

EARTHWORKS INDUSTRIES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FEBRUARY 29, 2024, FEBRUARY 28, 2023 AND NOVEMBER 30, 2023

(Expressed in Canadian Dollars)

EARTHWORKS INDUSTRIES INC.

(the "Company")

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, "Continuous Disclosure Obligations", Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management.

The Company's independent auditors have not performed a review of these condensed condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

EARTHWORKS INDUSTRIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)

as at February 29, 2024, February 28, 2023 and November 30, 2023

	February 29 2024	November 30 2023	February 28 2023
ASSETS			
Current Assets			
Cash	\$ 559,712	\$ 908,872	\$ 90,404
Accounts receivable	11,601	12,192	6,057
Prepaid expenses	117,944	180,757	39,364
	689,257	1,101,821	135,825
Cortina Landfill Project (note 5)	11,975,187	11,986,042	11,938,821
	\$ 12,664,444	\$ 13,087,863	\$ 12,074,646
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities (note 10)	\$ 607,196	\$ 681,418	\$ 421,605
Income tax payable (note 11)	376,802	379,161	-
Notes payable (note 6)	817,636	88,747	765,181
Advances from Cortina Landfill Company (note 5)	3,030,879	2,830,610	680,450
Accrued interest on convertible loans (note 8)	465,433	-	426,570
Convertible debenture (note 7)	204,936	206,643	220,721
Derivative liability (note 7)	126,201	126,387	74,231
	5,629,083	4,312,966	2,588,758
Long Term Liabilities			
Advances from Cortina Landfill Company (note 5)	-	-	7,348,413
Notes payable (note 6)	-	710,778	-
Accrued interest on convertible loans (note 8)	-	455,798	-
	5,629,083	5,479,542	9,937,171
SHAREHOLDERS' EQUITY			
Share capital (note 9)	26,684,847	26,622,705	23,333,473
Reserves (note 9)	4,343,441	4,325,441	4,107,441
Accumulated other comprehensive income	887,029	899,492	876,332
Deficit	(24,879,956)	(24,239,317)	(26,179,771)
	7,035,361	7,608,321	2,137,475
	\$ 12,664,444	\$ 13,087,863	\$ 12,074,646

Nature of Business, Continued Operations and Going Concern (note 1)

Subsequent Events (note 16)

Approved on Behalf of the Board on April 25, 2024:

David Atkinson
Director

Calvin Woroniak
Director

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

EARTHWORKS INDUSTRIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Three months ended February 29, 2024	Year ended November 30, 2023	Three months ended February 28, 2023
Administration Costs			
Bank charges and interest (note 6)	\$ 12,525	\$ 46,351	\$ 10,739
Consulting fees	107,468	182,455	8,881
Directors' fees (note 9)	8,250	36,000	9,000
Management salaries (note 9)	32,944	134,021	32,944
Office and administrative costs	10,632	26,924	3,467
Professional fees (note 9)	194,019	134,302	8,100
Promotion	4,967	7,119	433
Rent and parking	6,338	23,820	5,583
Salaries and benefits	12,683	45,828	11,875
Share based compensation	18,000	218,000	-
Stock exchange and filing fees	9,383	29,192	-
Telephone and internet	1,605	6,246	-
Transfer agent	3,198	20,913	1,616
Travel	1,303	5,033	1,561
	423,315	916,204	94,199
	-		-
Other (income) loss			
Convertible loan interest and accretion (notes 7 and 8)	9,635	115,382	79,256
Interest on advances from Cortina Landfill Company (note 5)	207,689	221,210	98,817
Loss on modification of loan (note 7)	-	151,894	-
Gain on extinguishment of debt and related fees (note 5)	-	(3,933,159)	-
Gain on revaluation of fair value of derivative liability (note 7)	-	(116,914)	-
	217,324	(3,561,587)	178,073
(Income) Loss before income tax	640,639	(2,645,383)	272,272
Income tax expense (note 11)	-	376,901	-
Net (income) loss	640,639	(2,268,482)	272,272
Other Comprehensive Income			
Exchange difference on translation of foreign operations	(12,463)	49,804	(27,287)
Comprehensive (Income) Loss for the year	\$ 628,176	\$ (2,218,678)	\$ 244,985
Basic and diluted income (loss) per common share (note 15)	\$ -	\$ 0.02	\$ (0.02)

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

EARTHWORKS INDUSTRIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the Three Months Ended February 29, 2024, February 28, 2023 and the Year Ended November 30, 2023

	Three months ended February 29, 2024	Year ended November 30, 2023	Three months ended February 28, 2023
Operating Activities			
Net income (loss) for the year	\$ (640,639)	\$ 2,268,482	\$ (272,272)
Adjust for non-cash items:			
Gain on extinguishment of debt (note 7)	-	(4,606,407)	-
Gain on fair value of derivative (note 7)	-	(116,914)	-
Loss on loan modification	-	151,894	-
Convertible loan interest and accretion	(794)	71,160	79,256
Share based compensation	18,000	218,000	-
	<u>(623,433)</u>	<u>(2,013,785)</u>	<u>(193,016)</u>
Change in non-cash working capital accounts (note 14)	<u>212,131</u>	<u>755,298</u>	<u>74,214</u>
	<u>(411,302)</u>	<u>(1,258,487)</u>	<u>(118,802)</u>
Financing Activities			
Share capital issued for cash	62,142	2,400,000	-
Share issue costs	-	(378,068)	-
	<u>62,142</u>	<u>2,021,932</u>	<u>-</u>
Investing Activities			
Landfill project deferred costs	-	(63,779)	-
	<u>-</u>	<u>(63,779)</u>	<u>-</u>
Increase (decrease) in cash	(349,160)	699,666	(118,802)
Cash, beginning of year	<u>908,872</u>	<u>209,206</u>	<u>209,206</u>
Cash, end of year	<u>\$ 559,712</u>	<u>\$ 908,872</u>	<u>\$ 90,404</u>
Interest paid (received)	\$ -	\$ -	\$ -
Income taxes paid (received)	\$ -	\$ -	\$ -
Supplemental Cash Flow Information (note 14)	-	-	-

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

EARTHWORKS INDUSTRIES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CORTINA LANDFILL PROJECT COSTS

(Expressed in Canadian Dollars)

For the Three Months Ended February 29, 2024, February 28, 2023 and the Year Ended November 30, 2023

	Three months ended February 28, 2024	Year Ended November 30, 2023	Three months ended February 28, 2023
Cortina Landfill Project			
Project engineering	\$ -	\$ 53,674	\$ -
Legal	-	10,105	-
Costs incurred during the period	-	63,779	-
Exchange Adjustment	125,241	72,317	88,875
Project Costs, beginning of the year	11,849,946	11,849,946	11,849,946
Project Costs, end of the year	\$ 11,975,187	\$ 11,986,042	\$ 11,938,821

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

EARTHWORKS INDUSTRIES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the 3 Months Ended February 29, 2024 and 2023 and the years ended November 30, 2023 and 2022

	Number of Shares	Amount	Contributed Surplus	Equity Portion of Convertible Loans	Accumulated Other Comprehensive Income - cumulative translation adjustment	Deficit	Total
Balance, November 30, 2022	94,310,832	\$ 23,333,473	\$ 3,817,842	\$ 289,599	\$ 849,688	\$ (25,907,499)	\$ 2,383,103
Other comprehensive income	-	-	-	-	26,644	-	26,644
Net loss for the quarter	-	-	-	-	-	(272,272)	(272,272)
Balance, February 28, 2023	94,310,832	23,333,473	3,817,842	289,599	876,332	(26,179,771)	2,137,475
Other comprehensive income	-	-	-	-	23,160	-	23,160
Share issued for cash	12,000,000	2,400,000	-	-	-	-	2,400,000
Shares issued for debt	3,335,000	1,267,300	-	-	-	(600,300)	667,000
Shares issued for finance fee	450,000	90,000	-	-	-	-	90,000
Share issue costs	-	(468,068)	-	-	-	-	(468,068)
Share-based compensation	-	-	218,000	-	-	-	218,000
Net loss for the year	-	-	-	-	-	2,540,754	2,540,754
Balance, November 30, 2023	110,095,832	\$ 26,622,705	\$ 4,035,842	\$ 289,599	\$ 899,492	\$ (24,239,317)	\$ 7,608,321
Other comprehensive income	-	-	-	-	(12,463)	-	(12,463)
Warrants exercised	207,140	62,142	-	-	-	-	62,142
Stock based compensation	-	-	18,000	-	-	-	18,000
Net loss for the period	-	-	-	-	-	(640,639)	(640,639)
Balance, February 29, 2024	110,302,972	26,684,847	4,053,842	289,599	887,029	(24,879,956)	7,035,361

EARTHWORKS INDUSTRIES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 29, 2024, February 28, 2023 and November 30, 2023

1 Nature of Business, Continued Operations and Going Concern

Earthworks Industries Inc. (the "Company") is incorporated under the laws of British Columbia, Canada and management has determined that the Company is in the development stage based on the fact it has no operations, no significant revenues and has not completed the landfill project. Its office is located at Suite 615, 800 West Pender Street, Vancouver, BC V6C 2V6.

The Company has completed an environmental impact study of a landfill project through its wholly-owned subsidiary, Cortina Integrated Waste Management Inc. ("CIWM") and received a Record of Decision to approve its lease to construct and operate the site from the United States Department of the Interior - Bureau of Indian Affairs ("BIA") in 2000. Final approval of the lease was issued in January 2007. Notice of termination of this lease was given by the BIA on August 19, 2013. The Company filed and, on October 29, 2015, succeeded in its Appeal to the Interior Board of Indian Affairs ("IBIA"). Another notice of termination of this lease was issued again by the BIA on March 1, 2019. The Company has filed an appeal to the BIA.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The establishment of operations by the Company and the recoverability of the amount shown for the landfill project is dependent upon the ability of the Company to obtain necessary financing, and maintaining the lease to construct and operate its site in good standing to complete the development of the landfill operation and commence future profitable operations. Management will pursue future equity financings and continued loans from related and other parties. The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges such as the risk of higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in the condensed consolidated interim financial statements.

The Company is a party to an historical debt agreement which is significant to the Company and has been amended - see note 5. The terms of the agreement as of November 30, 2023 and 2022 are as follows.

On February 4, 2022 the Company amended the previous North Bay agreement to settle the US\$500,000 installment payment due to be paid by the Company on March 31, 2022 as follows:

- a) two payments of \$12,500 with the first being payable upon execution of the amended agreement and the second payable by August 31, 2022 (both payments were made);
- b) US\$250,000 will be satisfied by the issuance of 1.27 million units which consist of one fully paid voting share and one half share purchase warrant. One full warrant is exercisable at \$0.35 until February 28, 2024 to purchase one fully paid voting common share of Earthworks (the units were issued in April 2022);
- c) the remaining US\$225,000 will remain part of the balance amount as defined in the agreement; and
- d) the payout option amount is increased to US\$2,500,000 and expires on March 31, 2023.

On March 13, 2023, September 19, 2023, October 10, 2023 and October 15, 2023 the Company agreed to amend the Settlement Agreement (as defined in Note 5) and pursuant to those amendments, the Company exercised its option to buy out the existing US\$5,909,880 loan from North Bay for US\$2,500,000. The Company will also repay US\$150,000 borrowed from North Bay under a separate loan agreement dated September 27, 2022 as part of the final payment (note 7). For accounting purposes the amendments entered into on March 13, 2023 and October 10, 2023 represented a significant change in the terms of the Settlement Agreement and were treated as extinguishments of the existing liabilities and the execution of new agreements. See note 5 for details of the amended Settlement Agreement.

2 Significant Accounting Policies

a) Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the basis of IFRS that are effective for the Company's reporting year ended November 30, 2023.

These condensed consolidated interim financial statements have been prepared on a historical basis except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The Company is compliant with IAS34.

b) Consolidation of Financial Statements

These condensed consolidated interim financial statements include the accounts of the Company and CIWM, a subsidiary incorporated in the State of California on July 19, 1994. A wholly-owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. References to "the Company" include Cortina Integrated Waste Management, Inc. intercompany balances and transactions have been eliminated upon consolidation.

c) Financial Instruments

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit and loss ("FVTPL").

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

The Company measures its cash at amortized cost.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
February 29, 2024, February 28, 2023 and November 30, 2023

2 Significant Accounting Policies (continued)

Financial Instruments (continued)

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

The Company does not have any financial assets measured at FVOCI or FVTPL.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held-for-trading or derivatives) or if the Company has opted to measure them at FVTPL.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, notes payable, advances from Cortina Landfill Company, accrued interest on convertible loans and convertible debenture are subsequently measured at amortized cost, using the effective interest method. The Company's derivative liability is carried at FVTPL.

IFRS 7, Financial Instruments Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments include: cash, accounts payable and accrued liabilities, notes payable, derivative liabilities, accrued interest on convertible loans, convertible debenture and advances from Cortina Landfill Company. The carrying value of the financial instruments approximates their fair values.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Compound Financial Instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted into shares of the Company at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss. When the conversion option is exercised, the consideration received is recorded as share capital and the equity component of the compound financial instrument is transferred to share capital.

When the Company extinguishes convertible debentures before maturity through early redemption or repurchase where the conversion option is unchanged, the Company allocates the consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the instrument at the date of settlement. The method used in allocating the consideration paid and transaction costs to the separate components is consistent with the method used in the original allocation to the separate components of the proceeds received by the entity when the convertible instrument was issued. The amount of gain or loss relating to the early redemption or repurchase of the liability component is recognized in profit or loss. The amount of consideration relating to the equity component is recognized in equity.

In some instances, financial instruments may be determined to be hybrid instruments which can contain a liability and a derivative liability. In these scenarios, the derivative liability is measured first at inception at fair value with any residual amount assigned to the liability component. If the hybrid instrument also contains an equity component, the liability and derivative liability are both measured at inception at fair value with any residual assigned to the equity component. Transaction costs are allocated proportionately among the liability, derivative liability and equity components.

Derecognition of Financial Assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the final asset and substantially all the risks and rewards of ownership to another entity.

Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

Extinguishment and Modification of Debt

Long-term debt is initially recognized at the fair value of the consideration received, net of transaction costs. It is subsequently measured at amortized cost using the effective interest method. When the debt is amended, if the modification is not substantially different, it will be considered to be a modification, with any costs or fees incurred adjusting the carrying amount of the debt and amortized over the remaining term of the debt. If the modification is determined to be substantially different based on qualitative factors or when the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is at least ten percent different from the discounted present value of the remaining cash flows of the original debt, the modification is accounted for as an extinguishment of the debt with a gain/loss to the carrying amount of the debt being recorded in the consolidated statements of comprehensive income (loss). Also, the transaction costs related to the debt extinguishment are recorded in the statements of comprehensive income (loss) on debt extinguishment debt account.

d) Cortina Landfill Project Costs

The Company is proceeding with final federal approvals with respect to the development of the Cortina Landfill Project and accordingly follows the practice of capitalizing all costs related to the project until such time as the project is put into commercial use, sold or abandoned. If commercial use commences, the capitalized costs will be amortized on a units of production basis. If the project is abandoned, the related capitalized costs will be written-off to profit or loss.

The amounts shown for the Cortina Landfill Project represent costs to date and are not intended to reflect present or future values. The actual amounts to be recovered from the project are uncertain and not determinable until the project is completed. Changes in future conditions could require a material change in the recognized amount.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

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2 Significant Accounting Policies (continued)

e) Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all of its economic benefits and either predetermines or directs how and for what purpose the asset is used.

At lease commencement, the Company recognizes a right-of-use asset and a lease obligation. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, 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 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. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension, or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

f) Earnings (Loss) Per Share

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of stock options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the period.

g) Foreign Currency Translation

The reporting currency of the Company is the Canadian dollar.

The functional currency of each of the parent company and its subsidiary is measured using the functional currency of the primary economic environment in which that entity operates. The condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent company's functional and presentation currency. The functional currency of the subsidiary is the United States dollar.

Transactions and balances:

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items valued at their fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the Statement of Comprehensive Gain (Loss) in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in the Statement of Comprehensive Gain (Loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income.

Where a non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

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2 Significant Accounting Policies (continued)

Foreign Currency Translation (continued)

Parent and Subsidiary Companies (Group):

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at the reporting date
- income and expenses are translated at monthly average exchange rates

Exchange differences arising on translation of foreign operations are transferred directly to exchange difference on translation of foreign operations in other comprehensive loss. These differences are recognized in profit or loss in the period in which the operation is disposed of.

h) Share-Based Compensation

The Company has a stock option plan that allows certain officers, directors, consultants, and related company employees to acquire shares of the Company. The fair value of the options is recognized as an expense with a corresponding increase in equity.

Share-based payments to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. Fair value is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Each tranche awarded with graded vesting is considered a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

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

Share-based payments are recorded as an operating expense and as contributed surplus. When options are exercised, the consideration received is recorded as share capital. In addition, the related share based payments originally recorded as contributed surplus are transferred to share capital.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

i) Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using 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 tax is recognized using the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and for operating losses or tax credits. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the deferred tax asset is realized or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

j) Share Issue Costs

Share issue costs incurred on the issue of the Company's shares are charged directly to share capital.

k) Valuation of Equity Units Issued In Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus.

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets requiring a substantial period of time to get ready for their intended use or sale are capitalized as part of the cost of that asset.

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2 Significant Accounting Policies (continued)

m) Significant Accounting Estimates and Judgments

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

Critical Accounting Estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

- the inputs used in accounting for share-based compensation;
- the inputs used in measuring the liability portion of the convertible debt; and
- the inputs used in measuring the derivative liability.

Critical Judgments:

- Critical judgments include the analysis of the functional currency for each entity of the Company and the going concern assessment (see Note 1). In concluding that the Canadian dollar and the US dollar are the functional currencies of the parent and its subsidiary respectively, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.

- The assessment of the Cortina Landfill Project assets included in the statements of financial position for indicators of impairment.

n) Long-lived assets

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

o) Restoration, Rehabilitation, and Environmental Obligations

An obligation to incur restoration, rehabilitation or environmental costs arises when environmental disturbance is caused. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditures is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the landfill operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate net present value. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit of production or the straight line method. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capital cost of the related assets, in which case the capitalized cost is reduced to \$nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation or environmental obligations as the disturbance to date is insignificant.

p) Standards, Amendments and Interpretations Not Yet Effective

Certain new standards, interpretations, and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting years beginning on or after January 1, 2022. New accounting pronouncements that are not applicable or are not consequential to the Company have been excluded in the preparation of these condensed consolidated interim financial statements.

A number of new standards, and amendments to standards and interpretations, are not effective for the year ended November 30, 2022, and have not been early adopted in preparing these condensed consolidated interim financial statements.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments continue the IASB's clarifications on applying the concept of materiality. These amendments help companies provide useful accounting policy disclosures, and they include: requiring companies to disclose their material accounting policies instead of their significant accounting policies; clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and do not need to be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material. The IASB also amended IFRS Practice Statement 2 to include guidance and examples on applying materiality to accounting policy disclosures.

These amendments are effective for reporting periods beginning on or after January 1, 2023. These amendments are expected to reduce the disclosure of accounting policies for the Company.

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2 Significant Accounting Policies (continued)

Standards, Amendments and Interpretations Not Yet Effective (continued)

Amendments to IAS 8 – Definition of Accounting Estimates

The amendments clarify how companies distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The distinction between the two is important because changes in accounting policies are applied retrospectively, whereas changes in accounting estimates are applied prospectively. Further, the amendments clarify that accounting estimates are monetary amounts in the financial statements subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

These amendments are effective for reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify how companies account for deferred taxes on transactions such as leases and decommissioning obligations, with a focus on reducing diversity in practice. They narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

These amendments are effective for reporting periods beginning on or after January 1, 2023. The implementation of this amendment is not expected to have a material impact on the Company.

Amendment to IAS 1 – Non-current Liabilities with Covenants

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

This amendment is effective for reporting periods beginning on or after January 1, 2024. The implementation of this amendment is not expected to have a material impact on the Company.

Amendments to IAS 1 - Classification of Liabilities as Current and Non-current

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date.

These amendments are effective for reporting periods beginning on or after January 1, 2024. The implementation of this amendment is not expected to have a material impact on the Company.

3 Financial Instruments and Financial Risk Management

a) Financial Instruments

The Company's financial instruments carried at FVTPL consists of derivative liabilities. The Company has no financial instruments carried at FVTOCI. The fair value of the Company's derivative liabilities includes inputs which are not observable and is considered a level 3 financial instrument in the fair value hierarchy.

There were no transfers between the levels of the fair value hierarchy during the year.

b) Financial Risk Management

(i) Overview:

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework and reviews the Company's policies on an ongoing basis.

(ii) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. At November 30, 2023, substantially all of the Company's cash was held at a recognized Canadian National financial institution. As a result, the Company was exposed to all of the risks associated with that institution. The Company has no accounts receivable at the current year end and as the Goods and Services tax recoverable is recoverable from the federal Government of Canada, the Company does not currently face significant credit risk.

(iii) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company regularly reviews its current obligations, and to the extent that the Company may not have sufficient liquidity to meet these obligations, management considers securing additional funds through equity or debt transactions. As at February 29, 2024, the Company had a cash balance of \$559,712 (February 28, 2023 - \$90,404) available to settle current liabilities of \$5,624,083 (February 28, 2023 - \$2,588,758). The Company relies on external financing to generate sufficient operating capital and management believes it will be able to raise any required funds in the short term.

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3 Financial Instruments and Financial Risk Management (continued)
Financial Risk Management (continued)

(iv) Market Risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments.

The Company is developing its Landfill Project in California, and as a result is subject to currency risk. Project costs are denominated in U.S. dollars and the loan advanced by Cortina Landfill Company ("CLC") to finance much of the ongoing cost is also in U.S. dollars. To this point in time the Company does not hedge the risk related to the fluctuations in the exchange rate between the U.S. and Canadian dollar as it relates to the Company's obligations. Management may decide to consider hedging the risk in the future.

	November 30, 2023	November 30, 2022
Cash - U.S. dollars	\$ 5,203	\$ -
Accounts payable and accrued liabilities - U.S. dollars	\$ (14,953)	\$ (14,954)
Income tax payable - U.S. dollars	\$ 279,000	\$ -
Advances from Cortina Landfill Company and accrued interest - U.S. dollars	\$ (2,082,862)	\$ (5,828,992)
Convertible debenture and derivative liability - U.S. dollars	\$ (152,055)	\$ (161,470)

U.S. Dollars are translated at Cdn \$1.3590 at November 30, 2023 (2022 - Cdn \$1.358).

At November 30, 2023, if the U.S. dollar had strengthened 10 percent against the Canadian dollar with all other variables held constant, the comprehensive loss for the year would have been \$356,000 higher (2022 - \$809,000). Conversely, if the U.S. dollar had weakened 10 percent against the Canadian dollar with all other variables held constant, the comprehensive loss would have been \$356,000 lower (2022- \$809,000).

The Company is subject to interest rate risk on its notes payable as the interest is tied to Royal Bank of Canada's prime rate ("Prime").

(v) Fair Value of Financial Instruments:

The carrying values of cash, accounts payable and accrued liabilities, advances from Cortina Landfill Company, notes payable and the liability component and accrued interest on convertible loans approximate their fair values due to the relatively short periods to maturity and terms of these financial instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

4 Capital Structure and Management

The Company manages its capital to maintain its ability to continue as a going concern, to meet its financial obligations and to provide benefits to its shareholders and other stakeholders. The capital structure of the Company consists of shareholders' equity comprised of issued capital, equity portion of convertible loans, contributed surplus, accumulated other comprehensive income and deficit.

The Company manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Company, with the approval of the Board of Directors, will continue to balance its overall capital structure through new share or debt issuances or by other activities as deemed appropriate.

There were no changes to the Company's approach to capital management during the years ended November 30, 2023 and 2022. The Company is not subject to externally imposed capital requirements.

5 Cortina Landfill Project

The Company has negotiated a Business Lease and completed an Environmental Impact Statement for an integrated waste management project located on the Cortina Indian Rancheria in Colusa County, California. The BIA issued final approval of the lease in January 2007, and the Wintun Environmental Protection Agency, Board of Commissioners, issued the Authority to Construct in October 2008.

The Company leased a portion of the land located within the Cortina Indian Rancheria in Colusa County, California, for the purpose of developing and operating a sanitary landfill and materials recovery facility for an initial term of twenty-five years (with a renewal term of an additional twenty-five years), which commenced on the date the lease was approved for consideration of:

- (i) \$10,000 U.S. payable within 21 days of the lease being approved by the BIA;
- (ii) \$15,000 U.S. per month commencing the first month following the month in which commercial production commences, with monthly payments being indexed on an annual basis according to increases in the Cost of Living Index as published by the United States Government; and
- (iii) Fees equal to 3% of gross revenue on the first 150,000 tonnes of waste received in a fiscal year, to be calculated and paid monthly, and 5% of gross revenue for waste in excess of 150,000 tonnes received in a fiscal year.

The Company also agreed to pay all of the Cortina Tribe's reasonable attorney fees and costs incurred by tribal officials and attorneys in carrying out their obligations under this agreement.

In April 2007, an agreement was signed to sell 50% of the issued shares of "CIWM", the Company's wholly-owned subsidiary and the owner and developer of the project, to the Cortina Landfill Company (CLC), a 100% owned subsidiary of North Bay Corporation ("North Bay") of Santa Rosa, California. On December 23, 2009, North Bay and CLC notified Earthworks that they would not be exercising their option to acquire 50% of the issued shares of CIWM nor continue funding the development of its waste management facility in Colusa County, California. Subsequently, a number of agreement amendments and extensions ("Settlement Agreement") were agreed to (in U.S. dollars).

On October 26, 2008, the Wintun Environmental Protection Agency issued the Authority to Construct for the Class III Municipal Solid Waste Landfill portion of the project.

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5 Cortina Landfill Project (continued)

On August 19, 2013, the Company received a Notice of Termination of its lease on the Cortina Rancheria. On September 16, 2013, an appeal was filed with the Interior Board of Indian Appeals (IBIA) challenging the validity and sufficiency of the reasons for the termination by the Bureau of Indian Affairs. The Company filed its required opening brief of the appeal on February 3, 2014. On October 29, 2015, the IBIA, U.S. Department of the Interior, issued its Order reversing the decision of the Regional Director.

The Company received a second notice dated March 1, 2019 from the US Bureau of Indian Affairs advising that the Lease held by the Company with the Kletsel Dehe Band of Wintun Indians has been terminated. The Company believes that the allegations are unfounded and will not be upheld. The Company has filed an appeal.

Cancellation and Replacement of the Agreement

On March 13, 2023, September 19, 2023, October 10, 2023 and October 15, 2023 the Company agreed to amend the Settlement Agreement and pursuant to those amendments, the Company exercised its option to buy out the existing US\$5,909,880 loan from North Bay for US\$2,500,000. The Company will also repay US\$150,000 borrowed from North Bay under a separate loan agreement dated September 27, 2022 as part of the final payment (note 7). For accounting purposes the amendments entered into on March 13, 2023 and October 10, 2023 represented a significant change in the terms of the Settlement Agreement and were treated as extinguishments of the existing liabilities and the execution of new agreements. The revised terms of the Settlement Agreement as of November 30, 2023 are as follows:

- (i) The total US\$2,650,000 payment will be made on or before November 15, 2024 having exercised its' option to extend the repayment date to November 15, 2024; (Subsequent Event Note 16)
- (ii) The Company is required to make a one time payment to North Bay of U.S. \$265,000 representing a loan fee of 10%. During the year ended November 30, 2023, U.S.\$265,000 (CAD\$357,989) was paid;
- (iii) North Bay has waived the US\$500,000 instalment payment due on March 31, 2023;
- (iv) The Company is required to issue to North Bay 3,335,000 units of the Company at a deemed value of US\$500,000 (CAD\$667,000) to reduce the payout amount to US\$2,150,000. Each unit consisting of 1 common share of the Company and one common share purchase warrant exercisable at CAD\$0.40 until October 30, 2025. During the year ended November 30, 2023, 3,335,000 units were issued at a fair value of US\$929,446 (CAD\$1,267,300) resulting in a loss on debt settlement of USD\$429,446 (CAD\$600,300);
- (v) The Company is required to make a one time payment to North Bay equal to 25% of the net proceeds raised in its October 2023 offering, representing an extension fee. During the year ended November 30, 2023, US\$233,370 (CAD\$315,260) was paid;
- (vi) Interest will accrue on the remaining balance of principal and interest outstanding as of March 13, 2023, based on an effective interest rate of 29.55% (calculated based on 10% of the \$5,909,880 outstanding principal and interest of the debt with North Bay prior to the exercise of the buy out option and the Settlement Agreements); and
- (vii) Any failure by the Company to make payments under the Settlement Agreement will be deemed a breach of the Settlement Agreement, pursuant to which share certificates representing ownership of CIWM were transferred into an escrow account as security for the loan, and those share certificates will be irrevocably transferred to North Bay.

<u>Advances from CLC</u>	<u>February 29, 2024</u>	<u>November 30, 2023</u>
Beginning of year	\$ 2,830,610	\$ 7,873,802
Principal and accrued interest extinguished	-	(1) (7,983,657)
Addition	-	3,377,250
Principal and accrued interest extinguished	-	(3,377,250)
Addition	-	3,377,250
Principal, interest and fees paid	-	(667,000)
Accrued interest	207,689	221,210
Foreign exchange adjustment	<u>(7,420)</u>	<u>9,005</u>
Balance, end of year	3,030,879	2,830,610
Less: Current portion	<u>3,030,879</u>	<u>2,830,610</u>
Non-current portion	<u>\$ -</u>	<u>\$ -</u>

(1) As part of the March 13, 2023 amendment the Company derecognized the previous liability of US\$5,909,880 (CAD\$7,983,657) and recognized a new liability of US\$2,500,000 (CAD\$3,377,250). As part of the October 10, 2023 amendment the Company derecognized the previous liability of US\$2,500,000 (CAD\$3,377,250) and recognized a new liability of US\$2,500,000 (CAD\$3,377,250). The extinguishments resulted in a reduction of the related liability of US\$3,409,880 (CAD\$4,606,407). Additionally, the Company paid a total of US\$498,370 (CAD\$673,248) in related fees, resulting in a gain on extinguishment of debt and related fees of US\$2,911,510 (CAD\$3,933,159).

6 Notes Payable

	<u>February 29, 2024</u>	<u>November 30, 2023</u>
Notes payable, unsecured bearing interest at Prime + 2% per annum and matures December 31, 2024	\$ 76,996	\$ 74,955
Notes payable, unsecured bearing interest at Prime + 3% per annum and matures December 31, 2024.	650,122	635,823
Notes payable, unsecured bearing interest at Prime + 2% per annum that have matured. (Agreement dates: March 4, 2013 - November 13, 2014).	<u>90,518</u>	<u>88,747</u>
	<u>817,636</u>	<u>799,525</u>
Current portion of notes payable	<u>(817,636)</u>	<u>(88,747)</u>
Non current portion	<u>\$ -</u>	<u>\$ 710,778</u>

Additionally, a 10% financing fee is satisfied on Maturity Date or closing on any private placement prior to Maturity Date. The lender may, if the Company announces a private placement of its common shares prior to Maturity Date, elect to have all or a portion of the principal and fee applied to the purchase of shares in the private placement at the same net (after commissions being paid) price being charged by the Company to other investors.

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7 Convertible Debenture

On October 20, 2021, the Company entered into a US\$100,000 (\$128,926) convertible debenture maturing on March 31, 2022. On May 24, 2022, the Company entered into an additional US\$50,000 (\$64,740) convertible debenture maturing on October 31, 2022. On September 27, 2022, the Company modified the previous convertible debentures and entered into a new US\$150,000 (\$194,774) convertible debenture maturing on March 1, 2023. As part of the Settlement Agreement (note 5) previously accrued interest of US\$12,561 (C\$16,969) was waived and the maturity date was extended to April 15, 2024 with a further option to extend to November 15, 2024. The convertible debentures accrue interest at 10% per annum, are convertible into common shares of the Company at the lowest discounted price allowable under the TSX Venture Exchange, are unsecured, and are not convertible until maturity.

Due to the terms of the agreements, all convertible debentures are convertible into an unknown number of shares at an unknown value which breaks the fixed for fixed criterium. Upon initial recognition of the convertible debentures, the Company bifurcated the convertible debentures into a host liability and a derivative liability. The derivative liability has been valued first using the Black-Scholes Pricing Model with the residual value being allocated to the host debt.

	Host Liability	Derivate Liability
December 1, 2021	\$ 128,926	\$ -
Additions:	259,514	-
Bifurcation:	(1) (215,338)	215,338
Interest:	12,428	-
Accretion:	136,414	-
Gain on fair value of derivative liability:	(2) -	(75,656)
Extinguishment:	(3) (183,500)	(69,056)
Currency translation:	5,988	3,054
November 30, 2022:	<u>\$ 144,432</u>	<u>\$ 73,680</u>
Accretion:	71,160	-
Interest:	6,779	-
Gain on fair value of derivative liability:	(2) -	(116,914)
Gain (loss) on modification of debt:	(16,969)	168,863
Currency translation:	(4) 1,241	758
November 30, 2023:	<u>\$ 206,643</u>	<u>\$ 126,387</u>
Currency translation:	(1,707)	186
February 29, 2024:	<u>\$ 204,936</u>	<u>\$ 126,573</u>

(1) The following weighted average Black-Scholes Pricing Model inputs were used in determining the fair value of the derivative liability; (1) share price of US\$0.18, (2) exercise price of US\$0.13, (3) estimated annual volatility of 129%, (4) Risk-free interest rate of 2.95%, (5) expected life of 0.43 years, and (6) 0% expected dividend yield. Annualized volatility is estimated using the historical stock price of the Company.

(2) The following weighted average Black-Scholes Pricing Model inputs were used in the change in the fair value of the derivative liability; (1) share price of US\$0.18 (2022 - US\$0.13), (2) exercise price of US\$0.13 (2022 - US\$0.10), (3) estimated annual volatility of 156% (2022 - 91%), (4) Risk-free interest rate of 4.69% (2022 - 3.86%), (5) expected life of 0.10 years (2022 - 0.16 years), and (6) 0% expected dividend yield. Annualized volatility is estimated using the historical stock price of the Company.

(3) On September 27, 2022, the US\$100,000 (\$128,926) and US\$50,000 (\$64,740) convertible debentures entered into on October 20, 2021, and May 24, 2022, were extinguished and a new US\$150,000 (\$194,774) convertible debenture was recorded. On extinguishment date the carrying value of the outstanding host debts extinguished were \$183,500 and the fair value of the derivative liabilities extinguished were \$69,056, these balances were extinguished. The fair value of the new derivative liability recorded on extinguishment date was \$103,019 and the residual value allocated to the host debt was \$91,190. A gain on extinguishment of debt in the amount of \$58,337 was recorded.

(4) As part of the Settlement Agreement the Company was required to revalue the derivative liability using the Black-Scholes Pricing Model on amendment dates. The following weighted average Black-Scholes Pricing Model inputs were used in calculating the fair value of the derivative liability on modification date: (1) share price of US\$0.14, (2) exercise price of US\$0.10, (3) estimated annual volatility of 128%, (4) Risk-free interest rate of 4.34%, (5) expected life of 0.42 years, and (6) 0% expected dividend yield. Annualized volatility is estimated using the historical stock price of the Company.

8 Accrued Interest on Debt

At November 30, 2023 and 2022 the principal obligation related to a historical debit instrument has been paid and unpaid accrued interest of \$455,798 (2022 - \$418,355) remains unpaid. Interest accrues at 8.5% per annum. The due date for this accrued interest balance has been extended to December 31, 2024.

	February 29, 2023	November 30, 2023
Balance of accrued interest, beginning of year	\$ 455,798	\$ 418,355
Accrued interest	9,635	37,443
Payments	-	-
Balance of accrued interest, end of year	<u>\$ 465,433</u>	<u>\$ 455,798</u>

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9 Share Capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Transactions for the Issue of Share Capital during the 3 months ended February 29, 2024:

Transaction	Date of Issue		Shares issued		Amount
Warrants exercised	16-Jan-24	(1)	207,140	\$	62,142

(1) Warrants were exercised at a price of \$0.30 per warrant. The Company received proceeds of \$62,142 and issued 207,140 shares.

Transactions for the Issue of Share Capital during the year ended November 30, 2023:

Transaction	Date of Issue		Shares issued		Amount		Warrants issued
Units issued	15-May-23		4,500,000	(2)	\$	900,000	4,500,000
Units issued	02-Nov-23		450,000	(3)	\$	90,000	450,000
Units issued	27-Nov-23		3,335,000	(4)	\$	666,700	3,335,000
Units issued	02-Nov-23		<u>7,500,000</u>	(3)	\$	<u>1,500,000</u>	<u>7,500,000</u>
			<u>15,785,000</u>		\$	<u>3,156,700</u>	<u>15,785,000</u>

(2) On May 15, 2023 the Company issued 4,500,000 units at a price of \$0.20 per unit consisting of 4,500,000 shares and 4,500,000 warrants which are exercisable at \$0.40 until May 15, 2024. Proceeds to the Company were \$900,000.

(3) The Company completed a brokered offering through Haywood Securities ("Haywood Offering") for 7,500,000 units (the "Units") of the Company at a price of C\$0.20 per Unit for gross proceeds to the Company of C\$1,500,000. Each Unit will consist of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at a price of C\$0.40, subject to adjustment in certain events, for a period of 24 months following the closing date of the Offering (the "Closing Date") which occurred on November 2, 2023. Upon closing of the Offering, the Company paid to the Agents: (i) a C\$90,000 cash commission; and (ii) 450,000 non-transferrable broker warrants of the Company exercisable at any time prior to the date that is 24 months from the Closing Date to acquire 450,000 Units at an exercise price of C\$0.40 which was valued at \$90,000. The Company paid an additional \$288,068 in cash share issuance costs.

(4) The Company issued 3,335,000 units to North Bay per an agreement to reduce the payout amount by US\$500,000 (note 5).

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSX Venture Exchange policies), or such other price as may be agreed to by the Company and accepted by the TSX Venture Exchange. Options granted under the Plan vest immediately, except for options granted to consultants conducting investor relations activities, which become vested with the right to exercise one-fourth of the options upon the conclusion of each three month period subsequent to the grant date.

A summary of the status of the Company's stock option plan as at February 29, 2024, and November 30, 2023, and changes during the periods then ended is as follows:

	2024		2023	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options Outstanding, beginning of year	6,950,000	\$ 0.17	5,850,000	\$ 0.15
Expired	(250,000)	\$ 0.15 (1)	-	\$ -
Granted	150,000	\$ 0.35	1,100,000 (2) (3)	\$ 0.27
Options Outstanding, end of year	6,850,000	\$ 0.17	6,950,000	\$ 0.17

(1) On January 22, 2024 the Company granted 150,000 share purchase options at \$0.35 to a director.

(2) On June 1, 2023 the Company granted 250,000 share purchase options at \$0.20 per share to an advisor. On June 26, 2023 the Company granted 300,000 share purchase options at \$0.35 per share to a service provider and advisor. The options will be exercisable until July 31, 2025. These options vested immediately and are valued at \$113,500.

(3) On November 16, 2023 the Company granted 550,000 share purchase options at \$0.25 per share to two advisors and a director. The options will be exercisable until November 30, 2025. These options vested immediately and are valued at \$104,500.

The weighted average trading price of the Company's shares on option exercise date was \$nil (2022 - \$0.185).
The weighted average remaining life on the options is 3.38 years (2022 - 4.67 years).

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9 Share Capital (continued)
Stock Options (continued)

At February 29, 2024 the Company has outstanding stock options to acquire 5,850,000 shares of the Company's capital stock as follows:

Number of Options	Exercise Price (\$)	Expiry Date
5,600,000	0.15	July 31, 2027
250,000	0.20	July 31, 2027
250,000	0.20	July 31, 2025
450,000	0.35	July 31, 2025
300,000	0.25	November 30, 2025
6,850,000	0.17	

At November 30, 2023 the Company has outstanding stock options to acquire 6,950,000 shares of the Company's capital stock as follows: (See Subsequent Events Note 16)

Number of Options	Exercise Price (\$)	Expiry Date
5,250,000	0.15	July 31, 2027
600,000	0.15	July 31, 2027
250,000	0.20	July 31, 2025
450,000	0.35	July 31, 2025
300,000	0.25	November 30, 2025
6,850,000	0.17	

The fair value of the options granted were estimated at the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2023	2022
Share price	\$ 0.300	\$ 0.185
Exercise price	\$ 0.27	\$ 0.15
Estimated annual volatility	121.00%	130.00%
Risk-free interest rate	4.45%	3.14%
Expected life (years)	2.09	5.05
Expected dividend yield	0%	0%

Annualized volatility is estimated using the historical stock price of the Company.

Reserves

Reserves are comprised of the fair value of stock option grants and warrants issued prior to exercise and the equity portion of convertible loans.

Escrow Shares

The Company has no outstanding escrow shares.

Warrants

	2024	2023
Balance, beginning of year	21,603,900	7,950,900
Issued	-	15,785,000
Exercised	(207,140)	
Expired	(635,000)	(2,132,000)
Balance, end of period	20,761,760	21,603,900
Weighted Avg. Exercise Price	\$ 0.37	\$ 0.37

A total of 2,132,000 warrants expired during the year ended November 30, 2023 and 635,000 warrants expired February 28, 2024.

At February 29, 2024, the Company had warrants outstanding as follows:

Number of Warrants	Exercise Price	Expiry Date
4,500,000	0.40	May 18, 2025 (3)
2,364,260	0.30	September 21, 2024 (4)
2,612,500	0.30	December 3, 2024
3,335,000	0.40	October 30, 2025 (1)
7,950,000	0.40	November 2, 2025 (2)
20,761,760		

- (1) 3,335,000 warrants were issued to North Bay in exchange for a future reduction to the payout amount (note 5).
- (2) The Company issued 450,000 warrants exercisable at \$0.40 to a broker as a finance fee. The Company issued an additional 7,500,000 warrants exercisable at \$0.40 pursuant to a units offering.
- (3) The Company issued 4,500,000 warrants exercisable at \$0.40 pursuant to a units offering in May 2023. On February 20, 2024 these warrants were extended to May 18, 2025
- (4) Warrants were exercised at a price of \$0.30 per warrant. The Company received proceeds of \$62,142 and issued 207,140 shares.

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10 Related Party Transactions

- a) Management salaries totaling \$32,944 (2023 - \$32,944) were incurred with David Atkinson, CEO/President of the Company.
- b) Directors' fees totaling \$6,750 (2023 - \$6,750) were incurred with Directors of the Company.
- c) Legal fees totaling \$5,000 (2023 - \$1,156) were incurred with a law firm within which a personal law corporation controlled by the Secretary of the Company is a principal.
- d) Accounting fees totaling \$8,100 (2023 - \$8,100) were incurred with a Director and Officer of the Company.
- e) During the current year interest totaling \$9,635 (2023 - \$8,215) was accrued on unpaid accrued interest to a director of the Company. See note 8.
- f) Notes payable issued for advances by a Director of the Company amount to \$473,885 (2023 - \$441,754). During the current year, interest totaling \$7,139 (2023 - \$6,450) was accrued on this debt. See note 6.
- g) Share-based compensation totaling \$18,000 (2023 - \$nil) was incurred with related parties.

These transactions have been in the normal course of operations and have been valued in these condensed consolidated interim financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key Management Personnel Compensation

	February 29, 2024	February 28, 2023
Directors' fees	\$ 8,250	\$ 9,000
Professional fees	8,100	8,100
Management fees	32,944	32,944
	<u>\$ 49,294</u>	<u>\$ 50,044</u>

The amounts due to related parties included in accounts payable and accrued liabilities were payable to directors and officers. These balances are due on demand, have no specific terms of repayment, are non-interest bearing and unsecured unless otherwise stated; accordingly, fair value cannot be reliably determined.

	February 29, 2024	February 28, 2024
Due to the CEO, President and Director	\$ 121,466	\$ 128,735
Due to Directors	135,750	178,500
Due to a law firm within which a personal law corporation controlled by the Secretary of the Company is a principal	-	17,205
	<u>\$ 257,216</u>	<u>\$ 324,440</u>

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11 Income Taxes

Income tax recovery varies from the amount that would be computed from applying the combined federal and provincial tax rate to loss before taxes as follows:

Year ended	November 30, 2023	November 30, 2022
Net loss for the year before tax	\$ 2,645,383	\$ (1,841,181)
Statutory Canadian corporate tax rate	27.00%	27.00%
Anticipated tax expenses (recovery)	714,000	(497,000)
Tax benefits not recognized	59,000	-
Non-deductible items for tax purposes	(126,000)	248,000
Difference in tax rates in other jurisdictions	31,000	(32,000)
Unrecognized tax benefits	(301,000)	281,000
Current and deferred income tax	\$ 377,000	\$ -

Income tax expense consists of:

	November 30, 2023	November 30, 2022
Current income tax	\$ 377,000	\$ -
Deferred income tax	-	-
	\$ 377,000	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognised.

	November 30, 2023	Expiry	November 30, 2022	Expiry
Non-capital loss	\$ 9,202,000	2026 - 2043	\$ 8,405,000	2026 - 2042
Capital loss	87,000	none	-	-
Research and development	4,145,000	none	6,115,000	none
Equipment	65,000	none	65,000	none
Note payable	342,000	none	314,000	none
Convertible debt	126,000	none	-	none
Share issue cost	398,000	2024 - 2027	36,000	2023 - 2026
Net deferred tax assets	\$ 14,365,000		\$ 14,935,000	

12 Segmented Information

The Company's activities are all in one industry segment of waste disposal.

All of the Company's long term assets are located in the United States.

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13 Bonus Commitment

In the case of:

- (i) the sale of 50.1% or more of CIWM; or
- (ii) the sale of 50.1% or more of CIWM's Cortina Landfill Project; or
- (iii) the sale of 50.1% or more of the Company's assets; or
- (iv) the acquisition by new principals, or a group more than 50% of the principals of which are not directly principals of the Company, of 33.34% or more of the issued shares of the Company; or
- (v) a de facto change of control of the Company and its management to a group the majority of which are not principals of the Company and which does not include the current President of the Company.

A cash bonus of \$1 million shall become payable on or before the 60th day following any of the change of control events described above, as follows:

- (i) 60% to a corporation controlled by the President of the Company;
- (ii) 20% to be divided evenly between and paid to the other than sitting Directors of the Company; and
- (iii) the remaining 20% will be divided and allocated between the then sitting Directors and others who have contributed to the success of the Company, excluding the current President, as determined by the Board of Directors.

In addition, the bonus shall become payable within 180 days of commercial production if the project is completed and put into commercial production by and under the control of the Company.

14 Supplemental Cash Flow Information

Changes in non-cash working capital for the three months February 29, 2024 and the year ended November 30, 2023 were comprised of the following:

	2024	2023
Accounts receivable	\$ 591	\$ (5,932)
Prepaid expenses and deposits	62,813	(141,199)
Accounts payable and accrued liabilities	(75,222)	215,261
Income tax payable	(2,359)	376,901
Interest on advances from Cortina Landfill Company	200,269	221,210
Interest	27,746	44,835
Convertible loan interest	(1,707)	44,222
Net Change	\$ 212,131	\$ 755,298

The Company incurred non-cash financing and investing activities during the years ended November 30, 2023, and 2022:

	2024	2023
Non-cash financing and investing activities:		
Issue of share capital for:		
Shares issued for finance fee	\$ -	\$ 90,000
Shares issued for debt	\$ -	\$ 1,267,300

15 Income (Loss) per share

	2024	2023
Basic weighted average number of shares outstanding	100,094,643	97,376,873
Effect of dilutive securities	-	4,076,011
Fully diluted weighted average number of shares outstanding	<u>100,094,643</u>	<u>101,452,884</u>
Income (loss) for the year	\$ (617,639)	\$ 2,268,482
Effect of dilutive securities	-	112,915
Fully diluted Income (loss) for the year	<u>\$ (617,639)</u>	<u>\$ 2,381,397</u>

For the year ended November 30, 2023, 21,603,900 (2022 – 7,950,900) warrants and 850,000 (2022 – 5,850,000) options were not included in the calculation of income (loss) per common share as their inclusion was anti-dilutive.

16 Subsequent Events

- (1) The Company and North Bay have now signed an Amendment Agreement dated April 10, 2024, amending their Settlement Agreement to provide that:
 - a) US\$ 500,000 of the Buy-Out Amount will be settled by the issuance by the Company to North Bay of 2,887,600 Units – which will be at a deemed value of \$Cdn 0.235 per Unit – total Cdn \$678,600; each Unit consisting of one fully paid voting common share in the capital of the Company and a share purchase Warrant – each Warrant being exercisable until October 30, 2025, to purchase 1 fully paid voting common share of the Company for \$Cdn 0.40.
 - b) As a result of the settlement of \$US 500,000 as described above, the Buy-Out Amount is reduced to \$US 1,650,000 - which will be payable not later than November 15, 2024.
 - c) As required by the Settlement Agreement, interest will continue to accrue at 10.0% per annum calculated on a base figure of \$US 6,000,000 and all of the interest which has accrued will also be paid on or before November 15, 2024.