HPQ Silicon Inc.

Consolidated Financial Statements
As at December 31, 2024 and 2023

(in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
HPQ SILICON INC.

Opinion

We have audited the consolidated financial statements of HPQ Silicon Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of net loss and comprehensive loss, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Company has not generated any revenues to date and incurred a net loss from continuing operations of $7,991,248 for the year ended December 31, 2024, and negative cash flows from operating activities. In addition, the Company's current liabilities exceeded its total current assets by $4,838,912. As a result, the Company relies on its ability to obtain future financing in order to meet its engagements and liabilities in the normal course of business.

As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined that the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Indicators of Impairment of Intellectual Properties

We draw attention to Notes 4.9, 5.2, and 11 of the consolidated financial statements. During the year, the Company recognized a write-off of intellectual property in the statement of net loss. The entity performs an assessment of internal and external facts and circumstances that may indicate the existence of potential impairment indicators.

Why the Matter Is a Key Audit Matter

We determined that the assessment of impairment indicators for intellectual property was a key audit matter. Intellectual property is significant to the consolidated financial statements. Significant auditor judgment is required to evaluate the results of our audit procedures and the entity's assessment in determining whether indicators of impairment exist.

How the Key Audit Matter Was Addressed in the Audit

The following procedures are the primary audit procedures we performed to address this key audit matter:

- We evaluated the Company's management assessment of external indicators of impairment by:
    - comparing the qualitative information included in management assessment to external market data and industry benchmarks;
    - inspecting publicly available information regarding changes in the market price of silicon metal; and
    - comparing the entity's market capitalization to the carrying amount of its net assets.
- We evaluated the entity's analysis of internal indicators of impairment by:
    - obtaining an understanding of the technical feasibility related to the equipment, including reviewing a report prepared by the entity detailing the project's progress made and inspecting respective internal documentation; and
    - discussing the availability of resources to continue the technological development of the intellectual property.

Other Matters

The consolidated financial statements for the year ended December 31, 2023, were audited by another auditor, who expressed an unmodified opinion on those statements on April 29, 2024.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis filed with the appropriate Canadian securities commissions.

Our opinion on the consolidated 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 consolidated 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis filed with the appropriate Canadian securities commissions as of the date of this report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements whether due to fraud or error.

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole are, free from material misstatements, 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 consolidated 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 misstatements of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieve fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Among the matters communicated with those charged with governance, we determine which matters were of most significance in the audit of the consolidated financial statements of the year and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure or, 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 Martin Cloutier.

Forvis Mazars LLP [1]

Montréal, May 2, 2025

[1] By FCPA auditor, public accountancy permit No. A117854

HPQ Silicon Inc.
Consolidated Statements of Financial Position
As at December 31, 2024 and 2023
(in Canadian dollars)

	Notes	2024	2023
		$	$
ASSETS			
Current			
Cash and cash equivalents	6	676,955	597,404
Marketable securities	7	326,725	676,493
Goods and services tax receivable		200,712	66,545
Investment tax credits receivable		476,063	692,508
Right-of-use assets		8,277	-
Prepaid expenses and other	8	188,901	192,999
		1,877,633	2,225,949
Non-current			
Property and equipment	10	26,023	1,932,920
Intangible assets	11	2,784,996	4,559,836
Royalties' receivable	9	-	174,886
Right-of-use assets		-	18,715
Investment accounted for using the equity method	12	119,351	147,210
		2,930,370	6,833,567
Total assets		4,808,003	9,059,516
LIABILITIES			
Current			
Payable to a subcontractor and other trade payables	13	5,679,792	4,586,145
Due to directors	14	100,000	100,000
Royalties payable to a subcontractor	11	928,689	667,418
Current portion of lease liabilities		8,064	12,019
Income tax payable		-	28,193
		6,716,545	5,393,775
Non-current			
Due to directors, officers and a company owned by a director, without interest	14	1,068,006	920,291
Lease liabilities		-	6,857
Royalties payable to a subcontractor	11	873,443	904,411
		1,941,449	1,831,559
Total liabilities		8,657,994	7,225,334
EQUITY (DEFICIENCY)			
Share capital	15	59,439,981	56,835,710
Contributed surplus		2,299,980	2,931,580
Accumulated other comprehensive income		(448)	5,140
Deficit		(66,391,863)	(58,517,741)
Equity attributable to owners (deficiency)		(4,652,350)	1,254,689
Non-controlling interests	23	802,359	579,493
Total equity (deficiency)		(3,849,991)	1,834,182
Total liabilities and equity		4,808,003	9,059,516

The accompanying notes are an integral part of the consolidated financial statements.
These consolidated financial statements were approved and authorized for issue by the Board of Directors on May 2, 2025.

ON BEHALF OF THE BOARD

(s) Patrick Levasseur Director
(s) Bernard J. Tourillon Director

HPQ Silicon Inc.
Consolidated Statements of Net Loss
The years ended as at December 31, 2024 and 2023
(in Canadian dollars)

	Notes	2024	2023
		$	$
Expenses			
Salaries and employee benefits expense	16.1	753,496	1,929,707
Other operating expenses	18	1,038,421	1,329,878
Research and development costs [1]		1,337,691	2,997,706
Amortization of intangible assets	11	290,489	685,724
Amortization of property and equipment	10	1,917,421	1,915,234
Write-off of intangible assets	11	1,484,644	2,951,879
Impairment of intangible assets	11	-	3,888,227
Allowance for credit losses	8-9	284,097	-
Operating loss		7,106,259	15,698,355
Other income (expenses)			
Finance (loss) income	19	830,821	(847,737)
Finance costs	19	(230,303)	(409,738)
Share of loss from equity-accounted investment		(30,855)	(32,615)
Adjustment of ownership in equity-accounted investment		2,996	(189)
Reassertion of rights in Novacium partnership agreement	15.1	(1,483,100)	-
Reversal of Part XII.6 tax		25,452	-
Gain on cancellation of royalties to a subcontractor	11	-	972,498
		(884,989)	(317,781)
Loss before income tax		(7,991,248)	(16,061,136)
Income taxes	21	-	28,193
Net loss		(7,991,248)	(16,044,329)
Net loss attributable to:			
Owners of the Company		(8,203,215)	(16,487,089)
Non-controlling interests	23	211,967	442,760
		(7,991,248)	(16,044,329)
Loss per share attributable to owners			
Basic and diluted loss per share	20	(0.02)	(0.04)

(1) Including share-based payments of $77,050 in 2023.

The accompanying notes are an integral part of the consolidated financial statements

HPQ Silicon Inc.
Consolidated Statements of Comprehensive Loss

The years ended as at December 31, 2024 and 2023
(in Canadian dollars)

	Notes	2024	2023
		$	$
Net loss		(7,991,248)	(16,044,329)
Other comprehensive income item that will subsequently be reclassified to net earnings:			
Exchange difference resulting from the conversion of a foreign subsidiary		5,311	486
Comprehensive loss		(7,985,837)	(16,043,843)
Comprehensive loss attributable to:			
Owners of the Company		(8,197,904)	(16,486,603)
Non-controlling interests	23	211,967	442,760
		(7,985,837)	(16,043,843)

The accompanying notes are an integral part of the consolidated financial statements.

HPQ Silicon Inc.
Consolidated Statements of Changes in Equity
The years ended as at December 31, 2024 and 2023
(in Canadian dollars)

	Notes	Equity attributable to owners						
		Share capital	Contributed surplus	Deficit	Accumulated Other comprehensive	Total	Non-controlling interests	Total shareholders' equity
			$	$	$	$	$	$
Balance at January 1st 2023		54,865,457	3,782,159	(44,270,333)	16,991	14,394,274	124,396	14,518,670
Private placement unit issuance	15.1	607,013	-	-	-	607,013	-	607,013
Exercise of warrants	15.2	1,269,460	-	-	-	1,269,460	-	1,269,460
Common share issuance for the settlement of accounts payable	15.1	93,780	30,316	-	-	124,096	-	124,096
Share-based payments	16.2	-	1,380,036	-	-	1,380,036	-	1,380,036
Expiration of warrants	15.2	-	480	480	-	-	-	-
Expiration of options	16.2	-	(1,784,419)	1,784,419	-	-	-	-
Issuance cost		-	3,488	(24,738)	-	(21,250)	-	(21,250)
		1,970,253	(850,579)	2,239,681	-	3,359,353	-	3,359,355
Net income for the year		-	-	(16,487,089)	-	(16,487,089)	442,760	(16,044,329)
Total comprehensive for the year		-	-	-	(11,851)	(11,851)	12,337	486
Balance at December 31, 2023		56,835,710	2,931,580	(58,517,741)	5,140	1,254,689	579,493	1,834,182
Common share issuance for the settlement of accounts payable	15.1	88,380	30,316	-	-	118,696	-	118,696
Exercise of warrants	15.2	30,000	-	-	-	30,000	-	30,000
Exercise of options	16.2	1,037,282	(356,407)	-	-	680,875	-	680,875
Expiration of warrants	15.2	-	(340,000)	340,000	-	-	-	-
Reassertion of rights in Novacium partnership agreement	15.1	1,448,609	34,491	-	-	1,483,100	-	1,483,100
Issuance cost		-	-	(10,907)	-	(10 907)	-	(10,907)
		2,604,271	(631,600)	329,093	-	2,301,764	-	2,301,764
Net income for the year		-	-	(8,203,215)	-	(8,203,215)	211,967	(7,991,248)
Total comprehensive for the year		-	-	-	(5,588)	(5,588)	10,899	5,311
Balance at December 31, 2024		59,439,981	2,299,980	(66,391,863)	(448)	(4,652,350)	802,359	(3,849,991)

The accompanying notes are integral part of the consolidated financial statements.

HPQ Silicon Inc.
Consolidated Statements of Cash Flows
The years ended as at December 31, 2024 and 2023
(in Canadian dollars)

	Notes	2024	2023
		$	$
OPERATING ACTIVITIES			
Net loss		(7,991,248)	(16,044,329)
Non-cash items			
Share-based payments		-	1,380,036
Amortization of intangible assets		290,489	685,724
Amortization of property and equipment		1,917,421	1,915,234
Depreciation of right-of-use assets		11,400	10,400
Net change in fair value of marketable securities		(756,506)	933,910
Reassertion of rights in Novacium partnership agreement		1,483,100	-
Write-off of intangible assets		1,484,644	2,951,879
Gain on cancellation of royalties payable		-	(972,498)
Share of loss from equity-accounted investment		30,855	32,615
Adjustment of ownership in equity-accounted investment		(2,996)	189
Accretion revenues – royalties' receivable		(34,211)	(28,613)
Accretion expenses – due to directors, officers and a company owned by a director		-	34,240
Accretion expenses – royalties payable		230,303	375,498
Salaries and employee benefits expense		241,850	84,000
Interest income on royalty's receivable		(25,000)	(25,000)
Allowance for credit losses		284,097	-
Impairment of intangible assets		-	3,888,227
		(2,835,802)	(4,778,488)
Changes in working capital items	22	1,141,776	3,514,282
Cash flows used for operating activities		(1,694,026)	(1,264,206)
INVESTING ACTIVITIES			
Additions to intangible assets		-	(262,732)
Additions to property and equipment		(9,759)	(7,614)
Purchase of investments		(281,250)	(900,000)
Disposal of investments		1,387,524	-
Tax credits received		-	41,689
Cash flows provided (used) by investing activities		1,096,515	(1,128,657)
FINANCING ACTIVITIES			
Proceeds from issue of units by private placements		-	607,013
Proceeds from exercise of warrants		30,000	1,269,460
Proceeds from exercise of options		680,875	-
Repayment of dues to directors		(15,385)	-
Repayment of lease liabilities		(11,774)	(10,276)
Issuance cost of units		(10,907)	(21,250)
Cash flows provided by financing activities		672,809	1,844,947
Net change in cash		75,298	(547,916)
Effect of exchange difference on cash		4,253	1,420
Cash, beginning of the period		597,404	1,143,902
Cash, end of the period		676,955	597,404

For additional cash flows information refer to Note 22.

Cash operations		
Interests received from operating activities	15,104	32,560

The accompanying notes are an integral part of the consolidated financial statements.

1. NATURE OF OPERATIONS

HPQ Silicon Inc. ("HPQ" or the "Company") specializes in the development of technologies related to the transformation of quartz into silicon materials and its derivatives.

2. GOING CONCERN AND STATEMENT OF COMPLIANCE WITH IFRS

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (''IFRS'') for accounting and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not yet generated income or positive cash flows from its operations for the period ended December 31, 2024 and December 31, 2023. As at December 31, 2024, the Company has an accumulated deficit of $66,391,863 ($58,517,741 as at December 31, 2023). The company has negative working capital of $4,838,912 as at December 31, 2024 ($3,167,826 as of December 31, 2023). Management has determined that the Company has adequate resources to continue operations normally for at least the next 12 months from the date of the statement of financial position. As the Company is still in its development phase and will now focus on the innovation of silicon solutions and related technology, the Company will likely continue to operate at a loss until the technology can be commercialized, and the Company will require additional financing in order to fund future operations and expansion plans. The Company does not expect to generate revenue from product sales unless and until it successfully completes development of its silicon solutions, which may take a number of years. Until such time that it can generate significant revenue from product sales, if ever, the Company expects to finance its operations through a combination of public or private equity or debt financings or other sources. The Company currently has no committed sources of financing available. While the Company has been successful in securing financing in the past, raising additional funds is dependent on a number of factors outside the Company's control, and as such there is no assurance that it will be able to do so in the future. The ability of the Company to meet its commitments and discharge its liabilities as they become due and become profitable is dependent on the successful completion of the development of its technology and its commercial production, its ability to raise additional funding to finance these activities and the continued financial support of shareholders and lenders. The conditions mentioned above indicate the existence of a material uncertainty that may cast a significant doubt as to the Company's ability to continue as a going concern.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

There is a significant business relationship and economic dependence with the subcontractor, PyroGenesis Canada Inc. (''PyroGenesis'' or ''subcontractor''), which is a shareholder of HPQ. HPQ does business with PyroGenesis for its research and development activities involving the plasma-based process, the latter is a company that develops plasma reactors in a closed-loop furnace. Under agreements with the Company or its subsidiaries, PyroGenesis provides engineering services and assembles the equipment and the Company pays the costs upon presentation of invoices for the work performed. The QRR PUREVAP™ equipment is located on the premises of PyroGenesis. The assets acquired with the subcontractor, PyroGenesis, as well as the related royalties' payable are described in Note 10 and 11. The expenses recorded in 2024 relating to expenses generated with PyroGenesis are $284,021 ($1,763,600 as at December 31, 2023) in research and development costs.

During the year ended December 31, 2023, PyroGenesis exercised 5,594,600 warrants for a total amount of $559,460.

3. GENERAL INFORMATION

HPQ is incorporated under the *Canada Business Corporations Act*. The address of the registered office and its principal place of business is 3000 Omer-Lavallée Street, office 306, Montreal, Quebec, Canada. HPQ shares are listed on the TSX Venture Exchange.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Overall considerations

The material accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below.

4.2 Principle of consolidation

The Company's consolidated financial statements include the accounts of the parent company and the subsidiaries it controls. Control exists when an investor is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. Where the Company's interest in a subsidiary is less than 100%, the Company recognizes non-controlling interests. All intercompany balances, transactions, income, expenses, profits, and losses, including unrealized gains and losses have been eliminated on consolidation. When the Company ceases to have control; any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture, or financial asset.

The following table presents detailed information on the subsidiaries and affiliated companies held by the Company at the end of the financial reporting period.

Name	Principal activities	Country of incorporation	Percentages held by the Company
HPQ Energies Inc. (Formerly HPQ Nano Silicon Powders Inc.) ("HPQ Energies")	Manufacture of silicon Materials for Energy Production	Canada	100%
HPQ Silica Polvere Inc. ("HPQ Polvere")	Manufacture of Fumed Silica	Canada	100%
NOVACIUM S.A.S. ("Novacium")	Research and development of products made of silicon and its derivatives	France	20%

With regard to Novacium, since June 7, 2022, the Company exercises control through the holding of a preferred share granting it a right of veto over decisions that have a significant impact on the relevant activities of this affiliated company. This preferred share was created on a temporary basis, until the Company increases its ownership interest in the share capital of Novacium.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.3 Investment in associate

The associate is an entity over which the Company is able to exert significant influence, but which is not a subsidiary. Investments in the associate are initially recognized at cost and subsequently accounted for using the equity method.

4.4 Functional and presentation currency

The Company and its subsidiaries each determine their functional currency based on the currency of the primary economic environment in which they operate. Transactions denominated in a currency other than the functional currency of the entity are translated at the exchange rate in effect on the transaction date. Related exchange differences are included in each entity's net income for the period in which they arise.

4.5 Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and liabilities are initially measured at fair value adjusted for transaction costs, if applicable.

Financial assets are derecognized when the contractual rights to cash flows from a financial asset expire, or when a financial asset and substantially all risks and rewards are transferred. A financial liability is derecognized in the event of termination, extinction, cancellation or expiration.

The classification of financial instruments under IFRS 9 is based on the entity’s business model and the characteristics of the contractual cash flows of the financial asset or liability.

Classification and initial valuation of financial assets

Financial assets are classified into one of the following categories:

- Amortized cost;
- Fair value through profit or loss (“FVTPL”);

All income and expenses relating to financial assets recognized in profit or loss are presented in finance costs or financial income.

Subsequent measurement of financial assets

Financial assets

Financial assets are measured at amortized cost if they meet the following conditions:

- They are held according to an economic model whose objective is to hold financial assets in order to collect the contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that correspond solely to repayments of principal and interest payments on the principal outstanding.

After initial recognition, they are measured at amortized cost using the effective interest rate method. Royalties’ receivables are included in this category of financial instruments.

Financial assets that are held in a different economic model other than “holding for the purpose of collection” or “holding for the purpose of collection and sale” are classified in the FVTPL category.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.5 Financial instruments (continued)

Financial assets at fair value through profit or loss (“FVTPL”)

The class includes the marketable securities of a quoted company as an equity investment.

Assets in this category are measured at fair value and gains or losses are recognized in net income. The fair value of financial assets in this category is determined based on transactions in an active market or by applying a valuation technique when there is no active market.

Impairment of financial assets

The impairment provisions in IFRS 9 use more forward-looking information, the expected future credit loss model.

The recognition of credit losses is no longer dependent on the identification of a credit loss event by the Company. Rather, it must take into account an expanded range of information for assessing credit risk and assessing expected credit losses, including past events, current circumstances, and reasonable and justifiable forecasts that affect expected recoverability of future cash flows of the financial instrument.

The estimate of expected credit losses is determined at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

Classification and measurement of financial liabilities

The Company’s financial liabilities include trade payables and other payables (excluding salaries and personnel expenses), royalties payable, due to directors and officers (current and non-current liabilities), and to a corporation owned by a director (excluding salaries and personnel expenses).

4.6 Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting loss attributable to common equity holders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include share options, brokers’ warrants, brokers’ units and warrants. Dilutive potential common shares shall be deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares.

4.7 Investment tax credits receivable

Tax credits are recognized as a reduction of the cost of assets acquired and on estimates made by management. The Company records these tax credits when there is reasonable assurance with regards to collections and assessments and that the Company will comply with the conditions associated to them. Adjustments required, if any, are reflected in the year when such assessments are received.

4.8 Property and equipment

Property and equipment are held at cost less accumulated amortization and accumulated impairment losses. Cost includes all costs incurred initially to acquire or construct an item of property and equipment. Amortization is recognized on a straight-line basis to reduce the cost to its estimated residual value, with a constant charge over the useful life of the asset.

Equipment and leasehold improvements are amortized on a straight-line basis over a period of 3 to 10 years and equipment under construction will be amortized on a straight-line basis over a period of 3 to 10 years when they are ready for use.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.9 Intangible assets

Patents and intellectual property are intangible assets measured at historical cost less accumulated amortization and accumulated impairment losses, if any. The cost of patents consists of the cost of patent applications. The cost of intellectual property is initially comprised of the acquisition cost. Amortization is calculated on a straight-line basis over the estimated useful life of the patent and intellectual property, which is valued at 17 and 21 years, respectively. The amortization period and amortization method are reviewed annually and adjusted prospectively as required.

4.10 Impairment of assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is subject to an impairment test, with the exception of the equipment under construction and intangible assets that are not yet ready for use.

Intangible assets that are not yet ready for use must be tested for impairment annually.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected futures cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

An impairment loss is recognized in profit or loss for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment charge is reversed if the assets or cash-generating unit's recoverable amount exceeds it carrying amount.

4.11 Provisions and contingent liabilities

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. No provision was recognized in the consolidated statements of financial position at December 31, 2024 and 2023 other than the provision for credit loss.

4.12 Income taxes

Tax expenses recognized in profit or loss comprises the sum of deferred tax and current tax not recognized directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the liability method.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.12 Income taxes (continued)

Deferred tax liabilities are generally recognized in full, although *IAS 12 "Income Taxes"* specifies limited exemptions. As a result of these exemptions, the Company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

4.13 Equity

Share capital represents the amount received on the issue of shares. If shares are issued when share options, brokers' warrants, brokers' units or warrants are exercised, the share capital account also comprises the compensation costs or the value of the stock options, warrants or brokers' warrants previously recorded as contributed surplus.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

4.14 Equity-settled transactions (share-based payments)

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, employees and consultants. The Company's plan does not feature any option for a cash settlement.

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measured the fair value of the services rendered by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except brokers' warrants, brokers' units and brokers' options) are ultimately recognized as an expense in profit or loss, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to contributed surplus, in equity.

4.15 Segmental reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision maker, i.e. the Chairman and the Board of Directors. The Company has determined that there was only one operating segment, being the sector of the transformation of quartz into silicon materials and derivative products.

4.16 New accounting standards adopted

IAS 1 Presentation of Financial Statements

The amendments relate to the classification of liabilities as current or non-current and include clarifications on classification (current or non-current).

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.16 New accounting standards adopted (continued)

IFRS 16 Leases – lease liability in case of sale and leaseback

The amendments introduce a new accounting model that affects how a seller-turned-tenant accounts for variable lease payments resulting from a lease-back transaction.

IAS 7 Statement of cash flows & IFRS 7 Financial instruments: Disclosure – Supplier finance arrangements

The amendments introduce new communication objectives for a company to provide information on its supplier financing agreements that would enable investors to assess the impact of these agreements on liabilities, cash flows and exposure to the company's liquidity risk. The new disclosure should also include the type and effect of non-cash changes in the book value of financial liabilities that are part of a funding agreement with a supplier.

The adoption of these new accounting standards did not have a material impact on the Company's financial statements.

4.17 New accounting standards not yet adopted

As at the date of authorization of these consolidated financial statements, new standards, amendments to existing standards, and new interpretations had been issued but were not yet effective, and the Company has not early adopted them.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first financial year beginning after the effective date of each pronouncement. Information on new standards, amendments, and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below.

Certain other new standards and interpretations have been issued, but are not expected to have a significant impact on the Company's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

It also requires disclosure of newly defined management-defined performance measures in a single note, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest.

4. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.17 New accounting standards not yet adopted (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

IFRS 18 and the amendments to the other standards are effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 will apply retrospectively with specific transition provisions.

Amendments to the Classification and Measurement of Financial Instruments

Amendments to the classification and measurement of financial instruments were issued in May 2024 in response to feedback received during the post-implementation review of the classification and measurement requirements in IFRS 9 Financial *Instruments and related disclosure requirements* in IFRS *7 Financial Instruments: Disclosures.*

These amendments are effective for annual periods beginning on or after January 1, 2026.

The amendments clarify:

- when a financial liability settled via an electronic payment system may be considered settled prior to the actual settlement date;
- how to assess the contractual cash flow characteristics of financial assets with contingent features, where the nature of the contingent event is not directly linked to changes in basic lending risks and costs; and

new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income, and to financial instruments with contingent features not directly related to the basic lending risks and costs.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

5.1 Significant management judgments

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements.

Determination of control, joint control or significant influence over a business

The Company is required to exercise judgment when assessing the level of control or influence it has over its investees, taking into account, in particular, how decisions about the relevant activities of the investee are made, whether the rights held by other parties are protective or substantive in nature, and the Company's ability to influence the returns of the investee. The Company must also apply judgment in identifying related parties.

Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meets its liabilities for the ensuing year, and to fund planned and contractual scientific research and experimental development, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.1 Significant management judgments (continued)

Impairment indicators

The Company performs an evaluation of facts and circumstances from internal and external sources demonstrating the existence of potential indicators of impairment. Significant judgments are required in evaluating impairment indicators.

Identification of Cash-Generating Units ("CGU")

The Company exercises judgment in identifying and grouping its assets at the lowest levels that generate largely independent cash flows.

Conversion of royalties payable

As described in notes 2 and 11, there is a significant business relationship and economic dependence with the subcontractor, PyroGenesis, which is no longer a shareholder of HPQ as of December 31, 2024. In addition, certain subsidiaries of the Company have the obligation to pay perpetual royalties of 10 % of future sales of product or fixed minimum annual amounts related to intellectual property purchased from PyroGenesis. On May 29, 2024, PyroGenesis notified the company of its intention to covert its royalties into a number equal to the number of shares held by HPQ in the HPQ Polvere subsidiary. The conversion right in the HPQ Energies Inc. subsidiary ceased on March 24, 2024, upon handover of the underlying NRSi intellectual property to PyroGenesis. The Company has assessed that PyroGenesis has neither de-facto control over the Company, given the fact that it does not have the ability to direct the relevant activities of the Company unilaterally, nor does it exercise significant influence over the Company. The Company considered the substance of the arrangement and agreements with PyroGenesis, the latter's percentage shareholding of the Company, combined with the Company's s obligation to pay royalties on future sales, the timing of such sales and the probability of conversion of such royalties into 50 % of the shares held by HPQ in a subsidiary of the Company.

5.2 Assumptions and estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below. Actual results may be substantially different.

Investment tax credits receivable

The calculation of the Company's refundable tax credit of scientific research and experimental development tax credits involves a degree of estimation and judgment with respect to certain items whose tax treatment cannot be finally determined until a notice of assessment has been issued by the relevant taxation authority and payment has been received. Differences arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit, refundable tax credit for scientific research and experimental development, property and equipment and income tax expense in future periods. See Note 4.7 for more information.

Impairment of assets

When an indication of an impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances. Estimates and assumptions may change if new information becomes available. If, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

(in Canadian dollars)

5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS (continued)

5.2 Assumptions and estimation uncertainty (continued)

Impairment of property and equipment and intangible assets

In assessing impairment, management estimates the recoverable amount of each cash-generating asset or unit based on future cash flows and uses an interest rate to discount them. The uncertainty in the estimates is related to assumptions about future operating results and the determination of an appropriate discount rate.

During the year ended December 31, 2024, the Company recorded a net write-off of $1,484,644 (2023 - $2,951,879) on intangible assets and an impairment of $0 (2023 - $3,888,227) on intangible assets in the statement of profit or loss.

6. CASH AND CASH EQUIVALENTS

As at December 31, 2024 and 2023, cash and cash equivalents include a non-interest bearing bank account and an interest bearing term deposit which is detailed as follows:

	December 31, 2024		December 31, 2023	
	$	Interest rate	$	Interest rate
Account without interest	77,715	-	597,404	-
Demand deposit	599,240	3.13% – 3,62%	-	-
Total	676,955		597,404	

Term deposits are for 6 months, automatically renewable for the same period for a total term of 18 months is Company’s withdrawal. An early repayment is subject to a notice period of 32 calendar days from the date the bank receives the request.

7. MARKETABLE SECURITIES

The Company holds shares and warrants in various public companies. During the exercise ended December 31, 2024, these shares and warrants were valued at fair market value, resulting in a gain of $783,931 (loss of $933,910 as at December 31, 2023).

As at December 31, 2024, the Company holds 1,500,000 warrants of Québec Innovative Materials Corp. ("QIMC") (1,500,000 warrants as at December 31, 2023) exercisable at a price of $0.15/share. The fair value of the share purchase warrants was valued at $96,000 as at December 31, 2024 ($12,136 as at December 31, 2023). The Company also holds 600,000 common shares as at December 31, 2024 (December 31, 2023 - 3,000,000) and the quoted price of QIMC share was $0.11 ($0.025 as at December 31, 2023).

As at December 31, 2024, the Company holds 725,000 warrants of PyroGeneris (1,100,000 as at December 31, 2023) exercisable at an average price of $0.75/share ($1.34 as at December 31, 2023). The fair value of the share purchase warrants was valued at $7,975 as at December 31, 2024 ($30,357 as at December 31, 2023). The Company also holds 275,000 common shares as at December 31, 2024 (December 31, 2023: 1,300,000) and the quoted price of PyroGenesis share was $0.57 ($0.43 as at December 31, 2023).

(in Canadian dollars)

7. MARKETABLE SECURITIES (continued)

The following table summarizes the information on marketable securities for the periods presented:

	December 31, 2024	December 31, 2023
	$	$
Balance at January 1st	676,493	710,403
Acquisition (a)	281,250	900,000
Disposed (b)	(1,387,524)	-
Change in fair market value (c)	756,506	(933,910)
	326,725	676,493

(a) During the month of March 2023, the Company acquired 900,000 units consisting of one common share and one warrant of PyroGenesis for a total value of $900,000. Each warrant is exercisable at a price of $0.75 ($1.25 as at December 31, 2023) over a period of 2 years expiring on March 7, 2025.

The Company exercised 375,000 PyroGenesis warrants for a total amount of $281,250, as detailed below:

On August 13, 2024, 100,000 warrants were exercised for a total amount of $75,000.
On August 22, 2024, 100,000 warrants were exercised for a total amount of $75,000.
On August 29, 2024, 100,000 warrants were exercised for a total amount of $75,000.
On September 23, 2024, 100,000 warrants were exercised for a total amount of $56,250.

(b) The Company disposed of 1,400,000 shares of PyroGenesis and 2,400,000 shares of QIMC for a total amount of $1,387,524, realizing a loss of $177,360.

(c) The Company’s shares in public companies are classified at FVTPL and are recorded at fair value using quoted market prices as at December 31, 2024 and are therefore classified as Level 1 within the fair value hierarchy.

The warrants in various public companies are classified at FVTPL and are recorded at fair value using a Black-Scholes pricing model with observable market inputs and are therefore classified as Level 2 within the fair value hierarchy.

For the change in the fair value of QIMC's warrants, the following assumptions were used: share price $0.11, risk-free interest rate of 2.92%, expected life of warrants of 0.67 years, volatility rate of 221% and a dividend rate of 0% (As at December 31, 2023, a share price of $0.025, risk- fee interest rate of 3.91%, expected life of warrant of 1.67 years, volatility rate of 144% and dividend rate of 0%).

For the change in the fair value of PyroGenesis warrants, the following assumptions were used: share price $0.57, risk-free interest rate of 2.92%, expected life of warrants of 0.18 years, volatility rate of 58% and a dividend rate of 0% (As at December 31, 2023, the share price of $0.43, risk- fee interest rate of 3.91%, expected life of warrant of 1.11 years, volatility rate of 78% and dividend rate of 0%).

(in Canadian dollars)

8. PREPAID EXPENSES AND OTHER

As of December 31, 2024 and 2023, prepaid and other expenses are detailed as follows:

	December 31, 2024	December 31, 2023
	$	$
Prepaid expenses	113,911	53,373
Interest receivable and other receivables	149,990	139,626
Balance, end	263,901	192,999
Allowance for credit loss	(75,000)	-
Net Balance at End	188,901	192,999

As at December 31, 2024, an allowance for credit loss was recorded for the full amount of interest receivable of $75,000 in relation to royalties receivable (Note 9).

9. ROYALTIES RECEIVABLE

During the 2021 fiscal year, the Company received 166,667 common shares of Beauce Gold Fields Inc. ("BGF") in settlement of a royalty receivable from COB in the form of an NSR valued at $50,000. Following the debt settlement, the Company recognized an increase of $9,770 in its investment and a loss of $40,230 in net income.

On June 23, 2022, an addendum was signed to modify the initial terms of the agreement signed in 2017 with BGF. The NSR payments for each of the subsequent years have been replaced by a 10% annual interest, the $250,000 royalty is non-transferable and the due date is December 31, 2025 including unpaid interests. As at December 31, 2024, the balance of interest receivable is $75,000 ($50,000 as at December 31, 2023).

	December 31, 2024	December 31, 2023
	$	$
Balance, beginning	174,886	146,273
Accretion charge	34,211	28,613
Balance, end	209,097	174,886
Allowance for credit losses	(209,097)	-
Net Balance at End	-	174,886

The fair value of the royalties' receivable was estimated as at June 23, 2022, using a present value technique, immediately prior to the modification date. The revalued fair value of $133,772 was estimated based on the probability of cash outflows over a 3.5 years at 18%, which is the interest rate for similar financial instruments. Undiscounted cash inflows are $250,000 and reflect management's estimate of the timing of royalty repayment.

As at December 31, 2024, a provision for credit risk was recognized for the full amount receivable of $209,097, due to significant uncertainties regarding the recoverability of the respective amount.

(in Canadian dollars)

10. PROPERTY AND EQUIPMENT

Property and equipment of the Company are composed of leasehold improvements and equipment. The $5,022,500 equipment and rental improvements of $344,000 pertain to the QRR PUREVAP™ process pilot plant located at the subcontractor's facilities.

The carrying value is set out as follows:

	Leasehold improvements	Equipment	Total
	$	$	$
Gross carrying value			
Balance at January 1, 2024	344,000	5,072,587	5,416,587
Acquisition	-	9,759	9,759
Effect of foreign exchange	-	1,389	1,389
Balance at December 31, 2024	344,000	5,083,735	5,427,735
Accumulated depreciation			
Balance at January 1, 2024	229,333	3,254,334	3,483,667
Depreciation	114,667	1,802,754	1,917,421
Effect of foreign exchange	-	624	624
Balance at December 31, 2024	344,000	5,057,712	5,401,712
Carrying value at December 31, 2024	-	26,023	26,023

	Leasehold improvements	Equipment	Total
	$	$	$
Gross carrying value			
Balance at January 1, 2023	344,000	5,063,215	5,407,215
Acquisition	-	7,614	7,614
Effect of foreign exchange	-	1,758	1,758
Balance at December 31, 2023	344,000	5,072,587	5,416,587
Accumulated depreciation			
Balance at January 1, 2023	114,667	1,453,490	1,568,157
Depreciation	114,666	1,800,568	1,915,234
Effect of foreign exchange	-	276	276
Balance at December 31, 2023	229,333	3,254,334	3,483,667
Carrying value at December 31, 2023	114,667	1,818,253	1,932,920

(in Canadian dollars)

11. INTANGIBLE ASSETS

Fumed Silica

On June 30, 2021, the Company acquired intellectual property for the production of fumed silica materials. Pursuant to the purchase agreement, the Company is committed to pay to the seller an annual royalty equal to 10% of net revenues, excluding the samples and testing products (as defined in the agreement) generated from the exploitation of the acquired technology or the minimum amounts per the agreement not exceeding total sales. Also, the seller is being granted the right to convert, at any time and at its sole discretion, its royalties into a 50% equity stake of HPQ Polvere. An amount of $3,300,000 paid in cash was recorded as the cost of intellectual property. No royalties to be paid are recorded for this process as of December 31, 2024 and December 31, 2023.

Under this agreement, the minimum annual royalty amounts not exceeding total sales owed when there is income are as follows:

	$
2025	150,000
2026 and after	200,000

PUREVAP™ NSiR

On August 18, 2020, the Company acquired from PyroGenesis the PUREVAP™ NSiR technology for the fabrication of nano silicon materials. Pursuant to the purchase agreement, the Company is committed to pay to the seller the greater of an annual royalty equal to 10% of net revenues (as defined in the agreement) generated from the exploitation of the acquired technology or the minimum amounts per the agreement. Also, the seller is being granted the right to convert, at any time and at its sole discretion, its royalties into a 50% equity stake of HPQ Energy.

The intellectual property, was recognized upon acquisition for a total amount of $2,400,000, paid in cash and recorded as intellectual property. The related liability of royalties payable recorded for an amount of $864,013 was calculated based on estimated cash flows under the agreement over a period of 25 years at a discount rate of 18%.

After a careful review of the Nano Silicon material market environment, the technology advancement and associated future development costs needed to get the PUREVAPTM Nano Silicon Reactor (NSiR) to a potential commercial stage, HPQ has advised its technology provider that it no longer intends to pursue the development of this technology. During the year of 2023, the Company wrote off the total book value of intellectual property of $3,264,013 net of amortization of $466,287 and the book value of related patents of $170,758 net of amortization of $16,605, for a total expense of $2,951,879. The intellectual property was officially transferred to PyroGenesis on March 25, 2024 for a price of $1. The royalties payable to PyroGenesis relating to this technology were derecognized as of December 31, 2023 and a gain on the cancellation of the royalties payable of $972,498 was recognized in the statement of profit or loss in the 2023 financial year.

(in Canadian dollars)

11. INTANGIBLE ASSETS (continued)

PUREVAP™ QRR

On July 29, 2016, the Company acquired PUREVAP™ QRR technology from PyroGenesis for the transformation of quartz into silicon metal of high purity. Pursuant to the purchase agreement, the Company is committed to pay to the seller the greater of an annual royalty equal to 10% of net revenues (as defined in the agreement) generated from the exploitation of the acquired technology or the minimum annual amounts per the agreement are as follows:

	$
2025 and after	250,000

The intellectual property and its related liability in relation to royalties payable, were recognized upon acquisition for a total amount of $815,427 and were calculated based on estimated cash flows under the agreement over a period of 20 years at a rate of 22%. The amount of $50,000 recorded as a deposit in 2015 was reversed at the cost of the intellectual property. In 2016, an amount of $1,000,000 paid in cash was recorded at the cost of the intellectual property.

Management uses its judgment to estimate the amount of royalties payable under the QRR PUREVAP™ and NSiR PUREVAP™ technology acquisition agreement. Estimation uncertainty is related to net revenue assumptions and the determination of a suitable discount rate.

The following table shows the distribution of royalty payments to be paid according to PUREVAP™ technology as at December 31, 2024:

	QRR	NSiR	Total
	$	$	$
Balance at January 1, 2024	1,359,329	212,500	1,571,829
Accretion expenses	230,303	-	230,303
Balance at December 31, 2024	1,589,632	212,500	1,802,132
Current	716,189	212,500	928,689
Non-current	873,443	-	873,443
	1,589,632	212,500	1,802,132

On January 15, 2025, the Company completed a debt settlement with PyroGenesis, which included the payment of $500,000 in royalties payable related to QRR and $212,500 related to NSiR (Note 28).

(in Canadian dollars)

10. INTANGIBLE ASSETS (continued)

PUREVAP™ QRR (continued)

The following table shows the distribution of royalty payments to be paid according to PUREVAP™ technology as at December 31, 2023:

	QRR	NSiR	Total
	$	$	$
Balance at January 1, 2023	1,124,778	1,044,051	2,168,829
Accretion expenses	234,551	141,397	375,948
Derecognition of NSiR	-	(972,948)	(972,948)
Balance at December 31, 2023	1,359,329	212,500	1,571,829
Current	454,918	212,500	667,418
Non-current	904,411	-	904,411
	1,359,329	212,500	1,571,829

During the year of 2024, and after reviewing market conditions, the Company concluded that there are significant indicators of impairment for the PUREVAP™ technology. Furthermore, HPQ has changed its strategic plan and will focus its financing and development activities on fumed Silica technology.

The Company wrote off the total carrying value of the intellectual property of $1,865,427 with the corresponding amortization of $548,655 and the carrying value of the related patents of $233,820 with the corresponding amortization of $65,948 for a total net expense of $1,484,644.

CARBON EMISSION REDUCTION PROCESS:

On November 10, 2022, the Company acquired from PyroGenesis, in consideration of $3,600,000, the technology relating to carbon emission reduction for the production of Silicon. n accordance with the purchase agreement, the Company has agreed to make the payment of the remaining balance of $3,430,000 no later than December 31, 2024. On December 19, 2024, the Company announced that the payment of the balance will be made by a debt settlement (see Note 13 and 28).

The Company relies on government programs for the development of this technology. The activities of one of the main funders for this type of project, Sustainable Development Technology Canada (SDTC), are frozen until further notice due to internal governance issues at SDTC. During the last year of 2023, management recorded an impairment of $3,599,999 of the book value with a corresponding depreciation of $264,706 and the book value of the related patents of $644,721 with a corresponding depreciation of $91,787 for a net charge of $3,888,227 and continues to retain its rights in the related intellectual property.

(in Canadian dollars)

11. INTANGIBLE ASSETS (continued)

The Company’s intangible assets include patents and intellectual property. The carrying value is as follows:

	Patents	Intellectual property	Total
	$	$	$
Gross carrying value			
Balance at January 1, 2024	294,330	5,165,428	5,459,758
Write-off	(233,820)	(1,865,427)	(2,099,247)
Effect of foreign exchange	682	-	682
Balance as at December 31, 2024	61,192	3,300,001	3,361,193
Accumulated depreciation			
Balance at January 1, 2024	68,141	831,781	899,922
Depreciation	23,616	266,873	290,489
Write-off	(65,948)	(548,655)	(614,603)
Effect of foreign exchange	389	-	389
Balance as at December 31, 2024	26,198	549,999	576,197
Carrying value at December 31, 2024	34,994	2,750,002	2,784,996

	Patents	Intellectual property	Total
	$	$	$
Gross carrying value			
Balance at January 1, 2023	890,618	12,029,440	12,920,058
Acquisitions	216,481	-	216,481
Write-off	(170,758)	(3,264,013)	(3,434,771)
Impairment	(644,721)	(3,599,999)	(4,244,720)
Effect of foreign exchange	2,710	-	2,710
Balance as at December 31, 2023	294,330	5,165,428	5,459,758
Accumulated depreciation			
Balance at January 1, 2023	85,724	967,564	1,053,288
Depreciation	90,514	595,210	685,724
Write-off	(16,605)	(466,287)	(482,892)
Impairment	(91,787)	(264,706)	(356,493)
Effect of foreign exchange	295	-	295
Balance as at December 31, 2023	68,141	831,781	899,922
Carrying value at December 31, 2023	226,189	4,333,647	4,559,836

An amount of $290,489 ($685,724 as at December 31, 2023) is presented in Amortization of intangible assets.

(in Canadian dollars)

12. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

On December 31, 2024, the Company holds the 3.35% (4.07% as at December 31, 2023) voting and equity interest in BGF. The investment is accounted for using the equity method since December 2018. Although the Company holds less than 20% of the voting rights, it has concluded that it exercises significant influence over it, in particular because of the representation it has on the Board of Directors. As at December 31, 2024, the fair value of the investment amounts to $91,104 ($106,288 as at December 31, 2023).

The aggregate amount of the associate can be summarized as follows:

	October 31, 2024	October 31, 2023
	$	$
Current assets	152,204	195,758
Non-current assets	4,472,164	4,302,372
Current liabilities	610,169	356,507
Non-current liabilities	203,068	169,849
Net and total loss of comprehensive income	834,248	741,380

A reconciliation of the summarized financial information with the carrying value of the investment is as follows:

	October 31, 2024	October 31, 2023
	$	$
Total net assets	3,811,131	3,951,774
Contributed surplus not attached to ordinary shareholders	(248,898)	(351,571)
	3,565,233	3,600,203
Portion of the interest held by the Company	3,35%	4.07%
	119,351	147,210

The Company has not incurred any contingent liabilities or other commitments relating to its investment in this associate.

During the year of December 31, 2024, BGF issued shares for the closing of a private placement and exercise of warrants. Those issuances decreased the Company’s ownership from 4.07% to 3.35%.

(in Canadian dollars)

13. TRADE AND OTHER PAYABLES

	December 31, 2024	December 31, 2023
	$	$
Trade accounts	336,446	326,466
Payable to a subcontractor	4,598,766	3,982,922
Salaries payable	103,750	25,000
Other	640,830	251,757
	5,679,792	4,586,145

On January 15, 2025, the Company completed a debt settlement with PyroGenesis, including an amount of $798,940 related to debt owed to a subcontractor (Note 28).

14. DUE TO DIRECTORS, OFFICERS AND A COMPANY OWNED BY A DIRECTOR

The Company owes to directors, officers and a company owned by a director some salaries and remuneration for a nominal value of $1,168,006 (2023: $1,020,291). The Company has obtained confirmation for said nominal value of $1,068,006 in debts (2023: $920,291), that they will not request payment thereof prior to 12 months plus one day following December 31, 2024. These amounts are classified as non-current liabilities. The remaining amount of $100,000 (2023: $100,000) has been classified as current liabilities and presented as due to the directors.

15. EQUITY

15.1 Share capital

The authorized share capital of the Corporation consists of an unlimited number of common shares without par value. They are voting, participating and eligible to receive the dividends.

	December 31, 2024	December 31, 2023
	Number of shares	Number of shares
Shares issued at the beginning	367,296,688	351,998,770
Private placements (c) (d)	-	2,207,318
Issuance for the payment of accounts payable (a) (b) (e) (f)	396,000	396,000
Reassortion of rights in Novacium partnership agreement (g)	6,898,140	-
Exercise of options (h)	2,925,000	-
Exercise of warrants (i)	100,000	12,694,600
Total shares issued and fully paid at the end	377,615,828	367,296,688

(a) On February 21, 2023, the Company settled a trade account payable of $44,100 by the issuance of 180,000 units. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.32 per share for 24 months following the closing date of the transaction. An amount of $13,566 was attributable to the warrants and no gain or loss was recorded on this transaction.

15. EQUITY (continued)

15.1 Share capital (continued)

(b) On June 07, 2023, the Company settled a trade account payable of $49,680 by the issuance of 216,000 units. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.27 per share for 24 months following the closing date of the transaction. An amount of $16,750 was attributable to the warrants and no gain or loss was recorded on this transaction.

(c) On November 17, 2023, the Company completed a private financing for an amount of $337,013. The Company issued 1,225,500 units consisting of one common share and one warrant. Each warrant entitles the holder thereof to subscribe to one common share of the Company at a price of $0.30 per share during a period of 24 months following the closing of the financing. In addition, the Company paid an amount of $3,300 in commission fees and issued 12,000 warrants to an agent (for a value of $1,076). Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.30 per share for a period of 24 months from the date of closing of the financing. No amount related to warrants was recorded.

(d) On November 24, 2023, the Company completed a private financing for an amount of $270,000. The Company issued 981,818 units consisting of one common share and one warrant. Each warrant entitles the holder thereof to subscribe to one common share of the Company at a price of $0.30 per share during a period of 24 months following the closing of the financing. In addition, the Company paid an amount of $10,575 in commission fees and issued 38,454 warrants to agents (for a value of $2,412). Each warrant entitles the holder to subscribe to one common share of the Company at a price of $0.30 per share for a period of 24 months from the date of closing of the financing.

(e) On January 14, 2024, the Company settled a trade account payable of $49,680 by the issuance of 216,000 units. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.27 per share for 24 months following the closing date of the transaction.

(f) On January 26, 2024, the Company settled a trade account payable of $38,700 by the issuance of 180,000 units. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.32 per share for 24 months following the closing date of the transaction.

(g) On June 21, 2024, the Company has completed an issuance of 6,898,140 units for a value of $1,483,100 (the equivalent of 1,000,000 euros) to pay the reassertion of the Novacium agreement. Each unit is composed of one common share and one-half of a warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.30 per share for 48 months following the closing date of the transaction on June 4, 2024. An amount of $34,491 related to warrants was recorded in increase to contributed surplus.

(h) During the year ended December 31, 2024, 2,925,000 common shares were issued following the exercise of options. The weighted average share price at the exercise was $0.23 per share.

(i) During the year ended December 31, 2024, 100,000 common shares were issued following the exercise of warrants (12,694,600 as at December 31, 2023). The weighted average share price at the date of exercise was $0.30 per share ($0.10 per share as at December 31, 2023).

(in Canadian dollars)

15. EQUITY (continued)

15.2 Warrants

Outstanding warrants entitle their holders to subscribe an equivalent number of common shares, as follows:

	December 31, 2024		December 31, 2023	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		$		$
Balance, beginning of reporting year	9,403,318	0.52	23,494,600	0.33
Granted	3,845,070	0.30	2,603,318	0.30
Exercised	(100 000)	0.30	(12,694,600)	0.10
Expired	(6,800,000)	0,275	(4,000,000)	0.61
Balance, end of reporting period	6,348,388	0,30	9,403,318	0.52

Outlined below are the outstanding warrants which could be exercised for an equivalent number of common shares:

	December 31, 2024		December 31, 2023	
Expiration date	Number	Exercise price	Number	Exercise price
		$		$
May 2024 [(1)]	-	-	6,800,000	0.60
February 2025	360,000	0.32	180,000	0.32
June 2025	432,000	0.27	216,000	0.27
November 2025	2,107,318	0.30	2,207,318	0.30
June 2028	3,449,070	0.30	-	-
	6,348,388	0.30	9,403,318	0.52

(1) On February 2, 2024, the Company reduced the exercise price for 6,800,000 warrants expiring on May 2, 2024, decreasing from $0.60 to $0.275.

(in Canadian dollars)

15. EQUITY (continued)

15.3 Brokers' warrants

Outstanding brokers' warrants entitle their holders to subscribe to an equivalent number of common shares as follows:

	December 31, 2024		December 31, 2023	
	Number of broker's warrants	Weighted average exercise price	Number of broker's warrants	Weighted average exercise price
		$		$
Balance, beginning	50,454	0.30	-	-
Granted	-	-	50,454	0.30
Balance, end	50,454	0.30	50,454	0.30

The Company recorded as at December 31, 2023 an amount of $3,488 in issuance costs when the brokers' warrants were issued and was recorded as an increase to contributed surplus and a decrease to retained deficit.

The weighted average fair value $0.069 of the brokers' warrants granted for the last exercise of 2023 was estimated on the grant date using the Black-Scholes option pricing model, based on the following weighted average assumptions:

	2023
Share price at date of grant	$0.22
Expected dividend yield	0%
Expected volatility	70%
Risk-free interest rate	4.46%
Expected life	3.0 years
Exercise price at date of grant	$0.30

The underlying expected volatility was determined in relation to the historical data of the Company's shares over the expected life of the brokers' warrants.

Outlined below are the outstanding brokers' warrants which can be exercised for an equivalent number of common shares:

	December 31, 2024		December 31, 2023	
Expiration date	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
November 2025	50,454	0.30	50,454	0.30
	50,454	0.30	50,454	0.30

(in Canadian dollars)

16. EMPLOYEE REMUNERATION

16.1 Salaries and employee benefits expense

Salaries and employee benefits expense are analyzed below:

	As at December 31,	
	2024	2023
	$	$
Salaries and benefits	222,343	277,616
Management fees	375,000	375,000
Share-based payments	-	1,155,634
Remuneration of directors	159,000	159,000
Salaries and benefits recovered	(2,847)	(37,543)
	753,496	1,929,707

16.2 Share-based payments

Under this option plan, the Directors may grant options to its Directors, Employees and Consultants or of those of its subsidiaries. The maximum number of shares to be granted under the Plan is 22,000,000 (22,000,000 as at December 31, 2023). As at Decembre 31, 2024, 14,810,000 options remained exercisable (17,735,000 options as at December 31, 2023).

The Directors fix the exercise price of an option granted under the plan which cannot be lesser than the last closing price of the Corporation's shares as quoted by the TSX Venture Exchange at the end of the day preceding the one on which an option is granted, less the applicable discount as defined by the TSX Venture Exchange. The options can be exercisable for a maximum of ten years. Options are non-assignable and non-transferable except by will or the laws of succession. Upon the death of an option holder, the option may be exercised by the legal heirs or personal representatives of the option holder for a period not exceeding one year from the option holder's death provided that nothing in the foregoing shall have the effect of extending the Term of an option beyond its original expiry date. Options granted to an option holder who is a Director, Employee, Consultant or Management Company Employee shall expire at no later than a period of 12 months after the option holder ceases to be part of at least one of those categories, by reason other than the option holder's death.

No more than 5% of the shares issued by the Company may be granted to any individual in any 12-month period (unless the Company has obtained disinterested shareholder approval). No more than 2% of the shares issued by the Company may be granted to any one Consultant, in any 12-month period. No more than an aggregate of 2% of the shares issued by the Company may be granted to Persons providing Investor Relations Activities, during a 12-month period, calculated at the date the option was granted. Options granted to Consultants providing Investor Relations activities must vest gradually over 12 months with no more that ¼ of the options vesting in any three-month period. No accelerated acquisition of such options granted to those consultants shall be permitted if not approved by the Exchange. Options granted to an option holder who is providing Investor Relations activities shall terminate on expiry of a period not in excess of 30 days following the date that the option holder ceases to be provide such services. The number of Options granted to insiders, within a 12-month period may not exceed 10% of the issued Shares of the resulting issuer. The number of shares reserved for issuance under the Plan granted to insiders may not exceed 10% of the issued shares of the Company.

(in Canadian dollars)

16. EMPLOYEE REMUNERATION (Continued)

16.2 Share-based payments (Continued)

The Company's share options are as follows for the reporting periods presented:

	December 31, 2024		December 31, 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		$		$
Outstanding, beginning of reporting year	17,735,000	0.46	16,485,000	0.67
Granted	-	-	10,900,000	0.22
Exercised	(2,925,000)	0.23	-	-
Expired	-	-	(9,650,000)	0.55
Outstanding and exercisable, end of reporting period	14,810,000	0.51	17,735,000	0.46

The table below summarizes the information related to outstanding share options as at December 31, 2024:

Outstanding options		
Number of options	Weighted average exercise price	Weighted average remaining contractual life
	$	(years)
7,675,000	0.215	3.99
200,000	0.23	0.51
900,000	0.28	0.77
700,000	0.35	2.36
5,335,000	1.00	1.97
14,810,000	0.51	2.94

The table below summarizes the information related to outstanding share options as at December 31, 2023:

Outstanding options		
Number of options	Weighted average exercise price	Weighted average remaining contractual life
	$	(years)
9,800,000	0.215	4.99
200,000	0.23	1.52
800,000	0.28	0.76
900,000	0.28	1.77
700,000	0.35	3.37
5,335,000	1.00	2.97
17,735,000	0.46	3.93

(in Canadian dollars)

16. EMPLOYEE REMUNERATION (continued)

16.2 Share-based payments (continued)

The weighted fair value of the granted options of $0.127 as at December 31, 2023 was determined using the Black-Scholes option pricing model based on the following weighted average assumptions:

	2023
Average share price at date of grant	$0.21
Expected dividend yield	0%
Expected weighted volatility	74.0%
Average risk-free interest rate	4.26%
Expected average life	4.7 years
Average exercise price at date of grant	$0.22

The underlying expected volatility was determined by reference to historical data of the Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

In total, an amount of $1,380,036 as at December 31, 2023 of employee remuneration expense (all of which related to equity-settled share-based payment transactions) were included in profit or loss, therefore $1,155,634 as salaries and employee benefit expenses, $147,352 as professional and consulting fees and $77,050 in research and development expenses and credited to contributed surplus.

17. FAIR VALUE MEASUREMENT

17.1 Financial instruments measured at fair value

The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy levels are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the assets or liabilities that are not based on observable market data.

The fair value of the marketable securities in a quoted company was estimated based on the market price at the closing date. Marketable securities in a quoted company measured at fair value in the consolidated statement of financial position as at December 31, 2024 and December 31, 2023 are classified as Level 1 and warrants are classified as Level 2.

(in Canadian dollars)

17. FAIR VALUE MEASUREMENT (continued)

17.2 Financial instruments measured at amortized cost for which a fair value is disclosed

The fair value of royalties' receivable, due to directors, officers and a company owned by a director and royalties payable was estimated using an analysis of discounted cash flows with an interest rate for similar financial instruments.

The fair value royalties' receivable in the current term as well as the royalties payable in the current term approximate the book value at the end of the period.

The fair value of royalties' receivable in the non-current term, due to directors, officers and a company owned by a director and royalties payable in the non-current term is $0, $1,068,006 and $873,443 respectively ($174,886, $920,291 and $904,411 respectively as at December 31, 2023). See Notes 9, 14 and 11 for methods of assessing fair values.

Financial instruments are classified in Level 2 of the fair value hierarchy except for royalties' receivable and royalties' payable which are classified in Level 3 of the fair value hierarchy.

18. OTHER OPERATING EXPENSES

Other operating expenses are detailed as follows:

	December 31,	
	2024	2023
	$	$
Professional and consultation fees [1]	661,519	936,368
Travelling expenses	104,148	91,805
Office expenses	163,411	168,863
Information to shareholders and registration fees	100,516	131,061
Bank charges	8,884	7,142
Loss (gain) on exchange rate	6,243	1,900
Administrative expenses recovered	(6,300)	(7,261)
	1,038,421	1,329,878

[1] Including share-based payments of $147,352 in 2023.

19. FINANCE INCOME AND FINANCE COSTS

Finance income consists of the following for the reporting periods presented:

	December 31,	
	2024	2023
	$	$
Change in fair value of marketable securities in a quoted company*	756,506	(933,910)
Amortization of discount rate on royalties receivable	34,211	28,613
Interest income	40,104	57,560
	830,821	(847,737)

** The amount of the change in fair value includes a realized loss of $177,360 (Note 7).*

(in Canadian dollars)

19. FINANCE INCOME AND FINANCE COSTS (continued)

Finance costs consist of the following for the reporting periods presented:

	December 31,	
	2024	2023
	$	$
Accretion expenses- royalties payable	(230,303)	(375,498)
Accretion expenses- due to directors, officers and companies owned by a director	-	(34,240)
	(230,303)	(409,738)

20. INCOME (LOSS) PER SHARE

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of outstanding shares during the period. In calculating the diluted loss per share, dilutive potential common shares such as warrants, brokers' warrants, brokers' units, share options and the convertible debenture have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 15.2 ,15.3,16.2 and 28.

Both the basic and diluted loss per share have been calculated using the loss as the numerator, i.e. no adjustment to the loss was necessary in 2024 and 2023.

	December 31,	
	2024	2023
Net loss	$(7,991,248)	$(16,044,329)
Weighted average number of outstanding shares	372,434,609	360,978,177
Basic and diluted loss per share	$(0.02)	$(0.04)

21. INCOME TAXES

Major components of tax expense (income)

The major components of tax expense (income) are outlined below:

	2024	2023
	$	$
Origination and reversal of temporary differences	(2,183,026)	(3,727,069)
Change in foreign subsidiary rates	(7,362)	(13,619)
Tax exemption on income from a foreign subsidiary	(107,037)	(156,459)
Temporary differences not recorded	2,297,425	3,925,340
	-	28,193

(in Canadian dollars)

21. INCOME TAXES (continued)

Relationship between expected tax expense and accounting profit or loss

The relationship between the expected tax expense based on the combined federal and provincial income tax rate in Canada and the reported tax expense in the consolidated statement of comprehensive loss can be reconciled as follows:

	2024	2023
	$	$
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada of 26.5% (26.5% in 2023)	(2,121,784)	(4,231,168)
Adjustments for the following items:		
Fiscal impact of temporary difference not recorded	2,297,425	3,925,340
Non-taxable portion of the variation of fair value	(96,546)	128,090
Taxable portion of the capital loss	23,500	-
Share-based payments	-	365,710
Change in foreign subsidiary rates	(7,362)	(13,619)
Tax exemption on income from a foreign subsidiary	(107,037)	(156,459)
Non-deductible expenses and others	11,804	10,299
Deferred income tax income	-	28,193

Deferred tax assets and liabilities and variation of recognized amounts during the year

The following differences between the carrying amounts and tax bases from temporary differences, unused tax losses and unused tax credits give rise to the following recognized deferred income tax assets and liabilities, and the following unrecognized temporary differences, unused tax losses and unused tax credits:

	Balance, January 1, 2024	Recognized in profit or loss	Balance, December 31, 2024
	$	$	$
Recognized			
Marketable securities	116,856	(116,856)	-
Intangible assets	359,993	(359,993)	-
Investment tax credits receivable	(68,844)	(5,472)	(72,316)
Royalties receivable	(46,345)	46,345	-
Prepaid expenses and other	-	19,875	19,875
Royalties payable	(328,469)	328,469	-
Non-capital losses	(35,191)	87,632	52,441
Recognized deferred tax assets and liabilities	-	-	-

(in Canadian dollars)

21. INCOME TAXES (continued)

Deferred tax assets and liabilities and variation of recognized amounts during the year (continued)

	Balance, January 1, 2023	Recognized in profit or loss	Balance, December 31, 2023
	$	$	$
Recognized			
Marketable securities	(6,888)	123,744	116,856
Intangible assets	(412,296)	772,289	359,993
Investment tax credits receivable	(49,410)	(17,434)	(68,844)
Royalties receivable	(38,762)	(7,583)	(46,345)
Due to directors, officers and a company owned by a director	(9,073)	9,073	-
Royalties payable	204,591	(533,060)	(328,469)
Non-capital losses	311,838	(347,029)	(35,191)
Recognized deferred tax assets and liabilities	-	-	-

	December 31, 2024	
	Federal	Provincial
	$	$
Deductible temporary differences and tax losses not recognized		
Property and equipment	3,800,784	3,832,351
Intangible assets	585,985	580,201
Patent and other elements	7,492,902	7,041,994
R&D costs	3,592,091	3,620,664
Issuance costs of equity instruments	39,724	39,724
Exploration and evaluation assets	1,457,506	1,457,506
Provisions and reserves	3,829,637	2,817,157
Marketable securities	89,880	89,880
Unused loss carry-forwards	34,044,378	38,204,736
	54,932,887	57,683,896

(in Canadian dollars)

21. INCOME TAXES (continued)

Deferred tax assets and liabilities and variation of recognized amounts during the year (continued)

	December 31, 2023	
	Federal	Provincial
	$	$
Deductible temporary differences and tax losses not recognized		
Property and equipment	2,011,840	2,043,327
Intangible assets	428,842	423,058
Patent and other elements	5,882,719	5,431,811
R&D costs	3,796,395	3,796,395
Issuance costs of equity instruments	56,932	56,932
Exploration and evaluation assets	2,467,200	2,551,431
Provisions and reserves	4,692,202	2,126,989
Marketable securities	94,902	94,902
Unused loss carry-forwards	27,108,834	32,766,459
	46,539,866	49,291,304

The Company has non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recorded in the consolidated statement of financial position that can be carried over the following years:

	Federal	Provincial
	$	$
2028	1,091,857	986,737
2029	614,130	610,009
2030	627,620	624,214
2031	759,417	755,536
2032	649,448	647,675
2033	803,620	798,209
2034	723,985	720,353
2035	1,082,684	1,077,205
2036	1,766,123	1,756,689
2037	1,602,371	1,593,219
2038	1,527,744	1,514,884
2039	1,100,417	1,098,582
2040	1,472,599	3,872,552
2041	2,160,558	2,929,103
2042	6,859,407	8,858,956
2043	5,750,891	5,297,042
2044	5,784,866	5,444,366
	34,377,732	38,538,090

(in Canadian dollars)

21. INCOME TAXES (continued)

The Company has tax credits for investments which are available to reduce income taxes in future periods, for which no deferred tax asset has been recorded. These tax credits can be carried over the following years:

	Federal	Provincial
	$	$
2027	3,363	-
2028	70,404	-
2029	8,810	-
2030	6,540	-
2031	310	-
2032	4,501	-
2033	1,200	-
2040	11,942	-
2042	332,835	-
2043	54,968	-
	494,873	-

22. ADDITIONAL INFORMATION – CASH FLOWS

The changes in working capital items are detailed as follows:

	As at December 31,	
	2024	2023
	$	$
Goods and services tax receivable	(134,167)	980,561
Prepaid expenses and other	(45,902)	99,282
Deposit on contract	-	1,286,000
Installments to a subcontractor	-	890,000
Investment tax credits receivable	216 445	(527,096)
Trade and other payables	1 133 593	757,342
Income tax payable	(28,193)	28,193
	1,141,776	3,514,282

(in Canadian dollars)

22. ADDITIONAL INFORMATION – CASH FLOWS (continued)

Non-cash balance sheet transactions are detailed as follows:

	As at December 31, 2024	As at December 31, 2023
	$	$
Trade and other payables included in intangible assets	-	3,582,487
Issuance of shares for payment of accounts payables included in intangible assets	88,380	93,780
Issuance of equity instruments for payment of accounts payable	30,316	30,316
Issuance of equity instruments for unit issuance costs	-	3,488
Issuance of shares for reassertion of rights in Novacium partnership agreement	1,448,609	-
Issuance of equity instruments for reassertion of rights in Novacium partnership agreement	34,491	-

23. NON-WHOLLY-OWNED PARTNER COMPANY

	December 31, 2024	December 31, 2023
Proportion of ownership interests and voting rights held by non-controlling interests	80%	80%
Net earnings allocated to non-controlling interests for the period	211,967	442,760
Non-controlling interests	802,359	579,493

Summarized financial information of the subsidiary that has non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31, 2024	December 31, 2023
	$	$
Summary Statements of Net Loss and Comprehensive Loss		
Income	1,481,483	1,571,326
Expenses	1,181,432	1,017,876
Comprehensive income	300,051	553,450
Comprehensive income attributable to:		
Owners of the Company	60,010	110,690
Non-controlling interests	240,041	442,760
	300,051	553,450

(in Canadian dollars)

23. NON-WHOLLY-OWNED PARTNER COMPANY (continued)

Summary Statements of Cash Flows		
Cash flows from operating activities	331,634	159,465
Cash flows used in investing activities	(9,759)	(7,614)
Cash flows from financing activities	-	-
Net change in cash and cash equivalents	321,875	151,851

Summary Statement of Financial Position		
Current assets	1,134,726	837,130
Non-current assets	33,855	47,764
	1,168,581	884,894
Current liabilities	166,338	162,406
Non-current liabilities	-	-
Net asset	1,002,243	722,488
Equity attributable to owners	197,285	144,293
Non-controlling interests	800,070	577,168
Foreign currency translation adjustment	4,888	1,027
	1,168,581	884,894

24. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and companies held by a director or an officer, as described below.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash with the exception of patent acquisitions and the reassertion of rights in the Novacium partnership agreement which were settled by the issuance of units during the financial years.

(in Canadian dollars)

24. RELATED PARTY TRANSACTIONS (continued)

24.1 Transactions with key management personnel

Key management personnel of the Company are members of the Board of Directors and officers. Key management personnel remuneration and asset acquisitions are as follows:

	As at December 31,	
	2024	2023
	$	$
Salaries and employee benefits expense	123,644	149,092
Salaries and benefits for research and development [(1)]	596,526	493,650
Management fees [(2)]	375,000	375,000
Directors' remuneration	159,000	159,000
Share-based payments	-	1,232,684
Salaries and employee benefit expenses	1,254,170	2,409,426
Acquisition of patent [(1)]	-	322,682
Reassertion of rights in Novacium partnership agreement [(1)]	1,483,100	-
Salaries and employee benefit expenses and other acquisition	2,737,270	2,732,108

(1) Paid to the partners of the Novacium partnership agreement .

(2) Paid to a company owned by a director.

Trade and other payables include an amount of $609,646 due to a company owned by a director ($186,452 as at December 31, 2023) and $5,281 to the officers and shareholders of Novacium ($112,126 as at December 31, 2023).

On December 31, 2024, due to directors, officers and a company owned by a director totalled $1,168,006 ($1,020,291 as at December 31, 2023).

25. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to owners of the Company.

These objectives will be achieved by technological development related to the transformation of quartz into silicon materials.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements.

The Company finances its technology development activities related to the transformation of quartz into silicon materials primarily by seeking additional capital either through private placements or public placements. When funding conditions are not optimal, the Company can sign option agreements or other agreements to be able to continue its exploration and evaluation activities or can slow down its activities until funding conditions improve.

26. FINANCIAL INSTRUMENT RISKS

The Company is exposed to various risks related to financial instruments. The main types of risks are market risk, credit risk, interest rate risk, foreign exchange risk, and liquidity risk.

To meet the cash needs of its subsidiaries, the Company advances the necessary funds to support their operations.

The Company manages these risks in close collaboration with the Board of Directors. The objectives pursued are to ensure short- and medium-term cash inflows while limiting exposure to capital markets. The Company does not actively trade financial assets for speculative purposes.

26.1 Market risk

The most significant financial risks to which the Company is exposed are described below.

Equity price risk is defined as the potential adverse impact on the Company’s results of operations and on the ability to obtain equity financing, or the ability of holders of convertible securities (options and warrants) to exercise their securities, which affects proceeds to the Company on such exercises, due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements to determine the appropriate course of action to be taken by the Company.

Commodity price risk is defined as the potential adverse impact on the Company’s future results in respect of the fluctuation in the price of raw materials. The Company is exposed to commodity price risk including exposure to the fluctuating market prices of quartz and graphite. The Company is exposed to other price risk.

Other price risk sensitivity:

The Company was exposed to fluctuations in the market prices of its marketable securities in a quoted company and derivative financial liability. The maximum risk to which the shares and derivative financial liability were exposed is equal to their fair value.

If the quoted share price for the shares had changed by ± 15% as at December 31, 2024 (± 15% as at December 31, 2023), an increase in their value would be $68,183 and a decrease of $58,763 in net income and shareholders' equity ($126,400 as at December 31, 2023).

26.2 Credit risk

Credit risk is the risk that another party to a financial instrument fails to meet its obligations and, therefore, leads the Company to incur a financial loss.

The Company’s maximum exposure to credit risk is limited to the carrying value of cash and royalties’ receivable for an amount of $676,955 as at December 31, 2024 ($772,290 as at December 31, 2023).

The Company continuously monitors default of counterparts. No impairment loss has been recognized in the periods presented.

The credit risk for cash is considered negligible, since the counterpart is a reputable bank with high quality external credit ratings.

The royalties to be paid by the Company are due to a company towards which it is economically dependent. The company considers the term thereof at 11 years.

(in Canadian dollars)

26. FINANCIAL INSTRUMENT RISKS (continued)

26.3 Interest rate risk

The Company is exposed to interest rate risk because of the fluctuation of interest rates. The Company's exposure to variable interest rates is limited to cash and cash equivalents.

26.4 Currency risk

Currency risk is the risk of fluctuation in gains or losses that arise from fluctuations in foreign exchange rates and the degree of volatility of those rates. The Company is exposed through its subsidiary Novacium to currency risk with regards to its transactions in euros.

Based on the value of net assets denominated in foreign currency as at December 31, 2024, a ±3% (±10% as at December 31, 2023) fluctuation in foreign exchange rates relative to the Canadian dollar would impact the loss and comprehensive income for the period by approximately $10,400 ($7,400 as at December 31, 2023).

26.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations with financial liabilities that are settled by cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the period, the Company has financed its working capital requirements and acquisitions of property and equipment and intangible assets through private placements.

The following table sets out the contractual maturities of the Company's financial liabilities:

	December 31, 2024	December 31, 2023
	$	$
Less than a year		
Trade payables and other accounts payable	1,081,026	578,223
Payable to a subcontractor	4,598,766	3,982,922
Lease liabilities	9,414	12,019
Royalties payable QRR Purevap™	750,000	500,000
Royalties payable NSiR Purevap™	212,500	212,500
Total	6,651,706	5,285,664
Between one and 5 years		
Lease liabilities	-	9,144
Royalties payable QRR Purevap™	1,000,000	1,000,000
	1,000,000	1,009,144
More 5 years		
Royalties payable QRR Purevap™	1,750,000	2,000,000
	1,750,000	2,000,000

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash.

27. CONTINGENCIES AND COMMITMENTS

Under Novacium's shareholders' agreement, the Company had the option to increase its stake in Novacium from 20% to 50% by paying in cash an amount of between €500,000 and €1,000,000 within 18 months of the start of operations of its affiliated company Novacium. Subsequently, and no later than 7 years after the start of operations, the company could acquire the remaining 50% held by Novacium's co-founders, who had irrevocably committed to sell all of their shares to the company. The company did not exercise its option in the allotted time. In doing so, it could no longer proceed with future increases in participation. After negotiation with Novacium's other shareholders, the Company entered into an agreement on June 5, 2024 to recover its present and future rights in the Partnership Agreement. This agreement provides for negotiations between the Company and the other shareholders to, among other things, develop a new structure for the increase of its shareholding. Part of the new agreement has been executed (Note 28).

The Company has committed to pay a monthly sum of €80,000 ($119,850) for research and development services due June 30, 2025. This amount is fully eliminated in the Company's consolidated financial statements, with 80% held by non-controlling interests (Note 23). On April 30, 2025, the Company signed an amendment with the partners of Novacium increasing the monthly amount to be paid by HPQ to up to €100,000 (Note 28).

28. SUBSEQUENT EVENTS

On January 15, 2025, the Company settled a total amount of liabilities due to PyroGenesis of $4,941,440 by the issuance of 17,968,873 units. Each unit consists of one common share and one warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.285 per share for 24 months following the closing date of the transaction.

On January 29, 2025, the Company issued 1,083,333 units for the acquisition of a patent. Each unit consists of one common share and one-half of a warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.315 per share for 48 months following the closing date of the transaction.

On February 26, 2025, the Company issued 17,312,790 units for the acquisition of 84 shares of Novacium. Each unit consists of one common share and one warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.25 per share for 48 months following the closing date of the transaction

On March 18, 2025, the Company issued 1,245,545 units for the acquisition of a patent. Each unit consists of one common share and one-half of a warrant. Each warrant entitles its holder to acquire one common share of the Company at a price of $0.285 per share for 48 months following the closing date of the transaction

After to the end of the year, 1,000,000 stock options were exercised for a total amount of $250,000 in cash and 100,000 warrants were exercised for a total amount of $27,000 in cash.

On April 30, 2025, the Company signed an amendment with the partners of Novacium following the agreement entered into on June 5, 2024 (Note 27). The partners agreed to the following:

- The option granted to HPQ under the October 26, 2021 agreement, allowing it to increase its ownership in Novacium up to 100%, is renewed.
- HPQ shall retain this option for the next four years from the date of signature of this amendment.
- The parties acknowledge that, on February 26, 2025, HPQ increased its ownership in Novacium by 8.4%, bringing its total interest to 28.4%, in consideration for an amount of €2,500,000 paid through the issuance of HPQ common shares.
- HPQ commits to pay a monthly amount of €100,000 for research and development services starting July 1, 2025.