



CANADIAN PREMIUM SAND INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2025

This Management’s discussion and analysis (“MD&A”) dated December 17, 2025, should be read in conjunction with the audited consolidated financial statements of Canadian Premium Sand Inc. (the “Company” or “CPS”) as at and for the year ended September 30, 2025.

All financial information is reported in Canadian dollars unless stated otherwise and has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

This MD&A contains “forward-looking statements” or “forward-looking information” within the meaning of applicable Canadian securities laws (collectively, “forward-looking statements”) based on the Company’s current expectations and projections. For information on the material risk factors and assumptions underlying such forward-looking statements, refer to the Forward-Looking Statements Section of this MD&A.

Any technical information contained in this MD&A related to the Company’s Wanipigow reserves (the “Wanipigow Sand Quarry”) has been extracted or summarized based on the information contained in the Inferred Mineral Resource Report for the Wanipigow Sand Quarry dated April 9, 2025, reviewed and approved by Roy Eccles, P. Geol. of APEX Geoscience Ltd., who is independent of the Company and a “qualified person” under National Instrument 43-101 Standards of Disclosure for Mineral Projects (the “Technical Report”). Readers are cautioned not to solely rely on the summary of this information but should read the Technical Report in its entirety which is available for review on the Company’s profile on SEDAR+ at www.sedarplus.ca.

The term “Inferred Mineral Resource” used in the MD&A is a Canadian mining term as defined in accordance with NI 43-101 under the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) Standards on Mineral Resources and Mineral Reserves, as may be amended from time to time by the CIM. Inferred Mineral Resources, which are not Mineral Reserves, do not have demonstrated economic viability. For a detailed discussion of the Company’s resource and reserve estimates and related matters see the Company’s Technical Report.

About Canadian Premium Sand Inc. (“CPS” or the “Company”)

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 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 has 41 contiguous quarry leases located approximately 160 kilometers north of Winnipeg, Manitoba. These leases grant the Company exclusive rights to quarry silica sand, intended for industrial applications which includes use as a fracture proppant and feedstock for premium glass manufacturing.

Subsequent Events

(a) Convertible debentures

The Company reached an agreement on December 15, 2025, with the holders of its outstanding convertible debentures to extend the maturity date by one year from February 26, 2026, to February 26, 2027. The maturity extension is subject to TSX Venture Exchange approval.

Business Outlook

Solar Glass Manufacturing

During fiscal year 2025 the Company focused its time and resources on advancing its pattern solar glass manufacturing strategy through the development of a planned 4 Gigawatts (GW)¹ facility in the US and its flagship 6 GW¹ Canadian project in Selkirk, Manitoba.

The Company continued to advance customer discussions and negotiations toward long-term binding take-or-pay offtake agreements to support further development of the US project. While 30% of the planned US facility's output has been secured in binding offtake agreements, uncertainty surrounding US solar energy policy has made it challenging to achieve the Company's internal target of 80% contracted offtake agreements to advance the US project. In addition, continued uncertainty in Canada-US trade relations has inhibited progress on offtake discussions necessary to support advancement of the Canadian facility.

As a result, the Company has elected to pause further development of the two pattern solar glass projects until there is sufficient stability in trade policy and the geopolitical landscape to facilitate further progress. Although the timing of increased policy stability remains uncertain, US policy developments could strengthen the investment climate for solar energy and the solar module supply chain. The US administration's focus on establishing a domestic solar supply-chain, together with the recently introduced Prohibited Foreign Entity of Concern ("FEOC") legislation, may create an environment where non-FEOC supply-chain participants have preferential access to the US market.

The market demand for pattern solar glass continues to remain strong with solar installations in the US projected to average approximately 40 GW² annually from 2025 through 2030. The Company will continue to monitor and evaluate the solar energy policy landscape in the US to determine the appropriate time to re-engage with potential customers to advance its pattern solar glass manufacturing plans.

Silica Resource

On April 09, 2025, the Company released its updated Inferred Mineral Resource Report announcing a substantial increase in its low-iron sand inferred resource, detailing a total of 24.4 million tonnes of solar grade low-iron glass sand. The Technical Report also references a previously defined measured and indicated resource of 42.3 million tonnes from the lower and upper black island formations, suitable for use as proppant in hydraulic fracturing applications.

The planned Selkirk pattern solar glass facility is expected to consume approximately 180,000 tonnes of solar grade low-iron sand annually, equating to a potential 135 years of supply to a single facility of that scale. The expansion in the solar grade low-iron sand, which represents a subset of the 42.3 million tonnes of measured and indicated resource, provides the Company with greater flexibility in how it can develop and commercialize its silica resource.

With the solar glass projects on hold, the Company is focused on near-term revenue generation by developing its quarry operations to produce proppant for the oil and gas sector and opportunistically adding sales into industrial and glass-making silica sand markets. Establishing quarry operations will position the Company to pursue future opportunities in additional silica sand based markets and products, including solar and float glass.

¹ Internal management estimate

² Q3 2025 US Solar Market Insight, a quarterly publication of Wood Mackenzie and the Solar Energy Industries Association (SEIA)

Review of Operations for the three months and year ended September 30, 2025

Overall Performance and Share Capital

	Three months ended September 30,		Year ended September 30,	
	2025	2024	2025	2024
Net loss and comprehensive loss	\$(826,101)	\$(1,506,048)	\$(3,375,836)	\$(4,158,983)
Net loss per share – basic and diluted	\$(0.01)	\$(0.02)	\$(0.04)	\$(0.05)
Weighted average number of shares outstanding - basic and diluted	92,627,156	83,420,752	90,627,199	82,535,973

The net loss and comprehensive loss for the three months ended September 30, 2025, decreased in comparison to the prior year period, primarily due to the non-recurrence of prior period net loss on modification of share purchase warrants and convertible debentures, and lower selling, general and administrative and share-based compensation expenses. These decreases were partially offset by higher exploration and evaluation and glass plant costs.

The net loss and comprehensive loss for the year ended September 30, 2025, decreased relative to the prior year, reflecting the non-recurrence of prior year loss on the modification of share purchase warrants, lower share-based compensation from higher forfeitures, and reduced selling, general and administrative expenses. These decreases were partially offset by higher net finance costs and foreign exchange loss.

The Company will continue to incur losses based on completing the required project development activities until it achieves commercial operations. As noted in the Liquidity, Capital Resources and Going Concern section of this MD&A, the Company remains dependent on external financing to fund its activities and will need to seek additional funding to complete the development and construction of its Wanipigow Sand Quarry.

Exploration and Evaluation

The exploration and evaluation expenditures relate to the development of the Wanipigow Sand Quarry and are broken down by category as follows:

	Three months ended September 30,		Year ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Advance royalty payments	-	-	100,000	100,000
Acquisition and participation costs	7,749	7,749	58,650	62,511
Permitting and environmental	-	-	-	281
Silica sand feasibility	-	-	21,214	55,593
Field office expenses	8,697	10,393	39,751	44,942
Consulting	9,000	9,000	36,000	37,318
Equipment rental and site supplies	-	447	518	2,296
Quarry design	51,414	-	63,639	4,310
Decommissioning	(3,216)	1,957	(13,119)	5,700
Total exploration and evaluation	73,644	29,546	306,653	312,951

The costs incurred during the three months ended September 30, 2025 increased compared to the same period in the prior year, primarily due to expenditures related to silica sand processing design offset by a reduction in the decommissioning liability resulting from changes in the discount rate.

For the year ended September 30, 2025, costs decreased relative to the prior year, mainly due to the completion of the lab testing phase of the silica sand feasibility activities, including the recovery of related fees in the current period, and a reduction in the decommissioning liability from revised estimates of future cash flows and the discount rate. These

decreases were partially offset by expenditures related to sand processing design and power requirements for a sand processing plant.

Glass Plant

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

	Three months ended September 30,		Year ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Plant feasibility	12,132	23,466	56,504	96,249
Glass plant design	90,693	14,114	149,997	71,415
Decommissioning	6,699	34,455	1,559	34,455
Total glass plant	109,524	72,035	208,060	202,119

Expenditures related to the development of the pattern solar glass manufacturing facilities for the three months and year ended September 30, 2025, increased compared to the same periods in prior year due to the engagement of glass plant engineering consultants for site evaluation and equipment layout, partially offset by lower decommissioning and market study costs.

Selling, General and Administrative

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

	Three months ended September 30,		Year ended September 30,	
	2025	2024	2025	2024
	\$	\$	\$	\$
Employee compensation and benefits	274,064	262,243	990,393	1,057,106
Professional fees	135,030	290,385	889,273	878,236
Office	24,739	33,807	113,241	115,867
Depreciation	12,953	11,236	49,381	45,910
Shareholder information	4,790	8,558	33,822	40,076
Total selling, general and administrative	451,576	606,229	2,076,110	2,137,195

Selling, general and administrative expenditures for the three months ended September 30, 2025, decreased compared to the prior year period largely due to professional fees, reflecting lower audit, legal, government and Indigenous relations, executive glass consulting, and investor relations costs. These decreases were partially offset by higher employee compensation.

For the year ended September 30, 2025, costs decreased relative to the prior year due to lower employee compensation and benefits reflecting the reclassification of finance executive costs to professional fees, reduced government and Indigenous relations activity, audit and legal costs, and glass executive consulting fees. These decreases were partially offset by higher professional fees related to the reclassified finance executive costs, expanded investor relations activities, and professional services associated with the 48C tax credit.

Share-Based Compensation

Share-based compensation expense for the three months and year ended September 30, 2025 was \$53,777 and \$256,152, respectively, compared to \$105,306 and \$532,091 in the prior year periods. Share-based compensation

expense is based on the value, forfeiture rates, and timing of grants of stock options.

Net Loss on Modification of Financial Instruments

Net loss on modification of financial instruments for the three months and year ended September 30, 2025 was \$nil and \$68,164 reflecting the extension of the maturity date of convertible debentures. In the respective prior periods, the net loss on modification of financial instruments of \$591,743 related to the extension of both convertible debentures and share purchase warrants.

Foreign Exchange Loss (Gain)

For the three months and year ended September 30, 2025, there were foreign exchange losses of \$19,967 and \$37,703, respectively, compared to a foreign exchange gain of \$9,146 and a foreign exchange loss of \$10,721 in the corresponding prior year periods. These foreign exchange fluctuations relate to US dollar denominated accounts payable and expenses.

Net Finance Costs

Net finance costs for the three months and year ended September 30, 2025 were \$117,614 and \$422,994, respectively, compared to \$110,333 and \$379,995 in the same periods in 2024. The increase in net finance costs is primarily attributable to compounding interest on the convertible debentures.

Income Taxes

Deferred tax assets are recognized only to the extent that it is probable that those assets will be recoverable. At September 30, 2025, the Company had \$48,620,000 (2024 - \$45,617,000) of deductible temporary differences where no deferred tax asset was recognized. These deductible temporary differences include non-capital loss carry forwards of \$30,259,000 which expire between 2026 and 2045 and tax pools of \$16,202,000 that are available to reduce future taxable income.

Selected Quarterly Financial Data

	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	-	-
Gross profit	-	-	-	-	-	-	-	-
Net loss¹	(826,101)	(739,910)	(961,242)	(848,583)	(1,506,048)	(816,449)	(832,172)	(1,004,315)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Total assets¹	1,893,563	2,320,859	2,993,190	3,998,405	998,974	1,435,537	2,077,637	2,703,319

¹The change in net loss and total assets quarter over quarter is primarily a result of the timing and amount of selling, general and administrative, exploration and evaluation, and glass plant expenditures incurred to progress the Company's business model.

Selected Annual Information

The following is a summary of certain financial information concerning the Company for each of the last three most recently completed financial years.

Years ended September 30,	2025	2024	2023
	\$	\$	\$
Revenue	-	-	-
Gross profit	-	-	-
Net loss and comprehensive loss	(3,375,836)	(4,158,983)	(8,534,393)
Net loss per share - basic and diluted	(0.04)	(0.05)	(0.11)
Total assets	1,893,563	998,974	2,070,388

¹The change in net loss and comprehensive loss and total assets year over year is primarily a result of the timing and amount of selling, general and administrative, exploration and evaluation, and glass plant expenditures incurred to progress the Company's business model.

Liquidity, Capital Resources and Going Concern

The Company's consolidated financial statements were 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, 2025 the Company had a deficit of \$50,384,177 (September 30, 2024 of \$48,138,486), cash and cash equivalents of \$1,523,812 (September 30, 2024 of \$736,746), current liabilities of \$4,941,437 (September 30, 2024 of \$4,779,157) and commitments associated with participation agreements, the acquisition of quarry leases, and an office lease for the twelve-month period to September 30, 2026 of \$182,500. For further details see Commitments and Contingencies.

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 its planned projects and future operations.

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 expressed its intention 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 with provisions for the Company to earn forgivable portions of up to 10% of the loan over time. Financial support is conditional on commencement of construction of the project in Selkirk. In 2024, the Government of Canada also confirmed the Company's Selkirk project qualifies for up to \$100 million in non-dilutive financial support under the Clean Technology Manufacturing Investment Tax Credit program. Evolving US trade and solar-related policies have created market uncertainty, which has affected the Company's ability to secure offtake agreements on terms necessary to progress the Selkirk project. There is no assurance the Province of Manitoba and Government of Canada funding will remain available should the Selkirk project proceed at a later date.

In November 2024, the maturity date of the outstanding convertible debentures was extended 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.

In January 2025, the US Internal Revenue Service awarded the Company's joint arrangement a USD \$75 million tax credit allocation under the 48C Qualifying Advanced Energy Project Credit Allocation program ("48C") to re-purpose a former glass manufacturing site in the southern US to produce pattern solar glass (the "US Project"). In July 2025, the joint arrangement was dissolved following the withdrawal of the partner, resulting in the loss of access to the facility associated with the 48C. The Company is no longer pursuing eligibility to allocate the related 48C tax credit to a wholly owned subsidiary or to an alternative site. Uncertainty surrounding the US trade and solar power related policies has

created challenges in securing sufficient offtake agreements on commercially favorable terms to advance the US Project under current market conditions.

In December 2025, the Company reached an agreement with the holders of its outstanding convertible debentures to extend the maturity date to February 26, 2027. The maturity extension is subject to TSX Venture Exchange approval.

Significant challenges in raising new capital through the equity and debt markets exist and there is no assurance that the Company's financing efforts will be successful. 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. These consolidated 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.

Transactions with Related Parties

The related parties are directors and officers of the Company and entities over which executive management and directors have control or significant influence. The Company's Directors and Officers as at September 30, 2025 are as follows:

Lowell Jackson	Chairman & Director
Glenn Leroux	President & Chief Executive Officer and Director
Isha Kular	Chief Financial Officer
Alasdair Knox	Vice President of Project Engineering
Anshul Vishal	Vice President of Corporate Development
John Assman	Director
Todd Garman	Director
Theresa Jester	Director
Rodrigo Sousa	Director
Brad Virbitsky	Director

Related party transactions during the year ended September 30, 2025, are as follows:

In the year ended September 30, 2025, 1,720,000 stock options were granted, of which 1,575,000 were granted to key management personnel defined as directors and executive officers. Additionally, 680,000 options were forfeited in connection with the departure of an executive officer.

In November 2024, the maturity date of the convertible debentures was extended to February 26, 2026. All holders of convertible debentures are executive officers, directors, or key strategic investors in the Company.

In December 2024, 9,206,404 common share purchase warrants were exercised. These warrants were exercised by executive officers, directors, and key strategic investors in the Company.

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:

As at September 30, 2025	Payments due by period		
	Less than 1 year	1-3 years	4-5 years
	\$	\$	\$
Quarry lease agreements ¹	58,500	175,500	117,000
Royalty and participation agreements ^{1,2}	100,000	525,000	200,000
Office lease	24,000	-	-
Total commitments	182,500	700,500	317,000

¹Beyond five years, the Company is committed to annual quarry lease payments of \$27 per hectare under lease and annual minimum production royalty payments of \$100,000.

²Certain 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 sold, less any reductions related to advanced royalty payments already made as described in further detail below.

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 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 royalty payments made to date, plus applicable accrued interest, are considered advance royalty payments which total \$3,410,437 at September 30, 2025 (\$3,111,410 at September 30, 2024) 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 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.

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 \$3,410,437 at September 30, 2025, (\$3,111,410 as at September 30, 2024).

These semi-annual royalty payments will reduce future cash payments required under the royalty agreements, once production commences, and are expected to reduce cash payments for a number of years, depending on the annual mineral extraction rate.

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:

- 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.

Management's best estimate is that the carrying value of the debt component of the convertible debentures approximates its fair value as at September 30, 2025 and 2024, given its short maturity and the absence of additional information. The fair value measurement is classified as Level 3 due to the use of significant judgment and the absence of observable market data for comparable instruments.

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, 2025 the Company holds interest-bearing cash balances of \$1,395,241 (September 30, 2024 - \$689,227). 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,	2025	2024
	\$	\$
Less than 30 days	4,020	5,534
Total trade and other receivables	4,020	5,534

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, 2025, the Company had cash and cash equivalents of \$1,523,812 (September 30, 2024 - \$736,746) to settle current liabilities of \$4,941,437 (September 30, 2024 - \$4,779,157) and commitments for the 12-month period to September 30, 2026 of \$182,500. All the Company's accounts payable and accruals have contractual maturities of less than one year and are subject to normal trade terms. The Company's principal source of liquidity is funding from key strategic investors. The Company monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating operating budgets and forecasting cash flows to meet financing requirements. See Liquidity, Capital Resources and Going Concern.

The timing of undiscounted cash outflows relating to financial liabilities, including estimated interest payments, are outlined in the table below:

As at September 30, 2025	Total	1 year	2-3 years
	\$	\$	\$
Accounts payable and accruals	1,093,805	1,093,805	-
Lease liabilities ¹	152,505	46,175	106,330
Convertible debentures ¹	4,014,768	4,014,768	-
Total	5,261,078	5,154,748	106,330

¹ Principal and future interest payments.

d) Interest rate risk

The Company's interest rate risk relates to interest-bearing cash deposits. At September 30, 2025, the Company holds interest-bearing cash balances of \$1,395,241 (September 30, 2024 - \$689,227).

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, 2025, with other variables unchanged, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have decreased (increased) net loss in aggregate by approximately \$142,184. Included in accounts payable and accruals at September 30, 2025 is USD \$630,501 (September 30, 2024 - USD \$599,066).

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards, 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

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

Glass plant 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 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 provision

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

Share-based compensation 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, 2025. The assessment of the Company's ability to meet its financial obligations involves judgment.

Significant Accounting Policies

The Company's significant accounting policies are those that affect its financial statements and are summarized in Note 3 of the financial statements for the year ended September 30, 2025.

Future Accounting Pronouncements

In April 2024, the International Accounting Standards Board (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 consolidated 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 retrospectively, with certain transition provisions. The Company is currently evaluating the impact of adopting IFRS 18 on the consolidated 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 consolidated financial statements.

Risks and Uncertainties

General Risks/No History of Operations

The Company is a development stage company and does not hold any interest in any property which is in commercial production nor does it have a history of operations. As such, the Company is dependent on further external financing to continue to advance its business model. In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional funds as needed.

The Company's viability lies in its ability to develop, finance, construct and generate future revenue, profits and cash flow from its planned projects under development.

There is no assurance that the Company will be successful in its development activities and the Company's likelihood of success must be considered in light of its early stage of operations.

Capital Risk

The development and construction activities of the Company required to achieve commercial operations will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of its planned projects. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financings will be favorable to the Company.

Risks Associated with Uncertainty Surrounding US Tariffs and Counter Tariffs

The Company is exposed to business risk arising from ongoing tariff and counter-tariff measures between the US, Canada, and other international trading partners. The extent and duration of tariffs may (i) materially adversely affect the prices received by the Company for its products, (ii) decrease the available markets for the Company's products, (iii) drive reductions in projected production, (iv) increase the cost of equipment, raw materials and supplies required to produce the Company's products, and (v) increase volatility in foreign exchange rates for the Canadian and US projects. While the Company currently does not engage in sales to US customers or import goods from the US at volumes that would materially affect its financial condition, evolving trade policies could have a material adverse impact on the Company's future business, financial condition, results of operations, and cash flows.

The Company continues to monitor developments and will assess the impact of tariff-related measures on its operations and planned projects. At present, the financial impact of these tariffs cannot be quantified.

Industry Risks

The Company is subject to numerous risk factors that may affect its business prospects in the future. These include risks inherent to the development and operation of the sand quarry and pattern solar glass manufacturing facilities, dependence on key personnel, raw material input prices, product sales prices, tariffs, availability of capital, environmental, regulatory and permitting risks, acquisition risks, competition and potential risks relating to land titles. There are other risk factors that could have material effects on the Company that are not quantifiable at present due to the nature of the Company's stage of operation, industry segment and other considerations.

Development Risks

Development of the sand quarry and pattern solar glass manufacturing facilities involves a high degree of risk. There is no assurance that the Company's development activities will result in successful operations. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its development program. The development of the sand quarry and pattern solar glass manufacturing facilities is premised on future production and capital cost estimates. If commercial production commences, actual production and costs may vary from the estimates for a variety of reasons such as estimates of raw materials input costs, labour costs, energy costs, revisions to processing plant plans, production waste, quality and other characteristics of the products produced, risks and hazards associated with the operations, unexpected labor shortages or strikes, equipment failures and other interruptions in production capabilities. Production costs may also be affected by inflation and fluctuations in currency exchange rates. Failure to achieve production targets or cost estimates could have a material adverse impact on the Company's future cash flow and overall financial performance.

Business Risk

The success of the operations and activities of the Company is dependent to a significant extent on the efforts and abilities of its management, outside contractors, experts and other advisors. Investors must be willing to rely on management's discretion and judgment as well as the expertise and competence of the outside contractors, experts and other advisors. The Company does not have a formal program in place for succession of management and training of management. The loss of one or more of the key employees or contractors, if not replaced on a timely basis, could adversely affect the Company's operations and financial performance.

Price Risk

The price of the Company's common shares, its financial results, and development activities have been, or may in the future be, adversely affected by changes in the price of raw materials and energy used in manufacturing and the external market price of the products produced and sold. These prices fluctuate and are affected by numerous factors beyond the Company's control, such as expectations of inflation or deflation, currency exchange fluctuations, interest rates, tariffs, global or regional consumptive patterns, international supply and demand, market speculation activities, improved production methods, international economic and political trends and the entrance of new competitors in the business. The effect of these factors on the input costs and price of the Company's products, and therefore the economic viability of the Company, are speculated but cannot accurately be predicted.

Environmental Risk

All phases of the Company's operations are subject to various federal, provincial/state, municipal, and international laws and statutory instruments governing the use of lands and protection of the environment, which may be modified from time to time. These laws, among other things, govern air and water quality standards, land reclamation requirements, transportation, storage and the disposal of hazardous waste. Environmental legislation may, over time, require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. To the Company's knowledge, there are no material liabilities to date which relate to environmental risks or hazards.

Regulatory Risks

The Company and its prospective customers are subject to extensive environmental, health and safety regulations that impose, and will continue to impose, significant costs and liabilities. In addition, future regulations, or more stringent enforcement of existing regulations, could increase those costs and liabilities, which could adversely affect the Company's results of operations.

Land Title Risk

The lands on which the Company's project is situated are owned by the Crown in Right of Manitoba who has issued the Company 41 contiguous quarry leases that grant the Company the exclusive right to mine quarry minerals on the property. Due to this Crown land ownership and the Company's 100% ownership of the legal interests in all 41 quarry leases together with its understanding that all of such quarry leases are active and in good standing, the Company has not sought formal title opinions on its quarry lease interests in Canada at this time. Accordingly, title to and the area of the quarry leases may be disputed. Any of the Company's properties may be subject to prior unregistered agreements or transfers or Indigenous land claims and title may be affected by undetected defects. The Company has no present knowledge of any material defect in the title of any of the properties in which the Company has or may acquire an interest.

Limitation of Controls and Procedures

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements relating to, without limitation, expectations, intentions, plans and beliefs, including information as to the future events, results of operations and the Company's future performance (both operational and financial) and business prospects. In certain cases, forward-looking statements can be identified by the use of words such as "expects", "estimates", "forecasts", "intends", "anticipates", "believes", "plans", "seeks", "projects" or variations of such words and phrases, or state that certain actions, events or results "may" or "will" be taken, occur or be achieved. Such forward-looking statements reflect the Company's beliefs, estimates and opinions regarding its future growth, results of operations, future performance (both operational and financial), and business prospects and opportunities at the time such statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. Forward-looking statements are necessarily based upon estimates and assumptions made by the Company that are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. In particular, this MD&A contains forward-looking statements pertaining, but not limited, to: the statements made under the heading "Business Outlook"; the design and operation of the quarry and pattern solar glass manufacturing facilities; the ability to transport processed sand to markets, raw materials to the pattern solar glass manufacturing facilities and the ultimate products sold; the benefits to be derived from the Economic Participation Agreements including anticipated economic and social benefits and opportunities, including employment, contracting and training initiatives; the plans with respect to financing ongoing operating activities; the timing and approval or permitting process; the intention to use cash on hand and proceeds from future equity issuances to fund the Company's operations and future development plans; industry activity levels; industry conditions pertaining to industrial sand customers and the pattern solar glass manufacturing industry; the ability of and manner by which the Company expects to meet its capital needs and remain a going concern basis; and the Company's objectives, strategies and competitive strengths.

By their nature, forward-looking statements involve numerous current assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from those anticipated by the Company and described in the forward-looking statements.

With respect to the forward-looking statements contained in this MD&A, assumptions have been made regarding, among other things: the ability to obtain the necessary stakeholder, regulatory and environmental approval and external funding to advance the development of the quarry operation and pattern solar glass manufacturing facilities; no material capital project and financing cost overrun or delay related to the construction of the facilities; the ability to continue to consult with, and address feedback received from interested stake holders including the Hollow Water First Nation and surrounding communities; environmental risks and regulations; future global economic and financial conditions; future raw material input cost prices; product market prices, operating costs; that the regulatory environment in which the Company operates will be maintained in the manner currently anticipated by the Company; future exchange and interest rates; the recoverability and consistent quality of the Company's silica sand; the accuracy and veracity of information and projections sourced from third parties respecting, among other things, future industry conditions; demand for the Company's glass products; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts its business and any other jurisdictions in which the Company may conduct its business in the future; future capital expenditures to be made by the Company; future sources of funding for the Company's capital program; the Company's future debt levels; the impact of competition on the Company; the supply and demand and future projected growth of the markets in which the Company operates and the Company's ability to obtain financing on acceptable terms.

A number of factors, risks and uncertainties could cause results to differ materially from those anticipated and described herein including, among others: the effects of competition and pricing pressures; effects of fluctuations in the price of industrial sand, glass products, and raw materials input costs; risks related to indebtedness and liquidity, including the Company's capital requirements; risks related to interest rate fluctuations and foreign exchange rate fluctuations; changes in general economic, financial, market and business conditions in the markets in which the Company operates; the Company's ability to obtain, maintain and renew required permits, licenses and approvals from regulatory authorities; the stringent requirements of and potential changes to applicable legislation, regulations and standards; the ability of the Company to comply with unexpected costs of government regulations; liabilities resulting from the

Company's operations; the results of litigation or regulatory proceedings that may be brought against the Company; uninsured and underinsured losses; risks related to the transportation of the Company's products, including potential rail line interruptions or a reduction in rail car availability; the geographic and customer concentration of the Company; the ability of the Company to retain and attract qualified management and staff in the markets in which the Company operates; labor disputes and work stoppages and risks related to employee health and safety; general risks associated with the sand quarry and pattern solar glass manufacturing industries, loss of markets, consumer and business spending and borrowing trends; limited, unfavorable, or a lack of access to capital markets; uncertainties inherent in estimating quantities of products; processing problems; and the use and suitability of the Company's accounting estimates and judgments.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in its forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will materialize or prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Readers should not place undue reliance on forward-looking statements. These statements speak only as of the date of this MD&A. Except as may be required by law, the Company expressly disclaims any intention or obligation to revise or update any forward-looking statements or information whether as a result of new information, future events or otherwise.

Any financial outlook and future-oriented financial information contained in this MD&A regarding prospective financial performance, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information contains forward-looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the Company's operations for any period will likely vary from the amounts set forth in these projections and such variations may be material. Actual results will vary from projected results. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The forward-looking information and statements contained in this document speak only as of the date hereof and the Company does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Market, Independent Third Party and Industry Data

Certain market, independent third-party and industry data contained in this MD&A is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports indicate that they have obtained their information from sources believed to be reliable, but the Company has not conducted its own independent verification of such information. This MD&A also includes certain data derived from public filings made by independent third parties. While the Company believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not independently verified any of the data from independent third-party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources^{1,2}.