



## INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(Unaudited)

## Management's Responsibility for Interim Condensed Financial Statements

The accompanying unaudited condensed interim financial statements of Environmental Waste International Inc. for the three and nine months ended September 30, 2023 and 2022 have been prepared by Management in accordance with International Financial Accounting Standards, IAS 34 – Interim Financial Reporting.

### Auditor Involvement

The auditor of Environmental Waste International Inc. has not performed a review of these interim condensed consolidated financial statements.

December 5, 2023

**Environmental Waste International Inc.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at

<i>(Canadian \$)</i>	Note	September 30, 2023	December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash		2,246	53,792
Government remittances recoverable		15,088	31,713
Prepaid expenses and sundry		89,583	127,700
<b>Total current assets</b>		<b>106,917</b>	213,205
<b>Non-current assets</b>			
Property and equipment, net	5	2,787,894	2,483,078
Right-of-use asset	6	65,306	87,816
<b>Total non current assets</b>		<b>2,853,200</b>	2,570,894
<b>Total Assets</b>		<b>2,960,117</b>	2,784,099
<b>Liabilities and shareholders' deficiency</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		1,109,300	938,174
Current portion of lease liability	7	35,443	31,840
Current portion of long term debt	8	3,376,501	3,277,770
<b>Total current Liabilities</b>		<b>4,521,244</b>	4,247,784
Lease liability	7	47,912	75,142
Long term debt	8	815,845	838,129
<b>Total non-current Liabilities</b>		<b>863,757</b>	913,271
<b>Total Liabilities</b>		<b>5,385,001</b>	5,161,055
<b>Shareholders' deficiency</b>			
Capital stock	9	58,428,271	57,427,142
Contributed surplus	10	8,296,721	7,841,199
Deficit		(70,053,540)	(68,572,139)
<b>Shareholders' deficit attributable to the parent</b>		<b>(3,328,548)</b>	(3,303,798)
<b>Non-controlling interest</b>	11	<b>903,664</b>	926,842
<b>Total shareholders' deficit</b>		<b>(2,424,884)</b>	(2,376,956)
<b>Total liabilities and shareholders' deficit</b>		<b>2,960,117</b>	2,784,099
Going concern	3		
Commitment and contingencies	16		
Subsequent events	18		

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

**Approved on behalf of the Board of Directors**

"Paul Orlin"

**Paul Orlin**

Director

"Robert MacBean"

**Robert MacBean**

Director

## Environmental Waste International Inc.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended September 30

<i>(Canadian \$ except per share information)</i>	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
<b>Expenses</b>					
Technology development	12	116,326	117,071	356,081	325,578
Plant operations	12	18,980	18,572	60,239	77,951
Selling, marketing and administration	12	174,073	360,034	615,687	818,874
Stock-based compensation	10	41,263	100,740	171,966	360,865
Depreciation of property plant and equipment	5	20,697	21,162	62,090	63,466
Amortization of right-of-use asset	6	7,587	7,586	22,511	22,511
		<b>378,926</b>	<b>625,165</b>	<b>1,288,574</b>	<b>1,669,245</b>
<b>Operating loss</b>		<b>(378,926)</b>	<b>(625,165)</b>	<b>(1,288,574)</b>	<b>(1,669,245)</b>
<b>Other income (expenses)</b>					
Finance costs	13	(61,809)	(50,682)	(202,587)	(142,616)
Foreign exchange gain (Loss)		(30,829)	(4,470)	(13,419)	(3,810)
Change in fair value of derivative		—	—	—	90,214
		<b>(92,638)</b>	<b>(55,152)</b>	<b>(216,006)</b>	<b>(56,212)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>(471,564)</b>	<b>(680,317)</b>	<b>(1,504,580)</b>	<b>(1,725,457)</b>
<b>Net loss and comprehensive loss attributable to parent</b>		<b>(463,840)</b>	<b>(672,738)</b>	<b>(1,481,402)</b>	<b>(1,700,841)</b>
<b>Net loss and comprehensive loss attributable to non-controlling interest</b>	11	<b>(7,724)</b>	<b>(7,579)</b>	<b>(23,178)</b>	<b>(24,616)</b>
<b>Loss per share</b>					
Basic and diluted	14	<b>(0.002)</b>	<b>(0.003)</b>	<b>(0.005)</b>	<b>(0.007)</b>

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

## Environmental Waste International Inc.

### INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET CHANGES IN SHAREHOLDERS' DEFICIT

(Canadian \$ except per share information)	Note	Capital stock	Contributed surplus	Deficit	Attributable to parent	Non-controlling interest	Total
January 1, 2022		56,997,868	7,019,124	(66,312,558)	(2,295,567)	958,552	(1,337,015)
Shares issued pursuant to private placement		431,475	—	—	431,475	—	431,475
Warrants issued pursuant to private placement		—	393,525	—	393,525	—	393,525
Stock compensation expense		—	360,865	—	360,865	—	360,865
Share issue costs		(2,201)	(2,008)	—	(4,209)	—	(4,209)
Net loss and comprehensive loss for the period		—	—	(1,700,841)	(1,700,841)	(24,616)	(1,725,457)
September 30, 2022		57,427,142	7,771,506	(68,013,399)	(2,814,752)	933,936	(1,880,816)
Stock compensation expense		—	69,693	—	69,693	—	69,693
Net loss and comprehensive loss for the period		—	—	(558,740)	(558,740)	(7,094)	(565,834)
<b>December 31, 2022</b>		<b>57,427,142</b>	<b>7,841,199</b>	<b>(68,572,139)</b>	<b>(3,303,798)</b>	<b>926,842</b>	<b>(2,376,956)</b>
Shares issued pursuant to private placement		378,491	—	—	378,491	—	378,491
Warrants issued pursuant to private placement		—	283,556	—	283,556	—	283,556
Shares issued pursuant to settlement of debt		50,000	—	—	50,000	—	50,000
Shares issued pursuant to settlement of promissory notes		572,638	—	—	572,638	—	572,638
Stock-based compensation	11	—	171,966	—	171,966	—	171,966
Net loss and comprehensive loss for the period		—	—	(1,481,402)	(1,481,402)	(23,178)	(1,504,580)
September 30, 2023		58,428,271	8,296,721	(70,053,540)	(3,328,548)	903,664	(2,424,884)

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

**Environmental Waste International Inc.**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
For the nine months ended September 30

<i>(Canadian \$ except per share information)</i>	Note	2023	2022
<b>Operating activities</b>			
Net loss		(1,504,580)	(1,725,457)
Adjustments for:			
Stock-based compensation	8b	171,966	360,865
Depreciation of property and equipment	5	62,090	63,466
Amortization of right-of-use asset	6	22,510	22,511
Finance costs	7f	189,914	135,896
Accretion expense	7a	7,323	6,720
Change in fair value of derivative	7c	—	(90,214)
		<b>(1,050,777)</b>	<b>(1,226,213)</b>
Changes in non-cash working capital			
Trade and other receivables		—	97,024
Government remittances recoverable		16,625	(13,970)
Prepaid expenses and sundry		38,117	(19,203)
Accounts payable and accrued liabilities		171,126	140,969
<b>Cash used in operating activities</b>		<b>(824,909)</b>	<b>(1,021,393)</b>
<b>Investing activities</b>			
Purchase of property and equipment	5	—	(6,435)
Additions to construction in progress	5	(366,906)	(376,541)
<b>Cash used in investing activities</b>		<b>(366,906)</b>	<b>(382,976)</b>
<b>Financing activities</b>			
Proceeds from private placement	8a	662,047	825,000
Proceeds from issuance of promissory notes	7g	530,634	357,365
Share and warrant issuance costs	9	—	(4,209)
Repayments of mortgage	7d	(22,500)	(22,500)
Repayments of lease obligations	6	(29,912)	(28,552)
<b>Cash provided by financing activities</b>		<b>1,140,269</b>	<b>1,127,104</b>
<b>Net decrease in cash</b>		<b>(51,546)</b>	<b>(277,265)</b>
Cash, beginning of period		53,792	297,235
<b>Cash, end of period</b>		<b>2,246</b>	<b>19,970</b>

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

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# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

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### 1. CORPORATE INFORMATION

Environmental Waste International Inc. (“EWI” or the “Company”) was incorporated under the Ontario Business Corporations Act on October 31, 1987. The Company’s business is the design, development and sale of environmentally sound devices utilizing EWI’s patented Reverse Polymerization process and dealing with environmental waste disposal, including the development, advancement, licensing and sale of its technology and related machines throughout the world. The Company’s registered office is located at 1751 Wentworth Street, Unit 1, Whitby, Ontario, L1N 8R6.

### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

The unaudited interim condensed consolidated financial statements of EWI have been prepared in accordance with International Accounting Standard 34 “Interim Reporting” (“IAS 34”). The notes presented in these unaudited interim condensed consolidated financial statements include only significant events and transactions occurring since the last fiscal year end and are not fully inclusive of all matters required to be disclosed in our annual audited consolidated financial statements. The policies applied in these unaudited interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These unaudited interim consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars.

### 3. GOING CONCERN ASSUMPTION

The interim condensed consolidated financial statements have been prepared on a basis that assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These unaudited interim condensed consolidated financial statements do not reflect any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company incurred a net loss of \$1,504,580 during the nine months ended September 30, 2023, and, as at that date, had working capital deficiency of \$4,414,326 (December 31, 2022 – \$4,034,579) and a cumulative deficit of \$70,053,540 (December 31, 2022 – \$68,572,139).

Recurring sources of revenue have not yet proven to be sufficient as the commercialization of the Company’s core technology is at an early stage and the Company has not yet achieved a level of profitability and positive cash flows. While the Company has been successful in raising additional financing and extending the repayment terms for deferred compensation, it will require additional financing to enable it to continue operations. In the absence of additional financing, the Company is not expected to have sufficient funds to meet its obligations. Management continues to monitor cash needs and is considering various alternatives to raise additional financing. There can be no assurances that the Company will be able to secure the necessary financing to enable it to continue as a going concern. The factors noted above indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. If the going concern basis is not appropriate, material adjustments may be necessary to the carrying amounts and/or classification of assets and liabilities.

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# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

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### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's principal accounting policies were outlined in the Company's annual audited consolidated financial statements for the year ended December 31, 2022, and have been applied consistently to all periods presented in these unaudited interim condensed consolidated financial statements. These statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022. New accounting policies for matters that have occurred subsequent to December 31, 2022, are included below:

#### Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following subsidiaries at the following ownership percentages: Environmental Waste Management Corporation (100%), Ellsin Environmental Ltd. (90%) EWI Rubber Inc. (100%) Jaguar Carbon Sales Limited (100%), and 2228641 Ontario Limited (100%). The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee [i.e., existing rights that give it the current ability to direct the relevant activities of the investee];
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the date that the Company gains control until the date that the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

#### Future changes to accounting standards

The following amendments to standards issued by the IASB have not yet been adopted by the Company:

Amendments to IAS 1 – Presentation of Financial Statements: These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies. We are currently assessing the impact of these amendments on the disclosure of our accounting policies. Effective for annual reporting periods beginning on or after January 1, 2023 and any changes will be reflected in our financial statements for the year ended December 31, 2023.



# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### 5. PROPERTY AND EQUIPMENT

<i>(Canadian \$)</i>	Asset under construction	Land	Building	Gas engine	Leaseholds	Office and Equipments	Total
<b>Cost</b>							
At January 1, 2022	1,095,029	68,261	984,994	719,169	17,195	153,462	3,038,110
Additions	529,761	-	-	-	-	6,435	536,196
At December 31, 2022	1,624,790	68,261	984,994	719,169	17,195	159,897	3,574,306
Additions	366,906	-	-	-	-	-	366,906
At September 30, 2023	1,991,696	68,261	984,994	719,169	17,195	159,897	3,941,212
<b>Accumulated depreciation</b>							
At January 1, 2022	-	-	354,937	525,666	3,325	122,744	1,006,672
Depreciation	-	-	25,202	47,945	3,439	7,970	84,556
At December 31, 2022	-	-	380,139	573,611	6,764	130,714	1,091,228
Additions	-	-	18,158	35,958	2,579	5,394	62,090
At September 30, 2023	-	-	398,297	609,569	9,343	136,108	1,153,318
<b>Carrying amount</b>							
At December 31, 2022	1,624,790	68,261	604,855	145,558	10,431	29,183	2,483,078
At September 30, 2023	1,991,696	68,261	586,697	109,600	7,852	23,789	2,787,894

During 2021, the Company began upgrading its pilot plant in Sault Ste. Marie to a commercial production facility. All expenditures relating to this upgrade have been classified as asset under construction. No depreciation has been charged on these expenditures until the plant is fully commissioned.

### 6. RIGHT-OF-USE ASSET

<i>(Canadian \$)</i>	
At January 1, 2022	117,913
Amortization	(30,097)
As at December 31, 2022	87,816
Amortization	(22,510)
At September 30, 2023	65,306

The company's right of use asset includes a lease contract for office space.

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## Environmental Waste International Inc.

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

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#### 7. LEASE LIABILITY

(Canadian \$)

At January 1, 2022	134,351
Interest expense on lease obligations	10,700
Rent payments	(38,069)
As at December 31, 2022	106,982
Interest expense on lease obligations	6,285
Rent payments	(29,912)
As at September 30, 2023	<b>83,355</b>
<hr/>	
Current portion	35,443
Non-current portion	47,912
As at September 30, 2023	<b>83,355</b>

The following table presents the contractual undiscounted cash flows for the lease obligation at September 30, 2023:

Year 1	41,392
Year 2	43,205
Year 3	7,251
Total undiscounted lease obligation	<b>91,848</b>

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### 8. DEBT

(Canadian \$)	September 30 2023	December 31 2022
<b>Long term debt</b>		
CEBA loans (a)	117,453	110,130
Term loan (b)	2,536,921	2,460,702
Promissory note (c)	722,127	706,938
Mortgage (d)	556,015	538,241
Deferred compensation (e)	259,830	299,888
	4,192,346	4,115,899
<b>Current portion of long-term debt</b>		
CEBA loans	117,453	110,130
Term loan	2,536,921	2,460,702
Promissory note	722,127	706,938
Mortgage	-	-
Deferred compensation	-	-
	3,376,501	3,277,770
<b>Non Current portion of long-term debt</b>		
Mortgage	556,015	538,241
Deferred compensation	259,830	299,888
	815,845	838,129

#### (a) CEBA loans

(Canadian \$)	September 30 2023	December 31 2022
Fair value at inception	97,047	97,047
Gain on deferral	(8,143)	(8,143)
Accretion expense	28,549	21,226
	117,453	110,130
Current portion of CEBA loans	117,453	110,130
Non-current portion of CEBA loans	-	-

The Company received a total of \$120,000 proceeds pursuant to the Canadian federal government under government sponsored Canada Emergency Business Account ("CEBA") as a business support measure for COVID-19. EWI and its subsidiary EWI Rubber Inc. ("EWI Rubber") each received \$60,000.

No principal repayments are required until December 2023. Repayment of \$80,000 on or before December 31, 2023, will result in loan forgiveness of \$40,000 in aggregate. After 2023, any remaining balances will be converted to a two-year term loan at a 5% interest rate.

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### 8. DEBT – CONTINUED

#### (b) Term loan

(Canadian \$)	September 30, 2023	December 31, 2022
Fixed rate, non revolving \$2,000,000 Northern Ontario Heritage Fund Corporation term loan	2,460,702	2,362,627
Interest expense	76,219	98,075
	2,536,921	2,460,702
Current portion of term loan	2,536,921	2,460,702
Non-current portion of term loan	-	-

Ellsin has a \$2,000,000 term loan with Northern Ontario Heritage Fund Corporation (“NOHFC”) with interest at 4% per annum, due May 31, 2027. On June 1, 2021, Ellsin and NOHFC signed a fifth amendment to the loan agreement to conditionally amend the repayment terms of the loans follows:

- Previously accrued and unpaid interest, and additional interest accruing up to and including August 31, 2021, is to be paid in full no later than August 31, 2021.
- Interest only payments must be made on monthly basis from August 31, 2021, to May 31, 2022.
- Blended payments based on a 5-year amortization will commence on June 1, 2022, and
- NOHFC will obtain a corporate guarantee and postponement of claim, supported by a general security agreement from the new majority shareholder of Ellsin (note 9).

At September 30, 2023, the conditions associated with the fifth amendment were not satisfied and the Company is technically in breach of the terms of their agreement with NOHFC. The two parties continue to have discussions to renegotiate the agreement to defer current payment terms.

The total amount of interest accrued at September 30, 2023, was \$536,921 (December 31, 2022 – \$460,702).

#### (c) Promissory notes

(Canadian \$)	September 30 2023	December 31 2022
Promissory notes payable	706,938	646,238
Additions	530,634	-
Accrued interest	57,194	60,700
Settlement of debt	(572,638)	-
	722,127	706,938
Current portion of promissory notes	722,127	706,938
Non-current portion of promissory notes	-	-

In 2022, certain board members loaned the Company an aggregate of \$689,239 (US\$ 508,000). In the nine months ended September 30, 2023, additional advances \$598,487 (US\$378,170 and \$76,000 Cdn) were made. Interest accrues at 10% per annum.

On June 30, 2023 a debt settlement agreement with a director of the Company converted \$572,638 of promissory notes plus interest to common stock by issuing 16,361,125 common shares at \$0.035 per share (note 9d).

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### 8. DEBT – CONTINUED

#### (d) Mortgage

<i>(Canadian \$)</i>	September 30 2023	December 31 2022
Fixed-rate mortgage, with principal due upon maturity	500,000	500,000
Debt issue costs	(16,687)	(16,687)
	483,313	483,313
Accrued interest	61,882	46,603
Cumulative amortization of debt issue costs	10,820	8,325
	556,015	538,241
Current portion of mortgage	-	-
Non-current portion of mortgage	556,015	538,241

Ellsin received proceeds of \$500,000 from the issuance of a five-year mortgage with a third party, secured by land and a building owned by Ellsin in Sault Ste. Marie. The loan matures on July 3, 2025, and bears interest at a rate of 10% per annum, 6% of which is paid monthly and 4% which is accrued and paid on maturity. The 4% accrued interest can be paid in cash or common shares of the Company at the Company's option.

#### (e) Deferred Compensation

<i>(Canadian \$)</i>	September 30 2023	December 31 2022
Deferred compensation with principal and interest due at maturity	299,888	285,632
Common shares issued for settlement of deferred compensation	(50,000)	-
Accrued interest	9,942	14,256
	259,830	299,888
Current portion of deferred compensation	-	-
Non-current portion of deferred compensation	259,830	299,888

Deferred compensation represents salary and expenses owing to a key member of management who is also a director. Interest accrues on this amount at 6% per annum calculated monthly in arrears and is payable at maturity. On March 30, 2023, the Company signed an agreement to postpone the maturity date of the deferred compensation payable from January 15, 2024, to January 15, 2025.

On June 30, 2023 the company issued 1,428,571 common shares at \$0.035 per share for settlement of \$50,000 of deferred compensation (note 9c).

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### 9. SHARE CAPITAL

*(Canadian \$, except number of shares)*

Issued share capital	Number of shares	Amount
Balance January 1, 2022	258,418,943	56,997,868
Issuance of shares pursuant to private placement	8,250,000	825,000
Issuance of warrants pursuant to private placement	-	(393,525)
Share issue costs	-	(2,201)
Balance December 31, 2022	266,668,943	57,427,142
Issuance of shares pursuant to private placement	13,240,943	378,491
Issuance of shares pursuant to settlement of debt	1,428,571	50,000
Issuance of shares pursuant to settlement of promissory notes	16,361,125	572,638
<b>Balance September 30, 2023</b>	<b>297,699,582</b>	<b>58,428,271</b>

- (a) On April 13, 2022, the Company completed a private placement and issued 8,250,000 units for gross proceeds of \$825,000 less transaction cost of \$2,201. Each unit included one common share at a price of \$0.10 and one warrant with an exercise price of \$0.15 expiring on April 12, 2024. The fair value of these warrants of \$393,525 was transferred to contributed surplus.
- (b) On May 9, 2023, the Company completed a private placement and issued 13,240,943 units for gross proceeds of \$662,047. Each unit included one common share at a price of \$0.05 and one warrant with an exercise price of \$0.10 expiring May 9, 2025. The fair value of these warrants of \$283,556 was transferred to contributed surplus.
- (c) On June 30, 2023, the company signed an agreement for settlement of \$50,000 of deferred compensation by issuing 1,428,571 common shares at \$0.035 per share (note 8e).
- (d) On June 30, 2023, the company issued 16,361,125 common shares at \$0.035 per share for settlement of advances and interest payable under a promissory note totaling \$572,638 (note 8c).

### 10. SHARE BASED PAYMENTS

**Stock option plan** The Company has a stock option plan whereby the Company may grant stock options from time to time to employees, officers, directors, service providers and consultants of the Company to recognize the contributions made by individuals to the Company's growth and furnish an incentive to the future success and prosperity of the Company. The aggregate number of the shares issuable under the terms of the plan shall not exceed 10% of the outstanding common shares at the date of grant. The exercise price of the stock options is determined by the Board of Directors. The stock options vest evenly over a period of three years and are exercisable for a period of five years from the grant date to purchase one common share for each stock option held.

**Registered Stock Units (RSU)** may be granted pursuant to the Company's Omnibus Incentive Plan. RSUs shall be redeemed and settled in shares, cash, or a combination of cash and Shares in accordance with the Plan, fifteen days after the applicable vesting date.

**Share warrants** In certain instances, warrants will be issued in conjunction with share issuances, referred to as a Subscription Unit. Each Subscription Unit entitles the equity holder to one share or one or one-half common share purchase warrant. The warrant allows the holder to purchase an additional one or one-half share at a stipulated exercise price for a period of 24 or 36 months. Warrants vest immediately on issuance.

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### (a) Stock options

The following options to purchase shares were outstanding on September 30, 2023 and December 31, 2022:

	September 30, 2023		December 31, 2022	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
<i>(Canadian \$, except number of stock options)</i>				
Outstanding, beginning of period	15,657,150	0.10	13,862,150	0.11
Granted	2,575,000	0.05	2,660,000	0.05
Forfeited	(200,000)	0.16	-	-
Expired	(1,136,667)	0.10	(865,000)	0.10
Outstanding, end of period	16,895,483	0.09	15,657,150	0.10
Exercisable, end of period	10,973,811	0.10	8,848,550	0.10

Outstanding stock options			
<i>(Canadian \$, except number of stock options and years)</i>	Number of options	Remaining contractual	Weighted average
		life [years]	exercise price
\$0.05	9,108,347	1.18	\$ 0.04
\$0.06	2,673,386	1.00	\$ 0.06
\$0.10	331,250	0.60	\$ 0.05
\$0.18	662,500	0.60	\$ 0.04
\$0.19	3,720,000	2.77	\$ 0.18
\$0.26	400,000	2.67	\$ 0.26
	<b>16,895,483</b>	<b>1.50</b>	<b>0.09</b>

The fair value of all options was estimated on the date of grant using the Black-Scholes option pricing model. This resulted in stock-based compensation expense during the nine months ended September 30, 2023 of \$171,966 (2022 – \$260,125).

### (b) RSUs

On August 18, 2023, with the appointment of the new Chief Executive Officer, 1,000,000 RSU's were granted pursuant to the Company's omnibus incentive plan. The RSUs vest as follows:

400,000 on August 18, 2024

300,000 on August 18, 2025

300,000 on August 18, 2026

RSUs may be paid in cash at the discretion of the Company only and are therefore not treated as cash-settled share-based payments recorded as liabilities.

# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

### (b) Warrants

The following warrants to purchase shares were outstanding on September 30, 2023, and December 31, 2022:

<i>(Canadian \$, except number of warrants)</i>	September 30, 2023		December 31, 2022	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding at beginning of period	14,403,846	0.16	26,216,346	0.18
Issued	13,240,943	0.10	8,250,000	0.15
Expired	-	-	(20,062,500)	0.18
Outstanding at end of period	27,644,789	0.13	14,403,846	0.16
Weighted average remaining life in years	1.98		1.80	

  

<i>(Canadian \$, except number of warrants and years)</i>	Number of options	Remaining	Weighted average exercise price
		contractual life [years]	
Warrants at 0.10	13,240,943	1.61	0.10
Warrants at 0.15	8,250,000	0.53	0.15
Warrants at 0.18	6,153,846	1.75	0.18
Outstanding at end of period	27,644,789	1.64	0.13

On May 9, 2023, pursuant to a private placement, (note 9b) the Company issued 13,240,943 common share purchase warrants that entitle the holder to receive one common share at a price of \$0.10 for a period of two years.

### (d) Contributed surplus

<i>(Canadian \$)</i>	Amount
January 1, 2022	7,019,123
Warrants issued	393,525
Share based compensation	430,559
Share issue costs	(2,008)
December 31, 2022	7,841,199
Warrants issued	283,555
Share based compensation	171,966
September 30, 2023	8,296,720

## 11. NON-CONTROLLING INTEREST

<i>(Canadian \$)</i>	Amount
January 1, 2022	958,552
Share of net loss	(31,710)
December 31, 2022	926,842
Share of net loss	(23,178)
<b>At September 30, 2023</b>	<b>903,664</b>

In 2021, the Company signed an agreement with Torreco Inc. ("Torreco") for an investment of \$7,000,000 in Ellsin, which owns the pilot plant in Sault Ste. Marie. Based on a \$7,000,000 investment, Torreco would own 70% of Ellsin. To date, Torreco has funded \$1,000,000 and currently owns 10% of Ellsin. Torreco is currently in breach of this agreement by not having advanced the remaining funds. On March 28, 2023, Torreco was informed by letter that



# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

the agreement between Torresco Inc. and the company is cancelled. Management continues to move forward with the plant upgrade and is actively seeking alternate financing arrangements that could result in substantial dilution to Torresco's ownership of Ellsin.

### 12. OPERATING EXPENSES BY FUNCTION

The Company classifies its operating expenses into three functions to reflect how it manages its business as follows:

<i>(Canadian \$)</i>	Technology development	Plant operations	Selling, marketing, administration	Total
Period ended September 30, 2023	356,081	60,239	615,687	1,032,007
Period ended September 30, 2022	325,578	77,951	818,874	1,222,403

### 13. FINANCE COSTS

<i>(Canadian \$)</i>	Nine months ended September 30	
	2023	2022
Interest on lease liabilities	6,285	8,236
Interest on term loan	76,219	73,181
Interest on promissory note	57,194	2,938
Interest on Mortgage loan	40,274	38,935
Interest on deferred compensation	9,942	10,692
Accretion expense on CEBA loan	7,322	6,720
Other Interest	5,351	1,914
	<b>202,587</b>	<b>142,616</b>

### 14. LOSS PER SHARE AMOUNTS

Basic and diluted loss per share for the six months ended September 30, 2023, and 2022 have been calculated based on the weighted average number of common shares outstanding as follows:

<i>(Canadian \$, except common shares in number)</i>	Nine months ended September 30	
	2023	2022
Net loss	(1,504,580)	(1,725,457)
Weighted average common shares outstanding - basic and diluted	291,520,476	263,586,525
Loss per share - basic and diluted	(0.005)	(0.007)

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# Environmental Waste International Inc.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and 2022

(UNAUDITED)

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### 15. RELATED PARTY DISCLOSURES

#### Key management transactions

<i>(Canadian \$)</i>	Nine months ended September 30	
	2023	2022
<b>Management Personnel</b>		
Salaries and benefits and consulting fees	323,169	186,150
Share-based payments	64,867	116,227
Interest on deferred compensation	8,754	9,504
	396,789	311,881

Deferred compensation of \$259,830 (December 31, 2022 - \$299,888) (note 8e) and an amount owing of \$118,185 (December 31, 2022 – \$54,019) included in accounts payable at September 30, 2023, represents compensation owing to a key member of management who is also a director.

#### Other transactions

The Company has promissory notes payable totaling \$722,127 including accrued interest to certain directors of the Company (note 8c).

The Company recognized an expense during the nine months ended September 30, 2022, for shared-based compensation to directors in the amount of \$100,438 (2022 – \$99,015).

During the nine months ended September 30, 2023, the Company recorded \$45,522 (2022 - \$73,854) for share-based compensation to directors.

### 16. COMMITMENTS AND CONTINGENCIES

#### Partnership with European Market

In 2020, the Company announced that it signed an agreement with a European development and investment company, Elysium Nordic (Elysium) to enter a partnership to develop waste tire recycling plants across Europe. That original agreement has now expired, and Elysium's rights are now limited to financing and building a TR100 in Nyborg Denmark with plans to build a second TR100 on the same site. The Company and some of its principals have participated in the June 30, 2020, April 22, 2021 and the April 13, 2022 private placements.

### 17. SEGMENT INFORMATION

The Company is organized into one operating segment. Management monitors the operating results of the Company on this basis. All the Company's assets are located in Canada.

### 18. SUBSEQUENT EVENT

Subsequent to September 30, 2023, directors of the Company made additional advances under promissory notes of \$19,900 USD and \$25,000 CAD.