
AMERICAN AIRES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2021 AND 2020
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited condensed interim financial statements of American Aires Inc. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO READER

The accompanying condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The financial statements have not been reviewed by the Company's auditors.

AMERICAN AIRES INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

As at	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 486,293	\$ 501,884
Prepaid and sundry receivable (note 13)	1,339,207	715,488
Accounts receivable	541	691
Inventory	482,612	264,456
	2,308,653	1,482,519
Furniture and equipment (note 4)	9,873	969
Intellectual property (note 3)	544,606	640,714
	\$ 2,863,132	\$ 2,124,202
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 393,342	\$ 627,666
Government loan payable (note 5)	60,000	40,000
Deferred revenue	3,338	68,204
Loans payable (note 6)	717,233	-
	1,173,913	735,870
Shareholders' equity		
Share capital (note 7)	15,478,427	11,690,924
Shares to be issued (note 7)	115,347	-
Contributed surplus	5,174,321	4,110,543
Deficit	(19,078,876)	(14,413,135)
	1,689,219	1,388,332
Total liabilities and shareholders' equity	\$ 2,863,132	\$ 2,124,202

Nature of Operations and Going Concern (note 1)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERICAN AIRES INC.**Condensed Interim Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue				
Sales	\$ 446,844	\$ 646,564	\$ 1,606,267	\$ 1,537,067
Cost of sales	(331,605)	(423,784)	(1,176,663)	(894,515)
Gross margin	115,239	222,780	429,604	642,552
Expenses				
Advertising and promotion	458,965	676,508	2,302,955	1,958,644
Consulting fees (note 10)	250,134	156,510	780,418	681,896
Foreign exchange	36,432	25,097	17,154	49,478
Interest charges	3,286	26,583	7,913	58,558
Office and general	135,445	173,228	461,247	394,591
Professional fees	63,976	30,207	209,900	136,353
Rent expense	12,791	5,398	38,413	11,763
Research and development	-	27,080	-	215,285
Salaries and benefits (note 10)	136,064	138,003	344,086	388,927
Travel	9,533	10,082	16,303	78,340
Stock based compensation (note 9)	572,953	413,302	819,080	2,031,499
Interest and other income	(5)	(207)	(114)	(11,261)
Depreciation	32,886	46,131	97,990	138,392
	1,712,459	1,727,922	5,095,345	6,132,465
Net loss and comprehensive loss for the period	\$(1,597,220)	\$(1,505,142)	\$(4,665,741)	\$(5,489,913)
Basic and diluted net loss per share (note 12)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding, basic and diluted (note 12)	146,076,547	112,013,151	144,730,714	110,604,018

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERICAN AIRES INC.**Condensed Interim Statements of Changes in Shareholders' Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share Capital Number	Share Capital Amount	Shares to be Issued	Contributed Surplus	Deficit	Total
Balance, December 31, 2019	109,720,000	\$ 10,278,164	\$ -	\$ 1,226,995	\$ (6,824,896)	\$ 4,680,263
Exercise of warrants	5,000,000	772,000	-	(72,000)	-	700,000
Stock-based compensation	-	-	-	2,031,499	-	2,031,499
Net loss for the period	-	-	-	-	(5,489,913)	(5,489,913)
Balance, September 30, 2020	114,720,000	11,050,164	-	3,186,494	(12,314,809)	1,921,849
Balance, December 31, 2020	118,870,000	11,690,924	-	4,110,543	(14,413,135)	1,388,332
Private placement, net of costs	13,858,333	1,575,701	115,347	-	-	1,691,048
Issuance of warrants	-	(440,875)	-	440,875	-	-
Issuance of broker warrants	-	(46,463)	-	46,463	-	-
Stock-based compensation	-	-	-	819,080	-	819,080
Exercise of warrants	16,850,000	2,601,640	-	(242,640)	-	2,359,000
Shares issued on settlement of accounts payable	535,714	97,500	-	-	-	97,500
Net loss for the period	-	-	-	-	(4,665,741)	(4,665,741)
Balance, September 30, 2021	150,114,047	\$ 15,478,427	\$ 115,347	\$ 5,174,321	\$ (19,078,876)	\$ 1,689,219

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERICAN AIRES INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

For the Nine Months Ended September 30,	2021	2020
Operating activities		
Net loss for the period	\$ (4,665,741)	\$ (5,489,913)
Depreciation	97,990	138,392
Stock-based compensation (note 13)	819,080	2,031,499
Non-cash working capital items:		
Accounts receivable	150	(8,659)
Prepaid and sundry receivable	(623,719)	(566,632)
Deferred revenue	(64,866)	-
Accounts payable and accrued liabilities	(136,824)	(5,005)
Inventory	(218,156)	254,920
	(4,792,086)	(3,645,398)
Investing activities		
Acquisition of furniture and equipment	(10,786)	-
Financing activities		
Proceeds from issuance of shares	4,050,048	700,000
Proceeds received from loan payable	717,233	-
Government loan	20,000	-
Lease obligation expense	-	(37,290)
	4,787,281	662,710
Net change in cash	(15,591)	(2,982,688)
Cash, beginning of the period	501,884	3,198,335
Cash, end of the period	\$ 486,293	\$ 215,647

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of Operations and Going Concern

American Aires Inc. (the "Company") was incorporated on May 15, 2012 and organized under the laws of Ontario, Canada. The registered office of the Company is located at 400 Applewood Crescent, unit 100, Vaughan, Ontario, L4K 0C3.

The Company is currently engaged in business of production, distribution and sales of electromagnetic protection devices.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. The Company has a deficit of \$19,078,876 at September 30, 2021 (December 31, 2020 - 14,413,135) and incurred a loss of \$4,665,741 (nine months ended September 30, 2020 - \$5,489,913) for the nine months ended September 30, 2021. The Company has working capital of \$1,134,740 at September 30, 2021 (December 31, 2020 - \$746,649).

At September 30, 2021, the Company did not have sufficient cash on hand to fully execute its business plan for the next twelve months. The Company plans to raise additional capital, however the Company may increase or decrease expenditures as necessary to adjust to a changing capital market environment.

The above factors indicate the existence of material uncertainties that may cast significant doubt on the ability of the Company to continue as a going concern.

The condensed interim consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

Covid-19 Impact

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding

At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

2. Accounting Policies

Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020.

These financial statements were approved by the Board of Directors on December 1, 2021.

Basis of Measurement

These financial statements have been prepared on a historical cost basis. In addition, using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

3. Intellectual Property

Balance, December 31, 2019	\$ 768,857
Depreciation	(128,143)
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Balance, December 31, 2020	\$ 640,714
Depreciation	(96,108)
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Balance, September 30, 2021	\$ 544,606

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

4. Furniture and Equipment

Cost	Furniture and Fixtures	Computer Equipment	Total
Balance, December 31, 2019	\$ 42,082	\$ 3,461	\$ 45,543
Dispositions	(42,082)	-	(42,082)
Balance, December 31, 2020	\$ -	\$ 3,461	\$ 3,461
Additions	-	10,786	10,786
Balance, September 30, 2021	\$ -	\$ 14,247	\$ 14,247

Accumulated Depreciation

Balance, December 31, 2019	\$ 15,151	\$ 1,765	\$ 16,916
Depreciation	4,271	727	4,998
Dispositions	(19,422)	-	(19,422)
Balance, December 31, 2020	\$ -	\$ 2,492	\$ 2,492
Depreciation	-	1,882	1,882
Balance, September 30, 2021	\$ -	\$ 4,374	\$ 4,374

Carrying Value

At December 31, 2020	\$ -	\$ 969	\$ 969
At September 30, 2021	\$ -	\$ 9,873	\$ 9,873

5. Government Loan

During the year ended December 31, 2020, the Company applied for and received a Canadian Emergency Business Account ("CEBA") loan, and during the three months ended March 31, 2021, the Company applied for and received an additional \$20,000, or \$60,000 in aggregate. The CEBA loan was implemented by the Government of Canada to provide financial relief measures to small businesses adversely effected by COVID-19. Under the terms of the CEBA loan, proceeds received are interest-free up until December 31, 2022. If a minimum of 75% of the principal balance on the loan is repaid on, or prior to, December 31, 2022, the remaining 25% shall be forgiven. All principal amounts unpaid and outstanding subsequent to December 31, 2022 shall bear interest at a rate of 5% per annum, payable and compounding monthly.

The Company has not recognized any grant revenue or interest benefit in the consolidated statement of loss and comprehensive loss in connection with this loan, as it has determined the full amount of the loan will be repayable.

6. Loans Payable

During the nine months ended September 30, 2021, the Company secured operating credit facilities for the primary purpose of financing inventory purchases and certain marketing initiatives. Credit is extended on an expenditure by expenditure basis, bears interest at 1% per month, and is due on demand. During the three and nine months ended September 30, 2021, the Company incurred interest charges of \$14,046 and \$62,066, respectively (three and nine months ended September 30, 2020 - \$nil)

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Capital

(a) *Authorized*

The Company is authorized to issue an unlimited number of common shares.

(b) *Issued and outstanding - Common Shares*

	Number of common shares	Amount
Balance, December 31, 2020	109,720,000	\$ 10,278,164
Exercise of warrants	5,000,000	772,000
Balance, September 30, 2020	114,720,000	\$ 11,050,164
Balance, December 31, 2020	118,870,000	\$ 11,690,924
Exercise of warrants	16,850,000	2,601,640
Shares issued on settlement of accounts payable	535,714	97,500
Private placements, net of costs	13,858,333	1,575,701
Issuance of warrants	-	(440,875)
Issuance of finders warrants	-	(46,463)
Balance, September 30, 2021	150,114,047	\$ 15,478,427

During the nine months ended September 30, 2021, the Company issued 535,914 common shares in settlement of \$97,500 owing to consultants.

On May 29, 2021, the Company closed a non-brokered private placement raising gross proceeds of \$905,000 through the issuance of 6,033,333 common share units at a price of 15 cents per unit. Each unit was comprised of 1 common share and one common share purchase warrant exercisable at a price of \$0.30 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of \$47,349 and issued finders' warrants exercisable for 315,000 units with the same terms.

The 6,033,333 warrants issued in conjunction with the private placement, have an exercise price of \$0.30 and a two year term. A fair value of \$287,186 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.30, expected volatility of 100%, a risk-free rate of return of 0.32% and an expected life of 2 years.

The 315,000 finders warrants issued in conjunction with the private placement, have an exercise price of \$0.30 and a two year term. A fair value of \$14,994 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.30, expected volatility of 100%, a risk-free rate of return of 0.32% and an expected life of 2 years.

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Capital (Continued)

(b) Issued and outstanding - Common Shares (Continued)

On August 31, 2021, the Company closed a non-brokered private placement raising gross proceeds of \$395,000 through the issuance of 3,950,000 common share units at a price of 10 cents per unit. Each unit was comprised of 1 common share and half of one common share purchase warrant exercisable at a price of \$0.15 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of \$35,650 and issued finders' warrants exercisable for 355,000 common shares at \$0.10.

The 1,975,000 warrants issued in conjunction with the private placement, have an exercise price of \$0.15 and a two year term. A fair value of \$83,938 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.10, expected volatility of 100%, a risk-free rate of return of 0.40% and an expected life of 2 years.

The 355,000 finders warrants issued in conjunction with the private placement, have an exercise price of \$0.10 and a two year term. A fair value of \$18,567 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.10, expected volatility of 100%, a risk-free rate of return of 0.40% and an expected life of 2 years.

On September 20, 2021, the Company closed a non-brokered private placement raising gross proceeds of \$387,500 through the issuance of 3,875,000 common share units at a price of 10 cents per unit. Each unit was comprised of one common share and half of one common share purchase warrant exercisable at a price of \$0.15 for a period of 24 months from the date of closing. Pursuant to the closing, the Company incurred cash costs of \$28,800 and issued finders' warrants exercisable for 288,000 common shares at \$0.10.

The 1,937,500 warrants issued in conjunction with the private placement, have an exercise price of \$0.15 and a two year term. A fair value of \$69,750 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.09, expected volatility of 100%, a risk-free rate of return of 0.41% and an expected life of 2 years.

The 288,000 finders warrants issued in conjunction with the private placement, have an exercise price of \$0.10 and a two year term. A fair value of \$12,902 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.09, expected volatility of 100%, a risk-free rate of return of 0.41% and an expected life of 2 years.

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

8. Warrants

The following table reflects the continuity of warrants for the nine months ended September 30, 2021 and 2020:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2019	28,016,000	\$ 0.15
Exercised	(5,000,000)	\$ 0.14
Balance, September 30, 2020	23,016,000	\$ 0.15
Balance, December 31, 2020	18,866,000	\$ 0.16
Issued	10,903,833	\$ 0.20
Exercised	(16,850,000)	\$ 0.14
Balance, September 30, 2021	12,919,833	\$ 0.20

The following table reflects warrants outstanding as at September 30, 2021:

Expiry Date	Exercise Price	Weighted Average Life Remaining	Warrants Outstanding	Black-Scholes Value
August 31, 2023	\$ 0.15	1.92 years	1,975,000	\$ 83,938
August 31, 2023	\$ 0.10	1.92 years	355,000	\$ 18,567
September 20, 2023	\$ 0.15	1.97 years	1,937,500	\$ 69,750
September 20, 2023	\$ 0.10	1.97 years	288,000	\$ 12,902
November 6, 2021	\$ 0.30	0.10 years	2,016,000	\$ 319,536
May 29, 2023	\$ 0.30	1.67 years	6,348,333	\$ 302,181
	\$ 0.20	1.65 years	12,919,833	\$ 806,874

9. STOCK OPTIONS

The following table reflects the continuity of stock options for the nine months ended September 30, 2021 and 2020:

	Number of Stock Options Outstanding	Weighted Average Exercise Price
Balance - December 31, 2019	9,950,000	0.50
Granted	500,000	0.35
Balance, September 30, 2020	10,450,000	\$ 0.50
Balance, December 31, 2020	10,850,000	0.49
Granted	9,150,000	0.16
Cancelled	(11,850,000)	(0.49)
Balance, September 30, 2021	8,150,000	\$ 0.13

AMERICAN AIRES INC.

Notes to Condensed interim Financial Statements

Nine Months Ended September 30, 2021

(Expressed in Canadian Dollars)

(Unaudited)

9. STOCK OPTIONS (Continued)

On February 4, 2021, the Company granted 500,000 options to a director of the Company, exercisable at \$0.34 per share, expiring February 4, 2026. Each option is exercisable at a price of \$0.34 for a five year term. A fair value of \$127,900 was assigned to these options, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.35 expected volatility of 100%, a risk-free rate of return of 0.47% and an expected life of 5 years. The options vest at a rate of one third every six months from the date of grant.

On March 19, 2021 the Company granted 500,000 options to a director of the Company, exercisable at \$0.50 per share, expiring March 19, 2024. Each option is exercisable at a price of \$0.50 for a three year term. A fair value of \$56,300 was assigned to these options, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.24 expected volatility of 100%, a risk-free rate of return of 0.53% and an expected life of 3 years. The options vest at a rate of one third every six months from the date of grant.

In June 2021, all of the issued and outstanding options were cancelled.

On July 6, 2021 the Company granted 8,150,000 options to directors and officers of the Company, exercisable at \$0.13 per share, expiring July 6, 2026. Each option is exercisable at a price of \$0.13 for a five year term. A fair value of \$681,340 was assigned to these options, estimated using the Black-Scholes valuation model with the following weighted average assumptions: dividend yield 0%, share price of \$0.115 expected volatility of 100%, a risk-free rate of return of 0.95% and an expected life of 5 years. all options granted vest immediately, with the exception of 1,500,000 which vest at a rate of 25% each year for four successive years from the anniversary date.

10. Related Party Balances and Transactions

Remuneration of key management personnel of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Remuneration paid for key management	\$ 78,500	\$ 65,000	\$ 310,500	\$ 195,000
Stock-based compensation	\$ 455,912	\$ -	\$ 702,039	\$ 133,500

The Company defines key management as the Company's Directors and Officers of the Company.

As at September 30, 2021, amounts due to key management totaled \$48,771 (December 31, 2020 - \$80,000) pertaining to amounts payable for key management remuneration, and reimbursement of expenses paid on behalf of the Company. Included in prepaid and sundry receivables is \$6,532 (December 31, 2020 - \$11,532), pertaining to expense advances.

During the three and nine months ended September 30, 2021, the Company expensed \$12,554 and \$37,674, respectively (three and nine months ended September 30, 2020 - \$9,000 and \$24,000, respectively) to Marrelli Support Services Inc. and DSA Corporate Services Inc. ("Marrelli Group") and for:

- (i) Robert D.B. Suttie, President of Marrelli Support Services Inc., to act as Chief Financial Officer ("CFO") of the Company;
- (ii) Regulatory filing services
- (iii) Corporate secretarial services

The Marrelli Group is also reimbursed for out of pocket expenses.

AMERICAN AIRES INC.
Notes to Condensed interim Financial Statements
Nine Months Ended September 30, 2021
(Expressed in Canadian Dollars)
(Unaudited)

10. Related Party Balances and Transactions (Continued)

As of September 30, 2021, the Marrelli Group was owed \$2,119 (December 31, 2020 - \$7,500). These amounts are included in accounts payable.

During the three and nine months ended September 30, 2021, the Company expensed \$22,259 and \$61,743, respectively (three and nine months ended September 30, 2020 - \$17,848 and \$39,079, respectively) for legal services provided by a firm, a partner of which is a director of the Company. As at September 30, 2021, \$39,114 (December 31, 2020 - \$9,172) was included in accounts payable and accrued liabilities.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

11. Segmented Information

The Company's operations consist of a single operating segment, located in Canada. During nine months ended September 30, 2021, 76% (nine months ended September 30, 2020 - 69%) of sales were to US customers and 16% (nine months ended September 30, 2020 - 16%) being sold to customers in Canada. The Company's remaining customers are distributed widely throughout the world.

12. Net Loss Per Share

The calculation of basic and diluted loss per share for the nine months ended September 30, 2021 was based on the loss attributable to common shareholders of \$4,665,741 (nine months ended September 30, 2020 - \$5,489,913), and the weighted average number of common shares outstanding of 144,730,7140 (nine months ended September 30, 2020 - 110,604,018).

13. Prepaid and Sundry receivable

	September 30, 2021	December 31, 2020
Refundable GST/HST	\$ 231,921	\$ 328,809
Prepaid expenses	67,087	108,638
Manufacturing deposits	1,040,199	278,041
	\$ 1,339,207	\$ 715,488