



Unaudited Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)

AMCOMRI ENTERTAINMENT INC.

Three and nine months ended September 30, 2022 and 2021

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

The accompanying unaudited condensed interim consolidated financial statements of Amcomri Entertainment Inc. (the "Company") for the nine months ended September 30, 2022 have been prepared by, and are the responsibility of, the management of the Company and approved by the Company's Audit Committee and Board of Directors.

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 an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

AMCOMRI ENTERTAINMENT INC.CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Expressed in Canadian dollars, except for share amounts)

As at	Note	September 30, 2022 \$	December 31, 2021 \$
ASSETS			
Cash		3,125,864	1,906,627
Prepaid expenses		510,971	-
Accounts receivable and other receivables	8	1,487,712	1,180,717
Due from related parties	17	27,619	-
Inventory		149,176	252,711
Accrued Income	12	11,799,035	9,058,305
Production loan receivable	13	5,702,101	-
		22,802,478	12,398,360
Property and equipment	10	91,313	61,576
Intangible assets	11	16,568,792	9,975,544
Goodwill	4	4,524,502	64,043
TOTAL ASSETS		43,987,085	22,499,523
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable and accrued liabilities	19	16,411,082	10,839,221
Production loan payable	15	4,177,204	-
Loan payable	16	5,506,104	1,185,920
Deferred revenue	14	1,592,684	472,750
		27,687,074	12,497,891
Loans payable	16	536,797	248,970
Deferred income tax liability		195,945	360,109
Total liabilities		28,419,816	13,106,970
Share capital	18	4,654,419	1
Share premium	18	1,417,500	1,417,500
Contributed surplus	18	5,945	-
Retained Earnings		9,663,849	7,939,189
Accumulated other comprehensive income		(174,444)	35,863
Total shareholders' equity		15,567,269	9,392,553
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		43,987,085	22,499,523

Corporate information and going concern (Note 1)

Investment in joint venture (Note 6)

On behalf of the Board of Directors:

"Robert Price"

Director

"Larry Howard"

Director

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

AMCOMRI ENTERTAINMENT INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian dollars, except for share amounts)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022 \$	2021 \$	2022 \$	2021 \$
Revenue		4,360,217	3,668,146	12,089,963	10,806,023
Cost of goods sold		868,743	-	1,959,090	1,377,387
Gross margin		3,491,474	3,668,146	10,130,873	9,428,636
Operating expenses					
Amortization	10, 11	327,173	142,450	1,046,999	824,138
Advertising and promotion		197,463	-	468,722	137,778
Interest and bank charges		131,300	103,275	456,934	111,927
Management fees		115,599	-	264,418	-
Office and administrative		375,634	47,118	582,257	149,448
Professional fees		665,186	325,835	1,976,900	806,756
Salaries and benefits		900,541	364,904	2,060,225	1,054,487
Share-based compensation	18	410,805	-	415,545	-
Bad debt recovery		(236,207)	-	(233,423)	-
Travel and entertainment		82,807	23,503	140,738	33,796
Total operating expenses		(2,970,301)	(1,007,085)	(7,179,315)	(3,118,330)
Interest income		73,784	57,611	245,170	-
Share of income from joint venture		(136,155)	-	(136,156)	-
Impairment – film distribution rights		-	-	-	(819,652)
Loss on derecognition - film distribution rights	5	(886,426)	-	(886,426)	-
Tax		62,066	(365,280)	(477,829)	(1,087,883)
Foreign exchange gain (loss)		48,769	(2,418)	28,343	(56,796)
Net income (loss)		(316,789)	2,350,974	1,724,660	4,345,975
Cumulative translation adjustment		723,779	-	(210,307)	-
Net and Comprehensive Income (loss)		406,990	2,350,974	1,514,353	4,345,975
Earnings per share – Basic and diluted		\$(0.01)	\$0.05	\$0.02	\$0.09
Weighted average number of shares outstanding – Basic and diluted		72,827,294	47,000,000	72,370,989	47,000,000

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

AMCOMRI ENTERTAINMENT INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited – Expressed in Canadian dollars, except for share amounts)

	Share Capital		Share Premium	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interest	Total
	Number of shares	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2020	47,000,000	1	-	-	3,463,721	85,976	1,417,500	4,967,198
Non-controlling interest acquired	-	-	1,417,500	-	-	-	(1,417,500)	-
Currency translation adjustment	-	-	-	-	-	93,008	-	93,008
Net income for the period	-	-	-	-	2,583,933	-	-	2,583,933
Balance, September 30, 2021	47,000,000	1	1,417,500	-	6,047,654	178,984	-	7,644,139
Balance, December 31, 2021	66,666,666	1	1,417,500	-	7,939,189	35,863	-	9,392,553
Conversion of debt	1,981,379	1,486,034	-	-	-	-	-	1,486,034
Reverse-takeover	3,678,379	2,758,784	-	-	-	-	-	2,758,784
Share-based payments	1,280,000	409,600	-	5,945	-	-	-	415,545
Net income for the period	-	-	-	-	1,724,660	-	-	1,724,660
Currency translation adjustment	-	-	-	-	-	(210,307)	-	(210,307)
Balance, September 30, 2022	73,606,424	4,654,419	1,417,500	5,945	9,663,849	(174,444)	-	15,567,269

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

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share amounts)

	For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
	\$	\$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Income for the period	1,724,660	4,345,975
Items not affecting cash:		
Depreciation	1,046,999	837,812
Interest expense	206,135	-
Interest income	(192,920)	-
Unrealized foreign exchange	(589,541)	-
Stock based compensation	5,945	-
Issuance of shares for services	409,600	-
Impairment – film distribution rights	-	819,653
Recovery of bad debt	(233,423)	-
Changes in non-cash working capital items:		
Accounts receivable	(415,871)	3,917,409
Prepaid expenses	(530,330)	(361,119)
Inventory	80,250	(12,122)
Accrued income	(3,923,484)	(9,551,939)
Accounts payable and accrued liabilities	4,510,409	2,025,372
Due to related parties	(42,015)	35
Deferred revenue	2,123,211	447,132
Net cash used in operating activities	4,179,625	2,468,208
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares for settlement of debt	(46,154)	-
Loans receivable	(233,321)	-
Loan payable	4,267,354	1,842,195
Cash acquired in RTO	7,376	1,845
Net cash provided by financing activities	3,995,255	1,844,040
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property and equipment	(38,376)	(26,306)
Purchase of intangible assets	(5,383,645)	(5,446,921)
Loss on derecognition of library assets	(886,426)	-
Net cash used in investing activities	(6,308,447)	(5,473,227)
Change in cash during the period	1,219,236	(1,184,151)
Effect of exchange rate changes on cash	(647,196)	(23,172)
Cash and cash equivalents, beginning of period	1,906,627	2,302,564
Cash and cash equivalents, end of period	3,125,864	1,118,413

Supplemental disclosure with respect to cash flows (Note 21)

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

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

1. Corporate information and going concern

Amcomri Entertainment Inc. (the “Company”) trades under the symbol “AMEN” on the NEO Stock Exchange (the “NEO”). The Company, through its subsidiaries, finances, produces, sells, and distributes feature films, feature documentaries, and scripted and unscripted TV series on a global basis.

The Company was formed under the *Business Corporations Act* (British Columbia) (the “BCBCA”) through the amalgamation of Nine Tailed Films Inc. (incorporated under the BCBCA on January 10, 2014) and The Wonderfilm Media Corporation (incorporated under the BCBCA on May 30, 2017), which then amalgamated with 1141596 B.C. Ltd. on March 26, 2018. The resulting entity was then amalgamated with Westshire Capital II Corp. on March 27, 2018 as part of the Company’s qualifying transaction. On April 1, 2020, the Company changed its name from The Wonderfilm Media Corporation to Appreciated Media Holdings Inc. on April 1, 2020.

The Company’s head office and registered records office is located at 1800-510 West Georgia Street, Vancouver, BC V6B 0M3.

Reverse Takeover

On January 7, 2022, the Company completed the acquisition of all the issued and outstanding ordinary shares of Trinity Pictures Distribution Limited (“Trinity”), by way of a reverse takeover (the “RTO” or the “Transaction”) and concurrently changed its name to Amcomri Entertainment Inc. In connection with the RTO, Trinity became a wholly owned subsidiary of the Company.

The RTO was effected by way of a plan of arrangement under the BCBCA following the receipt of a final order of the British Columbia Supreme Court on January 4, 2022 pursuant to the Arrangement Agreement (defined below). In connection with the closing of the RTO, the Company’s common shares were voluntarily delisted from the TSX Venture Exchange (the “TSXV”) and the Company fulfilled the conditions to the listing of the Company’s common shares on the NEO, where it began trading on January 13, 2022.

As a result of the RTO, the former shareholders of Trinity acquired control of the Company and is deemed as the acquirer for accounting purposes, and therefore its assets, liabilities and operations are included in the consolidated financial statements at their historical carrying value. The Company’s operations are considered to be a continuance of the business and operations of Trinity. The Company’s results of operations are those of Trinity, with the Company’s operations being included from January 7, 2022, the closing date of the RTO, onwards (Note 4).

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

2. Basis of preparation

(a) Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and International Accounting Standard 34, Interim Financial Reporting. These financial statements do not include all disclosures as required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2021. Except as described in this Note 3, significant accounting policies have been consistently applied in the presentation of these condensed interim consolidated financial statements.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

(b) Basis of measurement

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis, at historical cost, except for certain financial instruments, which are recorded at fair value (seen Note 14).

(c) COVID-19 Estimation Uncertainty

To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition. To date, COVID-19 has not had any negative effect on the Company's operations.

(d) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany transactions and balances are eliminated on consolidation. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries of the Company at September 30, 2022, subsequent to the RTO include the following:

Entity	Country of incorporation	Percentage owned	
		September 30, 2022	December 31, 2021
Trinity Pictures Distribution Ltd.	United Kingdom	100%	-
101 Films Ltd.	United Kingdom	100%	-
101 Films International Ltd.	United Kingdom	100%	-
Abacus Media Rights Limited	United Kingdom	100%	-
Amcomri Productions Limited (formerly Silentpoint Limited)	Republic of Ireland	100%	-
Elwood Plains Ltd	United Kingdom	100%	-
Hollywood Classics International Ltd.	United Kingdom	100%	-
Devil Lies Beneath	United Kingdom	100%	-
Agatha Media Corp.	Canada	100%	100%
Impossible Dream Entertainment Inc. (formerly, Cypress Entertainment Corp.)	Canada	100%	100%
Appreciated Global Sales Limited	British Virgin Islands	100%	50.1%
Amcomri Canada Sales Limited	Canada	100%	-

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

On January 25, 2022, the Company completed the acquisition of Amcomri Productions Limited (“Amcomri Productions”), formerly Silentpoint Limited, a company registered in the Republic of Ireland, which holds the United Kingdom and Irish distribution rights for over 800 hours of movie and television content. Amcomri Productions owns the distribution rights to the Screen Media library assets which includes 330 feature films, 20 TV series and 50 mini-series (see Note 4). Subsequent to the period ended March 31, 2022, Silentpoint Limited changed its name to Amcomri Productions Limited.

On July 6, 2022, the Company jointly incorporated a new entity with Bohemia Media Limited (“Bohemia”) named, Positivor Limited (“Positivor” or the “Joint Venture”), a company registered in the Republic of Ireland. The Company owns 60% of the issued and outstanding common shares of Positivor with Bohemia owning the other 40%. Management determined that the shareholders agreement between the Company and Bohemia constituted a joint arrangement with joint control of the relevant activities, and therefore has accounted for Positivor using the equity method. See Note 6.

(e) Functional and presentation currency:

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise specified, which is the functional currency for the Company and its subsidiaries Agatha Media Corp. and Impossible Dream Entertainment Inc. The functional currency of the Company’s other subsidiaries is the Pound Sterling. The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates.

(f) Use of estimates and judgements:

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant judgments made by management in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements include:

- The assessment of the Company’s ability to continue as a going concern and whether there are events on conditions that may give rise to significant uncertainty;
- The fair value and classification of financial instruments;
- The assessment as to whether there are indicators of impairment of the Company’s long-lived assets;
- The assessment as to whether revenue is recognized at a point in time or over a period of time;
- The assessment as to whether revenue is recognized on a gross or net basis; and
- The determination of the functional currency of the parent company and subsidiaries.

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

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

(i) *Carrying value and recoverability of movie rights and intangible assets*

The Company has determined that movie rights and intangible assets that are capitalized may have future economic benefits and may be economically recoverable. The assessment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and useful lives of the assets.

(ii) *Capitalization of costs of productions in progress and movie rights*

Development costs, included acquired movie rights, incurred in the generation of productions in which the Company has an ownership or financial stake are capitalized from the point at which the requirements of IAS 38 - Intangible assets have been met. This assessment requires management to exercise judgement with regards to their intention to complete the production as well as those estimates and judgements required in determining whether or not a production will result in a future economic benefit to the Company.

(iii) *Amortization of movie rights*

The amortization of movie rights is dependent on estimates of useful lives, which are determined through exercise of judgement. The Company continually evaluates the remaining useful life of the assets being amortized to determine whether events and circumstances warrant a revision to the remaining period of amortization. This assessment requires management to estimate the total economic benefits and the manner in which they will be generated by utilizing the asset.

(iv) *Share-based compensation*

Share based payments are generally accounted for based on the fair value of the goods or services received. If the fair value of the goods or service cannot be measured reliably then an assessment of the fair value of the equity instrument issued is used. The use of the quoted share price of a thinly traded common share and assumptions pertaining to the Black Scholes Option Pricing Model are themselves examples of estimates and judgments that management may be required to rely upon.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

3. Significant Accounting Policies

(a) Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of the promised goods. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

AMCOMRI ENTERTAINMENT INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited - expressed in Canadian dollars, except share and amounts)

Revenue from digital distribution of titles and the revenue from sale of the rights to distribute certain titles in certain markets is recognised on an accruals basis at the point the agreements are made because all performance obligations on behalf of the Group have been satisfied. Furthermore, these sales are recognised net of the royalties due to producers as the Company does not retain the rights to make significant adjustments to the saleable titles.

(b) Inventory

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first in, first out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. Reverse Takeover

On January 7, 2022, the Company completed the RTO pursuant to an arrangement agreement made on August 9, 2021 among the Company, Trinity and the holders of the ordinary shares of Trinity (the "Arrangement Agreement"). Concurrent with the completion of the Transaction, the Company affected a consolidation of its share capital on a 25 (old) for 1 (new) basis. Pursuant to the Arrangement Agreement, the Company acquired each issued and outstanding ordinary share of Trinity in consideration for 470 post-consolidation common shares of the Company. Under these terms, the Company issued 66,666,667 post-consolidation common shares as consideration the shareholders of Trinity.

As a result of the RTO, the former shareholders of Trinity acquired control of the Company, thereby constituting a reverse takeover of the Company. The RTO is considered a purchase of the Company by the shareholders of Trinity.

Management determined that the Company met the definition of a business as substantive processes and assets were acquired as part of the transaction. In addition, the Company's management personnel were also retained as part of the RTO. As such, the identifiable assets acquired, and liabilities assumed are measured at their acquisition-date fair values in accordance with IFRS 3, Business Combinations. In a reverse acquisition accounted for under IFRS 3, the accounting acquiree (the Company) issues its shares to the owners of the accounting acquirer (Trinity). In turn, the implied acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the accounting acquirer would have had to issue to give previous shareholders of the accounting acquiree the same percentage equity interest in the resultant combined entity. This fair value is used as the fair value of the consideration transferred.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

Consideration:	\$
Fair value of shares retained by former Amcomri Entertainment Inc. shareholders (3,678,379 shares at \$0.03, 5.23%)	2,758,784

Fair value of net identifiable assets of the Company:	
Cash	5,659
Accounts receivable and other receivables	31,968
Prepaid expenses	5,000
Production loan receivable	4,825,805
Accounts payable and accrued liabilities	(683,246)
Short term loans	(2,121,344)
Production loans payable	(3,239,065)
Due to related party	(12,629)
Goodwill	3,946,636

	2,758,784
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Where the reverse acquisition involves a publicly-listed company, the listed price of those shares is more readily observable and should be used to determine the fair value of the consideration transferred. The Company was a listed entity that had been trading on the TSXV and at the time of the closing of the RTO was going through acceptance to list on the NEO. The last trading price for the common shares of the Company on the TSXV prior to the announcement of the RTO was at \$0.05. However, the last trading price was very removed from the announcement date of the Arrangement Agreement, as the common shares of the Company had remained halted since November 4, 2020. The listing price of the common shares of the Company on the NEO post RTO was \$0.75, which was based on a \$0.03 share price taking into account the 25:1 share consolidation. As this price was deemed reasonable by the NEO, it has been used to determine the fair value of the consideration transferred.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. Accordingly, the value of the 5.23% (i.e. 3,678,379 common shares) of the share capital owned by former owners of the Company at the time of the Transaction was \$2,758,784. The difference between the fair value of the shares deemed to have been issued by Trinity and the fair value of the Company's identifiable net assets has been recorded as Goodwill.

The Goodwill represents the synergies that will be realized from combining the operations of the Company and Trinity. Trinity has a proven history of operating in the United Kingdom and globally through its subsidiaries, which are all-rights media distribution companies in markets worldwide having direct relationships with all of the major media platforms. The Company provides an opportunity to access the North American market with its first project in connection with Bow River Pictures (see Note 9).

5. Acquisition – Amcomri Productions

On January 25, 2022, the Company completed the acquisition of Amcomri Productions, an entity with common directors, management and ownership. The Company concluded that the transaction was a common control transaction and as such the net monetary assets acquired have been recorded using the predecessor value method, thus at their carrying values, with no gains or losses, or goodwill resulting from the transaction.

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three and nine months ended September 30, 2022 and 2021

(Unaudited - expressed in Canadian dollars, except share and amounts)

Consideration:	\$
Cash payment	144
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Fair value of net identifiable assets of the Company:	
Accounts receivable and other receivables	144
Intangible asset – Distribution Rights	1,806,737
Loan payable	(699,241)
Deferred revenue	(238,872)
Distribution rights – minimum guarantee payable	(868,624)
	<hr/> 144

Pursuant to the share purchase agreement for Amcomri Productions, all of the issued and outstanding securities of Amcomri Productions were acquired by the Company in exchange for total consideration of \$144 (EUR\$100) and the assumption of the obligations of Amcomri Productions under its Distribution Rights Agreement (the "Distribution Agreement") with Screen Media Ventures LLC ("Screen Media") dated September 27, 2021.

The Distribution Agreement provides the distribution rights for Screen Media's library to Amcomri Productions for the United Kingdom, including England, Wales, Scotland, Northern Ireland, Eire, the Channel Islands, the Isle of Man, Malta, Falkland Islands, and English speaking Gibraltar (collectively, the "Territory").

In return for these distribution rights Amcomri Productions was to pay \$1,737,248 (USD \$1,250,000) to Screen Media (the "Minimum Guarantee") as follows: 50% at the time of execution the Distribution Agreement, 25% twelve months after the execution of the Distribution Agreement and 25% twenty-four months after the execution of the Distribution Agreement. Along with the distribution rights, Amcomri Productions would earn a 27.5% sales fee of all gross receipts (the "Sales Agent Fee").

The initial 50% payment of the Minimum Guarantee was paid by Amcomri Productions at execution of the Distribution Agreement via a loan from a related party of the Company for the amount of \$629,752 (USD \$453,125) which was actually paid, net of the Sales Agent Fee. This holdback was recorded as deferred revenue in the amount of \$238,872. The Company incurred an arrangement fee for the related party loan of \$69,490 (USD \$50,000) which was capitalized into the cost of the distribution rights and recorded as part of the loan payable balance.

The remaining fifty percent of the minimum guarantee, payable per the terms noted above was recorded as a payable in the amount of \$868,624 (USD \$625,000). The total cost of the distribution rights was capitalized as an intangible asset for the Company, at the value of \$1,806,737.

As per Note 6 below, the Joint Venture completed the outright purchase of the library assets from Screen Media on July 8, 2022. As a result of this, the distribution rights that Amcomri Productions had previously acquired were not longer relevant. The Company has therefore impaired the intangible asset recorded for the distribution rights, as well as derecognized the minimum guarantee payable and deferred revenue, incurring a loss on the impairment of \$886,426.

6. Joint VentureAccounting Policy:

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic, financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

AMCOMRI ENTERTAINMENT INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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IFRS 11, Joint Arrangements, and IAS 28, Investments in Associates and Joint Ventures establish the criteria for accounting for joint ventures. Investments in joint ventures are accounted for using the equity method. The equity method involves recording the initial investment at cost and subsequently adjusting the carrying value of the investment for the proportionate share of the profit or loss, other comprehensive income or loss and any other changes in the joint venture's net assets such as dividends. At each balance sheet date, the Company considers whether there is objective evidence of impairment in the joint venture. If there is such evidence, the Company will determine the amount of impairment to record, if any, in relation to the joint venture.

The consolidated financial statements include the Company's share of the investee's income, expenses and equity movements. Where the Company transacts with its joint ventures or associates, unrealized profits or losses are eliminated to the extent of the Company's interest in the joint venture or associate.

The Joint Venture is a private limited company and has an authorised share capital of 1,000,000 ordinary shares of \$1.00 Euro, of which 100 ordinary shares have been issued. 60 shares were purchased by the Company and 40 shares by Bohemia.

On July 8, 2022 the Joint Venture entered into an asset purchase agreement with Screen Media to acquire outright the Screen Media library assets (the "Library") for aggregate consideration of \$4,800,000 (\$3,700,000 USD). In order to complete the purchase, Positivor entered into a Loan Agreement with Head Gear Films (the "Head Gear") for the amount of \$3,700,000 USD with an interest rate of 7.716% per annum maturing thirty-six months following the date of the first drawdown of the loan, July 8, 2022.

Positivor covenanted and undertakes to procure that all revenue generated by the exploitation of the Library will be paid strictly to Head Gear in repayment of the debt, less a "Sales Fee". No running costs or overheads are to be paid from the revenue generated from the Library until the debt has been repaid in full. A minimum repayment amount of \$120,000 USD per quarter is to be made regardless of sales revenues. The Sales Fee relates to the distribution agreement entered into between Positivor and 101 Films, whereas Positivor engaged 101 Films as the exclusive distribution agent for a sales fee of 15% of all gross receipts from the exploitation of the Library.

The debt was secured by a charge over the assets of Positivor, the Company as well as a charge over the bank account (the "repayment account"), into which sums are deposited from the exploitation of the Library.

The carrying value of the investment in Positivor as at September 30, 2022 is the following:

	\$
Share purchase cost	160
Transaction costs	156,319
Share of loss	(136,156)
Foreign exchange loss	(20,323)
Balance, September 30, 2022	-

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Summarized financial information for Positivor is set out below:

	September 30, 2022
Statement of financial position	\$
Current assets	24,109
Non-current assets	4,924,709
Current liabilities	156,319
Non-current liabilities	5,172,336
Statement of comprehensive loss	
Revenue	25,129
Library amortization	184,679
Interest expense	91,828
Income tax	(19,458)
Foreign exchange	(4,993)
Joint venture net loss	(226,927)
Amcomri's share of loss from joint venture	(136,156)

7. Acquisition – Flame Media Assets

On June 8, 2022, the Company acquired the library assets and associated rights of Flame Media, a global distributor and owner of factual and documentary TV content, for a total cash consideration of \$2,678,316 (GBP\$1,700,000).

The transaction was determined to be an asset acquisition as no substantive processes were transferred to the Company.

	\$
Consideration paid:	
Cash	2,678,316
	2,678,316
Net identifiable assets acquired:	
Accounts and other receivables	2,967,566
Accounts payable and accrued liabilities	(2,333,851)
Intangible assets – Media Library	2,044,601
	2,678,316

8. Accounts receivable and other receivables

	September 30, 2022	December 31, 2021
	\$	\$
Trade receivables	1,216,744	1,171,942
GST receivable	18,252	-
VAT receivable	251,772	-
Other receivables	944	8,775
	1,487,712	1,180,717

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9. Inventory

The Company's inventory is comprised of:

	September 30, 2022	December 31, 2021
	\$	\$
Finished goods and goods for resale	149,176	252,711

During the three and nine months ended September 30, 2022, inventory expensed to cost of goods sold was \$868,743 (2021 – \$1,537,397) and \$1,959,090 (2021 - \$994,871), respectively.

10. Property and equipment

The Company's property and equipment continuity is as follows:

	Office equipment	Computers	Total
	\$	\$	\$
Cost:			
Balance, December 31, 2020	20,479	54,101	74,580
Additions	16,559	18,617	35,176
Foreign currency translation	(358)	(823)	(1,181)
Balance, December 31, 2021	36,680	71,895	108,575
Additions	44,022	14,354	58,376
Foreign currency translation	(4,632)	(7,847)	(12,479)
Balance, September 30, 2022	76,070	78,402	154,472
Accumulated Amortization:			
Balance, December 31, 2020	7,787	19,609	27,396
Charge for the year	7,898	12,172	20,070
Foreign currency translation	(143)	(323)	(466)
Balance, December 31, 2021	15,542	31,458	47,000
Charge for the year	8,270	13,724	21,994
Foreign currency translation	(2,004)	(3,831)	(5,835)
Balance, September 30, 2022	21,808	41,351	63,159
Net book value:			
December 31, 2021	21,138	40,438	61,576
September 30, 2022	54,262	37,051	91,313

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11. Intangible assets

The Company's intangible assets continuity is as follows:

	Goodwill	Film distribution rights	Total
	\$	\$	\$
Cost:			
Balance, December 31, 2020	139,121	10,017,139	10,156,260
Additions	-	5,554,570	5,554,570
Foreign currency translation	(1,884)	(162,408)	(166,176)
Balance, December 31, 2021	137,237	15,409,301	15,544,654
Additions	4,477,960	11,102,685	15,580,645
Derecognition	-	(1,545,509)	(1,545,509)
Foreign currency translation	(16,258)	(2,357,774)	(2,374,032)
Balance, September 30, 2022	4,598,939	22,608,703	27,207,642
Accumulated Amortization:			
Balance, December 31, 2020	60,286	2,679,130	2,739,416
Charge for the year	13,790	1,616,017	1,629,807
Impairment charge	-	1,188,404	1,188,404
Foreign currency translation	(883)	(49,793)	(50,676)
Balance, December 31, 2021	73,193	5,433,758	5,506,951
Charge for the year	9,828	1,319,383	1,329,211
Derecognition	-	(43,114)	(43,114)
Foreign currency translation	(8,584)	(670,117)	(678,700)
Balance, September 30, 2022	74,437	6,039,910	6,114,348
Net book value:			
December 31, 2021	64,043	9,975,544	10,039,587
September 30, 2022	4,524,502	16,568,792	21,093,294

Impairment

The Company reviews the carrying value of its intangibles at each reporting period for indicators of impairment. As at September 30, 2022, management noted no indicators of impairment.

12. Accrued income

Accrued income relates to minimum guarantees resulting from distribution agreements that the Company has entered into for movie and television series distribution. These revenues will be collected over the terms of the agreement period.

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	\$
Balance, December 31, 2020	4,494,636
Additions	4,646,682
Foreign currency translation	(83,013)
Balance, December 31, 2021	9,058,305
Income earned	(8,212,469)
Payments received	12,628,096
Foreign currency translation	(1,674,897)
September 30, 2022	11,799,035

13. Production loan receivable

	\$
Balance, December 31, 2020 and 2021	-
Acquired on RTO	4,825,805
Additions	256,521
Interest	192,927
Foreign exchange gain	426,848
Balance, September 30, 2022	5,702,101

The Company acquired a production loan as part of the RTO. On October 26, 2021, Amcomri committed to providing a credit facility (the "Bow River Facility") to Bow River Productions ("Bow River") for the production of a film of up to US\$4,500,000. In connection with the Bow River Facility, Bow River agreed to pay an arrangement fee of \$319,125 (US\$250,000), which is included in the balance of the Bow River Facility. Amounts drawn under the Bow River Facility shall be repaid upon the earlier of demand by the Company, the date that is one year from the initial draw down under the Bow River Facility, being October 26, 2022. Under the agreement, if the Bow River Facility is not repaid by December 31, 2021, Bow River will pay interest and fees of \$191,135 (US\$150,000). At December 31, 2021, the Bow River Facility was not repaid and the interest and fees amount is included in the balance of the Bow River Facility.

Interest accrues on the principal amount of the loan at a rate of prime plus 1.5% per annum starting January 1, 2022. For the period ended September 30, 2022, \$192,927 of interest income was recorded. The Bow River Facility is secured against the assets of Bow River.

In addition to the Bow River Facility, the Company entered into a distribution agreement with Bow River for the rights to distribute (the "Distribution Rights", or "Rights") the film that Bow River is producing. The Rights provide the Company with distribution rights worldwide, exclusive of Canada.

Subsequently, the Company terminated the Distribution Agreement and entered into an Amended and Restated Credit Facility (the "Amended Facility") whereby the Distribution Agreement was terminated and the Bow River Facility was amended and restated to provide, among other things, that Stonagal Pictures Inc. ("Stonagal") would replace Bow River as borrower and assume the obligations of Bow River under the Bow River Facility. Pursuant to the Amended Facility, the Company agreed to make a loan of up to U.S.\$4,500,000 to Stonagal to allow Stonagal to produce the movie "Left Behind: Rise of the Antichrist". Pursuant to the Amended Facility, Stonagal may elect to repay amounts owing under the Amended Facility by delivering the movie "Left Behind: Rise of the Antichrist" to the Company.

Further, Bow River and the Company entered into a participation agreement whereby the Bow River is entitled to 65% of net receipts (with the Company retaining the remaining 35% of net receipts). For purposes hereof, "net receipts" means gross receipts less the following deductions: (a) an amount equal

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to 30% of gross receipts; and (b) an amount equal to the Company's accrued distribution expenses. Bow River is controlled by a Director of the Company.

14. Deferred revenue

	\$
Balance, December 31, 2020	137,421
Additions	338,862
Revenue recognized	-
Foreign currency translation	(3,533)
Balance, December 31, 2021	472,750
Acquisition of APL	238,872
Additions	1,294,465
Revenue recognized	(260,390)
Foreign currency translation	(153,013)
September 30, 2022	1,592,684

15. Production loan payable

	\$
Balance, December 31, 2020 and 2021	-
Acquired on RTO	3,239,065
Additions	253,600
Extension fee	195,315
Interest	193,783
Foreign exchange gain	295,441
Balance. September 30, 2022	4,177,204

The Company assumed the production loan as part of the RTO. The credit facility of up to US\$3,200,000 (the "Oranmore Facility") was provided by Oranmore Limited ("Oranmore"), a company related to a director of the Company. The Oranmore Facility was a flow through loan, which was loaned out to Bow River (Note 11). In connection with the Oranmore Facility, the Company has agreed to pay an arrangement fee of \$319,125 (US\$250,000). Amounts drawn under the Oranmore Facility shall be repaid upon the earlier of demand by Oranmore, or the date that is one year from the initial draw down under the Bow River Facility, being October 26, 2022. Under the agreement, if the Oranmore Facility was not repaid by December 31, 2021, the Company would have to pay interest and fees of \$191,315 (US\$150,000) to extend the loan. During the period ended September 30, 2022 the Company paid the extension fee, which was capitalised into the loan payable amount.

Interest accrues on the principal amount of the loan at a rate of prime plus 1.5% per annum. For the period ended September 30, 2022, \$193,783 of interest was accrued. The Oranmore Facility is secured against the assets of the Company.

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16. Loans payable

	\$
Balance, December 31, 2020	1,690,148
Additions	408,353
Repayments	(643,829)
Interest	-
Foreign exchange gain	(19,780)
Balance, December 31, 2021	1,434,892
Acquired on RTO	2,121,344
Additions	5,008,003
Repayments	(1,002,452)
Settlement	(1,486,034)
Interest	413,943
Foreign exchange gain	(446,795)
Balance, September 30, 2022	6,042,901

	September 30, 2022	December 31, 2021
	\$	\$
Current	5,506,104	1,185,920
Non-current	536,797	248,970

Hollywood Classics International Limited has an unsecured facility of \$56,028, (December 31, 2021 - \$75,117) over a 72-month term with a 2.5% fixed interest rate.

101 Films Limited has an outstanding loan of \$221,099 (December 31, 2021 - \$345,475) which is repayable over the period to April 2024. The loan accrues interest at 3.99% over the Bank of England base rate. This loan is secured by way of a fixed and floating charge over the assets of 101 Films Limited. During the year ended December 31, 2021, 101 Films Limited took out a new facility to fund the acquisition of a film title. This facility amounted to \$125,615 as at the year ended December 31, 2021. and was repaid during the period ended March 31, 2022.

Abacus Media Rights Limited has an outstanding loan of \$988,016 outstanding for a project that is repayable within one year and accrues interest at a rate of 1% per month and is secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of the Company.

101 Films International Limited has loans of \$1,424,195 (December 31, 2021 - \$282,739) taken out to fund the acquisition of two specific titles. These are repayable within one year and accrues interest at a rate of 1% per month and is secured by means of a fixed charge over the rights to the associated title and a floating charge over the assets of the Company.

Assumed in the RTO was short term loans from related parties totalling to \$2,121,344 (Note 2). As part of the Transaction, the Company settled portions of this debt by issuing equity instruments.

First, the Company settled \$120,000 of accounts payable with 923,077 units of the Company (the "Units") at a deemed price of \$0.13 per Unit. Each Unit was comprised of one common share in the capital of the Company and one common share purchase warrant entitling the holder thereof to acquire one additional common share in the capital of the Company for a period of one (1) year from the date of issuance at an exercise price of \$0.25 per share (see Note 18). In connection with the RTO, the Units were consolidated on a basis of 25 (old) to (1) new basis (see Note 2).

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In addition, pursuant to a loan exchange agreement dated August 9, 2021 (the "Loan Exchange Agreement") entered into between the Company and Oranmore, Oranmore exchanged \$1,486,034 of debt for 1,981,379 post-consolidation common shares of the Company at a deemed price of \$0.75 per share. Further, Oranmore has provided a credit facility of up to \$1,000,000 to the Company for working capital purposes (the "Oranmore Facility"). Amounts drawn under the Oranmore Facility will be unsecured and will bear interest at a rate of eight percent (8%) per annum.

In connection with the acquisition of Flame Media's assets (Note 7), the Company entered into a loan agreement in the amount of GBP\$1,546,392. The loan bears interest at 1% per month, is due on October 16, 2023 and is secured by debentures and corporate guarantees executed by 101 Film International Limited, in the form of a charge against the company's assets.

17. Related party transactions

- (a) Related parties include shareholders with a significant ownership interest in the Company, the Company's key management personnel, and Directors. Balances with related parties:

	September 30, 2022	December 31, 2021
	\$	\$
Due to related party ⁽ⁱ⁾	5,129	-
Short term loans (Note 11)	713,014	63,472
Production loan receivable (Note 15)	5,702,101	-
Production loan payable (Note 10)	4,177,204	-
	10,597,448	63,472

(i) Amounts are unsecured, non-interest bearing and due on demand.

- (b) Transactions during the period with companies related through common significant shareholder or key management personnel:

	September 30, 2022	September 30, 2021
	\$	\$
Salaries and benefits	331,323	143,198
Consulting fees	403,533	145,266
Share based payments	415,545	-
Interest income from related party	192,927	-
Interest expense to related party	144,179	-
	1,487,507	288,464

18. Share capital

- (a) Authorized share capital:

Unlimited voting, participating common shares, with no par value.

Issuance of common shares:

For the nine months ended September 30, 2022:

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On January 7, 2022, the Company completed an RTO, as disclosed in Note 2. The equity transaction that occurred as part of the RTO as follows:

- The Company completed a (25:1) share consolidation, which reduced the issued and outstanding common shares by a total of 85,647,748 common shares.
- The Company settled \$91,000 worth of debt by issuing 1,820,000 pre-consolidation common shares at a deemed price of \$0.05.
- The Company settled \$120,000 worth of debt by issuing 923,077 Units (Note 11) at a deemed price of \$0.13 per Unit. The Company determined that the fair value of the common shares issued was \$0.05, with the residual value of \$0.08 being allocated to the value of the warrants.
- The Company settled \$1,486,034 worth of debt by issuing 1,981,379 post-consolidation common shares at a deemed price of \$0.75.
- As part of the RTO, the Company issued 66,666,667 post-consolidation common shares for the acquisition of Trinity.

On August 11, 2022 the Company issued 768,000 common shares to Directors for services valued at \$230,400. The shares were valued at the trading price on the date of issuance of \$0.30.

On August 25, 2022 the Company issued 512,000 common shares to Directors for services valued at \$179,200. The shares were valued at the trading price on the date of issuance of \$0.35.

(b) *Options:*

The Company has adopted an incentive stock option plan in accordance with the policies of the NEO (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent of the issued and outstanding common shares. The options are exercisable for the period of up to ten years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant or person performing investor relations activities will not exceed two percent of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares, which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of the NEO. The foregoing summary is subject to and qualified by the provisions of the Stock Option Plan available on the Company's SEDAR profile.

As at September 30, 2022, the Company had the following stock options outstanding:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date	Weighted average life (years)
20,000	20,000	\$0.50	March 30, 2027	5
20,000	-	\$0.75	March 30, 2027	5
20,000	-	\$1.00	March 30, 2027	5
20,000	-	\$1.50	March 30, 2027	5
20,000	-	\$2.00	March 30, 2027	5
100,000	20,000	\$1.15		5

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The stock option activities are as follows:

	Number of options	Weighted average exercise price
Balance, December 31, 2021	-	\$ -
Granted	100,000	1.15
Balance, September 30, 2022	100,000	\$ 1.15

The fair values of the options granted during the nine months ended September 30, 2022, were determined on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	September 30 2022
Risk free interest rate	-
Expected life of options (years)	5
Expected annualized volatility	64%
Expected dividend yield	Nil
Weighted average Black-Scholes value of each option	\$ 0.57

Due to limited trading history of the Company, volatility was determined by using a comparative set of publicly traded Company's in the film industry of similar size to the Company. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate is based on Canada government bonds with a remaining term equal to the expected life of the options.

The Company recorded share-based compensation expense related to the stock options of \$5,945 for the nine months ended September 30, 2022 (September 30, 2021 – nil). The expense has been charged to the consolidated statements of income and comprehensive income.

(c) Warrants:

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the common shares. If the proceeds from the offering are less than or equal to the estimated fair market value of common shares issued, non-value is assigned to the warrants. Warrants that re issued as payment to a finder or other transaction costs are accounted for as share-based payments.

On January 7, 2022, the Company completed an RTO, as disclosed in Note 2, and in connection therewith the Company warrants were consolidated on a 25:1 basis.

The warrants activity is as follows:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2021	-	\$ -
Granted	36,923	6.25
Balance, September 30, 2022	36,923	\$ 6.25

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19. Financial instruments risk management

Fair values

The Company categorizes its financial instruments measured at fair value using a hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets;

Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The carrying amounts for cash, trade and other payables, short term loans and due to related party approximate their fair value due to their immediate or short-term nature.

Financial risk management

The following provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk, and how the Company manages those risks.

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's credit risk is attributable to cash, trade and other receivables and the production loan receivable. The maximum exposure to credit risk for cash, trade and other receivables and loans receivable approximate the amount recorded on the consolidated statement of financial position of \$10,315,677 as at September 30, 2022 (December 31, 2021 - \$3,087,344).

The Company manages such risk by holding cash as operating bank accounts with Canadian and the United Kingdom chartered banks with high credit ratings.

(ii) Liquidity risk

The composition of the Company's accounts payable and accrued liabilities was as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Trade payables	3,116,466	909,722
Accrued liabilities	10,638,601	8,471,923
VAT payable	487,635	354,441
Income tax payable	804,330	1,006,858
Other payables	1,364,050	96,277

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	16,411,082	10,839,221	
As at September 30, 2022, the Company has the following gross contractual obligations, which are expected to be payable in the following respective periods:			
	Total	Within 1 year	1 to 3 years
	\$	\$	\$
Accounts payable and accrued liabilities	16,411,082	16,411,082	-
Production loan payable	4,177,204	4,177,204	-
Loans payable	6,042,901	5,506,104	536,797
	26,631,187	26,094,390	536,797

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. As at September 30, 2022, the Company had negative working capital of \$4,884,596 (December 31, 2021 - \$99,531).

The Company manages liquidity risk through the management of its capital structure and resources to ensure that it has sufficient liquidity to settle obligations and liabilities when they are due. Management monitors its operating requirements and prepares budgets and cash flow forecasts to identify cash flow needs for general corporate and working capital purposes. The Company's ability to fund its operating requirements depends on future operating performance and cash flows, which are subject to economic, financial, competitive, business, and regulatory conditions, and other factors, some of which are beyond its control, such as the potential impact of COVID-19. The Company's primary short-term liquidity needs are to fund its operations, and debt repayments. The Company's medium-term liquidity needs primarily relate to debt repayments and lease payments. The Company's long-term liquidity needs primarily relate to potential strategic plans.

(iii) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to risk on the fluctuation on foreign exchange rates as it operates in multiple jurisdictions. Management strategically manages its cash and the agreements that it enters into to limit its exposure to currency risk. The Company operates mostly through its wholly-owned subsidiary Trinity in Pound Sterling.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk at September 30, 2022 due to its loans being at a fixed interest rate.

20. Capital management

As at September 30, 2022, the capital structure of the Company consisted of \$43,987,085 (December 31, 2021 - \$22,499,523) in shareholders' equity and debt.

The Company's objective when managing its capital is to ensure sufficient equity financing to fund its planned operations in a way that maximizes the shareholder return given the assumed risks of its operations. The Company considers shareholders' equity as capital. Through the ongoing management of its capital, the Company will modify the structure of its capital based on changing economic conditions. In doing so, the Company may issue new shares. Annual budgeting is the primary tool used to manage the

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Company's capital. Updates are made as necessary to both capital expenditure and operational budgets in order to adapt to changes in risk factors, proposed expenditure programs and market conditions.

21. Supplemental disclosure of cash flow information

	September 30, 2022	September 30, 2021
	\$	\$
Cash paid during the period:		
Interest	325,634	66,263
Income taxes	-	-
Cash received during the period:		
Interest	245,170	-
Non-cash financing and investing transactions		-
Issuance of shares for the settlement of debt	(415,545)	-
Additions to loan receivable	(876,296)	-
Additions to loan payable	3,489,118	1,498,655
Elimination of investment	7,417	1,843

22. Subsequent events

On October 4, 2022 the board of directors approved the grant of 2,500,000 stock options to the CEO of the Company. The options will be issued pursuant to the Company's incentive stock option plan, will vest in equal installments on the first, second, third, fourth and fifth anniversaries of the date of the grant, and upon vesting, will be exercisable for a period of ten years from the date of grant at an exercise price of \$0.50 per common share.