Earth Alive Clean Technologies Inc.
Consolidated Financial statements

For the Years Ended December 31, 2022 and 2021
(in Canadian dollars)

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Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Company's external auditors.

PricewaterhouseCoopers LLP. is appointed by the shareholders to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

This report and our consolidated financial statements were reviewed and approved by the Company's Board of Directors on April 24, 2023

Nikolaos Sofronis
/S/ Nikolaos Sofronis
Chief Executive Officer
Montréal, Québec
April 26, 2023

Jean-Philippe Lejeune
/S/ Jean-Philippe Lejeune
Chief Financial Officer
Montréal, Québec
April 26, 2023

Independent auditor's report

To the Shareholders of Earth Alive Clean Technologies Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Earth Alive Clean Technologies Inc. and its subsidiaries (together, the Company) as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2022 and 2021;
- the consolidated statements of loss and other comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment (PP&E) *Refer to note 2 – Significant accounting policies, note 3 – Significant accounting judgments, estimates and assumptions and note 8 – Property, plant and equipment to the consolidated financial statements.* The carrying amount of PP&E as at December 31, 2022 was $186,632. At each reporting period, management assesses whether there are any indicators of impairment for the Company's PP&E. When such indicators are identified, management determines the recoverable amount. When the recoverable amount of an asset or cash-generating unit (CGU) is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. A CGU is the lowest level of a group of assets for which there are separately identifiable cash inflows. The recoverable amount is the higher of fair value less cost of disposal and value in use of an asset or CGU. In the current year, the recoverable amount of each asset was determined by management using the fair value less cost of disposal based on the market approach. In determining the recoverable amount based on the market approach, management used judgment in identifying comparable assets on the market.	Our approach to addressing the matter included the following procedure, among others: • With the assistance of professionals with specialized skill and knowledge in the field of valuation, on a sample basis, developed an independent point estimate of the recoverable amount of the assets and compared the independent point estimate to management's estimate to evaluate the reasonableness of management's determination of the recoverable amounts.

Key audit matter	How our audit addressed the key audit matter
For the year ended December 31, 2022, management determined the recoverable amount of certain PP&E assets for which an indicator of impairment was identified was lower than the carrying amounts and recorded an impairment charge of $451,566. We considered this a key audit matter due to the judgment required by management in determining the recoverable amount of each item of PP&E, including the identification of comparable assets on the market. This has resulted in a high degree of subjectivity in performing procedures to test the recoverable amounts of the assets determined by management. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing the procedures.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yves Bonin.

/s/PricewaterhouseCoopers LLP[1]

Montréal, Quebec
April 26, 2023

[1] FCPA auditor, public accountancy permit No. A110416

Earth Alive Clean Technologies Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents	4	706,181	3,915,436
Short-term deposits	5	6,000,000	-
Trade and other receivables	6	1,152,255	763,493
Inventory	7	278,479	546,754
Prepaid		55,369	16,481
		8,192,284	5,242,164
Non-Current			
Property, plant and equipment	8	186,632	138,288
Right-of-use assets	9	761,335	-
Intangible assets	10	4,443	5,627
		952,410	143,915
TOTAL ASSETS		9,144,694	5,386,079
LIABILITIES			
Current			
Trade and other payables	11	1,618,594	634,523
Lease liabilities	9	165,505	-
Loan	12	40,000	40,000
		1,824,099	674,523
Non-Current			
Lease liabilities	9	604,388	-
		604,388	-
TOTAL LIABILITIES		2,428,487	674,523
EQUITY			
Share Capital	13	26,457,036	20,410,587
Contributed Surplus		5,943,605	5,869,978
Deficit		(25,684,434)	(21,569,009)
TOTAL EQUITY		6,716,207	4,711,556
TOTAL LIABILITIES AND EQUITY		9,144,694	5,386,079

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/s/ Director

/s/ Director

Earth Alive Clean Technologies Inc.
CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
Years
ended December 31, 2022 and 2021
(Expressed in Canadian dollars except per share information)

	Note	2022	2021
Revenues		**2,312,734**	3,569,830
Cost of goods sold	14	**1,750,470**	2,756,469
Gross margin		**562,264**	813,361
Operating expenses	14		
General and administrative		**2,461,113**	1,132,281
Sales and marketing		**1,354,700**	1,320,522
Research and development		**424,339**	83,348
Depreciation, amortization, and impairment	8, 9, 10, 22	**484,081**	5,879
Share-based compensation		**73,628**	601,731
Total operating expenses		**4,797,861**	3,143,761
Operating loss		**(4,235,597)**	(2,330,400)
Financial income	14	**(145,513)**	(8,431)
Financial expenses	14	**25,341**	6,542
		(120,172)	(1,889)
Loss before income taxes		**(4,115,425)**	(2,328,511)
Net loss and comprehensive loss		**(4,115,425)**	(2,328,511)
Loss per share:	16		
Basic		**($0.013)**	($0.010)
Fully diluted		**($0.013)**	($0.010)

Earth Alive Clean Technologies Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars, except for number of shares)

	Capital Stock		Contributed Surplus and Other	Deficit	Total
	Number	Amount			
Balance, January 1, 2022	**241,489,191**	**20,410,587**	**5,869,978**	**(21,569,009)**	**4,711,556**
Shares issued pursuant to private placements (net of share issue cost of $65,554)	101,866,666	6,046,449	-	-	6,046,449
Share-based compensation	-	-	73,628	-	73,628
Net loss and comprehensive loss	-	-	-	(4,115,425)	(4,115,425)
	101,866,666	**6,046,449**	**73,628**	**(4,115,425)**	**2,004,652**
Balance, December 31, 2022	**343,355,857**	**26,457,036**	**5,943,605**	**(25,684,434)**	**6,716,207**

	Capital Stock		Contributed Surplus and Other	Deficit	Total
	Number	Amount			
Balance, January 1, 2021	**195,945,713**	**15,464,593**	**5,268,247**	**(19,240,498)**	**1,492,342**
Shares and warrants issued pursuant to private placements (net of share issue cost of $291,506)	43,478,261	4,708,494	-	-	4,708,494
Shares and warrants issued for finder's fee	2,065,217	237,500	-	-	237,500
Share-based compensation	-	-	601,731	-	601,731
Net loss and comprehensive loss	-	-	-	(2,328,511)	(2,328,511)
	45,543,478	**4,945,994**	**601,731**	**(2,328,511)**	**3,219,214**
Balance, December 31, 2021	**241,489,191**	**20,410,587**	**5,869,978**	**(21,569,009)**	**4,711,556**

The accompanying notes are an integral part of the consolidated financial statements.

Earth Alive Clean Technologies Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Note	**December 31, 2022**	December 31, 2021
OPERATING ACTIVITIES			
Net loss		**(4,115,425)**	(2,328,511)
Non-cash profit and loss items	**17**	**623,605**	629,401
Changes in non-cash working capital items	**18**	**824,696**	107,496
Cash flows used in operating activities		**(2,667,124)**	(1,591,614)
INVESTMENT ACTIVITIES			
Property, plant and equipment purchased	**8**	**(524,880)**	(3,983)
Short-term deposits maturing in less than 12 months	**5**	**(6,000,000)**	-
Cash flows used by investing activities		**(6,524,880)**	(3,983)
FINANCING ACTIVITIES			
Net proceeds from issuance of shares and warrants (note 13a)	**13**	**6,046,449**	4,945,994
Payments of lease liabilities	**9**	**(63,701)**	-
Cash flows provided by financing activities		**5,982,748**	4,945,994
Net increase (decrease) in cash		**(3,209,255)**	3,350,397
Cash, beginning of year		**3,915,436**	565,039
Cash, end of year	**4**	**706,181**	3,915,436

The accompanying notes are an integral part of the consolidated financial statements.

1. STATUTES, NATURE OF ACTIVITIES

Earth Alive Clean Technologies Inc. ("Earth Alive" or the "Company") is a company that develops, manufactures, and distributes state-of-the-art, environmentally-sound proprietary microbial solutions and products destined for a variety of industries, using the latest innovations in microbial technology, which, once blended with a host of other proprietary natural ingredients, allow the Company to formulate and patent innovative environmentally sustainable products, which replace the harmful chemicals conventionally used in various industries, with a focus on Infrastructure & Maintenance and Agriculture.

The Company was incorporated under the *Canada Business Corporations Act* on February 2, 2011. Its shares are listed on the TSX Venture Exchange ("TSXV") under the symbol EAC since December 10, 2019 and were previously listed on the Canadian Stock Exchange ("CSE") since April 16, 2014. The head office of the Company is located at 1050 Côte du Beaver Hall Suite 1560, Montréal, Québec (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The consolidated financial statements provide comparative information in respect of the previous year.

The consolidated financial statements for the year ended December 31, 2022, were authorized for issuance pursuant to a resolution of the Board of Directors adopted on April 24, 2023.

b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values at the end of each year as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

c) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary Earth Alive Chile SpA ("SpA"). This 100% owned subsidiary is an entity over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is transferred to the Company and is de-consolidated from the date the control ceases. All intercompany transactions, balances, income and expenses, and profits and losses are eliminated on consolidation. In 2022, there were no transactions in SpA.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Revenue recognition

Revenue is recognized when the Company has satisfied its performance obligation as set out in the contract with the customer, the contract has commercial substance, and it is probable that the Company will collect the consideration it is entitled to on performance of its obligations in the contract. These criteria are met when transfer of control of goods has occurred, which is generally on shipment or delivery of goods to the customer, where they have legal title to and possession of the goods and are therefore able to use and obtain substantially all of the benefits of the goods.

Revenue is measured as the transaction price that is allocated to the performance obligation as stipulated in the contract with the customer. Historical experience is used to estimate and provide for discounts and returns.

Costs to fulfill or obtain contracts are not directly attributable to specific contracts or are not recoverable and are expensed as incurred.

e) Government Grants

Government grants are recognized when it is reasonably certain that the conditions required for obtaining such government assistance are met and will continue to be met.

In December 2020, the Company contracted a $60,000 interest-free loan from the Canada Emergency Business Account Program. By repaying the loan before December 31, 2023, the Company will benefit from a 33.33% write-off or $20,000, which has been recorded as a government grant in the statement of loss and other comprehensive loss. If the loan is not repaid by December 31, 2023, it will be converted into a three-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to reimburse the $40,000 in December 2023.

f) Cash and cash equivalents

Cash is comprised of cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that can be withdrawn at any time without penalty, and which are subject to an insignificant risk of change in value.

g) Short-term deposits

Short-term deposits consist of deposits that are liquid and subject to an insignificant risk of change in value. Short-term deposits are initially measured at fair value. Fair values for short-term deposits are obtained using techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. Short-term deposits will be subsequently measured at their amortized cost, based on the accretion schedules determined at initiation. Short-term deposits are classified as current if they mature within the year or if it is expected to be realized within a year.

h) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition. Inventory is comprised of raw materials and finished goods. Due to the nature of the Company's business, it does not have any work in process, as the transformation of raw materials to finished goods is almost instantaneous. The cost of inventory is determined using the weighted average method. Net realizable value is calculated as the difference between the estimated selling price and estimated costs to complete processing into a saleable form.

i) Right-of-use assets

The Company recognizes right-of-use assets at the inception of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the inception date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j) Property, plant and equipment

Property, plant and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to earnings or loss during the period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated amortization and accumulated impairment losses.

Property, plant and equipment are amortized on a straight-line basis over the period of their expected useful lives as follows:

Tools and machinery	5 to 10 years
Office furniture	5 years

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and amortizes each such part separately. Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the statement of loss and other comprehensive loss.

k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of loss and other comprehensive loss as the expense category that is consistent with the function of the intangible assets.

- **Patents**
  Patents with a finite service life are accounted for at cost less accumulated amortization and impairments, over 10 years on a straight-line basis from the date of issuance.

- **Impairment**
  At each reporting period, the Company assesses whether there are any indicators of impairment for the property, plant and equipment (PP&E). When such indicators are identified, the Company determines the recoverable amount. When the recoverable amount of an asset or cash-generating unit (CGU) is lower than the carrying amount, the carrying amount is reduced to the recoverable amount. A CGU is the lowest level of a group of assets for which there are separately identifiable cash inflows. The recoverable amount is the higher of fair value less cost of disposal and value in use of an asset or CGU. In the current year, the recoverable amount of each asset was determined by management using the fair value less cost of disposal based on the market approach.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

l) Lease liabilities

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16") which is effective on January 1, 2019 and replaces IAS 17 Leases ("IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is less than 12 months or the underlying asset has a low value.

Lease liabilities have been measured at the present value of remaining lease payments, discounted at the related IBR as at December 31, 2022. Right-of-use assets have been measured at their carrying amounts using the related IBR for the remaining lease period as at December 31, 2022. The Company recognized $769,893 of lease liabilities and $761,336 of right-of-use assets and with no net impact on opening retained earnings.

The Company has chosen to account for each lease component and any non-lease components as a single lease component when disaggregated information is not readily available. The Company recognizes a right-of-use asset and a lease liability at the commencement date, which is the date the leased asset is available for use. Each lease payment is allocated between lease liabilities and financing costs. Financing costs are charged to the statement of earnings over the lease period so as to produce a constant periodic rate of interest on the remaining balance of lease liabilities for each period.

The right-of-use asset is initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs, if applicable;
- Restoration costs.

The right-of-use asset is subsequently depreciated over the shorter of the underlying asset's useful life and the lease term on a straight-line basis. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. Also, the lease term includes periods covered by an option to terminate if the Company is reasonably certain not to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability includes the net present value of the following lease payments:

- Fixed payments (including in-substance fixed lease payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or the effective rate at the commencement date;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase option if the Company is reasonably certain to exercise that option;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of that option by the Company.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Some leases contain variable payment terms that are linked to revenues or operating expenses. Variable lease payments are recognized in the statements of earnings (loss) in the period in which the condition that triggers those payments occurs.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured if there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-ofuse asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in Research and Development expenses. During the period of development, the asset is tested for impairment annually. No assets were capitalized since 2017.

n) Share-based compensation

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes pricing model. That cost is recognized, together with a corresponding increase in contributed surplus in equity, over the period in which the performance and/or service conditions are fulfilled in share-based compensation within each of the categories in operating expense. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of loss and other comprehensive loss expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in share-based compensation within each of the categories in operating expenses.

No expense is recognized for awards that do not ultimately vest, except for an equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met, an additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

o) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and financial liabilities are offset, and the net amount reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the financial asset and settle the financial liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- Amortized cost - If the financial asset is held within a business model whose objective is to hold financial assets in order 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 (held to collect).
- Fair value through other comprehensive income (FVOCI) - If the financial 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 specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Fair value through profit or loss (FVPL) - A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or through other comprehensive income.

The Company's financial assets measured at amortized cost include cash and trade and other receivables. The Company does not have any financial assets measured at FVOCI or FVPL. The Company's financial liabilities, trade and other payables are measured at amortized cost. Financial assets and liabilities included in this category are initially recognized at fair value (net of transaction costs, if applicable) and are subsequently measured at amortized cost using the effective interest rate method less allowances for losses.

A financial asset is derecognized when its contractual right to the cash flows that compose the financial asset expire or substantially all the risks and rewards of the asset are transferred. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Gains and losses on derecognition are recognized in net income (loss). If a financial instrument is modified and does not result in derecognition, the gross carrying value of the financial instrument is revised and the modification gain, or loss is recognized in the statements of loss and comprehensive loss.

Within accounts receivable, the Company has applied a practical expedient and used a simplified provision matrix to estimate the Estimated credit loss (ECL) for trade receivables which do not contain a significant financing component. The Company assesses the lifetime ECL applicable to its receivables at initial recognition and re-assesses the provision at each reporting date. Lifetime ECLs are a probability-weighted estimate of all possible default events over the expected life of a financial asset. In making an assessment as to whether the Company's financial assets are credit-impaired, the Company considers bad debts incurred historically, evidence of a debtor's present financial condition and whether a debtor has breached certain contracts, the probability that a debtor will enter bankruptcy or other financial reorganization, changes in economic conditions that correlate to increased levels of default, and the term to maturity of the specified receivable. The carrying amounts of receivables are reduced by the amount of the ECL through an allowance account and losses are recognized within SG&A expense in the statements of loss and comprehensive loss.

p) Income taxes

Current income tax is recognized in earnings or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity. Current tax is the expected tax payable on the taxable income for the period, using the tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) Financial income and expenses

Financial income, consisting of interest income, net foreign exchange gains and gain on disposal of property, plant and equipment is recognized as it accrues in the statement of loss and other comprehensive loss. Financial expense comprises bank charges, foreign exchange loss and other interest expense.

r) Share capital and warrants

Common shares are classified as equity. Common shares granted as compensation for goods and services are classified as equity. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

Proceeds from the issuance of warrants, net of issue costs, are credited to contributed surplus. Warrants reserve is non-distributable and will be transferred to capital stock account upon the exercise of warrants.

s) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of loss and other comprehensive loss.

t) Loss per share

Basic and diluted loss per share is calculated by dividing the net loss for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

The computation of diluted loss per share assumes the conversion, exercise, or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of convertible securities is reflected in diluted loss per share by application of the "if converted" method. The dilutive effect of outstanding stock options and warrants and their equivalents is reflected in diluted loss per share by application of the treasury stock method.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimates and judgments used in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

a) Valuation of tools and machinery, leasehold improvements, and office furniture – Note 8
b) Assumptions in incremental borrowing rate used in the calculation of lease liabilities – Note 9
c) Valuation of warrants – Note 13
d) Valuation of options – Note 13

4. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash denominated in CA$	**173,193**	153,812
Short-term deposits (interest bearing, no maturity)	**-**	3,067,480
Cash denominated in US$	**532,988**	694,144
Cash on the statements of cash flows	**706,181**	915,436

5. SHORT-TERM DEPOSITS

	December 31, 2022	December 31, 2021
GIC earning interest at 3.8% and maturing on February 13, 2023	**2,000,000**	-
GIC earning interest at 4.2% and maturing on August 11, 2023	**4,000,000**	-
Short-term deposits	**6,000,000**	-

6. TRADE AND OTHER RECEIVABLES

	December 31, 2022	December 31, 2021
Trade	**945,435**	631,985
Loss allowance	**(8,589)**	(9,678)
Interest receivable	**95,386**	-
Sales taxes receivable	**120,023**	141,186
Trade and other receivables	**1,152,255**	763,493

All amounts are due in the short term. The net carrying amounts are a reasonable approximation of their fair value. The net carrying amount of the Company's past due trade receivables is $529,149 ($286,042 on December 31, 2021) at the reporting date.

The amount of $945,435 ($631,985 on December 31, 2021) is the maximum credit risk in trade accounts receivable. The Company does not hold any collateral or other form of security with respect to these receivables. Trade receivables are normally recovered in 60 days (60 days in 2021). As at December 31, 2022, approximately 63.3% of the net carrying amount of trade receivables is owed by two customers (December 31, 2021 – one customer – 74.5%). Apart from these two customers, credit concentration risk is limited.

(Expressed in Canadian dollars, except for number of securities)

7. INVENTORY

Total carrying amount of inventories by classification:

	December 31, 2022	December 31, 2021
Agriculture products		
Raw materials	**107,196**	91,641
Finished goods	**81,975**	26,463
	189,171	118,104
Infrastructure & Maintenance		
Raw materials	**41,500**	401,664
Finished goods	**47,808**	26,986
	89,308	428,650
Total	**278,479**	546,754

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

Deemed Cost	**Tools and Machinery**	**Leasehold Improvements**	**Office furniture**	**Total**
As at January 1, 2021	225,893	-	-	225,893
Additions for the year	3,983	-	-	3,983
As at December 31, 2021	229,876	-	-	229,876
Additions for the year	25,479	403,732	95,669	524,879
As at December 31, 2022	**255,355**	**403,732**	**95,669**	**754,755**
Accumulated Depreciation				
As at January 1, 2021	69,797	-	-	69,797
Depreciation / Impairment for the year	21,791	-	-	21,791
As at December 31, 2021	91,588	-	-	91,588
Depreciation / Impairment for the year	24,969	403,732	47,834	476,535
As at December 31, 2022	**116,557**	**403,732**	**47,834**	**568,123**
Net Book Value				
As at December 31, 2021	138,288	-	-	138,288
As at December 31, 2022	**138,798**	**-**	**47,834**	**186,632**

The Company performed an impairment test given that the Company's activities generated negative cash flows during the last financial year. In determining the recoverable amount using the fair value less cost of disposal based on the market approach (level 2), management used judgment in identifying comparable assets on the market. Following its impairment test, the Company recorded an impairment of its property, plant and equipment in the amount of $451,566 (not allocated to a segment).

(Expressed in Canadian dollars, except for number of securities)

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

a. Right-of-use assets

The Company's leases are primarily for administrative facilities. The following presents the right-of-use assets for the Company:

Balance as at January 1, 2021	-
Additions	-
Disposals and write offs	-
Depreciation	-
Balance as at December 31, 2021	-
Additions	817,004
Disposals and write offs	-
Depreciation	(55,669)
Balance as at December 31, 2022	**761,335**

b. Lease liabilities

The following table presents the change in the carrying value of the lease liability during the year.

Balance as at January 1, 2021	-
Additions	-
Cancellations	-
Payments during the year	-
Interest expense during the year	-
Balance as at December 31, 2021	-
Additions	817,004
Cancellations	-
Payments during the year	(63,701)
Interest expense during the year	16,590
Balance as at December 31, 2022	**769,893**

On August 1, 2022, the Company entered into a three-year lease of its warehouse. The lease commenced on August 1, 2022 for a period of three years until July 31, 2025, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of $3,113 increasing annually to $3,429 in the final term plus a variable amount of $1,898. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 7.5%, which is the Company's incremental borrowing rate in Canada.

On October 1, 2022, the Company entered into a five-year lease of its office. The lease will commenced on October 1, 2022 for a period of five years until September 30, 2027, with no further options to renew at the current terms. Under the lease, the Company is required to pay a monthly base rent of $6,816 plus a variable amount of $6,134. At the commencement of the lease, the lease liability was measured at the present value of the lease payments that were not paid at that date. The lease payments are discounted using an interest rate of 7.5%, which is the Company's incremental borrowing rate in Canada.

(Expressed in Canadian dollars, except for number of securities)

10. INTANGIBLE ASSETS

Intangible assets consist of the following:

Deemed Cost	**Patents**
As at January 1, 2021 and 2022	136,723
Additions for the year	-
As at December 31, 2021	136,723
Additions for the year	-
As at December 31, 2022	**136,723**
Accumulated Depreciation	
As at January 1, 2021	125,217
Depreciation for the year	5,879
As at December 31, 2021	131,096
Depreciation for the year	1,185
As at December 31, 2022	**132,281**
Net Book Value	
As at December 31, 2021	5,627
As at December 31, 2022	**4,443**

Intangible assets are allocated to Cash Generating Unit (CGU) by business segment. The carrying amounts of other intangible assets are allocated to the following CGUs. All intangible assets have a finite useful life.

December 31, 2022	**Patents**
Agriculture Segment	**4,443**
Other	**-**
Total	**4,443**
December 31, 2021	
Agriculture Segment	5,627
Other	-
Total	5,627

In 2022 and 2021, the Company compared the assessment for each patent to expected sales. Based on recent past, they were considered sufficient to recover the remaining cost. As a result, no additional impairment was needed for 2022 and 2021.

Amortization

Amortization of intangible assets is included in the statement of loss and other comprehensive loss as follows:

	December 31, 2022	December 31, 2021
Research and development	**1,185**	5,627
Sales and marketing	**-**	-
Total	**1,185**	5,627

(Expressed in Canadian dollars, except for number of securities)

11. TRADE AND OTHER PAYABLES

	December 31, 2022	December 31, 2021
Trade payables	**1,144,996**	527,266
Accrued liabilities	**156,698**	80,888
Amounts payable to executives	**316,900**	26,369
Trade and other payables	**1,618,594**	634,523

12. LOAN

In December 2020, the Company contracted a $60,000 interest-free loan from the Canada Emergency Business Account Program. By repaying the loan before December 31, 2023, the Company will benefit from a 33.33% write-off or $20,000, which has been recorded as a government grant in the statement of loss and other comprehensive loss. If the loan is not repaid by December 31, 2023, it will be converted into a two-year term loan at an annual interest rate of 5%, with the entire loan to be repaid. The Company intends to reimburse the $40,000 in December 2023.

13. SHARE CAPITAL

a) Common shares:

Authorized

The share capital of the Company consists only of an unlimited number of voting and participating common shares.

Issued

Changes in the Company's common share capital were as follows:

	December 31, 2022		**December 31, 2021**	
	Number	**Amount**	**Number**	**Amount**
Balance at the beginning of the year	**241,489,191**	**20,410,587**	195,945,713	15,464,593
Shares issued pursuant to Warrants exercised	-	-	-	-
Shares issued pursuant to a private placement (net of share issue costs of $54,006)	-	-	43,478,261	4,708,494
Shares issued as finder's fees	-	-	2,065,217	237,500
Shares issued pursuant to a private placement (net of share issue costs of $65,551)	101,866,666	6,046,449	-	-
Balance at the end of the year	**343,355,857**	**26,457,036**	241,489,191	20,410,587

In April, 2022, the Company completed a private placement and issued 101,866,666 units at a price of $0.06 each, for gross proceeds of $6,112,000. Each unit consisted of one common share and one-half of common share purchase warrant, with each whole warrant entitling the holder to purchase one common share of the Company at the price of $0.09, for a period of 36 months following the closing of the private placement. The fair value of the common shares of $6,046,449 was determined by subtracting the share issue costs of $65,551 and based on the residual method, a fair value of nil was allocated to the 50,933,333 common share purchase warrants.

(Expressed in Canadian dollars, except for number of securities)

13. SHARE CAPITAL (Cont'd)

b) Share purchase warrants

The fair value of share purchase warrants issued was estimated using a Black-Scholes pricing model assuming no dividend yield, volatility rates and risk-free rates. Presented below is the summary of warrant activity:

Date	Transactions	Number of warrants	Term	Exercise price	Value in dollars	Volatility	Risk-free rate
Balance January 1, 2021		54,563,211		$0.25			
February 25, 2021	Issued (note 13 (a))	43,478,261		$0.25	-	116%	0.25%
February 25, 2021	Issued (note 13 (a))	2,065,217		$0.25	-	116%	0.25%
October 31, 2021	Expired	(40,000,000)		$0.25			
Balance December 31, 2021		60,106,689					
April 6, 2022	Issued (note 13 (a))	50,933,333		$0.09	-	102%	2.60%
February 22, 2022	Expired	(4,545,454)		$0.25			
October 11, 2022	Expired	(10,017,757)		$0.25			
Balance December 31, 2022		**96,476,811**					

Warrants outstanding as at December 31, 2022 are as follows:

Number of warrants	Exercise price	Expiry date
45,543,478	$0.25	February 25, 2023
50,933,333	$0.09	April 6, 2024
96,476,811		

c) Agent Options

The fair value of Agent Options issued was estimated using a Black-Scholes pricing model assuming no dividend yield, volatility rates and risk-free rates.

Presented below is the summary of Agent's Options activity:

Date	Transactions	Number of Agent Options	Term	Exercise price	Value in dollars
Outstanding December 31, 2020		800,000	10 months	$0.25	$32,000
October 31, 2021	Expired	800,000		$0.25	
Outstanding December 31, 2021		-			
No transaction					
Outstanding December 31, 2022		-			

(Expressed in Canadian dollars, except for number of securities)

13. SHARE CAPITAL (Cont'd)

d) Stock Options

The Company has an incentive stock option plan (the "Plan") that was approved by the shareholders on April 10, 2014. The Plan provides that the Board of Directors of the Company, from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees, and consultants of the Company, non-transferable options to purchase Common shares, provided that the number of Common shares reserved for issuance will not exceed 10% of the issued and outstanding Common shares of the Company at the time of grant.

The term of such options will be fixed by the Board of Directors of the Company, subject to the limitations that they will be exercisable for a period of up to ten (10) years from the date of grant. In connection with the foregoing, the number of Common shares reserved for issuance to any individual who is not a consultant will not exceed 5% in any 12-month period. The number of Common shares reserved for issuance to a consultant will not exceed 2% in any 12-month period.

Date	Transaction	Number of options	Weighted Average Exercise Price	Remaining Contractual term in years	Fair Value in dollars	Volatility	Risk-free rate
Outstanding January 01, 2021		9,205,000	$0.258	3.19			
12-Aug-21	Grant	2,960,000	$0.130	4.6	$290,080	104%	0.25%
08-Sep-21	Grant	1,725,000	$0.130	4.7	$146,625	104%	0.25%
12-Oct-21	Grant	130,000	$0.130	4.8	$11,570	147%	0.25%
	Expired	(300,000)	$0.350	-			
		4,515,000					
Outstanding December 31, 2021		**13,720,000**	**$0.210**	**3.39**			
Exercisable December 31, 2021		**13,271,335**	**$0.210**	**2.83**			
	Forfeited	(50,000)	$0.130				
	Forfeited	(50,000)	$0.140				
31-May-22	Grant	2,125,000	$0.060	4.4	$71,188	106%	2.72%
	Forfeited	(204,000)	$0.140				
	Forfeited	(200,000)	$0.130				
	Forfeited	(67,000)	$0.350				
	Forfeited	(234,000)	$0.350				
	Forfeited	(466,000)	$0.140				
	Forfeited	(500,000)	$0.130				
	Forfeited	(1,000,000)	$0.110				
11-Oct-22	Granted	3,300,000	$0.050	4.8	$57,750	107%	3.62%
	Expired	(3,000,000)	$0.350				
Outstanding December 31, 2022		13,374,000	$0.129	2.68			
Exercisable December 31, 2022		11,249,000	$0.142	2.46			

(Expressed in Canadian dollars, except for number of securities)

13. SHARE CAPITAL (Cont'd)

d) Stock Options (Cont'd)

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
500,000	500,000	$0.14	March 30, 2023
300,000	-	$0.06	March 30, 2023
500,000	500,000	$0.13	May 16, 2023
1,000,000	1,000,000	$0.11	May 16, 2023
1,190,000	1,190,000	$0.13	June 27, 2023
300,000	300,000	$0.14	June 27, 2023
300,000	300,000	$0.35	June 27, 2023
1,543,000	1,543,000	$0.35	September 20, 2023
241,000	241,000	$0.14	July 6, 2025
1,850,000	1,850,000	$0.13	August 12, 2026
475,000	475,000	$0.13	September 8, 2026
50,000	50,000	$0.13	October 12, 2026
1,825,000	-	$0.06	May 30, 2027
3,300,000	3,300,000	$0.05	October 10, 2027
13,374,000	**11,249,000**		

(Expressed in Canadian dollars, except for number of securities)

14. INFORMATION INCLUDED IN THE STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

Expenses by nature

	Years ended December 31,	
Cost of goods sold	**2022**	2021
Salaries and benefits	**101,162**	91,687
Amortization and Impairment	**48,123**	21,791
Materials	**1,157,969**	2,588,771
Transport	**443,216**	54,220
Total	**1,750,470**	2,756,469

	Years ended December 31,	
Operating expenses	**2022**	2021
Salaries and benefits	**1,879,284**	1,543,819
Professional fees	**516,153**	330,778
Travel and living costs	**489,376**	60,337
Amortization and Impairment	**485,265**	5,879
Office and general	**477,146**	237,482
Research and development	**337,234**	83,349
Consulting fees	**290,258**	96,146
Advertising and promotion	**149,141**	105,080
Stock trading costs	**85,848**	56,105
Stock based compensation	**73,628**	601,731
Telecommunications	**14,528**	23,055
Total	**4,797,861**	3,143,761

(Expressed in Canadian dollars, except for number of securities)

14. INFORMATION INCLUDED IN THE STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS (Cont'd)

Expenses by nature (Cont'd)

	Years ended December 31,	
	2022	2021
Financial income		
Other interest income	**(119,152)**	(8,431)
Government grants	**(5,813)**	-
Foreign exchange gain	**(20,548)**	-
Total	**(145,513)**	(8,431)

	Years ended December 31,	
	2022	2021
Financial expenses		
Bank charges	**8,077**	3,662
Governmental penalties	**674**	-
Foreign exchange loss	**-**	2,880
Interest expense on lease liabilities	**16,590**	-
Total	**25,341**	6,542

(Expressed in Canadian dollars, except for number of securities)

15. INCOME TAXES

The Company did not recognize any deferred tax asset since the accumulated tax losses available to be carried forward and used to offset future taxable income are not considered probable of being realized. The Company had available Canadian non-capital losses of approximately $22,286,000 that may be deducted in the calculation of taxable income in future years that will begin to expire in 2030.

Income tax expense is broken down as follows:

	2022	2021
Current tax	-	-
Deferred tax	-	-
Total	-	-

The reconciliation of the income tax expense is calculated using the statutory income tax rates prevailing in Canada. The income tax expense reported in the consolidated financial statements is as follows:

	2022	2021
Loss before income taxes	**4,115,425**	2,328,511
Theoretical tax expense (recovery) at the income tax rate in effect in Canada (26.5%; 2021: 26.5%)	**(1,090,588)**	(617,055)
Non-recognition of tax benefits related to tax losses and temporary differences	**1,071,076**	457,597
Previously unrecognized tax losses used to reduce deferred tax liabilities recorded against the Conversion options, Convertibles debentures	**-**	-
Permanent differences	**19,511**	159,458
Others effects	**-**	-
Effective tax expense (recovery)	**-**	-
Effective tax rate	**0%**	0%

Loss carryovers represent potential Canadian tax savings of $5,823,000 as at December 31, 2022 and expire in the following taxation years:

Year	
2030	281,000
2031	222,000
2032	781,000
2033	239,000
2034	1,502,000
2035	1,426,000
2036	2,109,000
2037	2,621,000
2038	2,687,000
2039	3,025,000
2040	1,422,000
2041	1,929,000
2042	4,042,000
Total	**22,286,000**

(Expressed in Canadian dollars, except for number of securities)

16. LOSS PER SHARE

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

Diluted loss per share is calculated by adjusting the weighted average number of Common shares outstanding to assume conversion of all dilutive potential Common shares.

	Years ended December 31,	
	2022	2021
Net loss	**(4,115,425)**	(2,328,511)
Weighted average number of shares outstanding	**316,474,376**	241,489,191
Diluted weighted average number of shares outstanding	**316,474,376**	241,489,191
Basic loss per share	**(0.013)**	(0.010)
Fully diluted loss per share	**(0.013)**	(0.010)

17. NON-CASH PROFIT OR LOSS ITEMS

Non-cash profit or loss items are as follows:

		Years ended December 31,	
	Note	**2022**	2021
Depreciation, amortization, and impairment expense	**8, 9 & 10**	**533,389**	27,670
Share-based compensation	**13 d)**	**73,628**	601,731
Interest expense on lease liabilities	**9**	**16,589**	-
		623,605	629,401

18. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

Changes in non-cash working capital items include:

	Years ended December 31,	
	2022	2021
Trade and other accounts receivables	**(388,762)**	72,037
Inventory	**268,275**	(269,228)
Prepaid	**(38,888)**	(1,927)
Trade and other payables	**984,071**	306,614
Total	**824,696**	107,496

(Expressed in Canadian dollars, except for number of securities)

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Fair value of financial instruments

Financial instruments of the Company consist of cash, Trade and other receivables, trade and other payables and loan. The Company has determined that the carrying value of its short-term financial assets and liabilities approximates their respective fair value due to the short-term maturity of these financial instruments (classified as Level 2).

b) Financial risk factors

The Company is exposed in varying degrees to a number of risks arising from its financial instruments. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The principal financial risks to which the Company is exposed are described below.

(i) *Liquidity risk* – Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations as they become due. Since inception, the Company has financed its cash requirements primarily through issuances of securities and short-term borrowings. The Company controls liquidity risk through management of working capital, cash flows and the availability and sourcing of financing. The Company's ability to accomplish all its future strategic plans is dependent upon obtaining additional financing or executing other strategic options, however, there is no assurance that the Company will achieve these objectives.

	Book Value	2023	2024	2025	2026	2027
Trade and other payables	**1,618,594**	1,618,594	-	-	-	-
Loan	**40,000**	40,000	-	-	-	-
Lease Liabilities	**769,893**	165,505	180,320	168,370	142,005	113,693
	2,428,487	1,824,099	180,320	168,370	142,005	113,693

(ii) *Interest rate risk* – Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk resulting from fluctuations in interest rates on cash equivalents that earn interest at market rates, as well as on the loans that fluctuates according to interest rates. Unfavorable changes in the applicable interest rates may result in an increase in interest expense.

The Company does not use derivative instruments to reduce its exposure to interest rate risk. The Company manages its interest rate risk by maximizing the interest income earned on excess funds while maintaining the necessary liquidity to conduct its day-to-day operations. Based on the net exposures as at December 31, 2022 and assuming that all other variables remain constant, a 1% appreciation or deterioration of the interest rate would result in a $30,833 (not significant in 2021) decrease/increase in the Company's net loss and comprehensive loss for the year then ended.

19. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

b) Financial risk factors (Cont'd)

(iii) *Credit risk* – Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Financial instruments that potentially expose the Company to significant concentrations of credit risk consist principally of cash and accounts receivable. The Company's investment policies are designed to mitigate the possibility of deterioration of principal, enhance the Company's ability to meet its liquidity needs, and to provide high returns within those parameters. The Company manages its risk on accounts receivable by requesting deposits or advance payments prior to shipping most significant orders.

	Total	Current	31 to 60	61 to 90	+91
Trade	945,435	409,675	268,522	-	267,238
Provision for bad debt	(8,589)	(1,978)	(4,028)	-	(2,583)
	936,846	407,697	264,494	-	264,655

(iv) Currency risk – Currency risk refers to the risk that the value of a financial commitment, recognized asset or liability will fluctuate due to changes in foreign currency rates. The Company's functional currency is the Canadian dollar, but it is exposed to foreign currency risk primarily arising from U.S. dollar denominated cash, accounts receivable and accounts payable. The U.S. dollar is the only foreign currency to which the Company has significant exposure with net monetary assets denominated in US dollars amounting to $1,299,544 ($722,082 on December 31, 2021). The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

At December 31, 2022, the impact on the after-tax loss of a 10% weakening/strengthening of the Canadian dollar, all other variables remaining constant, on the revaluation of the Company's monetary assets and liabilities would result in a variation of $129,954 (no significant variation on December 31, 2021) in the Company's monetary net assets.

20. RELATED PARTY TRANSACTIONS

Related parties of the Company include its subsidiaries as well as the Company's key management personnel, as well as entities directly or indirectly controlled by key management personnel or entities where key management personnel are directors or officers.

Compensation of Key Management Personnel – The Company considers its directors and executives to be key management personnel. Key management personnel compensation for the year ended December 31, 2022, consisting of share-based compensation, consulting fees, salaries and benefits, and sales are as follows:

		Years ended December 31,	
	Note	**2022**	2021
Salaries and benefits		**947,606**	927,472
Consulting fees (1)		**257,700**	123,300
Stock based compensation		**67,521**	627,266
Sales		**3,500**	2,308
Total		**1,276,327**	1,680,346
Amounts payable to executives	**11**	**316,900**	26,369

(1) Consulting fees for an officer of the Company were paid to a separate management company controlled by an officer and an entity related to an officer.

21. SEGMENTED INFORMATION

The Company is divided into two operating segments, Infrastructure & Maintenance and Agriculture. The Company is using the latest innovations in microbial technology, which, once blended with a host of other proprietary natural ingredients, allow the Company to formulate and patent innovative environmentally sustainable products for a variety of industries. Segment reporting follows the same accounting policies as those used to prepare the consolidated financial statements.

For management purposes, the Company is organized into two business units or operating segments as follows:

- The Infrastructure & Maintenance segment, which provides a biodegradable microbial product that abates dust.
- The Agriculture segment, which provides environmentally friendly products for retail and industrial use such as fertilizers and soil amendments.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision-maker is identified as the Chief Executive Officer, who assesses the performance and operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based at the revenue and gross margin level as well as operating costs directly attributable to the segments and is measured consistently with revenue and gross margins in the consolidated financial statements.

Product and services revenues come from six geographical areas: Canada, the United States, Central and South America, Europe, Africa, and Asia.

Profit or loss and statement of financial position items are generally among the two segments on the following quarterly basis:

Revenues and gross margins are allocated to the segment where revenues have been invoiced. There are no inter-segment revenues.

- General and administrative expenses are incurred in Canada. Expenses related to share-based compensation for directors, and stock trading costs are not allocated. Remaining costs that cannot be directly attributed to a segment, are allocated according to revenue for each segment.
- Sales and Marketing expenses are incurred in Canada and in the USA. Expenses are generally allocated to the segments that benefit from the cost incurred in the reporting period.
- Amortization expenses related to intangible assets have been allocated to each operating segment based on which segment has the benefit of the asset in question.
- Research and development costs are allocated on the basis of revenue.
- The Company's financing (including finance costs and finance income) and income taxes are not allocated to operating segments.
- The remaining trade and other receivables and inventory are allocated based on the products or services sold to the debtor and the type of materials or finished goods in inventory, respectively. Amounts receivable for refundable taxes have not been allocated. Remaining prepaid assets are not allocated as they benefit all segments.
- Cash and deferred income taxes have not been allocated.
- Intangible assets have been allocated to each operating segment based on which segment has the benefit of the asset in question.
- Property, plant and equipment have been allocated to each operating segment based on which segment has the benefit of the asset in question. Property, plant and equipment which benefit both segments have not been allocated.
- Trade and other payables have been allocated to each operating segment based on which segment has the benefit of the liability in question. Remaining liabilities which benefit both segments have not been allocated.

(Expressed in Canadian dollars, except for number of securities)

21. SEGMENTED INFORMATION (Cont'd)

Year ended December 31, 2022	**Infrastructure & Maintenance**	**Agriculture**	**Not Allocated**	**Total**
Revenue	**1,679,754**	**632,980**	**-**	**2,312,734**
Cost of goods sold	**1,249,958**	**500,512**	**-**	**1,750,470**
Gross Margin	**429,795**	**132,469**	**-**	**562,264**
General & administration	**306,059**	**316,137**	**1,838,917**	**2,461,113**
Sales & Marketing	**733,670**	**567,716**	**53,314**	**1,354,700**
Research & development	**354,616**	**57,136**	**12,587**	**424,339**
Depreciation, amortization, and impairment	**-**	**-**	**484,081**	**484,081**
Shared based compensation	**684**	**2,443**	**70,501**	**73,628**
Operating Expenses	**1,395,029**	**943,432**	**2,459,400**	**4,797,861**
Loss from Operations	**(965,234)**	**(810,964)**	**(2,459,400)**	**(4,235,597)**
Financial Income	**-**	**-**	**145,513**	**145,513**
Financial Expenses	**-**	**-**	**(25,341)**	**(25,341)**
Net Loss	**(965,234)**	**(810,964)**	**(2,339,228)**	**(4,115,425)**

Year ended December 31, 2021	Infrastructure & Maintenance	Agriculture	Not Allocated	Total
Revenue	2,632,771	937,059	-	3,569,830
Cost of goods sold	2,165,038	591,431	-	2,756,469
Gross Margin	467,733	345,628	-	813,361
General & administration	380,599	411,774	339,908	1,132,281
Sales & Marketing	669,510	651,012	-	1,320,522
Research & development	41,334	42,014	-	83,348
Depreciation, amortization, and impairment	5,879	-	-	5,879
Shared-based compensation	-	-	601,731	601,731
Operating Expenses	1,097,322	1,104,800	941,639	3,143,761
Loss from Operations	(629,589)	(759,172)	(941,639)	(2,330,400)
Financial Income	-	-	(8,431)	(8,431)
Financial Expenses	-	-	6,542	6,542
Net Loss	(629,589)	(759,172)	(939,750)	(2,328,511)

(Expressed in Canadian dollars, except for number of securities)

21. SEGMENTED INFORMATION (Cont'd)

	Infrastructure & Maintenance	Agriculture	Not Allocated	Total
Components of Statement of Financial Position – December 31, 2022				
Assets	**884,669**	**617,379**	**7,642,646**	**9,144,694**
Liabilities	**305,713**	**225,874**	**1,896,901**	**2,428,487**
Net Assets (Liabilities)	**578,956**	**391,505**	**5,745,745**	**6,716,207**
Components of Statement of Financial Position – December 31, 2021				
Assets	932,649	394,379	4,059,051	5,386,079
Liabilities	437,111	88,069	149,343	674,523
Net Assets (Liabilities)	495,538	306,310	3,909,708	4,711,556

Information about major customers

The following tables indicate revenues from customers who represent at least 10% of revenues in their respective segments:

Years ended December 31, 2022

Customer Rank	Infrastructure & Maintenance	Agriculture	Total
1	**698,975**	**213,732**	**912,707**
2	**569,666**	**103,134**	**672,800**
3	**209,440**	**68,705**	**278,145**
	1,478,081	**385,571**	**1,863,652**
Total per segment	**1,679,754**	**632,980**	**2,312,734**
	88.0%	**60.9%**	**80.6%**

Years ended December 31, 2021

Customer Rank	Infrastructure & Maintenance	Agriculture	Total
1	2,451,823	-	2,451,823
2	-	230,650	230,650
3	-	123,473	123,473
	2,451,823	354,123	2,805,946
Total per segment	2,632,771	937,059	3,569,830
	93.1%	37.8%	78.6%

(Expressed in Canadian dollars, except for number of securities)

21. SEGMENTED INFORMATION (Cont'd)

Information about revenues

Year ended December 31, 2022	**Canada**	**USA**	**Central and South America**	**Africa**	**Europe**	**Asia**	**Total**
Infrastructure & Maintenance	18,557	742,299	918,897	-	-	-	1,679,754
Agriculture	215,875	131,323	281,435	-	4,347	-	632,980
Total Revenue	**234,432**	**873,622**	**1,200,332**	**-**	**4,347**	**-**	**2,312,734**
Revenue by Country exceeding 10% of total revenue							
USA		**873,622**					
Mexico			**591,801**				
Colombia			**237,146**				
Canada	**234,432**						

Year ended December 31, 2021	Canada	USA	Central and South America	Africa	Europe	Asia	Total
Infrastructure & Maintenance	28,372	-	2,451,824	149,322	-	3,253	2,632,771
Agriculture	255,398	396,195	239,215	17,828	28,423	-	937,059
Total Revenue	283,770	396,195	2,691,039	167,150	28,423	3,253	3,569,830
Revenue by Country exceeding 10% of total revenue							
Mexico			2,451,824				
USA		354,124					

22. COMPARATIVE FIGURES

Certain prior year figures have been adjusted to conform to the current year presentation. For the year ended December 31, 2021, an adjustment has been made to the consolidated statements of loss and other comprehensive loss to recognize separately the depreciation, amortization, and impairment expenses of $5,879. These amounts have been previously included with research and development expense. This change in classification does not affect previously reported operating loss and net loss and comprehensive loss in the consolidated statements of loss and other comprehensive loss.