Consolidated Condensed Interim Financial Statements

Prime Drink Group Corp.

For the three-month periods ended June 30, 2025 and 2024
(Unaudited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited consolidated condensed interim financial statements of Prime Drink Group Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited consolidated condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited consolidated condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited consolidated condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with *International Accounting Standard 34 - Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide it with sufficient knowledge to support management representations that it has exercised reasonable diligence in that (i) the unaudited consolidated condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the unaudited consolidated condensed interim financial statements and (ii) the unaudited consolidated condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited consolidated condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited consolidated condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting processes and the unaudited consolidated condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited consolidated condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE TO NO AUDITOR REVIEW OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited consolidated condensed interim financial statements of the Company have been prepared by management and are responsibility of the Company’s management. The Company’s independent auditor has not performed a review or an audit of these consolidated condensed interim financial statements.

Prime Drink Group Corp.

Consolidated Condensed Interim Statements of Loss and Comprehensive Loss

For the three-month periods ended June 30, 2025 and 2024

Unaudited (In Canadian dollars, except per share amounts)	Note		3 months June 30 2025		June 30 2024
Operating Expenses					
Share-based payments	11	$	34,860	$	10,916
Consulting fees			84,500		87,033
Professional fees			105,782		209,724
Directors' and audit committee members' fees			—		74,551
Marketing and advertising			242,438		—
Investor relations			79,612		—
Water source development			4,680		—
Administrative expenses			34,235		46,552
Depreciation of property and equipment	8		147		147
Loss from operations			**(586,254)**		**(428,923)**
Other expenses (Income)					
Other expenses (income)	6		11,051		—
Interest income			(2,334)		(59,027)
			8,717		(59,027)
Loss from continuing operations			(594,971)		(369,896)
Loss from discontinued operations	5		(251,816)		—
Net loss and comprehensive loss		$	(846,787)	$	(369,896)
Net loss per share — Basic and diluted - continuing	12	$	(0.00)	$	(0.00)
Net loss per share — Basic and diluted - discontinued	12	$	(0.00)	$	—
Weighted average number of shares — Basic and diluted			353,409,892		144,177,462

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

Prime Drink Group Corp.

Consolidated Condensed Interim Statements of Financial Position

As of June 30, 2025 and March 31, 2025

Unaudited (In Canadian dollars)	Note		June 30, 2025		March 31, 2025
Assets					
Current assets					
Cash		$	30,517	$	868,395
Restricted cash			20,000		—
Sales taxes and other receivables			106,470		269,940
Prepaid expenses and deposits			35,582		37,638
			192,569		1,175,973
Non-current assets					
Property and equipment	8		528,546		528,693
Water rights	9		4,910,029		4,910,029
Total assets		$	5,631,144	$	6,614,695
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities		$	1,012,383	$	1,008,232
Liabilities from discontinued operations	5		54,361,093		54,536,868
Total liabilities			55,373,476		55,545,100
Shareholders' equity					
Share capital	10		39,196,104		39,196,104
Reserves	11		5,777,414		5,742,554
Deficit			(94,715,850)		(93,869,063)
Total equity			(49,742,332)		(48,930,405)
Total liabilities and equity		$	5,631,144	$	6,614,695

Subsequent events (note 16)
Business combination (note 4)
Basis of preparation (note 3)
Going concern (note 2)
Discontinued operations (note 5)

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

Approved by the Board of Directors,

"*Alexandre Côté*"
(Signed) Alexandre Côté, CEO and Director

"*Raimondo Messina*"
(Signed) Raimondo Messina, Director

Prime Drink Group Corp.

Consolidated Condensed Interim Statements of Changes in Equity

For the three-month periods ended June 30, 2025 and 2024

Unaudited (In Canadian dollars, except number of share capital)	Note	Share Capital Number	 Amount	Reserves	Deficit	Total shareholders' equity
Balance – April 1, 2024		144,177,462	$ 15,411,268	$ 3,502,376	$ (10,351,470)	$ 8,562,174
Net loss		—	—	—	(369,896)	(369,896)
Share-based compensation	11	—	—	10,916	—	10,916
Balance – June 31, 2024		144,177,462	$ 15,411,268	$ 3,513,292	$ (10,721,366)	$ 8,203,194
Balance – April 1, 2025		353,409,892	$ 39,196,104	$ 5,742,554	(93,869,063)	$ (48,930,405)
Net loss		—	—	—	(846,787)	(846,787)
Share-based compensation	11	—	—	34,860	—	34,860
Balance – June 30, 2025		353,409,892	$ 39,196,104	$ 5,777,414	$ (94,715,850)	$ (49,742,332)

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

Prime Drink Group Corp.

Consolidated Condensed Interim Statements of Cash Flows

For the three-month periods ended June 30, 2025 and 2024

		3 months	
Unaudited (In Canadian dollars)	Note	June 30, 2025	June 30, 2024
Operating activities:			
Net loss		$ (846,787)	$ (369,896)
Adjustments for:			
Share-based payments	11	34,860	10,916
Depreciation of property and equipment	8	147	147
		(811,780)	(358,833)
Sales taxes and other receivables		163,470	(256,863)
Prepaid expenses and deposits		2,056	(26,490)
Accounts payables and accrued liabilities		4,151	(19,752)
Liabilities from discontinued operations		(175,775)	—
Net change in non-cash operating items		(6,098)	(303,105)
Cash flows used in operating activities		**(817,878)**	**(661,938)**
Financing activities:			
Change in restricted cash	7	(20,000)	(27,238)
Net cash from financing activities		**(20,000)**	**(27,238)**
Net (decrease) increase in cash		(837,878)	(689,176)
Cash, beginning of period		868,395	2,457,088
Cash, end of period		$ 30,517	$ 1,767,912

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

1. Background and Nature of operations

Prime Drink Group Corp. (the "Company" or "Prime"), formerly Dominion Water Reserves Corp. until its name changed on November 23, 2022, was incorporated under the Canada Business Corporations Act on October 26, 2015. The head office, principal address and records office of the Company are located at 609-1188 Avenue Union, Montreal, Quebec, H3B 0E5. The Company is listed on the Canadian Securities Exchange (the "CSE"), since August 10, 2020, and is trading under the symbol "PRME".

Prime Drink Group Corp. is a company that acquires spring water permits to develop operations in the spring water market in Quebec and elsewhere. Prime is the parent company of Dominion Water Reserves Corp., 6305768 Canada Inc., Centre Piscicole de Duhamel Inc., 11973002 Canada Inc., Source Sainte-Cécile Inc., 3932095 Canada Inc. and Société Alto 2000 Inc. ("the subsidiaries"). These subsidiaries are fully owned by the Company.

Prime acquired all of the issued and outstanding common shares or other form of share capital of Triani Canada Inc. ("Triani") on October 31, 2024 (note 4). Triani is engaged in the production, bottling, and distribution of alcoholic and non-alcoholic beverages across North America.

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("IFRS"), which assumes that the Company will continue to operate for the foreseeable future and realize its assets and discharge its liabilities in the normal course of business.

The Company's continuing operations, which includes all entities except Triani, has no revenue-generating activities as it is in the early stages of developing its water source business. The Company incurred net loss of $846,787 for the three-month period ended June 30, 2025 (2024 – $369,896), of which $594,971 (2024 – $369,896) was from continuing operations. The Company had an accumulated deficit of $94,715,850 (March 31, 2025 – $93,869,063) and a working capital deficiency of $55,180,907 (March 31, 2025 – working capital of $54,369,127). The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business is dependent on obtaining additional financing through equity issuances, debt arrangements, or other strategic alternatives. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

On June 10, 2025, Triani Canada Inc. and its affiliated entities (collectively, the "Groupe Triani") were placed under receivership pursuant to an order from the Québec Superior Court under section 243 of the *Bankruptcy and Insolvency Act*, following an application filed by secured creditors including Roynat Inc., Financement Agricole Canada, and the Canadian Imperial Bank of Commerce. Raymond Chabot Inc. was appointed as receiver and took possession of the assets of Triani on June 11, 2025. All assets subject to the receivership have been fully impaired in these consolidated financial statements; however, the related liabilities remain outstanding as the receivership process has not been completed.

As of the date of approval of these consolidated financial statements, the Company is cooperating with the receiver and evaluating the implications of the receivership on its operations, financial position, and future viability. Management will continue to monitor the situation and assess the impact on the Company's financial reporting in future periods.

In connection with the acquisition of Triani, Prime Drink Group Corp. has provided additional guarantees to two of Triani's secured lenders, up to a maximum of $17.6 million in aggregate on October 24, 2024 (note 15). At this stage, it is uncertain whether any amounts will become payable under these guarantees, as the receiver is still in the process of liquidating the seized assets. The ultimate outcome of this matter cannot be determined at this time. The existence of these guarantees, together with the uncertainties regarding the timing and outcome of the receivership process, also give rise to material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

Management is actively monitoring the situation and evaluating potential mitigating actions. Based on current information available, management believes that the Company has sufficient resources to continue operations for at least the next twelve months. Accordingly, these financial statements have been prepared on a going concern basis, and do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. Such adjustments could be material and could affect the carrying amounts of assets and liabilities, reported expenses, and the classifications used in the consolidated statements of financial position.

3. Basis of Preparation

Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of consolidated condensed interim financial statements, including *IAS 34, Interim Financial Reporting*. These consolidated condensed interim financial statements were prepared using the same accounting policies, methods of computation and basis of presentation as outlined in Note 3 - Basis of preparation and Note 4 – Summary of material accounting policies, as described in the Company's annual audited financial statements for the fifteen-month period ended March 31, 2025. The consolidated condensed interim financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the fifteen-month period ended March 31, 2025.

These consolidated condensed interim financial statements were approved by the Company's Board of Directors on October 6, 2025.

Use of estimates and judgments

The preparation of these consolidated condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated condensed interim financial statements and accompanying notes. Management believes that the estimates used in the preparation of the consolidated condensed interim financial statements are reasonable; however, actual results may differ materially from these estimates. The areas involving significant judgments, estimates and assumptions have been detailed in Note 3 to the Company's annual audited financial statements for the fifteen-month period ended March 31, 2025.

(In Canadian dollars, unless otherwise stated)
Unaudited

4. Business Combination

TRIANI CANADA INC.

On October 31, 2024, the Company acquired all of the issued and outstanding shares of Triani. Triani is engaged in the production, bottling, and distribution of alcoholic and non-alcoholic beverages across North America. As a result of the control obtained through the acquisition of 100% of the outstanding shares of Triani, the assets and liabilities were consolidated into the Company's financial statements. The assets consisted primarily of trade and other receivables, inventories, other current assets, property and equipment, right-of-use assets, intangible assets and other non-current assets. The liabilities assumed consisted of credit facilities, accounts payable and accrued liabilities, related-party debt, lease liabilities and other long-term liabilities.

The Company paid a total consideration of $11,480,402, of which $10,861,721 was paid through the issuance of 91,200,000 common shares of the Company and the remaining $618,681 through the issuance of 11,200,000 share purchase warrants of the Company. Each share purchase warrants can be exercised into one common share of the Company at an exercise price of $0.125 per share for a period of twelve months from the closing date. In addition, the Company is subject to bonus consideration in an amount up to $23,500,000, payable in common shares of the Company pursuant to certain operational milestones achieved for the period from closing date to March 31, 2027.

The following table summarizes the consideration for the acquisition:

Common shares (Note 10)	$	10,861,721
Share purchase warrants (Note 11)		618,681
Total considerations	**$**	**11,480,402**

The following table summarizes the fair value of net assets acquired:

		Final
Assets acquired:		
Trade and other receivables	$	1,375,133
Inventories		5,327,073
Other current assets		208,134
Property and equipment		7,729,750
Right-of-use assets on leases		10,998,712
Intangible assets		188,747
Other non-current assets		958,404
		26,785,953
Liabilities assumed:		
Credit facility		(12,848,681)
Accounts payable and accrued liabilities		(17,546,346)
Related-party debt		(18,380,472)
Lease liabilities		(11,443,677)
		(60,219,176)
Net identifiable liabilities assumed		(33,433,223)
Goodwill		44,913,625
Fair value of net assets acquired	**$**	**11,480,402**

(In Canadian dollars, unless otherwise stated)

5. Discontinued Operations

On March 17, 2025, the Canada Revenue Agency ("CRA") advised Triani that it did not meet the eligibility requirements to renew certain key licenses and permits under the Excise Act and revoked its brewer license. As a result, Triani was no longer authorized to produce or package alcoholic beverages and was given until April 17, 2025 to liquidate its remaining products. As a result, the Company has ceased Triani's active operations related to the production, bottling, and commercialization of alcoholic and non-alcoholic beverages on March 17, 2025. On June 10, 2025, Triani was placed into receivership proceedings by its secured lenders, and the appointed receiver took possession of all of Triani's assets.

Management determined that Triani's operations met the definition of a discontinued operation under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* because the revocation of its licenses resulted the cessation of a separate major line of business immediately and is expected to have a material effect on the Company's financial results. As Triani was acquired (note 4) and discontinued within the same fiscal year, there is no impact on comparative information presented in these consolidated financial statements. The results of Triani's operations are therefore presented separately as a discontinued operation for the current year only.

Financial Performance of Discontinued Operations

The post-acquisition operations of Triani are presented as discontinued operations in the consolidated statement of loss and comprehensive loss for the three-month period ended June 30, 2025, as follows:

Revenues	$	403,324
Operating expenses		192,600
Selling expenses		90,022
Administrative expenses		10,478
Profit from operations		110,224
Financing expenses		362,040
Net loss from discontinued operations	$	(251,816)

Assets and Liabilities of Discontinued Operations

As at June 30, 2025, the major classes of assets and liabilities from discontinued operations included the following:

Assets from discontinued operations		
Cash	$	—
Trade and other receivable		1,142,293
Inventories		—
Other current assets		129,490
Property and equipment		6,849,289
Right-of-use assets		10,474,964
Intangible assets		150,076
Other long-term assets		4,541,926
Total assets from discontinued operations (fully impaired on March 31, 2025)	**$**	**23,288,038**

Liabilities from discontinued operations		
Credit facility	$	13,351,981
Accounts payable and accrued liabilities		12,163,786
Related-party long-term debt		17,772,627
Lease liabilities		11,072,699
Total liabilities from discontinued operations	**$**	**54,361,093**

As the receiver assumed control of all Triani's assets for sale and distribution to creditors, management recognized a full impairment of Triani's assets at the amount of $26,583,896 in the fifteen-month period ended March 31,2025. This impairment was recorded within the loss from discontinued operations.

The liabilities from discontinued operations included secured debt of $32,675,304 owed to three creditors.

(In Canadian dollars, unless otherwise stated)
Unaudited

On October 31, 2024, the holding company, Prime, advanced $5,000,000 to Triani in the form of a non-interest-bearing secured promissory note. During the fifteen-month months period ended March 31, 2025, Prime issued additional secured promissory notes to Triani with an aggregate principal of $5,403,000, bearing interest of 8% per annum. All promissory notes are due on demand. These promissory note receivables of Prime were eliminated upon consolidation. Given receivership proceedings, management has concluded that these promissory notes are uncollectible.

6. Segment Reporting

IFRS 8 *Operating Segments* requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's Chief Executive Officer (the "CEO") as he is primarily responsible for allocating resources and assessing performance of the Company's operating segments. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the CEO to make decisions about resources to be allocated to the segment, and for which discrete financial information is available.

The Company has identified two operating segments:

- **Spring Water Operations** – focused on acquiring spring water permits and developing operations in Quebec and other regions within Canada.

  During the three-month period ended June 30, 2025, spring water operations generated a one-time sale of non-alcoholic beverages, resulting in revenue of $57,639 and cost of goods sold of $68,580. The resulting gross loss of $10,941 has been recognized as other expense in the consolidated statement of loss and comprehensive loss under continuing operations.

  The spring water operations did not generate recurring revenue during the three-month period ended June 30, 2025, and all assets are located in Canada.

- **Beverage Operations** – focused on the production, bottling, and sale of alcoholic and non-alcoholic beverages across North America. This segment consists of Triani's operations, which have been classified as discontinued operations (note 5).

  During the three-month period ended June 30, 2025, Triani was no longer authorized to produce or package alcoholic beverages and was given until April 17, 2025 to liquidate its remaining products resulting in revenue of $403,324 and cost of goods sold of $192,600. The resulting gross profit of $210,724. All assets of Triani are located in Canada.

The results and assets of each segment are monitored by the CEO to assess performance and allocate resources, and are presented in the consolidated financial statements consistent with the internal reporting provided to the CEO.

7. Restricted cash

During the three-month period ended June 30, 2025, the Company received $20,000 from investors, in connection with a subscription receipt financing, to purchase 181,818 units of the Company at $0.11 per unit. The subscription receipts are held in escrow until the completion of the private placement.

(In Canadian dollars, unless otherwise stated)
Unaudited

8. Property and Equipment

		Land		Building		Furniture and fixtures		Total
Cost								
Balance – January 1, 2024	$	516,500		13,000		1,689		531,189
Additions		—		—		750		750
Balance – March 31, 2025		516,500		13,000		2,439		531,939
Additions		—		—		—		—
Balance – June 30, 2025	$	516,500		13,000		2,439		531,939
Depreciation								
Balance – January 1, 2024	$	—		1,446		1,065		2,511
Depreciation charge for the fifteen-month period		—		580		155		735
Balance – March 31, 2025		—	$	2,026	$	1,220	$	3,246
Depreciation charge for the period		—		116		31		147
Balance – June 30, 2025	$	—	$	2,142	$	1,251	$	3,393
Net book value								
At March 31, 2025	$	516,500	$	10,974	$	1,219	$	528,693
At June 30, 2025	$	516,500	$	10,858	$	1,188	$	528,546

Depreciation of property and equipment is presented in depreciation expenses for an amount of $147 (2024 – $147) in the consolidated statements of loss and comprehensive loss.

9. Water rights

		Water rights
Cost		
Balance – January 1, 2024	$	5,657,862
Additions		—
Impairment on water rights		(747,833)
Balance – March 31, 2025		4,910,029
Additions		—
Balance – June 30, 2025	$	4,910,029

		June 30, 2025		March 31, 2025
Water source				
Duhamel	$	684,250	$	684,250
Notre-Dame-du-Laus		3,833,150		3,833,150
St-Joseph de Coloraine		392,629		392,629
Sainte-Cécile-de-Witton		—		—
Saint-Élie-de-Caxton		—		—
Source Alto 2000 Inc.		—		—
Balance	$	4,910,029	$	4,910,029

There were no impairment losses recognized on water rights during the three-month period ended June 30, 2025.

10. Share Capital

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 353,409,892 common shares as at March 31, 2025 and June 30, 2025.

Transactions for the fifteen-month period ended March 31, 2025

On October 15, 2024, the Company closed the private placement 1 and issued 6,250,000 units which comprise one common share and one warrant at an agreed price of $0.16 per unit for gross proceeds of $1,000,000. The fair value of the shares of $575,892 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model (note 13).

On October 31, 2024, the Company issued 91,200,000 common shares at a deemed price of $0.125 per share as consideration for the acquisition of Triani (note 5). Due to the escrow release conditions imposed by the Canadian Securities Exchange on these shares, a discount of $538,279 was recognized, resulting in a fair value of $10,861,721.

Concurrently with the closing of the acquisition, the holders of the outstanding subscription receipts of the concurrent private placement exercised their conversion rights, and the Company issued 61,377,000 common shares at $0.125 per share for total gross proceeds of $7,672,125.

In additional, upon closing, Triani's convertible debenture holders automatically exercised their conversion rights and the Company issued 30,000,000 common shares at $0.10 per share for a total value of $3,000,000.

On December 31, 2024, the Company completed the first closing of the private placement 2 and issued 110 units which comprise each 20,000 common shares and 19,230 warrants at an agreed price of $5,000 per unit for total gross proceeds of $550,000. The fair value of the shares of $290,118 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model (note 13).

On February 11, 2025, the Company completed the second closing of the private placement 2 and issued 50 units which comprise each 20,000 common shares and 19,230 warrants at an agreed price of $5,000 per unit for total gross proceeds of $250,000. The fair value of the shares of $141,696 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model (note 13).

On March 25, 2025, the Company completed the private placement 3 and issued 1,911 units which comprise each 5,880 common shares and 5,880 warrants at an agreed price of $999.60 per unit for total gross proceeds of $1,910,237. The fair value of the shares of $894,884 was estimated at the issuance date based on a residual method where at first the fair value of the warrants was estimated based on the Black-Scholes pricing model (note 13).

Share issuance costs for all issuances amounted to $610,265 which have been recognized as a reduction of share capital.

During the fifteen-month period ended March 31, 2025, 4,168,750 and 1,200,000 common shares were issued by the Company upon warrants exercised at exercise prices of $0.08 and $0.13, respectively, for a gross proceed of $483,500 (note 13).

During the fifteen-month period ended March 31, 2025, 100,000 and 500,000 common shares were issued by the Company upon options exercised at exercise prices of $0.165 and $0.19, respectively, for gross proceeds of $111,500 (note 13).

Transactions for the three-month period ended June 30, 2025

There was no transaction on share capital during the three-month period ended June 30, 2025.

Shares in escrow

As part of the acquisition of Triani (Note 4), in accordance with the policies of the Canadian Securities Exchange, for the Company as an emerging issuer, certain officers and directors entered into an agreement with the Company and a trustee, whereby they agreed to deposit 109,096,000 common shares, issued pursuant to the acquisition, in escrow. 10% of the escrow securities were to be released on the closing date, followed by six subsequent releases of 15% every six months thereafter. As at June 30, 2025, there were 80,322,000 shares in escrow (March 31, 2025 - 80,322,000).

(In Canadian dollars, unless otherwise stated)

11. Share-Based Compensation and Warrants

Share options

The Company maintains a Share Option Plan (the "Plan") for the benefit of directors, officers, employees and consultants. The maximum number of common shares reserved for issuance and available for purchase pursuant to options granted under the Plan cannot exceed 10% of the total number of common shares of the Company issued and outstanding at the date of any grant made. In addition, the aggregate number of shares so reserved for issuance to one person may not exceed 5% of the issued and outstanding shares in any given 12-month period. Options pursuant to the Plan are granted at the discretion of the Board of Directors, vest at schedules determined by the Board, and have an exercise price of not less than that permitted by the stock exchange on which the shares are listed.

The following summarizes the share option activities for the three-month period ended June 30, 2025 and the fifteen-month period ended March 31, 2025:

	June 30, 2025			March 31, 2025		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning of period	8,950,000	$	0.16	5,500,000	$	0.16
Granted	—		—	5,835,000		0.17
Exercised	—		—	(600,000)		0.19
Expired	—		—	(1,785,000)		0.16
Options outstanding, end of period	8,950,000		0.16	8,950,000		0.16
Options exercisable, end of period	5,500,000	$	0.17	5,500,000	$	0.17

The following table summaries the information on the share options outstanding as at June 30, 2025 and March 31, 2025:

Expiry date	Number of options outstanding		Exercise price	Number of options exercisable
October 20, 2025	500,000	$	0.10	500,000
August 13, 2025	500,000		0.19	500,000
April 5, 2026	500,000		0.13	500,000
April 5, 2026	3,400,000		0.165	3,400,000
October 31, 2027	2,450,000		0.16	—
December 27, 2027	600,000		0.25	600,000
October 31, 2029	1,000,000		0.16	—
	8,950,000	$	0.16	5,500,000

Transactions for the fifteen-month period ended March 31, 2025

On November 13, 2024, 100,000 options were exercised at an exercise price of $0.165, for a gross amount of $16,500.

On November 14, 2024, 500,000 options were exercised at an exercise price of $0.19, for a gross amount of $95,000.

On October 31, 2024, 4,235,000 share options were granted to certain officers, employees, and consultants. The options vest in yearly installments over three years and allow the holder to purchase one common share of the Company at an exercise price of $0.16 per share for a period of 3 years. The fair value of the options of $345,991 was estimated at the grant date based on the Black-Scholes pricing model.

On October 31, 2024, 1,000,000 share options were granted to an officer. The options vest in yearly installments over three years and allow the holder to purchase one common share of the Company at an exercise price of $0.16 per share for a period of 5 years. The fair value of the options of $86,687 was estimated at the grant date based on the Black-Scholes pricing model.

On December 27, 2024, 600,000 share options were granted to an officer. The options vest immediately and allow the holder to purchase one common share of the Company at an exercise price of $0.25 per share for a period of 3 years. The fair value of the options of $88,758 was estimated at the grant date based on the Black-Scholes pricing model.

(In Canadian dollars, unless otherwise stated)

During the fifteen-month period ended March 31, 2025, 1,785,000 share options were cancelled unvested. No share-based payment has been recognized for these share options cancelled.

Share options granted were valued using the Black-Scholes pricing model with the following range of assumptions:

Exercise price	$0.16 to $0.25
Expected dividend yield	Nil
Risk-free interest rate	2.99% to 3.09%
Expected life	3 to 5 years
Expected volatility	115 %

During the fifteen-month period ended March 31, 2025, the Company expensed $298,649 in share-based payments related to the vesting of these options.

During the fifteen-month period ended March 31, 2025, a total of $96,549 was transferred from reserves to share capital for the share options exercised.

Transactions for the three-month period ended June 30, 2025

During the three-month period ended June 30, 2025, the Company expensed $34,860 in share-based payments related to the vesting of these options.

Warrants

All of the outstanding warrants were issued in conjunction with the issuance of common shares. The fair value of warrants issued and outstanding is reflected in reserves. Amounts for warrants that are subsequently exercised are transferred from reserves to share capital.

The following table summarizes the warrant activities for the three-month period ended June 30, 2025 and the fifteen-month period ended March 31, 2025:

	Number of warrants	Weighted average exercise price
Balance – December 31, 2023	**4,168,750**	$ 0.08
Granted	31,763,480	0.19
Exercised	(5,368,750)	0.09
Balance – March 31, 2025	**30,563,480**	**$ 0.19**
Balance – June 30, 2025	**30,563,480**	**$ 0.19**

Transactions for the fifteen-month period ended March 31, 2025

On July 2, 2024, 418,750 warrants were exercised at an exercise price of $0.08 for gross proceeds of $33,500.

On September 17, 2024, 3,750,000 warrants were exercised at an exercise price of $0.08 for gross proceeds of $300,000.

On October 15, 2024, in connection with the issuance of the private placement 1, the Company issued 6,250,000 warrants with each warrant entitling the holder to acquire one common share at an exercise price of $0.16 per common share until October 15, 2026. The fair value of the warrants of $424,108 was estimated at the grant date based on the Black-Scholes pricing model.

On October 31, 2024, in connection with the acquisition of Triani (note 5), the Company issued 11,200,000 warrants with each warrant entitling the holder to acquire one common share at an exercise price of $0.125 per common share until October 31, 2025. The fair value of the warrants of $618,681 was estimated at the grant date based on the Black-Scholes pricing model.

On December 31, 2024, in connection with the issuance of the first closing of private placement 2, the Company issued 2,115,300 warrants with each warrant entitling the holder to acquire one common share at an exercise price of $0.26 per common share until December 31, 2026. The fair value of the warrants of $259,882 was estimated at the grant date based on the Black-Scholes pricing model.

(In Canadian dollars, unless otherwise stated)
Unaudited

On February 11, 2025, in connection with the issuance of the second closing of private placement 2, the Company issued 961,500 warrants with each warrant entitling the holder to acquire one common share at an exercise price of $0.26 per common share until February 11, 2027. The fair value of the warrants of $108,304 was estimated at the grant date based on the Black-Scholes pricing model.

On March 25, 2025, in connection with the issuance of the private placement 3, the Company issued 11,236,680 warrants with each warrant entitling the holder to acquire one common share at an exercise price of $0.25 per common share until March 25, 2027. The fair value of the warrants of $1,015,352 was estimated at the grant date based on the Black-Scholes pricing model.

On December 17, 2024, 1,200,000 warrants were exercised at an exercise price of $0.125 for gross proceeds of $150,000.

Warrants granted were valued using the Black-Scholes pricing model with the following range of assumptions:

Exercise price	$0.125 to $0.26
Expected dividend yield	Nil
Risk-free interest rate	2.57% to 3.09%
Expected life	1 to 2 years
Expected volatility	110.01% to 114.54%

During the fifteen-month period ended March 31, 2025, a total of $267,116 was transferred from reserves to share capital for the warrants exercised.

Transactions for the three-month period ended June 30, 2025

There was no transaction on warrants during the three-month period ended June 30, 2025.

12. Loss Per Share

Basic loss per share

Basic loss per share for the three-month periods ended June 30, 2025 and 2024 was calculated by dividing the net loss by the weighted average number of common shares outstanding of 353,409,892 (2024 – 144,177,462).

Diluted loss per share

Diluted loss per share was computed by dividing net loss by the diluted number of common shares. The Company reported net losses for the three-month periods ended June 30, 2025 and 2024 and therefore did not add any shares related to the dilutive effect of the conversion of share options and warrants as they would be anti-dilutive.

13. Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Key management compensation

The key management personnel are defined as those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's executive management team and the Board of Directors.

During the three-month periods ended June 30, 2025 and 2024, the Company entered into transactions with shareholders and key management personnel other than balances disclosed in notes above.

(In Canadian dollars, unless otherwise stated)
Unaudited

	3 months	
	June 30, 2025	June 30, 2024
Consulting fees paid to a Director (former President and CEO)	$ 9,000	$ 9,000
Consulting fees paid to the CEO	30,000	23,333
Consulting fees paid to the CFO	38,000	25,000
Professional fees paid to a Director	30,000	23,000
Director's and audit committee members' fees	—	70,000
Share-based compensation to Directors and Officers	34,860	10,916

Related parties

Related parties of the Company include key management personnel's family members and companies over which they have significant influence or control. The Company transacted with related parties during the three-month periods ended June 30, 2025, mainly with 9296-0186 Quebec Inc. and 9372-3039 Quebec Inc. These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties having normal trade terms.

All balances with related parties bear no interest, have no maturity and no collateral attached.

14. Financial Instruments and Risk Management

Fair value of financial instruments

The Company has determined that the carrying amount of cash, sales taxes and other receivables, and accounts payable and accrued liabilities is a reasonable approximation of their fair value due to the short-term maturity of those instruments.

The tables below summarize the carrying of financial assets and liabilities, as of June 30, 2025 and March 31, 2025:

	Carrying value	
	June 30, 2025	March 31, 2025
Financial assets measured at amortized cost		
Cash	$ 30,517	$ 868,395
Other receivables	69,386	365,324
Financial liabilities measured at amortized cost		
Accounts payable and accrued liabilities	$ 1,012,383	$ 1,008,232

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

In connection with the acquisition of Triani, Prime Drink Group Corp. has provided additional guarantees to two of Triani's secured lenders, up to a maximum of $17.6 million in aggregate (note 2). At this stage, it is uncertain whether any amounts will become payable under these guarantees, as the receiver is still in the process of liquidating the seized assets. The ultimate outcome of this matter cannot be determined at this time. These guarantees, together with uncertainties relating to the timing and outcome of the receivership process, represent significant liquidity risks to the Company. Should the guarantees be called, the Company may not have sufficient resources to settle such obligations, which may cast significant doubt on the Company's ability to continue as a going concern.

The Company monitors its cash resources on an ongoing basis and is pursuing additional financing and capital management strategies to mitigate liquidity risk. As at June 30, 2025, the Company had $30,517 of cash available to meet its short-term obligations. Accounts payable and accrued liabilities, which are typically due within 30 days, are the only other financial liabilities expected to be settled in the short term. Other than the $17.6 million maximum guarantee, the Company has no other borrowings. The $17.6 million represents the maximum potential cash outflow under the guarantees and would fall due contingent on the outcome of the receivership proceedings. The guarantees represent the maximum contractual exposure. The actual amount, if any, will depend on the results of the receivership process.

Credit risk

Credit risk is the risk of an unexpected financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and it arises primarily from the Company's other receivables.

The Company's credit risk is principally attributable to its other receivables. The amounts presented in the consolidated statements of financial position are net of an allowance for expected credit risk, estimated by the Company's management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. The Company's exposure to credit risk is mainly influenced by the characteristics of each counterparty. Generally, the Company does not require collateral or other security from counterparties for financial assets; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of its counterparties.

An allowance for expected credit losses is maintained to reflect an impairment risk for financial assets based on an expected credit loss model which factors in changes in credit quality since the initial recognition of financial assets based on counterparty risk categories. Bad debts are also provided for based on collection history and specific risks identified on a counterparty-by-counterparty basis.

No allowance for expected credit losses in respect of other receivables was required as at June 30, 2025 as the balance has been collected in full subsequently.

The Company also has credit risk relating to cash. The Company manages its risk by transacting only with sound financial institutions.

The carrying amounts of financial assets in the consolidated statements of financial position represent the Company's maximum credit exposure.

Market risk

Market risk is the risk that changes in market prices, including foreign exchange rates, interest rates and other market factors, will affect the Company's financial performance or the value of its financial instruments. The Company's exposure to market risk is minimal, as it primarily holds cash in Canadian dollars, has no interest-bearing debt, and conducts the majority of its operations within Canada. The Company monitors market conditions and may consider hedging strategies if exposures increase materially.

15. Commitment

On November 20, 2020, the company entered into a 25-year water sales contract with Acquanor Inc. with an obligation to supply water at a price of $0.005 per litre of water for the first five years, $0.010 from year 6 to 10, $0.015 from year 11 to 15 and $0.02 from year 16 to 25, not exceeding 71 million litres for each year with no significant consequences in the event of breach.

In connection with the acquisition of Triani (note 4), the Company has provided guarantees to two of Triani's secured lenders for a maximum aggregate amount of $17.6 million. These guarantees are contingent upon the outcome of the receivership process of Triani and, as at June 30, 2025, no amounts have been called under these guarantees. The ultimate timing and amount, if any, payable under these commitments cannot be determined at this time.

(In Canadian dollars, unless otherwise stated)
Unaudited

16. Subsequent Events

Private placement

On July 2, 2025, the company completed its private placement of units for gross proceeds of $845,000. As a result, the Company issued 10,242,424 common shares and 7,681,818 warrants. Each warrant entitles the holder to purchase one common share at a price of $0.11 per share for three years from the closing date of the private placement. In connection with the private placement, the Company issued 921,818 broker warrants as finders' fees to arm's length finders. Each warrant entitles the holder to purchase one common share at a price of $0.11 per share for three years from the closing date of the private placement.

Issuance of share

On August 20, 2025, the Company issued 1,818,181 common shares at a price of $0.0825 per share as payment for professional services rendered, representing a total value of $150,000.