

AQUAZOOM HYDROPOWER SOLUTIONS INC.

Condensed Interim Financial Statements  
For the Nine Months Ended February 28, 2022

*(Unaudited)*  
*(Expressed in Canadian dollars)*

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, continuous disclosure requirement, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the unaudited condensed interim financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these Unaudited Condensed Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants for a review of unaudited condensed interim financial statements by an entity's auditor.

AQUAZOOM HYDROPOWER SOLUTIONS INC.  
Condensed Interim Statements of Financial Position  
*(Expressed in Canadian dollars)*

|   | February 28, 2022 | May 31, 2021<br>(unaudited) |
|---|-------------------|-----------------------------|
| <b>ASSETS</b>                                     |                   |                             |
| <b>CURRENT ASSETS</b>                             |                   |                             |
| Cash and cash equivalents                         | \$ 100            | 100                         |
|   | -                 | -                           |
| <b>TOTAL ASSETS</b>                               | <b>\$ 100</b>     | <b>100</b>                  |
| <b>LIABILITIES</b>                                |                   |                             |
| <b>CURRENT LIABILITIES</b>                        |                   |                             |
| Accounts payable                                  | \$ -              | -                           |
| Due to the related parties                        | -                 | -                           |
| <b>TOTAL LIABILITIES</b>                          | <b>-</b>          | <b>-</b>                    |
| <b>SHAREHOLDERS' EQUITY</b>                       |                   |                             |
| Share capital (Note 8)                            | 100               | 100                         |
| Retained earnings                                 | -                 | -                           |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>                 | <b>100</b>        | <b>100</b>                  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>\$ 100</b>     | <b>100</b>                  |

Nature of Operations and Going Concern (note 1)

These condensed interim financial statements were approved for issuance by the Board of Directors on September 12, 2022 and signed on its behalf by:

*"Donald Gordon"*  
\_\_\_\_\_

Director

*"William Gordon"*  
\_\_\_\_\_

Director

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

AQUAZOOM HYDROPOWER SOLUTIONS INC.  
 Condensed Interim Statements of Operations and Comprehensive Income  
 (Unaudited - Expressed in Canadian dollars)

|  | Three Months Ended<br>February 28, 2022 | Nine Months Ended<br>February 28, 2022 |
|--|---|--|
| <b>EXPENSES</b>                                      |   |  |
| Administrative                                       | \$ -                                    | -                                      |
| Professional fees                                    | -                                       | -                                      |
| Transfer agent and regulatory                        | -                                       | -                                      |
| <b>TOTAL EXPENSES</b>                                | -                                       | -                                      |
| <b>LOSS FROM OPERATIONS</b>                          | \$ -                                    | -                                      |
| <b>TOTAL OTHER ITEMS</b>                             | -                                       | -                                      |
| <b>COMPREHENSIVE INCOME FOR THE PERIOD</b>           | -                                       | -                                      |
| Earnings (loss) per share - basic and diluted        | \$ 0.00                                 | 0.00                                   |
| Weighted average number of common shares outstanding | 100                                     | 100                                    |

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

AQUAZOOM HYDROPOWER SOLUTIONS INC.  
 Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)  
 (Unaudited - Expressed in Canadian dollars)

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|                                      | Number of outstanding<br>shares | Share<br>capital | Retained earnings | Total shareholders'<br>equity |
|--------------------------------------|---------------------------------|------------------|-------------------|-------------------------------|
| Incorporation shares, March 11, 2021 | 100                             | 100              | -                 | 100                           |
| Net Income (loss)                    | -                               | -                | -                 | -                             |
| Balance, May 31, 2021                | 100                             | 100              | -                 | 100                           |
| Net Income (loss)                    | -                               | -                | -                 | -                             |
| Balance, February 28, 2022           | 100                             | 100              | -                 | 100                           |

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

AQUAZOOM HYDROPOWER SOLUTIONS INC.  
 Statements of Cash Flows  
 (Unaudited) - Expressed in Canadian dollars

|   | Nine Months Ended<br>February 28, 2022 |     |
|---|--|-----|
| Cash and cash equivalents provided by (used in):    |  |     |
| <b>OPERATING ACTIVITIES</b>                         |  |     |
| Net income (loss) for the period                    | \$                                     | -   |
| Net cash provided by (used in) operating activities |  | -   |
| <b>INVESTING ACTIVITIES</b>                         |  |     |
| Net cash provided by (used in) investing activities |  | -   |
| <b>FINANCING ACTIVITIES</b>                         |  |     |
| Shares  |  | 100 |
| Net cash provided by (used in) financing activities |  | 100 |
| Change in cash and cash equivalents                 |  | 100 |
| Cash and cash equivalents, beginning                |  | -   |
| Cash and cash equivalents, ending                   | \$                                     | 100 |
| <b>OTHER SUPPLEMENTAL DISCLOSURES</b>               |  |     |
| Cash and cash equivalents consist of:               |  |     |
| Cash  | \$                                     | 100 |
| Money market funds                                  |  | -   |
| Total   | \$                                     | 100 |

*The accompanying notes are an integral part of these financial statements*

## 1. NATURE OF OPERATIONS

AQUAZOOM HYDROPOWER SOLUTIONS INC. (“AHSI” or the “Company”) was incorporated under the British Columbia *Business Corporations Act* as a wholly-owned subsidiary of a reporting issuer, Explorinvest Capital Corp. (“Explorinvest”) on March 11, 2021. On April 1, 2021, Explorinvest and AquaZoom AG entered into a letter of intent (the “LOI”) providing for the amalgamation of the Company and AquaZoom AG to form the Issuer to commence operations in business to implement hydro vortex technology in sustainable power generation projects.

Explorinvest entered into an arrangement agreement (the “Arrangement Agreement”) with its wholly-owned subsidiary: AHSI. Under the terms of the Arrangement Agreement, Explorinvest would complete a plan of arrangement (the “Plan of Arrangement”) which would divest Explorinvest of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

Explorinvest received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on December 17, 2021, and received final approval to the Arrangement from the Supreme Court of British Columbia on January 7, 2022

The Company’s head office is located at 302-370 Esplanade East, North Vancouver, British Columbia, V7L 1A4.

### Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company’s continued existence is dependent upon its ability to raise additional capital, the continuing support of its creditors, and ultimately the attainment of profitable operations and positive cash flows. Failure to obtain sufficient financing or other appropriate arrangements would have an adverse effect on the financial position of the Company and its ability to continue as a going concern. These financial statements do not give effect to adjustments that might be necessary to the carrying values, classification of assets and liabilities, and the reported operating results should the Company be unable to continue as a going concern. For the nine months period ended February 28, 2022, the Company incurred an operating loss of \$Nil and has incurred accumulated losses of \$Nil since inception.

Management’s plan includes continuing to pursue additional sources of financing through equity offerings, seeking joint venture partners to fund exploration programs, and where practical, reducing overhead costs.

## 2. BASIS OF PRESENTATION

### [a] Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

### [b] Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

## 2. BASIS OF PRESENTATION (CONTINUED)

### [c] Functional and foreign currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are translated into Canadian dollars using the exchange rates at the date of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

### [d] Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company reviews its estimates and underlying assumptions on an ongoing basis.

### *Critical Judgments*

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- i. Research costs are recognized as an expense when incurred but development costs may be capitalized as intangible assets if certain conditions are met as described in IAS 38 Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38 and all research and development costs have or will be expensed when incurred.
- ii. Management is required to assess the functional currency of the Company. In concluding that the Canadian dollars is the functional currency of the Company, management considered the currency that mainly influences the operating expenditures in the jurisdiction in which the Company operates.
- iii. Management is required to determine whether or not the going concern assumption is appropriate for the Company at the end of each reporting period. Considerations taken into account include available information about the future including the availability of financing and revenue projection, as well as liquidity of its assets, current working capital balance and future commitments of the Company.
- iv. Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.



## 2. BASIS OF PRESENTATION (CONTINUED)

### *Estimates*

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the current and next fiscal financial years:

- i. Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxation authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.
- ii. Management uses the Black-Scholes Option Pricing Model for valuation of investment in warrants, which requires the input of subjective assumptions including expected price volatility, risk-free interest rates and forfeiture rates. Changes in the input assumptions can materially affect the fair value estimate and the Company's results of operations.

The fair value of accrued liabilities at the time of initial recognition is made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### [a] Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand, treasury bills, and highlight liquid money market funds convertible into cash in less than one month. Interest income is earned on short term investments recorded as cash equivalents and is recognized when incurred.

### [b] Financial instruments

#### *Recognition and measurement*

On initial recognition, a financial asset is classified as measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). A financial liability is classified as measured at: amortized cost or FVTPL. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument.

Transaction costs are included in the initial carrying value of financial instruments measured at amortized cost and effectively amortized through profit or loss over the life of the instrument. For financial instruments measured at FVOCI, transaction costs are recognized in OCI as part of a change in fair value at the next re-measurement. For financial instruments measured at FVTPL, transaction costs are expensed as incurred.

Financial instruments are recognized initially on trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Classification of financial assets*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on the specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

[b] Financial instruments

#### *Classification of financial liabilities*

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL or designation at FVTPL. These exceptions include financial liabilities at fair value through profit or loss, such as derivatives that are liabilities, and financial liabilities that have been designated as measured at FVTPL. The Company, at initial recognition, may irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant in AHSI.

The Company has classified account payables and accrued liabilities as measured at amortized cost.

#### *Derecognition*

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gain or loss recognized in other income or expense in the statements of operations and comprehensive income or loss.

#### *Impairment of financial assets*

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [c] Intangible assets

Intangible assets with finite useful lives are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization is provided on a straight-line basis over the estimated useful lives of the patents which range from 2- 4 years.

#### [d] Impairment of non-financial assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit ("CGU") is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### [e] Provisions

Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Where the effect of the time value of money is material, provisions will be measured at the present value of the expenditures expected to be required to settle the obligation. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The increase in any provision due to the passage of time is recognized as accretion expense. Each provision will be reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### [f] Share capital

Common shares and obligation to issue shares are classified as equity. Transaction costs directly attributable to the issue of common shares and common share warrants are recognized as a deduction from equity. Common shares issued for non-monetary consideration are measured based on their market value at the date the common shares are issued.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to the more easily measurable component, the common share, based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [g] Share-based payments

The Company grants stock options to directors, officers, employees and service providers. The fair value of the options granted to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately when the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

The fair value of the options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

The fair value of options is determined using the Black-Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Any consideration received on the exercise of stock options together with the related portion of reserves is credited to share capital.

#### [h] Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the earnings attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive. Basic and diluted loss per share is the same for the years presented.

#### [i] Income taxes

Income tax on profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized as equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regard to prior years.

Deferred tax is provided using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

#### [j] Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the fair value of goods and services provided.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [k] Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term. The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

As at February 28, 2022, the Company did not have any leases.

#### [l] Reclassification of comparatives

Certain prior year amounts have been reclassified for consistency with the current year presentation, such as the exploration advance and the exploration and evaluation assets have been aggregated. This reclassification had no effect on the reported results of operations.

### 4. RECENT ACCOUNTING PRONOUNCEMENTS

The following IFRS standards have been recently issued by the IASB but have not yet been adopted by the Company. Pronouncements that are irrelevant or not expected to have a significant impact have been excluded.

#### [a] Amendments to IAS 1: Classification of Liabilities as Current or Non-Current

The amendments only affect the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. In October 2020, the IASB amended the adoption date to - for annual reporting periods beginning on or after 1 January 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

#### [b] Amendments to IAS 37: Onerous Contracts and the cost of Fulfilling a Contract

The amendment specifies that 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's financial statements.

## 5. CORPORATE RESTRUCTURE

On April 1, 2021, Explorinvest and AquaZoom AG entered into a letter of intent (the “LOI”) providing for the amalgamation of the Company and AquaZoom AG to form the Issuer to commence operations in business to implement hydro vortex technology in sustainable power generation projects.

On November 30, 2021, Explorinvest entered into an arrangement agreement (the “Arrangement Agreement”) with its wholly-owned subsidiary: AHSI. Under the terms of the Arrangement Agreement, Explorinvest would complete a plan of arrangement (the “Plan of Arrangement”) which would divest Explorinvest of the asset consisting of the LOI, which would be divested to the Company in consideration of 14,403,698 common shares of the Company.

Explorinvest received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on December 17, 2021, and received final approval to the Arrangement from the Supreme Court of British Columbia on January 7, 2022

## 6. SHARE CAPITAL

### [a] Authorized common shares

There are an unlimited number of common shares without par value authorized for issue.

### [b] Issued

100 incorporator shares were issued to Explorinvest for \$100 on March 11, 2021.

### [c] Stock option plan

The Company has adopted an incentive stock option plan (the “Option Plan”) which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange’s requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of five years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

As at and during the period ended February 28, 2022, no options were granted or outstanding.

## 7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### *Fair value Measurement*

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

- Level 1: Unadjusted quoted prices 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 (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs that are not based on observable market data.

|                           | Level 1 | Level 2 | Level 3 | Total  |
|---------------------------|---------|---------|---------|--------|
| February 28, 2022         |         |         |         |        |
| Cash and cash equivalents | \$ 100  | \$ -    | \$ -    | \$ 100 |
|                           | \$ 100  | \$ -    | \$ -    | \$ 100 |

Fair values of the Company's financial instruments, which consist of cash, accounts payable, approximate their carrying value due to the relatively short-term maturity of these investments.

### *Financial risk management*

A summary of the Company's risk exposures as they relate to financial instruments is reflected below:

#### *Strategic and operational risks*

Strategic and operational risks are risks that arise if the Company fails to carry out business operations and/or to raise sufficient equity and/or debt financing in financing development. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at February 28, 2022, the Company did not have any outstanding loans and the carrying value of cash and cash equivalents was \$100.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2022, the Company had a cash balance of \$100 and current liabilities of \$Nil.

#### *Interest risk*

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is currently immaterial.

#### *Foreign currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company's sensitivity to change in foreign currency exchange rates is currently immaterial.

#### 8. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

For the period ended November 30, 2021, the Company incurred \$NIL for consulting or management fees provided by directors and had NIL balance in accounts payable or due to/from related parties.

#### 9 MANAGEMENT OF CAPITAL

The Company's objectives in managing capital are to ensure sufficient liquidity to finance its corporate administration and working capital. The Company manages its liquidity to minimize shareholder dilution whenever possible. The Company manages its capital through regular board meetings and ongoing review of financial statements. The Company considers shareholders' equity and cash as its capital. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its research and development program. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any externally imposed capital requirements.

#### 10. SEGMENTED REPORTING

The Company has one operating segment- implementation of hydro vortex technology in sustainable power generation projects.

#### 11. SUBSEQUENT EVENTS

Explorinvest received shareholder approval to the Arrangement at an annual general and special meeting of shareholders held on December 17, 2021, and received final approval to the Arrangement from the Supreme Court of British Columbia on January 7, 2022.

On July 4, 2022, 14,403,698 shares of the Company were distributed to Explorinvest shareholders of record as at November 12, 2021 pursuant to the Plan of Arrangement distribution.