

SAGITTARIUS CAPITAL CORPORATION

(A capital pool corporation)

Unaudited Condensed Interim Financial Statements

For the Three and Nine Months ended September 30, 2018 and 2017

(Expressed in Canadian dollars)

NOTICE TO READER

The unaudited condensed interim financial statements for the period ended September 30, 2018 have been prepared by management and have not been audited or reviewed by the Company's auditor.

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Sagittarius Capital Corporation
Unaudited Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)

	Notes	As at September 30, 2018	As at December 31, 2017
<u>Assets</u>			
Current			
Cash	6	\$ 8,949	\$ 4,523
HST and other receivable		74,022	1,019
Total Assets		\$ 82,971	\$ 5,542
<u>Liabilities</u>			
Current liabilities			
Accounts payable and accrued liabilities		\$ 150,799	\$ 54,746
Due to related party	8	14,582	7,229
Total Liabilities		165,381	61,975
<u>Shareholders' Deficiency</u>			
Share capital	5	620,194	620,194
Share-based payments reserve	5	93,240	93,240
Accumulated deficit		(795,844)	(769,867)
Total Shareholders' Deficiency		(82,410)	(56,433)
Total Liabilities and Shareholders' Deficiency		\$ 82,971	\$ 5,542

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

APPROVED ON BEHALF OF THE BOARD

"BRIAN PRESEMENT"

DIRECTOR

"CHRIS HAZELTON"

DIRECTOR

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

Sagittarius Capital Corporation
Unaudited Condensed Interim Statements of Operations and Comprehensive Loss
For the three and nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

	Notes	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Expenses					
Professional fees	8	\$ 3,065	\$ 3,777	\$ 19,238	\$ 10,094
Filing fees		1,250	1,250	6,493	6,493
Office and general		101	51	246	193
Total Expenses		(4,416)	(5,078)	(25,977)	(16,780)
Net Loss and Comprehensive Loss		\$ (4,416)	\$ (5,078)	\$ (25,977)	\$ (16,780)
Weighted average number of shares outstanding					
– basic and diluted		3,690,000	3,690,000	3,690,000	3,690,000
Loss per Share					
– basic and diluted		\$ (0.001)	\$ (0.001)	\$ (0.007)	\$ (0.005)

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

Sagittarius Capital Corporation
Unaudited Condensed Interim Statements of Cash Flows
For the three and nine months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Cash Flows from Operating Activities				
Net loss for the period	\$ (4,416)	\$ (5,078)	\$ (25,977)	\$ (16,780)
Changes in non-cash working capital items:				
HST and other receivable	(42,171)	2,273	(73,003)	713
Accounts payables and accrued liabilities	49,652	5,633	96,053	18,754
Due to related party (Note 8)	-	-	7,353	-
Cash flows from operating activities	\$ 3,065	\$ 2,828	\$ 4,426	\$ 2,687
Increase in cash	3,065	2,828	4,426	2,687
Cash, beginning of period	5,884	1,150	4,523	1,291
Cash, end of period	\$ 8,949	\$ 3,978	\$ 8,949	\$ 3,978

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

Sagittarius Capital Corporation
Unaudited Condensed Interim Statements of Changes in Shareholders' Deficiency
For the nine months ended September 30, 2018 and 2017
(Expressed in Canadian dollars)

	Number of Shares (#)	Share capital	Share-based payments reserve	Accumulated deficit	Total
Balance, December 31, 2016	4,190,000	\$ 620,194	\$ 93,240	\$ (744,955)	\$ (31,521)
Net loss and comprehensive loss	-	-	-	(16,780)	(16,780)
Balance, September 30, 2017	4,190,000	\$ 620,194	\$ 93,240	\$ (761,735)	\$ (48,301)
Balance, December 31, 2017	4,190,000	\$ 620,194	\$ 93,240	\$ (769,867)	\$ (56,433)
Net loss and comprehensive loss	-	-	-	(25,977)	(25,977)
Balance, September 30, 2018	4,190,000	\$ 620,194	\$ 93,240	\$ (795,844)	\$ (82,410)

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

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
September 30, 2018 and 2017
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Sagittarius Capital Corporation (“Sagittarius” or the “Company”) was incorporated under the Business Corporations Act (Ontario) on April 20, 2007 and is classified as a Capital Pool Corporation as defined by TSX Venture (“TSX-V”) Exchange Policy 2.4 (the “Exchange Policy”). The Company has nominal assets and proposes to identify and evaluate potential acquisitions or businesses.

The Company’s registered address and principal place of business is 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8.

As at September 30, 2018, the Company had no business operations but had entered into a Securities Exchange Agreement with Israeli-based Irri-Al-Tal Ltd. (“Irri-Al-Tal”) and the shareholders of Irri-Al-Tal (the “Arrangement”) (see Note 9 for details). Pursuant to the Arrangement, the shareholders of Irri-Al-Tal will exchange all issued and outstanding common shares of Irri-Al-Tal for common shares of Sagittarius and Irri-Al-Tal will become a wholly-owned subsidiary of the Company. If successful, the Arrangement will constitute the Qualifying Transaction (the “QT”) of the Company pursuant to the policies of the TSX-V.

These unaudited condensed interim financial statements are prepared on the application of the going concern basis, presumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Since its inception, the Company had incurred operating losses, with a current net loss of \$25,977 for the nine months ended September 30, 2018 (2017 – \$16,780). As a result, the Company has an accumulated deficit of \$795,844 (December 31, 2017 – \$769,867) and a working capital deficiency of \$82,410 as at September 30, 2018 (December 31, 2017 – working capital deficiency of \$56,433). The Company has taken and continues to take steps to reduce these losses. However, losses are expected to continue for the 2018 fiscal year.

Due to continuing operating losses and limited working capital, the Company’s ability to continue as a going concern is dependent on its ability to obtain additional sources of financing. Failure to obtain such financing could result in delay or indefinite postponement of the Company’s strategic goals. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company’s ability to continue as a going concern. The unaudited condensed interim financial statements do not reflect adjustments to the carrying values and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern, and such adjustments may be material.

2. Basis of Presentation

Statement of Compliance

These unaudited condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These unaudited condensed interim financial statements were reviewed, approved and authorized for issuance by the Board of Directors of the Company on November 28, 2018.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
September 30, 2018 and 2017
(Expressed in Canadian Dollars)

2. Basis of Presentation (continue)

Basis of Measurement

These unaudited condensed interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, using the historical cost basis. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional Currency

The unaudited condensed interim financial statements have been presented in Canadian dollars (\$), the Company's functional currency.

3. Significant Accounting Policies

Accounting Estimates and Judgments

The preparation of these unaudited condensed interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of policies, reported amounts and other disclosures in these unaudited condensed interim financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. There have been no significant judgements made by management in the application of IFRS that have a significant effect on these unaudited condensed interim financial statements, with exception to accounts payable and accrued liabilities, deferred taxes and the going concern assumption.

Income Taxes

The Company accounts for income taxes in accordance with the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
September 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. Significant Accounting Policies (continued)

Financial Instruments

Financial assets

Financial assets within the scope of IFRS 9 ‘Financial Instruments’ (“IFRS 9”) are classified as financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (loss) (“FVTOCI”) and financial assets at amortized costs, as appropriate.

Classification and measurement

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Company’s financial assets, including cash and receivables excluding any sales tax amounts, are measured at amortized cost.

Recognition and measurement

Subsequent to initial recognition, all financial assets are measured at amortized cost, at FVTOCI or at FVTPL. At each reporting date, impairment requirements are applied to financial assets measured at amortized cost and at FVTOCI.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2018 and December 31, 2017, the Company does not have any financial instruments carried at fair value and that require classification within the fair value hierarchy.

Financial liabilities

All financial liabilities within the scope of IFRS 9 are measured at amortized cost, except for financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, contingent consideration recognized by an acquirer in a business combination to which IFRS 3 – Business Combinations applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
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3. Significant Accounting Policies (continued)

Financial Instruments (continued)

Financial liabilities (continued)

The Company's financial liabilities consist of accounts payable and accrued liabilities, and are measured at amortized cost.

Loss per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

As at September 30, 2018 and December 31, 2017, the Company did not have any warrants or options outstanding.

Share Issuance Costs

Costs incurred in connection with the issuance of capital stock are netted against the proceeds received.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits with banks, money market accounts, and other investments with original maturities of 90 days or less. Balances of cash and cash equivalents in financial institutions may at times exceed the government-insured limits.

As at September 30, 2018 and December 31, 2017, the Company did not have any cash equivalents.

Adoption of New Accounting Policies

The Company had adopted the following new standard, effective January 1, 2018. The change was made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim financial statements.

- IFRS 9 was issued by the IASB in July 2014 and replaces IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
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4. Capital Management

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund ongoing operations and finance the identification and evaluation of potential investments. To secure the additional capital necessary to pursue these investments, the Company may attempt to raise additional funds through the issuance of equity and warrants or by securing strategic partners.

The Company considers share capital, share option reserve, and accumulated deficit in the amount of \$82,410 as at September 30, 2018 (December 31, 2017 – \$56,433) to represent capital.

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2018 and during the year ended December 31, 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

5. Share Capital

Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding are as follows:

	<u>September 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
Issued: 4,190,000 common shares (December 31, 2017)	<u>\$ 620,194</u>	<u>\$ 620,194</u>

Stock Options

The Company awards stock options to officers and directors under an incentive stock plan (the "Plan"). Options are granted at the fair market value of the shares on the day granted, and vest over various terms. Stock-based compensation expense is recognized when options are vested. The Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, and technical consultants of the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five years from the date of grant.

As at September 30, 2018 and December 31, 2017, the Company had no stock options issued and outstanding.

Sagittarius Capital Corporation
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6. Cash Restriction

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy. As at September 30, 2018, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

7. Financial Instruments and Risk Management

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk. There have been no significant changes in the risks, objectives, policies and procedures during the nine months ended September 30, 2018 and the year ended December 31, 2017.

Fair Value

The carrying amounts for cash, HST and other receivables, and accounts payable and accrued liabilities on the unaudited condensed interim statements of financial position approximate fair value given that they are primarily short-term in nature.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and other receivables. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. The Company manages the credit exposure related to cash of \$8,949 as at September 30, 2018 (December 31, 2017 – \$4,523) by making sure that the Company maintains bank accounts with Schedule 1 banks in Canada. The carrying amount of cash represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. All of the Company's accounts payable and accrued liabilities are due within one year.

8. Related Party Transactions

Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

During the nine months ended September 30, 2018, the Company incurred accounting fees of \$7,500 (2017 – \$7,500) to Branson Corporate Services Inc. ("Branson"), a company in which a director has a non-controlling indirect interest. The Company also recovered legal fees and disbursements of \$3,613 (2017 – fees and disbursement of \$3,986) to Fogler, Rubinoff LLP ("Fogler"), a law firm in which a director of the Company is a Partner.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
September 30, 2018 and 2017
(Expressed in Canadian Dollars)

8. Related Party Transactions (continued)

As of September 30, 2018, an amount of \$34,592 (December 31, 2017 – \$26,117) owed to Branson, and an amount of \$79,961 (December 31, 2017 – \$9,587) owed to Fogler, were included in accounts payable and accrued liabilities. As at September 30, 2018, the Company also owed \$12,821 (December 31, 2017 – \$12,821) to the director, as well as \$14,582 (December 31, 2017 – \$7,229). These amounts are unsecured, non-interest bearing and due on demand.

There was no remuneration paid to directors and key management personnel during the nine months ended September 30, 2018 and 2017.

9. Proposed Transaction

On June 21, 2018, the Company and Irri-Al-Tal entered into an amended and restated letter of intent, superseding the terms of the letter of intent entered into on December 28, 2017, as amended on April 24, 2018, whereby the Arrangement is intended to be the QT of the Company. The terms of the QT are as follows:

- 1) Sagittarius and Irri-Al-Tal are expected to enter into a share exchange agreement (the “Securities Exchange Agreement”) whereby Irri-Al-Tal shareholders will exchange all of their issued and outstanding common shares of Irri-Al-Tal for common shares of Sagittarius and Irri-Al-Tal will become a wholly-owned subsidiary of Sagittarius.
- 2) Pursuant to the Securities Exchange Agreement, holders of Irri-Al-Tal common shares are expected to be entitled to receive two (2) Consolidated Sagittarius Share for every one (1) Irri-Al-Tal Share (“Share Exchange”). The Board of Directors of the resulting issuer is expected to be comprised of up to five (5) directors, of which three individuals will be the nominees of Irri-Al-Tal, and two individuals will be nominees of Sagittarius.
- 3) Sagittarius will be required to seek shareholder approval for: (i) a share consolidation of the common shares in the Company (“Sagittarius Shares”) on a 1.4964285 old shares for one (1) new share; and (ii) a name change to “Water Ways Technologies Inc.” or as otherwise approved by the directors of the Company.
- 4) Prior to the Share Exchange, Irri-Al-Tal intends to complete a private equity financing (the “Private Placement”) concurrently with listing of up to an amount of \$2,000,000 comprised of units at a price of \$0.50 per unit. Each unit will be comprised of one (1) Irri-Al-Tal share and one half (1/2) of one Irri-Al-Tal share purchase warrant, with each whole warrant being exercisable into one Irri-Al-Tal share at an exercise price of no less than \$0.80 for a period of 24 months from the closing date of the Private Placement.

Completion of the QT is subject to completion of due diligence, receipt of all requisite consents, acceptances and regulatory approvals, and all director and shareholder approvals, execution of definitive agreements and certain other conditions that are customary for transactions of this nature. Following completion of the Arrangement, it is anticipated that the Resulting Issuer will be eligible to become a Tier 2 issuer on the TSX-V.

There can be no assurance that the Arrangement will be completed as anticipated or at all.

On August 21, 2018, the Company, Irri-Al-Tal and Irri-Al-Tal shareholders entered into the Securities Exchange Agreement to effect the Share Exchange on closing on the QT.

On August 23, 2018, the Company filed its preliminary prospectus in regard to the proposed QT.

Sagittarius Capital Corporation
Notes to the Unaudited Condensed Interim Financial Statements
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9. Proposed Transaction (continued)

The Company also intends to complete an offering of securities (“Concurrent Financing”) to be completed concurrently with the closing of the QT. It is intended the Concurrent Financing will be conducted as a public offering of units via a prospectus. The Company will issue up to 16,000,000 units at a price of \$0.25 per unit for maximum gross proceeds of \$4,000,000 (“Maximum Offering”) and a minimum of 8,000,000 units for minimum gross proceeds of \$2,000,000 (“Minimum Offering”). Each unit will be comprised of one (1) Sagittarius share and one-half (1/2) of a Sagittarius share purchase warrant (“QT Warrant”). Each whole QT Warrant will allow the holder to purchase one common share at a price of \$0.40 for a period of 24 months from the date of issuance.

10. Subsequent Events

On November 20, 2018, the Company filed the amended preliminary prospectus in regard to the proposed QT.