Dominion Water Reserves Corp.
Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2021 and 2020
(Unaudited)

Contents

For the three and nine months ended September 30, 2021 and 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim financial statements of Dominion Water Reserves Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 NO AUDITOR REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited consolidated condensed interim financial statements of the Corporation have been prepared by management and are responsibility of the Corporation’s management. The Corporation’s independent auditor has not performed a review or an audit of these consolidated condensed interim financial statements.

Dominion Water Reserves Corp.

Consolidated condensed Interim Statements of Financial Positions

As at

(Unaudited – Prepared by Management)

	September 30, 2021	*December 31, 2020*
Assets		
Current		
Cash	**402,300**	124,579
Other receivable	**-**	1,980
Sales taxes receivable	**15,357**	18,774
Prepaid expenses and deposits	**4,000**	50,667
Total current assets	**421,657**	196,000
Non-current		
Property and equipment *(Note 5)*	**369,424**	240,616
Water rights *(Note 6)*	**5,591,329**	4,910,029
Right-of-Use *(Note 7)*	**33,924**	16,464
Total non-current assets	**5,994,677**	5,167,109
Total assets	**6,416,334**	5,363,109
Liabilities		
Current		
Accounts payable and accrued liabilities	**-**	112,038
Other current liability	**-**	175,000
Current portion of lease liability *(Note 9)*	**25,983**	15,077
Total current liabilities	**25,983**	302,115
Non-current		
Lease liability *(Note 9)*	**8,115**	1,430
Total liabilities	**34,098**	303,545
Shareholders' equity		
Share capital *(Note 8)*	**11,029,230**	9,933,954
Reserves	**3,334,436**	1,771,378
Deficit	**(7,981,430)**	(6,645,768)
Total shareholders' equity	**6,382,236**	5,059,564
Total liabilities and shareholders' equity	**6,416,334**	5,363,109

Approved on behalf of the Board

Director **Director**

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

Dominion Water Reserves Corp.

Consolidated Condensed Interim Statements of Loss and Comprehensive loss

For the three and nine months ended September 30, 2021 and 2020
(Unaudited – Prepared by Management)

	Three months ended September 30, 2021	*Three months ended September 30, 2020*	***Nine months ended September 30, 2021***	*Nine months ended September 30, 2020*
General and Administrative expenses				
Share-based payment *(Note 8)*	**-**	676,028	**646,109**	676,028
Consulting fees *(Note 10)*	**177,347**	385,555	**443,334**	542,795
Professional fees	**8,947**	123,832	**160,146**	173,904
Travel	**3,390**	18,042	**24,434**	20,071
Licences, dues and subscriptions	**10,984**	47,228	**23,673**	47,228
Office	**2,190**	2,031	**6,890**	9,500
Depreciation of Right-of-Use asset	**5,351**	-	**12,949**	-
Business taxes	**493**	10,606	**3,284**	10,606
Bank charges	**196**	486	**631**	806
Amortization of property and equipment	**164**	76	**492**	228
Meals and entertainment	**840**	1,571	**1,082**	3,276
Insurance	**5,540**	-	**10,876**	-
Rent	**-**	5,800	**-**	26,141
Operating loss	**(215,442)**	(1,271,255)	**(1,333,900)**	(1,510,583)
Other income (expenses)				
Interest charges on lease liability *(Note 9)*	**(913)**	-	**(1,762)**	-
Interest on short-term convertible loan	**-**	(60)	**-**	(1,435)
Net gain on settlement of debt	**-**	-	**-**	48,452
Listing expense	**-**	(3,251,244)	**-**	(3,251,244)
Net loss and comprehensive loss for the period	**(216,355)**	(4,522,559)	**(1,335,662)**	(4,714,810)
Loss per share				
Basic and diluted loss per share				
Net loss per common share, basic and diluted *(Note 11)*	**(0.0023)**	(0.0706)	**(0.0147)**	(0.0838)
Weighted average number of common shares outstanding	**95,916,787**	64,042,064	**90,863,112**	56,278,938

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

	Share capital	*Equity component of short-term convertible debt*	*Reserves*	*Deficit*	*Total equity*
Balance January 1, 2020	**5,473,965**	**45,565**	**-**	**(1,266,048)**	**4,253,482**
Net loss for the period	**-**	**-**	**-**	**(4,714,810)**	**(4,714,810)**
Issuance of shares – debt settlement	**7,500**	**-**	**-**	**-**	**7,500**
Issuance of shares – debt conversion	**505,000**	**(45,565)**	**-**	**45,565**	**505,000**
Cost of issuance of shares	**(120,538)**	**-**	**-**	**-**	**(120,538)**
Issuance of shares – reverse acquisition	**3,771,350**	**-**	**-**	**-**	**3,771,350**
Stock options issuance	**-**	**-**	**996,346**	**-**	**996,346**
Warrants issuance	**-**	**-**	**87,708**	**-**	**87,708**
Balance September 30, 2020	**9,637,277**	**-**	**1,084,054**	**(5,935,293)**	**4,786,038**
Balance January 1, 2021	**9,933,954**	**-**	**1,771,378**	**(6,645,768)**	**5,059,564**
Net loss for the period	**-**	**-**	**-**	**(1,335,662)**	**(1,335,662)**
Issuance of shares – private placement *(Note 8 vii)*	**169,576**	**-**	**1,005,424**	**-**	**1,175,000**
Cost of issuance of shares	**(5,000)**	**-**	**-**	**-**	**(5,000)**
Issuance of shares – options exercised	**28,367**	**-**	**(13,367)**	**-**	**15,000**
Issuance of shares – asset acquisition	**810,600**	**-**	**-**	**-**	**810,600**
Issuance of shares against services	**4,375**	**-**	**-**	**-**	**4,375**
Issuance of shares – warrants exercised	**87,358**	**-**	**(75,108)**	**-**	**12,250**
Stock options issuance	**-**	**-**	**646,109**	**-**	**646,109**
Balance September 30, 2021	**11,029,230**	**-**	**3,334,436**	**(7,981,430)**	**6,382,236**

Dominion Water Reserves Corp.
Consolidated Condensed Interim Statement of Cash Flows
For the nine months ended September 30, 2021 and 2020
(Unaudited – Prepared by Management)

	Nine months ended September 30, 2021	*Nine months ended September 30, 2020*
Cash provided by (used for) the following activities		
Operating activities		
Net loss and comprehensive loss for the period	**(1,335,662)**	(4,714,810)
Share-based payment	**646,109**	676,028
Amortization of property and equipment	**492**	228
Depreciation of Right-of-Use asset	**12,949**	-
Interest charge on lease liability	**1,762**	-
Interest charge on convertible debt	**-**	1,435
Listing expense	**-**	3,251,244
Net gain on settlement of debt	**-**	(48,452)
	(674,350)	(834,327)
Changes in working capital accounts		
Other receivable	**1,980**	-
Sales tax receivable	**3,417**	19,947
Prepaid expenses and deposits	**46,667**	(78,704)
Accounts payable and accrued liabilities	**(112,038)**	(51,356)
	(734,324)	(944,440)
Financing activities		
Proceeds from issuance of share capital, net of share issuance cost	**1,201,625**	-
Repayment of lease liability	**(14,580)**	-
	1,187,045	-
Investing activities		
Payment of liability in connection of purchases of water rights	**(175,000)**	-
Proceeds from Reverse Acquisition accounting	**-**	835,819
	(175,000)	835,819
Increase (decrease) in cash resources	**277,721**	(108,621)
Cash resources, beginning of the period	**124,579**	110,806
Cash resources, end of the period	**402,300**	2,185

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

1. General information

Dominion Water Reserves Corp. (the “Company” or “DWR”) was incorporated under the Canada Business Corporations Act on October 26, 2015. The head office, principal address and records office of the Company are located at 609-1188 Avenue Union, Montreal, Quebec, H3B 05E.

Dominion Water Reserves Corp. is a company that acquires spring water permits to develop operations in the spring water market in Quebec and beyond. Dominion Water Reserves Corp. is the parent company of 6305768 Canada Inc., Centre Piscicole Duhamel Inc.,11973002 Canada Inc., Source Sainte-Cécile Inc., 3932095 Canada Inc. and Société Alto 2000 Inc. (“the subsidiaries”). These subsidiaries are fully owned by the Company.

The Company is listed on the Canadian Securities Exchange (the “CSE”) since August 10, 2020 under the symbol “DWR”.

Covid-19 outbreak

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. Despite the covid situation, the company was able to successfully raise funds (Note 8).

2. Going concern

Aa of September 30, 2021, Dominion Water Reserves Corp. has not yet achieved profitable operations, has significant losses from operations over the years and an accumulated deficit of $7,981,430 since inception and expects to incur further losses in the development of its business. Additionally, the Company incurred a net loss and comprehensive loss of $1,335,662 during the nine-month period ended September 30, 2021.

The Company will need to raise additional funds to continue its operations. Although, the Company has been successful in attracting new investors and partners to fund the ongoing business, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on advantageous terms to the Company.

However, given the current cash position and estimated cash inflows and outflows in the next 12 months, management believes that sufficient cash is available to fund and Company’s operating expenses at least for the next 12 months. The Company is currently considering business acquisitions (Note 15) and the continuity and development of the Company depends to a significant extent on the willingness of (new or existing) shareholders and partners to invest in Dominion Water Reserves Corp. As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the Company as the Company believes it will realize its assets and discharge its liabilities in the normal course of business.

The Company continually monitors its activities and associated expenditure closely to ensure effective deployment of resources.

3. Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 4 - Basis of preparation, as described in the Company's annual audited financial statements for the year ended December 31, 2020. The condensed consolidated interim financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2020.

These condensed consolidated interim financial statements have been approved by the board of directors on November 26, 2021.

4. Judgments, estimates and assumptions

The preparation of these consolidated condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated condensed interim financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in note 4 to the Company's annual audited financial statements for the year ended December 31, 2020.

5. Property and equipment

	Land	*Building*	*Furniture and fixtures*	*Total*
Cost				
Balance at January 1, 2020	**185,600**	**-**	**1,689**	**187,289**
Additions	**43,500**	**10,300**	**-**	**53,800**
Balance at December 31, 2020	**229,100**	**10,300**	**1,689**	**241,089**
Additions	**126,600**	**2,700**	**-**	**129,300**
Balance at September 30, 2021	**355,700**	**13,000**	**1,689**	**370,389**
Depreciation				
Balance at January 1, 2020	**-**	**-**	**169**	**169**
Depreciation charge for the period	**-**	**-**	**304**	**304**
Balance at December 31, 2020	**-**	**-**	**473**	**473**
Depreciation charge for the period	**-**	**309**	**183**	**492**
Balance at September 30, 2021	**-**	**309**	**656**	**965**
Net book value				
At September 30, 2021	**355,700**	**12,691**	**1,033**	**369,424**
At December 31, 2020	**229,100**	**10,300**	**1,216**	**240,616**

The methods of depreciation and depreciation rates applicable for each class of asset during the current and comparative period are as follows:

	Method	*Rate*
Building	declining balance	4%
Furniture and fixtures	declining balance	20%

6. Business combination and water rights

On April 1, 2021, the Company acquired 100% of the shares of Source Sainte-Cécile Inc. and 7535511 Canada Inc. Pursuant to this acquisition the Company agreed to a fair value consideration of $495,600, paid by the issuance of 4,720,000 shares at a fair value of $0.105 per share. The fair value of the shares was determined by the stock market price per share at the date of the transaction. This acquisition was done with a related party of the Company.

On April 8, 2021, the Company acquired 100% of the shares of Société Alto 2000 Inc. Pursuant to this acquisition the Company agreed to a fair value of consideration of $315,000, paid by the issuance of 3,000,000 shares at a fair value of $0.105 per share. The fair value of the shares was determined by the stock market price per share at the date of the transaction.

The Company reviewed the guidance provided under IFRS 3, *Business Combinations*, for definition of business and determined that the above business combinations did not have any processes or outputs and therefore did not meet the definition of a business. Consequently, these business combinations are accounted for as assets acquisition and the entirety of the gross assets acquired pertains to land of $126,600, building of $2,700 and water rights of $681,300.

	Water rights
Cost	
Balance at January 1, 2020	**4,517,400**
Additions	**392,629**
Balance at December 31, 2020	**4,910,029**
Additions	**681,300**
Balance at September 30, 2021	**5,591,329**

There were no impairment losses recognized on water rights during the nine-month period ended September 30, 2021 and twelve-month period ended December 31, 2020.

7. Right-of-Use Assets

During the year ended December 31, 2020, the Company has recognized a right-of-use asset for its office premises with a corresponding lease liability (Note 9) which are initially measured at the present value of the future lease payments. In accordance with IFRS 16, the Company then recognizes depreciation of right-of-use assets and interest expense on lease liabilities in the statements of loss and comprehensive loss.

During the nine-month period ended September 30, 2021, the right-of-use asset was derecognized due to termination of the lease on July 31, 2021. Depreciation of $8,865 was recorded up to the termination date. The derecognition of the lease liability and right of use asset resulted into a gain of $157.

The Company recognized a new right-of-use asset for its office premises with a corresponding lease liability (Note 9), following the signature of a new lease on August 1, 2021, which are initially measured at the present value of the future lease payments.

7. Right-of-Use Assets (continued)

	Office premises ($)
Balance at January 1, 2020	**-**
Adoption of IFRS 16	**17,730**
Depreciation for the period	**(1,266)**
Balance at December 31, 2020	**16,464**
Derecognition due to termination of the lease	**(7,599)**
New lease	**38,164**
Depreciation for the period	**(13,105)**
Balance at September 30, 2021	**33,924**

8. Share capital

(a) *Authorized*
Unlimited number of common Class 'A' shares, voting, participating, without nominal or par value.

(b) *Capital stock*
The change in state share capital was as follows:

		Number of common shares	Stated share capital	Share issuance costs	Total
Balance, January 1, 2020		50,097,944	$5,492,113	$(18,148)	$5,473,965
				-	-
Issuance of shares – debt settlement	i	100,000	7,500	-	7,500
Issuance of shares – debt conversion	ii	6,733,333	505,000	(120,538)	384,462
Issuance of shares – reverse acquisition	iii	10,775,286	3,771,350	-	3,771,350
Issuance of shares – private placement	iv	6,500,000	135,845	-	135,845
Issuance of shares against services	iv	325,000	37,375	(37,375)	-
Issuance of shares – debt settlement	v	994,809	114,403	-	114,403
Issuance of shares – asset acquisition	vi	714,286	46,429	-	46,429
Balance, December 31, 2020		76,240,658	10,110,015	(176,061)	9,933,954

8. Share capital (continued)

		Number of common shares	Stated share capital	Share issuance costs	Total
Balance, December 31, 2020		76,240,658	10,110,015	(176,061)	9,933,954
Issuance of shares – private placement	vii	11,750,000	169,576	(5,000)	164,576
Issuance of shares – options exercised	viii	150,000	28,367	-	28,367
Issuance of shares – asset acquisition	ix	4,720,000	495,600	-	495,600
Issuance of shares – asset acquisition	x	3,000,000	315,000	-	315,000
Issuance of shares against services	xi	50,000	4,375	-	4,375
Issuance of shares – warrants exercised	xii	245,000	87,358	-	87,358
Balance, September 30, 2021		96,155,658	11,210,291	(181,061)	11,029,230

i. On April 29, 2020, a debt of DWR in the aggregate amount of $115,952 was be settled in consideration of a cash payment share of $60,000 and an aggregate of 100,000 common shares, resulting in a gain on settlement of debt of $48,452 as the fair value of the common Shares was determined to be $0.075 per share.

ii. On July 8, 2020, DWR shares settled the balance of its short-term convertible debt for an amount of $505,000 into 6,733,333 DWR common shares at a deemed price of $0.075 per common share. The equity component of short-term convertible debt of $45,565 was de-recognized to deficit.

iii. Following the reverse acquisition with Tucker Acquisitions Inc. ("Tucker") on July 31, 2020, in which Tucker's shareholders have received one share of the Company for every share they held in Tucker, DWR issued 10,775,286 common shares in consideration of Tucker's net assets.

iv. On October 16, 2020, the Company issued 6,500,000 units which comprise one common share and one warrant at an agreed price of $0.10 per units for gross proceeds of $650,000. As part of the non-brokered private placement, DWR issued 325,000 common shares as finder's fees.

v. On October 16, 2020, two trade payables of DWR in the aggregate amount of $104,455 were settled in consideration of 994,809 common shares, at a deemed price of $0.115 per share, resulting in a loss on debt settlement of 9,948.

vi. On December 14, 2020, 714,286 common shares at a price of $0.065 per share were approved and issued by the Company for a total amount of $46,429.

vii. On February 26, 2021, the Company issued 11,750,000 units which comprise one common share and one warrant at an agreed price of $0.10 per units for gross proceeds of $1,175,000.

The fair value of the shares was estimated at the issuance date based on a residual method where at first the fair value of the Warrants was estimated based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.26%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	118%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

viii. On March 12, 2021, a shareholder exercised 150,000 options at an agreed price of $0.10 per share for gross proceeds of $15,000.

8. Share capital (continued)

ix. On April 1, 2021, 4,720,000 common shares at a price of $0.105 per share were approved and issued by the Company for a total amount of $495,600 in consideration of the acquisition of 100% of the shares of Source Sainte-Cécile Inc. and 7535511 Canada Inc (Note 6).

x. On April 8, 2021, 3,000,000 common shares at a price of $0.105 per share were approved and issued by the Company for a total amount of $315,000 in consideration of the acquisition of 100% of the shares of Société Alto 2000 Inc. (Note 6).

xi. On July 1, 2021 and September 1, 2021, 25,000 common shares at a price of $0.09 per share and 25,000 common shares at a price of $0.085 were approved and issued by the Company for a total amount of $4,375 in consideration of consulting fees.

xii. On September 21, 2021 and September 23, 2021, a total of 245,000 common shares were issued by the Company upon warrants exercised at an exercise price of $0.05, for a gross amount of $12,250.

(c) *Stock Options and Warrants*

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares in any given 12-month period. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed. The following summarizes the stock option activities:

The following summarizes the stock option activities:

	Number of stock options	Weighted average exercise price per share
Balance, January 1, 2020	-	$-
Granted	7,552,837	0.17
Balance, December 31, 2020	7,552,837	$0.17
Granted	7,771,066	$0.14
Exercised	(150,000)	$0.10
Cancelled	(5,752,837)	$0.17
Balance, September 30, 2021	9,421,066	$0.14

8. Share capital (continued)

The following summarizes the stock option activities:

Number of options	Exercise Price	Expiry date
1,000,000	$ 0.19	August 14, 2025
500,000	$ 0.10	October 27, 2025
6,649,066	$0.14	March 5, 2023
1,272,000	$0.11	April 9, 2023
9,421,066		

During the nine-month period ended September 30, 2021 and the twelve-month period ended December 31, 2020, the Company:

2020

i. Granted 5,900,000 stock options to certain officers, employees and consultants. Each option vests immediately and allows the holder to purchase one common share of the Company at an exercise price of $0.19 per common share for a period of 5 years. The fair value of the options of $996,346 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.42%
Forfeiture rate	0%
Expected life	5 years
Expected volatility	142%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

ii. Granted 1,652,837 stock options to certain officers, employees and consultants. Each option vests immediately and allows the holder to purchase one common share of the Company at an exercise price of $0.10 per common share for a period of 5 years. The fair value of the options of $147,287 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.36%
Forfeiture rate	0%
Expected life	5 years
Expected volatility	143%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

2021

iii. On February 25, 2021, 5,752,837 options were cancelled following the departure of directors and officers. These options were fully vested.

8. Share capital (continued)

iv. Granted 6,499,066 stock options to certain officers, employees and consultants. Each option vests immediately and allows the holder to purchase one common share of the Company at an exercise price of $0.145 per common share for a period of 2 years. The fair value of the options of $562,579 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.26%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	118%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

v. On March 12, 2021, 150,000 options were exercised at an agreed price of $0.10 per share for gross proceeds of $15,000.

vi. Granted 1,272,000 stock options to certain officers, employees and consultants. Each option vests immediately and allows the holder to purchase one common share of the Company at an exercise price of $0.11 per common share for a period of 2 years. The fair value of the options of $83,530 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.26%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	118%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

8. Share capital (continued)

Warrants

All of the outstanding warrants were issued in conjunction with the issuance of common shares. The fair value of warrants issued and outstanding is reflected in retained earnings. Amounts for warrants that are subsequently exercised are transferred from retained earnings to capital stock.

The following table summarizes the warrant activities for the nine-month period ended September 30, 2021 and the twelve-month period ended December 31, 2020:

	Number of warrants	Weighted average exercise price ($)
Balance, January 1, 2020	-	$-
Issued pursuant to subscription receipts (i)	6,500,000	0.15
Issued to Finders in connection with subscription receipts (ii)	325,000	0.15
Finders warrants acquired in Reverse acquisition from Tucker (iii)	307,857	0.11
Balance, December 31, 2020	7,132,857	0.15
Issued pursuant to subscription receipts (iv)	11,750,000	0.15
Exercised	(245,000)	0.05
Balance, September 30, 2021	18,637,857	0.15

The Company had the following warrants outstanding at September 30, 2021:

Number of Warrants	Exercise Price	Expiry date
6,500,000	$ 0.15	October 16, 2023
325,000	$ 0.15	October 16, 2023
62,857	$ 0.35	July 31, 2022
11,750,000	$ 0.15	February 26, 2023
18,637,857		

8. Share capital (continued)

During the nine-month period ended September 30, 2021 and the twelve-month period ended December 31, 2020, the Company:

2020

i. Issued 6,500,000 warrants. Each warrant allows the holder to purchase one common share of the Company at an exercise price of $0.15 per unit for a period of 3 years. Using the residual method to allocate the proceeds received by Dominion Water Reserves Corp. pursuant to the amalgamation with Tucker, the fair value of the Warrants of $514,322 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.24%
Forfeiture rate	0%
Expected life	3 years
Expected volatility	126%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

ii. In connection with the issuance of the units, DWR issued 325,000 DWR Finder's Warrants with each DWR Finder Warrant entitling the holder to acquire one common share at an exercise price of $0.15 per DWR Common share until October 16, 2023. The fair value of the Warrants of $25,716 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.24%
Forfeiture rate	0%
Expected life	3 years
Expected volatility	126%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

iii. During the year ended December 31, 2020, the Company acquired Tucker's Finder's warrants in a reverse acquisition with Tucker on July 31, 2020. Each Tucker Finder warrant entitled the holder to acquire one common share at various exercise prices until different expiry periods as described above. The fair value of the Warrants of $87,708 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

	165,000 Finder's warrants	80,000 Finder's warrants	62,857 Finder's warrants
Expected dividend yield	Nil	Nil	Nil
Risk-free interest rate	0.26%	0.26%	0.26%
Forfeiture rate	0%	0%	0%
Expected life	1.42	1.46	2
Expected volatility	120%*	120%	112%

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

8. Share capital (continued)

2021

iv. In connection with the issuance of the units, DWR issued 11,750,000 Warrants with each Warrant entitling the holder to acquire one common share at an exercise price of $0.15 per common share until February 26, 2023. The fair value of the Warrants of $1,005,424 was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	0.26%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	118%*

*Volatility was estimated using companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.

9. Lease liability

During the year ended December 31, 2020, the Company has recognized a right-of-use asset (Note 7) for its office premises with a corresponding lease liability which are initially measured at the present value of the future lease payments. In accordance with IFRS 16, the Company then recognizes depreciation of right-of-use assets and interest expense on lease liabilities in the statements of loss and comprehensive loss.

In order to calculate the present value of the future lease payments, the Company has used a discount rate of 12% which represents the Company's interest rate that would need to be provided if it issues a debenture given the present risk level of the Company. Prior to the adoption of IFRS 16, this lease was accounted for as operating leases. The present value of the future lease payments was calculated from November 30, 2020, the signing date of new agreement for a term of more than twelve months. This lease liability was derecognized following the signature of a new agreement on August 1, 2021 for a term of more than twelve months. Changes to the Company's lease liabilities for the periods ended September 30, 2021 and December 31, 2020 are as follows:

	Office premises ($)
Balance at January 1, 2020	**-**
Adoption of IFRS 16	**17,730**
Interest expense	**152**
Lease payments	**(1,375)**
Balance at December 31, 2020	**16,507**
Derecognition – end of lease	**(7,756)**
New lease	**38,165**
Interest expense	**1,762**
Lease payments	**(14,580)**
Balance at September 30, 2021	**34,098**

10. Related party transactions

During the current period, the Company entered into transactions with shareholders and key management other than balances already disclosed in notes above. These transactions are in the normal course of operations. The balances are subject to normal terms of trade.

Transactions with shareholders and key management

	September 30, 2021	*September 30, 2020*
Consulting fees paid to a company controlled by a shareholder	**-**	63,000
Consulting fees paid to treasurer	**-**	90,000
Consulting fees paid to President and CEO	**166,000**	66,500

11. Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares outstanding during the year.

(b) Diluted loss per share

Diluted loss per share is computed by dividing net loss for a year by the diluted number of common shares. Diluted common shares include the effects of instruments, such share options, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the nine-month period ended September 30, 2021 and 2020.Consequently potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss in shares.

12. Commitment

On November 20, 2020, the company entered into a 25 year water sales contract with Acquanor with an obligation to supply water at a price of \$0.005 per litre of water for the first five years, \$0.010 from year 6 to 10, \$0.015 from year 11 to 15 and \$0.02 from year 16 to 25, not exceeding 71 million litres for each year with no significant consequences in the event of breach.

13. Financial instruments and risk management

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

(a) Fair value of financial instruments

The carrying values of cash, accounts and other receivables and accounts payable and accrued liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments. The fair value of the convertible debt is derived from market rates.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Company enters into transactions to purchase services on credit for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of negative net cash flow.

The Company attempts to manage the liquidity risk resulting from its accounts payable by diversifying its sources of funding and by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. However, given the current cash position and cash inflows and outflows in the next 12 months, management believes that sufficient cash is available to fund the Company's operating expenses at least for the next 12 months.

(c) Credit Risk

Credit risk is the risk of financial loss to the Company because a counter party to a financial instrument fails to discharge its contractual obligations. Credit risk primarily arises from cash with banks and advances to related parties.

There is no provision for expected credit losses given that there are no advances to related parties outstanding as at September 30, 2021.

The Company reduces credit risk by dealing with creditworthy financial institutions and ensuring the creditworthiness of the related parties.

(d) Fair Value Hierarchy

A number of the Company's accounting policies and disclosures require the measurement of fair valued for both financial and non-financial assets and liabilities. The Company has an established framework, which includes team members who have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. The Company regularly assesses significant unobservable inputs and valuation adjustments. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company's cash are included in Level 1.

14. Capital management

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital, reserves and deficit. The Company's objectives when managing capital are to: (i) preserve capital; (ii) obtain the best available net return; and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company is not subject to externally imposed capital requirements.

15. Business Acquisitions

On August 16, 2021, the Company signed a non-binding letter of intend to acquire all issued and outstanding shares of Sources Véo Inc. in consideration of a cash payment of $3,300,000. This letter of intent expired on October 31, 2021 but the Company is still having discussions to proceed with this acquisition.

On August 31, 2021, the Company signed a non-binding letter of intend to acquire all issued and outstanding shares of Les Marchands Distributions et Services Inc. in consideration of the issuance of 1,500,000 shares of the Company. This letter of intent expires on December 31, 2021.