

Prime Drink Group Corp.
(formerly Dominion Water Reserves Corp.)
Consolidated Condensed Interim Financial Statements
For the three and six months ended June 30, 2024 and 2023
(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.

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

As at
(Unaudited – Prepared by Management)

	<i>June 30, 2024</i>	<i>December 31, 2023</i>
Assets		
Current		
Cash	\$ 1,767,912	\$ 2,678,137
Restricted cash (Note 4)	5,587,363	-
Sales taxes receivable	40,096	6,531
Other receivables	232,192	-
Prepaid expenses and deposits	39,230	13,143
Total current assets	7,666,793	2,697,811
Non-current		
Property and equipment (Note 5)	528,384	528,678
Water rights (Note 6)	5,657,862	5,657,862
Total non-current assets	6,186,246	6,186,540
Total assets	\$ 13,853,039	\$ 8,884,351
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 89,720	\$ 109,516
Subscription receipts in escrow (Note 4)	5,560,125	-
Total liabilities	\$ 5,649,845	\$ 109,516
Shareholders' equity		
Share capital (Note 8)	\$ 15,411,268	\$ 15,411,268
Reserves	3,513,292	3,381,242
Deficit	(10,721,366)	(10,017,675)
Total shareholders' equity	\$ 8,203,194	\$ 8,774,835
Total liabilities and shareholders' equity	\$ 13,853,039	\$ 8,884,351

Events after the reporting period (Note 15)

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 six months ended June 30, 2024 and 2023
(Unaudited – Prepared by Management)

	<i>Three months ended June 30, 2024</i>	<i>Three months ended June 30, 2023</i>	<i>Six months ended June 30, 2024</i>	<i>Six months ended June 30, 2023</i>
Operating expenses				
Professional fees	\$ 209,724	34,241	365,701	51,645
Consulting fees (Note 11)	87,033	78,500	143,408	129,500
Share-based payments (Note 8)	10,916	83,557	132,050	83,557
Directors' and audit committee members' fees	74,551	-	74,551	-
Licences, dues and subscriptions	27,370	6,682	41,295	11,380
Insurance	10,323	5,104	19,790	5,955
Property expenses	1,614	-	5,537	5,038
Office	3,413	2,255	5,241	3,507
Travel	2,443	5,584	4,980	7,248
Meals and entertainment	1,224	810	3,203	1,682
Bank charges	165	10	453	4,000
Business taxes	-	291	299	1,571
Depreciation of property and equipment	147	159	294	318
Depreciation of right-of-use asset	-	-	-	3,736
Total operating expenses	\$ 428,923	217,193	796,802	309,137
Operating loss	\$ (428,923)	(217,193)	(796,802)	(309,137)
Other income				
Interest revenue	(59,027)	-	(93,111)	-
Net loss and comprehensive loss for the period	\$ (369,896)	(217,193)	(703,691)	(309,137)
Loss per share				
Basic and diluted loss per share				
Net loss per common share, basic and diluted (Note 10)	\$ (0.0026)	(0.0015)	(0.0049)	(0.0022)
Weighted average number of common shares outstanding	144,177,462	144,128,961	144,177,462	141,936,639

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 Changes in Equity
For the six months ended June 30, 2024 and 2023
(Unaudited – Prepared by Management)

	<i>Share capital</i>		<i>Reserves</i>		<i>Deficit</i>		<i>Total equity</i>
Balance January 1, 2023	\$ 13,914,371	\$	3,615,906	\$	(9,012,884)	\$	8,517,393
Net loss for the period	-		-		(309,137)		(309,137)
Issuance of shares – exercise of warrants	674,557		(255,757)		-		418,800
Issuance of shares – exercise of stock options	835,006		(332,202)		-		502,804
Share-based payments	-		83,557		-		83,557
Balance June 30, 2023	\$ 15,423,934	\$	3,111,504	\$	(9,322,021)	\$	9,213,417
Balance January 1, 2024	\$ 15,411,268	\$	3,381,242	\$	(10,017,675)	\$	8,774,835
Net loss for the period	-		-		(703,691)		(703,691)
Share-based payments	-		132,050		-		132,050
Balance June 30, 2024	\$ 15,411,268	\$	3,513,292	\$	(10,721,366)	\$	8,203,194

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 Cash Flows
For the six months ended June 30, 2024 and 2023
(Unaudited – Prepared by Management)

	<i>Six months ended June 30, 2024</i>	<i>Six months ended June 30, 2023</i>
Cash provided by (used for) the following activities		
Operating activities		
Net loss	\$ (703,691)	\$ (309,137)
Share-based payments	132,050	83,557
Interest earned on subscription receipts in escrow	(27,238)	-
Depreciation of property and equipment	294	318
Depreciation of right-of-use asset	-	3,736
	(598,585)	(221,526)
Changes in working capital account		
Sales tax receivables	\$ (33,565)	\$ 8,335
Other receivables	(232,192)	-
Prepaid expenses and deposits	(26,087)	(10,075)
Accounts payables and accrued liabilities	(19,796)	(104,267)
	(910,225)	(327,533)
Financing activities		
Proceeds on exercise of warrants	-	418,800
Proceeds on exercise of stock options	-	502,804
Repayment of lease liability	-	(2,780)
Proceeds from subscription receipts	5,560,125	-
Subscription receipts in escrow	(5,560,125)	-
	-	918,824
Increase in cash resources	\$ (910,225)	591,291
Cash resources, beginning of the period	2,678,137	2,420,857
Cash resources, end of the period	\$ 1,767,912	\$ 3,012,148

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Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
For the period of three and six months ended June 30, 2024 and 2023
(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 Dominion Water Reserves Corp., 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”.

On May 14, 2024, the Company entered into a share purchase agreement, which was amended and restated on May 21, 2024. On August 7, 2024, the Company has entered into a second amended and restated share purchase agreement (the “Share Purchase Agreement”) with 9296-0186 Québec Inc. (“9296”), the shareholders of 9296 (together with 9296, the “Vendors”), and Angelpart Ventures Inc. whereby the Company will acquire all of the issued and outstanding common shares of Triani Canada Inc. (“Triani”) by way of business combination (the “Transaction”).

Pursuant to the amended and restated Share Purchase Agreement, Prime will acquire the Triani Shares in exchange for (i) 91,200,000 common shares in the capital of Prime (“Prime Shares”) having an aggregate value of \$11,400,000, with each Prime Share to be issued at a deemed price \$0.125 and (ii) 11,200,000 common share purchase warrants of Prime with an exercise price of \$0.125 per share and which expire twelve (12) months from the closing date of the Transaction. In addition to the Consideration, subject to Triani reaching certain earnings before interest, taxes, depreciation and amortization targets, Prime shall pay, solely to 9296, an additional consideration in an amount of up to \$23,500,000 payable in bonus consideration shares of Prime (the “Bonus Consideration”) at a deemed price of \$0.125 per share for any Bonus Consideration payable in the financial years ended March 31, 2025 and 2026, and \$0.16 per share for any Bonus Consideration payable in the financial year ended March 31, 2027.

Pursuant to the Share Purchase Agreement, the Company and 9296 shall enter into a License and Option Agreement as of the Closing Date (the “License and Option Agreement”), whereby the Company shall be granted: (i) an exclusive license in favour of the Company (the “Licence”) for the use of any intellectual property, including but not limited to the brands, currently used by the Vendor as part of its business which will not be owned by Triani on the Closing Date (the “IP”); (ii) a right of first refusal to acquire the IP in the event of the disposition of such IP by the owner(s) thereof for the duration of the License; (iii) an exclusive option to acquire the IP, to be valued by an independent valuation, at a minimum price of \$35,000,000 for a period of 3 years following the Closing Date. Additionally, the Company and 9372-3039 Québec inc. shall enter into a property option agreement, whereby the Company shall be granted: (i) an exclusive option to acquire the St-Jean sur Richelieu property, for a 3-year period starting on the 3rd anniversary of the Closing Date and ending on the 6th anniversary of the Closing Date, at a price equal to the higher of \$5,000,000 and the fair market value of such property at the time of exercise of the option; and (ii) an exclusive option to acquire the Terrebonne property, for a 3-year period starting on the 3rd anniversary of the Closing Date and ending on the 6th anniversary of the Closing Date, at a price equal to the higher of \$29,000,000 and the fair market value of such property at the time of exercise of the option (the “Property Option Agreement”). The specific terms of the License and Option Agreement and the Property Option Agreement shall be finalized by the parties thereto and remain subject to the terms to be contained therein.

Additionally, the Company shall make a cash contribution in the amount of \$5,000,000 to the operations of Triani on the Closing Date. Such amount shall be used as working capital by the Company in the ordinary course of business.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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1. General information (continued)

Prior to Closing, the Company intends to issue and sell a minimum of 40,000,000 Subscription Receipts and a maximum of 60,000,000 Subscription Receipts at a price of \$0.125 per Subscription Receipt for gross proceeds of a minimum of \$5,000,000 and a maximum of \$7,500,000. Each Subscription Receipt shall be converted, without payment of any additional consideration and without any further action by the holder thereof, into one common share in the capital of Prime ("Prime Shares") on a post-Consolidation basis, subject to adjustment, upon satisfaction or waiver of certain escrow release conditions. On May 22, 2024, the Company closed a first tranche of 42,269,000 Subscription Receipts for gross proceeds of \$5,283,625. Cash finder's fees of \$248,692 will be paid from the escrow proceeds of the Offering. On July 31, 2024, the Company closed a second tranche of 9,560,000 Subscription Receipts for gross proceeds of \$1,195,000. Cash finder's fees of \$14,040 will be paid from the escrow proceeds of the Offering.

The Transaction will constitute a "fundamental change" for the Company pursuant to the rules and policies of the CSE. In connection with the closing of the Transaction, the Company will change its name to "Prime Group Corp." and will continue the business of Triani.

2. 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, 2023, 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, 2023.

These interim financial statements were approved by the Company's Board of Directors on August 29, 2024.

Accounting policies adopted during the period

Amendments to IAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

In January 2020, the IASB issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments clarify the classification of liabilities as current or non-current based on rights that are in existence at the end of the reporting period and unaffected by the likelihood that an entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also clarify the definition of "settlement" of a liability. In October 2022, revised amendments in respect of non-current liabilities with covenants were issued. Both amendments are effective on January 1, 2024 and should be applied retrospectively. Earlier application is permitted. The Company's consolidated financials are not materially affected by the implementation of these amendments.

Restricted cash

The Company's restricted cash is the cash held in escrow due to the Company in conjunction with a subscription receipt financing. The restricted cash can only be released upon specific conditions related to a subscription receipt financing. Refer to Note 4.

3. 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, 2023.

Prime Drink Group Corp. (formerly Dominion Water Reserves Corp.)
Notes to the Consolidated Condensed Interim Financial Statements
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(Unaudited – Prepared by Management)

4. Restricted cash

During the six-month period ended June 30, 2024, the Company received \$5,560,125 (2023 - \$ nil) from investors, in connection with a subscription receipt financing, to purchase 44,481,000 units of the Company at \$0.125 per unit. The subscription receipts are held in escrow until the completion of a proposed business combination pursuant to the terms and conditions of a share purchase agreement signed by the Company (refer to Note 1), the receipt of all shareholder and regulatory approvals, and the conditional approval obtained by the CSE. If the subscription receipt conversion date does not occur on or before 120 days from the closing date, the subscription receipts will immediately be cancelled and the escrowed proceeds will be returned to each holders. As at June 30, 2024, an amount of \$27,238 was also earned as interest on the escrow proceeds.

5. Property and equipment

	<i>Land</i>	<i>Building</i>	<i>Furniture and fixtures</i>	<i>Total</i>
Cost				
Balance at January 1, 2023	\$ 516,500	\$ 13,000	\$ 1,689	\$ 531,189
Additions	-	-	-	-
Balance at December 31, 2023	516,500	13,000	1,689	531,189
Additions	-	-	-	-
Balance at June 30, 2024	516,500	13,000	1,689	531,189
Depreciation				
Balance at January 1, 2023	-	966	909	1,875
Depreciation charge for the period	-	480	156	636
Balance at December 31, 2023	-	1,446	1,065	2,511
Depreciation charge for the period	-	232	62	294
Balance at June 30, 2024	-	1,678	1,127	2,805
Net book value				
At December 31, 2023	\$ 516,500	\$ 11,554	\$ 624	\$ 528,678
At June 30, 2024	\$ 516,500	\$ 11,322	\$ 562	\$ 528,384

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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Notes to the Consolidated Condensed Interim Financial Statements
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6. Water rights

	<i>Water rights</i>
Cost	\$
Balance at January 1, 2023	5,657,862
Additions	-
Balance at December 31, 2023	5,657,862
Additions	-
Balance at June 30, 2024	5,657,862

	<i>Water rights</i>	
	June 30, 2024	December 31, 2023
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 six-month periods ended June 30, 2024 and 2023.

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), following the signature of a new lease on August 1, 2021, which are initially measured at the present value of the future lease payments.

Right-of-use	\$
Balance at December 31, 2022	3,736
Depreciation	3,736
Balance at December 31, 2023	-
Depreciation	-
Balance at June 30, 2024	-

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, 2023		137,657,396	\$ 14,301,758	\$ (387,387)	\$ 13,914,371
Issuance of shares – warrants exercised	ii	2,792,000	674,557	-	674,557
Issuance of shares – options exercised	i, iii, iv, v	3,728,066	822,340	-	822,340
Balance, December 31, 2023		144,177,462	\$ 15,798,655	\$ (387,387)	\$ 15,411,268
Balance, June 30, 2024		144,177,462	\$ 15,798,655	\$ (387,387)	\$ 15,411,268

i. 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.

ii. 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.

iii. 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 \$384,114.

iv. 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.

v. 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, 2023	9,171,066	\$0.14
Exercised (i, ii, iv, v)	(3,728,066)	\$0.14
Granted (iii, vi)	4,000,000	\$0.16
Expired	(3,943,000)	\$0.14
Balance, December 31, 2023	5,500,000	\$0.16
Balance, June 30, 2024	5,500,000	\$0.16

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8. Shareholders' equity (Continued from previous page)

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		
5,000,000	<i>Exercisable as at June 30, 2024</i>	

During the six-month period ended June 30, 2024 and the twelve-month period ended December 31, 2023, the Company's activities are as follows:

2023

- i. On February 24, 2023, 386,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$42,460.
- ii. On March 3, 2023, 2,649,066 options were exercised at an exercise price of \$0.145, for a gross amount of \$384,115.
- iii. 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 \$423,468 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 the statement of loss and comprehensive loss for the six-month period ended June 30, 2024 amounts to \$110,218.

- iv. On April 6, 2023, 500,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$55,000.
- v. On April 11, 2023, 193,000 options were exercised at an exercise price of \$0.11, for a gross amount of \$21,230.
- vi. On August 15, 2023, 500,000 stock options were granted to a director. 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 \$43,664 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 the statement of loss and comprehensive loss for the six-month period ended June 30, 2024 amounts to \$21,832.

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 six-month period ended June 30, 2024 and the twelve-month period ended December 31, 2023:

	Number of warrants	Weighted average exercise price (\$)
Balance, January 1, 2023	22,353,750	\$0.14
Exercised (i)	(2,792,000)	0.15
Expired	(15,393,000)	0.15
Balance, December 31, 2023	4,168,750	0.08
Balance, June 30, 2024	4,168,750	0.08

The Company had the following warrants outstanding as at June 30, 2024:

Number of Warrants	Exercise Price	Expiry date
418,750	\$ 0.08	July 5, 2024
3,750,000	\$ 0.08	September 19, 2024
4,168,750		
<u>4,168,750</u>	<i>Exercisable as at June 30, 2024</i>	

During the six-month period ended June 30, 2024 and the twelve-month period ended December 31, 2023, the Company's activities are as follows:

2023

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

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(Unaudited – Prepared by Management)

9. Lease liability

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 six-month period ended June 30, 2024 and the twelve-month period ended December 31, 2023 are as follows:

	\$
Balance at December 31, 2022	2,780
Lease payment on amended lease	2,780
Interest payment on amended lease	-
Balance at December 31, 2023	-
Balance at June 30, 2024	-

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 period.

(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 and warrants, which could cause the number of common shares outstanding to increase.

The Company reported net losses for the six-month period ended June 30, 2024 and 2023 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

	<i>Three months ended June 30, 2024</i>	<i>Three months ended June 30, 2023</i>	<i>Six months ended June 30, 2024</i>	<i>Six months ended June 30, 2023</i>
	\$	\$	\$	\$
Consulting fees paid to a Director (former President and CEO)	9,000	20,000	18,000	50,000
Consulting fees paid to the CEO	23,333	37,500	33,333	37,500
Consulting fees paid to the CFO	25,000	21,000	46,000	42,000
Professional fees paid to a Director	23,000	-	32,000	-
Director's and audit committee members' fees	70,000	-	70,000	-
Share-based compensation to Directors and Officers	10,916	83,557	132,050	83,557

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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, restricted 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. The carrying value of the long-term lease liability is considered to be a reasonable approximation of fair value as it is discounted at an approximate fair value rate.

(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 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 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 June 30, 2024.

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.

15. Events after the reporting period

On July 4, 2024, 418,750 common shares were issued upon the exercise of 418,750 warrants at an exercise price of \$0.08 per share, for gross proceeds of \$33,500.

On July 31, 2024, the Company closed a second tranche of 9,560,000 Subscription Receipts for gross proceeds of \$1,195,000. Cash finder's fees of \$14,040 will be paid from the escrow proceeds of the Offering.