

Prime Drink Group Corp.
(formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Financial Statements
For the three and nine months ended September 30, 2023 and 2022
(Unaudited)

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim financial statements of Prime Drink Group Corp. (the "Company"), formerly Dominion Water Reserves Corp., 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 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 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 interim financial statements and (ii) the unaudited 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 interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited 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 processes and the unaudited 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 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.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Statements of Financial Positions

As at
(Unaudited – Prepared by Management)

	September 30, 2023	December 31, 2022
Assets		
Current		
Cash	\$ 2,799,012	\$ 2,420,857
Sales taxes receivable	8,361	8,335
Prepaid expenses and deposits	22,539	7,346
Total current assets	2,829,912	2,436,538
Non-current		
Property and equipment (Note 5)	528,837	529,314
Water rights (Note 6)	5,657,862	5,657,862
Right-of-Use of assets (Note 7)	-	3,736
Total non-current assets	6,186,699	6,190,912
Total assets	\$ 9,016,611	\$ 8,627,450
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 9,124	\$ 107,277
Current portion of lease liability (Note 9)	-	2,780
Total liabilities	\$ 9,124	\$ 110,057
Shareholders' equity		
Share capital (Note 8)	\$ 15,423,934	\$ 13,914,371
Reserves	3,199,707	3,615,906
Deficit	(9,616,154)	(9,012,884)
Total shareholders' equity	\$ 9,007,487	\$ 8,517,393
Total liabilities and shareholders' equity	\$ 9,016,611	\$ 8,627,450

Going concern (Note 2)

On behalf of the Board of Directors,

“Alexandre Côté”

(signed Alexandre Côté)
CEO and Director

“Michael Pesner”

(signed Michael Pesner)
Director

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

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Statements of Loss and Comprehensive loss
For the three and nine months ended September 30, 2023 and 2022
(Unaudited – Prepared by Management)

	<i>Three months ended September 30, 2023</i>	<i>Three months ended September 30, 2022</i>	<i>Nine months ended September 30, 2023</i>	<i>Nine months ended September 30, 2022</i>
Operating expenses				
Share-based payments (Note 11)	\$ 88,203	-	171,760	-
Consulting fees (Note 11)	40,333	78,694	169,833	136,861
Professional fees	60,072	140,347	111,717	195,861
Directors' and audit committee members' fees (Note 11)	73,308	31,199	73,308	31,199
Licences, dues and subscriptions	18,224	13,264	29,604	29,912
Insurance	6,561	3,464	12,516	32,404
Travel	3,427	3,856	10,675	12,861
Office	2,421	1,895	5,928	4,959
Property expenses	425	-	5,463	-
Bank charges	183	262	4,183	601
Depreciation of right-of-use asset	-	6,360	3,736	19,080
Meals and entertainment	356	814	2,038	2,123
Business taxes	461	310	2,032	3,425
Depreciation of property and equipment	159	173	477	519
Total operating expenses	\$ 294,133	280,638	603,270	469,805
Operating loss	\$ (294,133)	(280,638)	(603,270)	(469,805)
Other expenses				
Interest charge on lease liability	\$ -	(757)	-	(1,567)
Net loss and comprehensive loss for the period	\$ (294,133)	(281,395)	(603,270)	(471,372)
Loss per share				
Basic and diluted loss per share				
Net loss per common share, basic and diluted (Note 10)	\$ (0.0020)	(0.0027)	(0.0042)	(0.0048)
Weighted average number of common shares outstanding	144,177,642	104,494,208	142,691,788	98,801,156

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Statements of Changes in Equity
For the three and nine months ended September 30, 2023 and 2022
(Unaudited – Prepared by Management)

	<i>Share capital</i>	<i>Reserves</i>	<i>Deficit</i>	<i>Total equity</i>
Balance January 1, 2022	\$ 10,958,313	\$ 3,451,003	\$ (8,205,140)	\$ 6,204,176
Net loss for the period	-	-	(471,372)	(471,372)
Cancellation of shares	(66,213)	-	-	(66,213)
Issuance of shares – private placement	3,134,371	200,629	-	3,335,000
Cost of issuance of shares	(125,376)	-	-	(125,376)
Issuance of shares – exercise of warrants	64,402	(15,652)	-	48,750
Balance September 30, 2022	\$ 13,965,497	\$ 3,635,980	\$ (8,676,512)	\$ 8,924,965
Balance January 1, 2023	\$ 13,914,371	\$ 3,615,906	\$ (9,012,884)	\$ 8,517,393
Net loss for the period	-	-	(603,270)	(603,270)
Issuance of shares – exercise of warrants	674,557	(255,757)	-	418,800
Issuance of shares – exercise of options	835,006	(332,202)	-	502,804
Stock options issuance	-	171,760	-	171,760
Balance September 30, 2023	\$ 15,423,934	\$ 3,199,707	\$ (9,616,154)	\$ 9,007,487

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Statements of Cash Flows
For the three and nine months ended September 30, 2023 and 2022
(Unaudited – Prepared by Management)

	<i>Nine months ended September 30, 2023</i>	<i>Nine months ended September 30, 2022</i>
Cash provided by (used for) the following activities		
Operating activities		
Net loss for the period	\$ (603,270)	\$ (471,372)
Share-based payments	171,760	-
Depreciation of property and equipment	477	519
Depreciation of right-of-use asset	3,736	19,080
Interest charges on lease liability	-	1,567
Cancellation of shares against services	-	(66,213)
	(427,297)	(516,419)
Changes in working capital account		
Sales tax receivables	\$ (26)	3,117
Prepaid expenses and deposits	(15,193)	(13,089)
Accounts payables and accrued liabilities	(98,153)	(30,273)
	(540,669)	(556,664)
Financing activities		
Proceeds from issuance of share capital	\$ -	3,335,000
Payment of share issuance cost	-	(125,376)
Proceeds on exercise of warrants	418,800	48,750
Proceeds on exercise of options	502,804	-
Repayment of lease liability	(2,780)	(22,087)
	918,824	3,236,287
Investing activities		
Purchase of property and equipment	\$ -	(147,800)
	-	(147,800)
Increase in cash resources	378,155	2,531,823
Cash resources, beginning of the period	2,420,857	197,078
Cash resources, end of the period	\$ 2,799,012	\$ 2,728,901

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
For the period of three and nine months ended September 30, 2023 and 2022
(Unaudited – Prepared by Management)

1. General information

Prime Drink Group Corp. (the “Company” or “Prime”), formerly Dominion Water Reserves Corp. until its name changed on November 23, 2022, 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.

Prime Drink Group Corp. is a company that acquires spring water permits to develop operations in the spring water market in Quebec and elsewhere. Prime Drink Group 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, and is trading under the symbol “PRME”.

2. Going concern

At September 30, 2023, Prime Drink Group Corp. has not yet achieved profitable operations, has significant losses from operations over the years and an accumulated deficit of \$9,616,154 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 \$603,270 during the period of nine months ended September 30, 2023.

However, given the current cash position and foreseen cash inflows and outflows in the next twelve months, management believes that sufficient cash will be available to fund the Company’s operating expenses and pursue development of its business at least for the next 12 months. While management has been successful in securing financing in the past, there can be no assurance that it will continue to do so in the future or the sources of funds or initiatives will be available to the Company.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these consolidated condensed interim 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.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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3. Statement of compliance and upcoming changes to accounting standards

These consolidated condensed interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of consolidated condensed interim financial statements, including IAS 34, Interim Financial Reporting. These consolidated condensed 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, 2022, except for the new accounting standards adopted during the year. The consolidated condensed 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, 2022.

These interim financial statements were approved by the Company's Board of Directors on November 22, 2023.

New accounting standards adopted during the period

In February 2021, the IASB issued narrow-scope amendments to IAS 1, Presentation of Financial Statements, IFRS Practice Statement 2, Making Materiality Judgments and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective for annual periods beginning on or after January 1, 2023, although earlier application was permitted. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies and clarify how to distinguish changes in accounting policies from changes in accounting estimates. The Company's financial disclosure is currently not materially affected by the application.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated condensed financial statements. In May 2020, the IASB issued a package of narrow-scope amendments to three standards (IFRS 3 “Business Combinations”, IAS 16 “Property, Plant and Equipment” and IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”) as well as the IASB's Annual Improvements to IFRS Standards 2018 - 2020. These amendments to existing IFRS standards are to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. These amendments are effective for annual periods beginning on or after January 1, 2023. Adoption of this standard did not have a material impact on the Company's consolidated condensed interim financial statements.

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, 2022.

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Notes to the Consolidated Condensed Interim Financial Statements
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5. Property and equipment

	<i>Land</i>	<i>Building</i>	<i>Furniture and fixtures</i>	<i>Total</i>
Cost				
Balance at January 1, 2022	\$ 368,700	\$13,000	\$ 1,689	\$ 383,389
Additions	147,800	-	-	147,800
Balance at December 31, 2022	516,500	13,000	1,689	531,189
Additions	-	-	-	-
Balance at September 30, 2023	516,500	13,000	1,689	531,189
Depreciation				
Balance at January 1, 2022	-	466	717	1,183
Depreciation charge for the period	-	500	192	692
Balance at December 31, 2022	-	966	909	1,875
Depreciation charge for the period	-	360	117	477
Balance at September 30, 2023	-	1,326	1,026	2,352
Net book value				
At September 30, 2023	\$ 516,500	\$ 11,674	\$ 663	\$ 528,837
At December 31, 2022	516,500	12,034	780	529,314

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

	<i>Method</i>	<i>Rate</i>
Building	declining balance	4%
Furniture and fixtures	declining balance	20%

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6. Water rights

	<i>Water rights</i>
Cost	\$
Balance at January 1, 2022	5,657,862
Additions	-
Balance at December 31, 2022	5,657,862
Additions	-
Balance at September 30, 2023	5,657,862

	<i>Water rights</i>	
	September 30, 2023	December 31, 2022
	\$	\$
Water source		
Duhamel	684,250	684,250
Notre-Dame-du-Laus	3,833,150	3,833,150
St-Joseph de Coloraine	392,629	392,629
Sainte-Cécile-de-Witton	262,560	262,560
Saint-Élie-de-Caxton	246,025	246,025
Source Alto 2000 Inc.	239,248	239,248
	5,657,862	5,657,862

There were no impairment losses recognized on water rights during the nine-month periods ended September 30, 2023 and 2022.

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Notes to the Consolidated Condensed Interim Financial Statements
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7. Right-of-Use Assets

The Company recognized a new 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.

Right-of-use

	\$
Balance at December 31, 2021	29,176
Depreciation	25,440
<hr/>	
Balance at December 31, 2022	3,736
Depreciation	3,736
<hr/>	
Balance at September 30, 2023	-
Nine-month period ended September 30, 2023 depreciation expense	3,736
Nine-month period ended September 30, 2022 depreciation expense	19,080

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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8. Shareholders' equity

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, 2022		96,155,658	\$11,139,374	\$(181,061)	\$ 10,958,313
Cancellation of shares	i	(575,762)	(66,213)	-	(66,213)
Issuance of shares – private placement	ii	41,687,500	3,134,371	(206,326)	2,928,045
Issuance of shares – warrants exercised	iii	390,000	94,226	-	94,226
Balance, December 31, 2022		137,657,396	\$ 14,301,758	\$ (387,387)	\$ 13,914,371
Issuance of shares – warrants exercised	v	2,792,000	674,557	-	674,557
Issuance of shares – options exercised	iv, vi, vii, viii	3,728,066	835,006	-	835,006
Balance, September 30, 2023		144,177,462	\$ 15,811,321	\$ (387,387)	\$ 15,423,934

i. On April 14, 2022, a total of 575,762 common shares were cancelled by the Company following a settlement with a service provider. These shares were initially issued on October 16, 2020 at a deemed price of \$0.115. The Company recognized a credit \$66,213 against the consulting fees.

ii. On July 5, 2022 and September 19, 2022, the Company issued a total of 33,350 units which comprise one thousand two hundred and fifty (1,250) common share (totaling 41,687,500 common shares) and one hundred and twenty-five (125) warrants (totaling 4,168,750 warrants) at an agreed price of \$100 per unit for gross proceeds of \$3,335,000. These units were acquired by Directors of the Company.

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	3.00%-3.77%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	125%

iii. On September 26, 2022 and November 7, 2022, 390,000 common shares were issued by the Company upon warrants exercised at an exercise price of \$0.15, for a gross amount of \$58,500.

iv. On February 24, 2023, 386,000 common shares were issued by the Company upon options exercised at an exercise price of \$0.11, for a gross amount of \$42,460.

v. On February 26, 2023, 2,792,000 common shares were issued by the Company upon warrants exercised at an exercise price of \$0.15, for a gross amount of \$418,800.

vi. On March 3, 2023, 2,649,066 common shares were issued by the Company upon options exercised at an exercise price of \$0.145, for a gross amount of \$384,115.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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8. Shareholders' equity *(Continued from previous page)*

- vii. On April 6, 2023, 500,000 common shares were issued by the Company upon options exercised at an exercise price of \$0.11, for a gross amount of \$55,000.
- viii. On April 11, 2023, 193,000 common shares were issued by the Company upon options exercised at an exercise price of \$0.11, for a gross amount of \$21,230.

(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, 2022	9,321,066	\$0.14
Cancelled (i)	(150,000)	\$0.10
Balance, December 31, 2022	9,171,066	\$0.14
Exercised (ii, iii, v, vi)	(3,728,066)	\$0.14
Granted (iv, vii)	4,000,000	\$0.16
Expired	(3,943,000)	\$0.14
Balance, September 30, 2023	5,500,000	\$0.16

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
3,500,000	\$0.165	April 5, 2026
500,000	\$0.13	April 5, 2026
5,500,000		
1,500,000	<i>Exercisable as at September 30, 2023</i>	

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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8. Shareholders' equity (Continued from previous page)

During the nine-month period ended September 30, 2023 and the twelve-month period ended December 31, 2022, the Company's activities were as follows:

2022

- i. On February 9, 2022, 150,000 options were cancelled following the departure of a director. These options were fully vested.

2023

- ii. On February 24, 2023, 386,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$42,460.
- iii. On March 3, 2023, 2,649,066 options were exercised at an exercise price of \$0.145, for a gross amount of \$384,115.
- iv. On April 5, 2023, 3,500,000 stock options were granted to certain officers, employees, and consultants. Each option vest and is exercisable one year from grant date and allows the holder to purchase one common share of the Company at an exercise price of \$0.165 per common share for a period of 3 years. The fair value of the options of \$334,229 as estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	3.52%
Forfeiture rate	0%
Expected life	3 years
Expected volatility	125.0%

The total expense recognized in profit or loss for the nine-month period ended September 30, 2023 amounts to \$167,115.

- v. On April 6, 2023, 500,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$55,000.
- vi. On April 11, 2023, 193,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$21,230.
- vii. On August 15, 2023, 500,000 stock options were granted to certain officers, employees, and consultants. Each option vest and is exercisable one year from grant date and allows the holder to purchase one common share of the Company at an exercise price of \$0.13 per common share for a period of 2.7 years. The fair value of the options of \$37,168 as estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Expected dividend yield	Nil
Risk-free interest rate	4.81%
Forfeiture rate	0%
Expected life	2.7 years
Expected volatility	125.0%

The total expense recognized in profit or loss for the nine-month period ended September 30, 2023 amounts to \$4,645.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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8. Shareholders' equity (Continued from previous page)

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, 2023 and the twelve-month period ended December 31, 2022:

	Number of warrants	Weighted average exercise price (\$)
Balance, January 1, 2022	18,637,857	\$0.15
Issued pursuant to subscription receipts (i, ii)	4,168,750	0.08
Exercised (iii)	(390,000)	0.15
Expired	(62,857)	0.35
Balance, December 31, 2022	22,353,750	0.14
Exercised (iv)	(2,792,000)	0.15
Expired	(8,568,000)	0.15
Balance, September 30, 2023	10,993,750	\$0.12

The Company had the following warrants outstanding at September 30, 2023:

Number of Warrants	Exercise Price	Expiry date
6,500,000	\$ 0.15	October 16, 2023
325,000	\$ 0.15	October 16, 2023
418,750	\$ 0.08	July 5, 2024
3,750,000	\$ 0.08	September 19, 2024
10,993,750		
<u>10,993,750</u>	<i>Exercisable as at September 30, 2023</i>	

During the nine-month period ended September 30, 2023 and the twelve-month period ended December 31, 2022, the Company's activities are as follows:

2022

i. In connection with the issuance of the July units, the Company issued 418,750 warrants with each warrant entitling the holder to acquire one common share at an exercise price of \$0.08 per common share until July 5, 2024. The fair value of the Warrants of \$13,337 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	3.00%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	125.0%

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8. Shareholders' equity *(Continued from previous page)*

ii. In connection with the issuance of the September units, the Company issued 3,750,000 warrants with each warrant entitling the holder to acquire one common share at an exercise price of \$0.08 per common share until September 19, 2024. The fair value of the Warrants of \$187,492 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	3.77%
Forfeiture rate	0%
Expected life	2 years
Expected volatility	125.0%

iii. On September 26, 2022 and November 7, 2022, 390,000 warrants were exercised at an agreed price of \$0.15 per share for gross proceeds of \$58,500.

2023

iv. On February 26, 2023, 2,792,000 warrants were exercised at an exercise price of \$0.15, for a gross amount of \$418,800.

Shares in escrow

As part of the 2020 business combination with Tucker Acquisitions Inc., in accordance with the policies of the Canadian Securities Exchange, for the Company as an emerging issuer, certain officers and directors entered into an agreement with the Company and a trustee, whereby they agreed to deposit 18,476,389 common shares, issued pursuant to Transaction, in escrow. 1/10 of the escrow securities were to be released on August 10, 2020, the listing date followed by a 6 monthly release schedule in equal tranches of 15% after the listing date. As at September 30, 2023, there were 6,816,963 shares in escrow (December 31, 2022 – 8,680,316).

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9. Lease liability

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. 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 nine-month period ended September 30, 2023 and the twelve-month period ended December 31, 2022 are as follows:

	\$
Balance at December 31, 2021	30,140
Lease payment on amended lease	29,860
Interest payment on amended lease	2,500
Balance at December 31, 2022	2,780
Lease payment on amended lease	2,780
Interest payment on amended lease	-
Balance at September 30, 2023	-

10. 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 three-month and nine-month period ended September 30, 2023 and 2022 and has accordingly presented basic and diluted loss per share in the consolidated condensed interim statements of loss and comprehensive loss.

11. 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

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
	\$	\$	\$	\$
Consulting fees paid to a Director (former President and CEO)	6,000	30,000	56,000	90,000
Consulting fees paid to the CEO	3,333	-	40,833	-
Consulting fees paid to the CFO	21,000	21,000	63,000	63,000
Professional fees paid to director	6,000	-	6,000	-
Directors' and audit committee members' fees	70,000	30,000	70,000	30,000
Options granted to directors and officers	88,203	-	171,760	-

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12. Commitment

On November 20, 2020, the company entered into a 25-year water sales contract with Acquanor Inc. 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 payable and accrued liabilities, and lease liabilities are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

(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 and accrued liabilities 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 foreseen 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.

The Company reduces credit risk by dealing with creditworthy financial institutions.

(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.

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14. Capital management

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital 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.