,743**	-
Interest and accretion		**459,979**	400,283
Unrealized foreign exchange gain		**(1,265)**	(14,126)
Decommissioning	4,5	**40,155**	(10,572)
Net changes in non-cash working capital		**(451,791)**	369,976
Net cash used in operating activities		**(2,942,163)**	(7,184,938)
INVESTING ACTIVITIES			
Net cash used in investing activities		**-**	-
FINANCING ACTIVITIES			
Proceeds from warrants exercised	10	**1,899,042**	342,960
Proceeds from stock options exercised		**-**	34,983
Payment of lease	7	**(53,243)**	(51,935)
Net cash flow from financing activities		**1,845,799**	326,008
Decrease in cash and cash equivalents		**(1,096,364)**	(6,858,930)
Cash and cash equivalents at beginning of year		**1,833,110**	8,692,040
Cash and cash equivalents at end of year		**736,746**	1,833,110

Supplemental disclosure of cash flow information:		
	$	$
Cash interest received	**68,267**	164,426
Cash interest paid	**-**	(6,921)

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 quarry silica sand and manufacture pattern 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 pattern solar glass manufacturing facility.

(b) Going concern

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) 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, 2024 the Company had a deficit of $48,138,486 (September 30, 2023 of $43,979,503), cash and cash equivalents of $736,746 (September 30, 2023 of $1,833,110), current liabilities of $4,779,157 (September 30, 2023 of $4,846,966) and participation agreements along with commitments for the acquisition of quarry leases and office lease for the twelve-month period to September 30, 2025 of $181,500. 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, and the successful pursuit of additional financing to fund the construction of the pattern 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.

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.

In September 2024, the Company announced the Province of Manitoba, and the Government of Canada intend to provide financial support for the Company's integrated pattern solar glass manufacturing facility in Selkirk. The Province of Manitoba intends to provide $72 million in non-dilutive financial support for the project consisting of a $32 million infrastructure investment and a $40 million low interest loan consisting of provisions for the Company to earn forgivable portions of up to 10% of the loan over time. The Company is working on formalizing elements of this support. The Government of Canada intends to provide non-dilutive financial support of up to $100 million towards this project. The

1. NATURE OF OPERATIONS AND GOING CONCERN - CONTINUED

(b) Going concern - continued

Company has submitted the detailed federal application and is now entering the due-diligence phase. Further, up to $100 million investment will be sought by the Company facilitated through the federal Indigenous Loan Guarantee Program. The Company has been engaging with Manitoba Indigenous groups to explore investment in the project through the program. While management expects to receive government financial assistance, the timing and amount remains uncertain. This funding is expected to coincide with commencement of construction of the project in Selkirk.

Subsequent to September 30, 2024, the following financing initiatives were undertaken:

In November 2024, the Company reached an agreement with the holders of its outstanding convertible debentures to extend the maturity date to February 26, 2026.

In December 2024, the Company's insiders, including board members and management, and certain key strategic investors exercised 9,206,404 common share purchase warrants, at an exercise price of $0.40 per warrant, resulting in cash proceeds to the Company of $3,682,562.

While the Company has commenced the process of raising funds for the construction of the pattern solar glass manufacturing facility and related quarry infrastructure, significant challenges in raising new capital through the equity and debt markets exist, compounded by the volatile inflation rate and challenging business and political climate. It is uncertain how long these events will continue to impact the economy and the Company's ability to secure financing. As such, there is no assurance that the Company's financing efforts will be successful. 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 financial statements were prepared in accordance with IFRS Accounting Standards.

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 January 9, 2025.

2. BASIS OF PRESENTATION – CONTINUED

(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.

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:

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 and sufficient capital resources are raised, the Company will move out of the exploration and evaluation phase and into the project construction 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. The 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.

2. BASIS OF PRESENTATION – CONTINUED

(b) Significant accounting estimates and judgments - continued

Share-based compensation and share purchase warrants

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 facts, circumstances and interpretations of the standards and may result in a material change in the Company's provision for income taxes. As such, income taxes are subject to measurement uncertainty. The Company follows the liability method for calculating deferred taxes. Assessing the recoverability of deferred tax assets requires the Company to make significant estimates related to the expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities could be impacted. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the unused temporary differences can be utilized. Future projected income and future tax rates could be affected a number of factors and as circumstances change, the Company would reassess its ability to record any increase or decrease in its deferred income tax asset. To the extent that actual outcomes differ from management's estimates, taxation charges or credits may arise in future periods.

Going concern

Management has considered the Company's current activities, funding position and financial obligations for the period of at least twelve months from the date of approval of the financial statements, in determining the ability of the Company to adopt the going concern basis in preparing the financial statements for the year ended September 30, 2024. The assessment of the Company's ability to meet its financial obligations involves judgment (note 1).

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, 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

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED
(a) Exploration and evaluation expenditures - continued

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 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

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(e) Impairment of non-financial assets - continued

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"). 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

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(g) Share-based compensation transactions - continued

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 is 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.

The Company may amend the terms of outstanding share purchase warrants after their initial issuance to induce holders to retain and exercise the share purchase warrants. At the date of modification, any difference between the fair value of the share purchase warrants immediately before and after the modification is recognized in the statement of loss and comprehensive loss.

(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

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(i) Income taxes - continued

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. During the years ended September 30, 2024 and 2023, 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(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, 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

The Company's convertible debentures issued are compound financial instruments consisting of a financial liability component, and a conversion option that converts the liability into a fixed number of the Company's common shares at the holder's option and is classified as equity.

On initial recognition, the financial liability component is measured at fair value, calculated as the present value of the contractual principal and interest payments over the term of the instrument. The equity component is measured at the residual amount, calculated as the difference between the fair value of the compound financial instruments as a whole and the fair value of the financial liability component. Directly attributable transaction costs are allocated to the financial liability and equity components in proportion to their initial carrying amounts.

The financial liability component is subsequently measured at amortized cost. The equity component is not subsequently remeasured.

The Company performs a quantitative and qualitative assessment to determine whether the modification of a compound instrument is substantial or non-substantial. For financial liabilities, terms are considered substantially different when the present value of contractual cash flows under the new terms discounted using the original effective interest rate is at least 10% different from the present value of the remaining contractual cash flows under the original terms. Qualitative factors are considered to determine whether the modification is substantial.

A substantial modification of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with the difference between the carrying amount of the original financial liability and the fair value of the new financial liability being recognized in the statement of loss and comprehensive loss. When the modification is non-substantial, the carrying amount of the existing liability is recalculated as the present value of the revised future cash flows discounted at the original effective interest rate. The adjustment is recognized in the statement of loss and comprehensive loss at the date of modification.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(l) Financial instruments - continued

When a modification is intended to induce a particular behavior by the holder resulting in an increase in the fair value of the equity component, any difference between the fair value of the equity component immediately before and after the modification is recognized in the statement of loss and comprehensive loss at the date of modification. There is no distinction between a substantial and a non-substantial modification.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(n) Royalties – continued

The Company received the right to future net smelter royalty income when it disposed of its Timmins property as disclosed in Note 18. 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) Changes in accounting standards

In February 2021, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements. The amendments require disclosure of material accounting policies rather than significant accounting policies. The Company adopted the amendments on the effective date January 1, 2023, and there was no material impact to the financial statements.

In February 2021, the IASB issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments added the definition of accounting estimates and clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The Company adopted the amendments on the effective date January 1, 2023, and there was no material impact to the financial statements.

(q) Future accounting pronouncements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements which will replace IAS 1 Presentation of Financial Statements. The new standard will establish a revised structure for the statements of comprehensive loss and improve comparability across entities and reporting periods. IFRS 18 is effective for annual periods beginning on or after January 1, 2027. The standard is to be applied retroactively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the financial statements.

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments, and IFRS 7, Financial Instruments: Disclosures. The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively. The Company is currently evaluating the impact of the amendments on the financial statements.

(Expressed in Canadian Dollars)

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,	**2024**	2023
	$	$
Advance royalty payments	**100,000**	100,000
Acquisition and participation costs	**62,511**	55,281
Permitting and environmental	**281**	40,852
Silica sand feasibility	**55,593**	447,329
Field office expenses	**44,942**	62,805
Labour	**37,318**	89,253
Equipment rental and site supplies	**2,296**	47,129
Quarry design	**4,310**	583,134
Depreciation	**-**	2,885
Decommissioning	**5,700**	(10,572)
Total exploration and evaluation expenditures	**312,951**	1,418,096

The cumulative exploration and evaluation expenditures as at September 30, 2024 are $22,445,488.

5. GLASS PLANT DEVELOPMENT EXPENDITURES

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

Years ended September 30,	**2024**	2023
	$	$
Plant feasibility	**96,249**	256,693
Glass plant design	**71,415**	3,801,583
Permitting & environmental	**-**	78,497
Decommissioning	**34,455**	-
Total glass plant development expenses	**202,119**	4,136,773

The cumulative glass plant development expenditures as at September 30, 2024 are $7,092,736.

(Expressed in Canadian Dollars)

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

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

	PPE ASSETS	ROU ASSETS
	$	$
Cost		
Balance at September 30, 2022	23,077	132,545
Balance at September 30, 2023	23,077	132,545
Additions	**-**	**94,707**
Disposals	**-**	**(40,083)**
Balance at September 30, 2024	**23,077**	**187,169**
Accumulated depreciation		
Balance at September 30, 2022	20,192	51,641
Depreciation	2,885	46,231
Balance at September 30, 2023	23,077	97,872
Depreciation	**-**	**45,910**
Disposals	**-**	**(40,083)**
Balance at September 30, 2024	**23,077**	**103,699**

	PPE ASSETS	ROU ASSETS
	$	$
Carrying amounts		
Balance at September 30, 2023	-	34,673
Balance at September 30, 2024	**-**	**83,470**

During the year ended September 30, 2024, the Company recorded an increase in ROU assets due to the extension of the Calgary office lease from July 1, 2024, to June 30, 2026. Additionally, the Seymourville office lease term ended and continued as an operating lease due to expected relocation.

7. LEASE LIABILITIES

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

	$
Balance at September 30, 2022	82,075
Interest expense	6,921
Principal payments	(51,935)
Balance at September 30, 2023	37,061
Additions	**94,707**
Interest expense	**14,574**
Principal payments	**(53,243)**
Balance at September 30, 2024	**93,099**

(Expressed in Canadian Dollars)

7. LEASE LIABILITIES – CONTINUED

Current portion of lease liabilities as at September 30, 2024	**51,928**
Non-current portion of lease liabilities as at September 30, 2024	**41,171**

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 12%.

8. CONVERTIBLE DEBENTURES

The Company issued $1,975,000 of secured convertible debentures ("Convertible Debentures") on February 26, 2020, with an original maturity date of February 26, 2024. The Convertible Debentures bear interest at 12% per annum, compounded quarterly from the date of issuance and payable in arrears on maturity. On November 27, 2023, it was agreed to extend the maturity by one year to February 26, 2025. A further extension until February 26, 2026, was agreed after the statement of financial position date as at September 30, 2024, on November 15, 2024 as a subsequent event.

The Convertible Debentures are a secured obligation of the Company which rank senior to all present and future indebtedness that is not senior indebtedness, which will involve the grant by the Company, of a fixed and floating charge over all of its present and after acquired property.

The Convertible Debentures and accrued interest thereon are convertible into common shares, at the holder's option, at a price of $0.75 per Common Share, subject to adjustment in certain events, at any time prior to the maturity date.

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

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

	Liability Component	**Equity Component**
	$	**$**
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	**11,717**	**-**
Accrued interest and accretion (effective interest rate of 15.1%)	**417,358**	**-**
(Gain) loss on modification	**(34,846)**	**49,903**
Balance at September 30, 2024	**3,383,419**	**144,794**

(Expressed in Canadian Dollars)

8. CONVERTIBLE DEBENTURES – CONTINUED

In the year ended September 30, 2024, the first extension of maturity date to February 26, 2025, resulted in the recognition of a gain on modification of the liability component of $34,846 and a loss on modification of the equity component of $49,903. These amounts were recognized in net loss on modification of financial instruments in the statement of loss and comprehensive loss. The amendment was considered a non-substantial modification, consequently the carrying amount of the liability was recalculated as the present value of the remaining cashflows, discounted at the original effective interest rate of 15.1%, resulting in a gain in the statement of loss. In addition, the increase in the fair value of the equity component on modification resulted in a loss in the statement of loss. The Company used the Black-Scholes option pricing model to determine the fair value of the modified equity component. The following assumptions were applied during the year ended September 30, 2024:

Year ended September 30,	**2024**
Expected life (years)	**1**
Expected volatility	**67%**
Risk-free interest rate	**4.31%**
Dividend yield	**0.00%**

The second extension of maturity date to February 26, 2026, occurred after the reporting period. As this represents a subsequent event, it has no impact on the statement of financial position as at September 30, 2024.

9. 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
Additions	**34,455**
Change in estimated future cashflows	**(3,479)**
Change in discount rate	**8,044**
Change in inflation rate	**1,134**
Accretion	**16,331**
Balance at September 30, 2024	**103,986**

During the year ended September 30, 2024, the Company added a decommissioning provision for work performed at the Selkirk site. The estimated cash flows required to settle the provision have been discounted using a rate of 3.1% and an inflation rate of 2.0% as at September 30, 2024 (September 30, 2023 - 3.8% and 1.9% respectively). These obligations are expected to be settled in 32 years.

(Expressed in Canadian Dollars)

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, 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 September 30, 2024	**83,420,752**	**39,101,735**

In the year ended 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 year ended September 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) 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.

(d) 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	0.48
Granted	**1,177,000**	**0.31**
Balance at September 30, 2024	**5,487,000**	**0.44**
Exercisable at end of period	**4,137,334**	**0.44**

(Expressed in Canadian Dollars)

10. CAPITAL STOCK – CONTINUED

(d) 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 over a subsequent two year period and expire five years from the issue date.

The compensation expense that has been recognized in net loss for the year ended September 30, 2024 is $532,091 (year ended September 30, 2023 - $554,778). The corresponding amounts have been recognized in share-based compensation reserve.

During the year ended September 30, 2024, 1,177,000 options were granted under the existing stock option plan of which 1,065,000 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, 2024 is $0.44 per option (year ended September 30, 2023 – $0.44) 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:

Years ended September 30,	**2024**	2023
Expected life (years)	**5**	5
Expected volatility	**121%**	98%
Risk-free interest rate	**3.28%**	3.29%
Dividend yield	**0.00%**	0.00%
Forfeiture rate	**3.87%**	4.67%

The following table summarizes information about stock options outstanding at September 30, 2024:

Options outstanding				**Options vested**	
Exercise price	Number of Options	Weighted average remaining life (years)	Weighted average exercise price	Number of options	Weighted average exercise price
0.27	50,000	4.38	0.27	16,667	0.27
0.31	1,077,000	4.23	0.31	359,000	0.31
0.32	50,000	4.13	0.32	16,667	0.32
0.35	250,000	0.42	0.35	250,000	0.35
0.38	1,190,000	1.73	0.38	1,190,000	0.38
0.42	1,050,000	2.57	0.42	1,050,000	0.42
0.47	125,000	1.88	0.47	125,000	0.47
0.59	1,695,000	3.65	0.59	1,130,000	0.59
	5,487,000	**2.96**	**0.44**	**4,137,334**	**0.44**

(Expressed in Canadian Dollars)

10. CAPITAL STOCK – CONTINUED

(e) Restricted, performance and deferred share units

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

(f) 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)**
Loss on modification of warrants	**-**	**576,686**
Balance at September 30, 2024	**26,494,908**	**1,475,385**

In the year ended 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 year ended September 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). In addition, the Company extended the maturity date of its share purchase warrants from August 31, 2024, to December 31, 2024. The extension represents an unidentifiable compensation to warrant holders resulting in a loss of $576,686 which was recognized in net loss on modification of financial instruments in the statements of loss and comprehensive loss.

The stock price on the date of modification was $0.28. The Company applied the following assumptions in determining the fair value of the modification of share purchase warrants during the year ended September 30, 2024:

Year ended September 30,	**2024**
Expected life (years)	**0.33**
Expected volatility	**83%**
Risk-free interest rate	**3.44%**
Dividend yield	**0.00%**

The fair value of the modification of share purchase warrants is highly sensitive to the input stock price. A $0.05 increase in stock price increases the loss by $505,525. Conversely, a $0.05 decrease in stock price reduces the loss by $332,321.

11. CAPITAL MANAGEMENT

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

11. CAPITAL MANAGEMENT – CONTINUED

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 pattern 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 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.

Subsequent to year end, in November 2024, the Company reached an agreement with the holders of its outstanding convertible debentures to extend the maturity date to February 26, 2026.

In December 2024, the Company's insiders, including board members and management, and certain key strategic investors exercised 9,206,404 common share purchase warrants, at an exercise price of $0.40 per warrant, resulting in cash proceeds to the Company of $3,682,562.

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, compounded by the volatile inflation rate and challenging business and political climate. It is uncertain how long these challenges will continue. As such, it is difficult to accurately predict how long these events will continue to impact the economy or 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 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 lease liabilities, and the liability component of the convertible debentures is determined based on discounted cash flows, including interest at current rates for similar instruments.

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

(Expressed in Canadian Dollars)

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

(a) Fair value - continued

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 $3,383,419 as at September 30, 2024 ($3,019,564 as at September 30, 2023).

(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 September 30, 2024 the Company holds interest-bearing cash balances of $689,227 (September 30, 2023 was $1,726,284). The Company has collected the trade and other receivables balance in full, subsequent to the period end.

The Company considers its other accounts receivable to be aged as follows:

As at September 30,	**2024**	2023
	$	$
Less than 30 days	**5,534**	-
31 to 60 days	**-**	30,632
Total trade and other receivables	**5,534**	30,632

(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, 2024, the Company had cash and cash equivalents of $736,746 (September 30, 2023 - $1,833,110) to settle current liabilities of $4,779,157 (September 30, 2023 - $4,846,966) and commitments for the 12-month period to September 30, 2025 of $181,500. 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, 2024	**Total**	**1 year**	**2-3 years**
	$	**$**	**$**
Accounts payable and accruals	**1,343,810**	**1,343,810**	**-**
Lease liabilities[1]	**93,099**	**51,928**	**41,171**
Convertible debentures[1]	**3,573,272**	**3,573,272**	**-**
Total	**5,010,181**	**4,969,010**	**41,171**

[1] *Principal and interest payments.*

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

(d) Interest rate risk

The Company's interest rate risk relates to interest-bearing cash deposits. At September 30, 2024 the Company holds interest-bearing cash balances of $689,227 (September 30, 2023 - $1,726,284).

(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.

For the year ended September 30, 2024, with other variables unchanged, a 10% weakening of the Canadian dollar against the US dollar and Euro would have increased net loss in aggregate by approximately $142,643 (September 30, 2023 - $186,851). Included in accounts payable and accruals at September 30, 2024 is USD $599,066 (September 30, 2023 - USD $599,487).

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENDITURES

The following table disaggregates the selling, general and administrative expenditures for the years ended September 30:

Years ended September 30,	**2024**	2023
	$	$
Employee compensation and benefits	**1,057,106**	984,426
Professional fees	**878,236**	1,047,214
Office	**115,867**	122,036
Depreciation	**45,910**	46,231
Shareholder information	**40,076**	38,975
Total selling, general and administrative expenditures	**2,137,195**	2,238,882

14. NET FINANCE COSTS

Years ended September 30,	**2024**	2023
	$	$
Interest and accretion on convertible debentures	**417,358**	368,533
Interest on lease	**14,574**	6,921
Interest income	**(68,267)**	(164,426)
Other finance costs	**16,330**	1,762
Total net finance costs	**379,995**	212,790

(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 23.34% (2023 – 23.52%) to loss before income taxes for the following reasons:

Years ended September 30,	**2024**	2023
	$	$
Loss before income taxes	**(4,158,983)**	(8,534,393)
Expected tax recovery at statutory rates	**(970,637)**	(2,007,151)
Increase (decrease) from:		
Share-based compensation	**124,181**	130,475
Share purchase warrants	**134,589**	-
Convertible debentures	**11,647**	-
Non-deductible expenses	**1,020**	1,593
Deferred income taxes not recognized	**699,916**	1,875,259
Other	**(715)**	(176)
Income tax (recovery) expense	**(0)**	(0)

(b) Deferred tax balances

Years ended September 30, 2024	**2024**	2023
	$	$
Exploration and evaluation expenditures	**2,255,746**	2,791,364
Property, plant and equipment and other assets	**1,450,546**	1,444,452
Non-capital loss carry forwards	**6,496,194**	5,405,350
Convertible debentures	**351,695**	264,447
Share and debt issue costs	**67,862**	107,061
Decommissioning provision	**24,269**	11,171
Deferred income taxes not recognized	**(10,646,312)**	(10,023,845)
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, 2024, the Company had $45,617,000 (2023 - $42,621,000) of deductible temporary differences where no deferred tax asset was recognized. These deductible temporary differences include non-capital loss carry forwards of $27,835,000 which expire between 2026 and 2044 and tax pools of $15,871,000 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,	2024	2023
	$	$
Salaries, consulting fees and benefits	941,503	877,468
Share-based compensation	507,446	554,778
Total key management compensation	**1,448,949**	1,432,246

Under the terms of the key management agreements, the Company has committed to an aggregate pay-out of $925,874 (2023 - $971,579) 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.

During the year ended September 30, 2024, 1,177,000 options were granted under the existing stock option plan of which 1,065,000 of these options were granted to key management personnel defined as executive officers and directors.

In November 2023, the maturity date of the convertible debentures was extended to February 26, 2025. All holders of convertible debentures are executive officers, directors, or key strategic investors in the Company.

In December 2023, 4,747,692 common share purchase warrants were exercised. These warrants were exercised by executive officers, directors, or key strategic investors in the Company.

18. COMMITMENTS AND CONTINGENCIES

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

	Payments due by period		
As at September 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	-
Office lease	23,000	-	-
Total commitments	**181,500**	**450,500**	**117,000**

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

18. COMMITMENTS AND CONTINGENCIES – CONTINUED

[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 $3,111,410 at September 30, 2024 ($2,828,817 at September 30, 2023) 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 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 $3,111,410 at September 30, 2024, ($2,828,817 as at September 30, 2023).

These semi-annual royalty payments 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.

19. SUBSEQUENT EVENTS

(a) Stock options

In October 2024, 680,000 stock options were forfeited related to the departure of an executive officer, and 70,000 stock options were granted to key management personnel.

19. SUBSEQUENT EVENTS – CONTINUED

(b) Convertible debentures

The Company reached an agreement on November 15, 2024, with the holders of its outstanding convertible debentures to extend the maturity date by one year from February 26, 2025, to February 26, 2026.

(c) Share purchase warrants

In December 2024, the Company's insiders, including board members and management, as well as certain key strategic investors exercised 9,206,404 common share purchase warrants, at an exercise price of $0.40 per warrant, resulting in cash proceeds to the Company of $3,682,562.