RAINMAKER WORLDWIDE INC. (formerly GOLD AND SILVER MINING OF NEVADA, INC.)

(A Developmental Stage Company)

Consolidated
Financial Statements (Unaudited)
For
The Three Months Ended
March 31, 2018

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RAINMAKER WORLDWIDE INC. (FORMERLY GOLD AND SILVER MINING OF NEVADA, INC.)

(A Developmental Stage Company)
Consolidated Balance Sheets (Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current Assets		
Cash	$ 59,175	$ 20,097
Accounts receivable	32,969	68,284
Inventory (Note 10)	211,486	125,900
Prepaid expenses	182,638	179,798
Total Current Assets	486,268	394,078
Loans and Notes Receivable	387,445	398,200
Property & Equipment (Note 5)	107,052	113,159
Intellectual Property (Note 4)	6,784,079	6,972,402
Demonstration Equipment / Development (Note 5)	882,662	880,607
Total Assets	$ 8,647,506	$ 8,758,445
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	$ 1,490,181	$ 1,285,395
Customer deposits	271,447	328,849
Current portion long term debt	142,996	183,924
Related party loan (Note 8)	27,276	28,832
Total Current Liabilities	1,931,901	1,826,999
Provision for ARO Obligation	29,071	29,877
Long Term Notes Payable	1,139,350	1,124,588
Total Liabilities	$ 3,100,323	$ 2,981,464
Stockholders' Equity		
Common stock - $0.001 par value; 200,000,000 authorized; 84,474,484 outstanding	83,474	81,632
Additional paid-in capital	14,872,745	12,666,453
Accumulated deficit	(9,969,656)	(7,736,766)
Accumulated other comprehensive income	560,619	765,662
Total Stockholders' Equity	$ 5,547,183	$ 5,776,981
Total Liabilities and Stockholders' Equity	$ 8,647,506	$ 8,758,445

See accompanying notes to the consolidated financial statements.

RAINMAKER WORLDWIDE INC. (FORMERLY GOLD AND SILVER MINING OF NEVADA, INC.)

(A Developmental Stage Company)
Consolidated Statement of Operations and Comprehensive Loss (Unaudited)

Three months ended March 31, 2018 and 2017

	March 31, 2018	March 31, 2017
Revenue		
Sales	50,764	-
Cost of Goods Sold	83,026	-
Gross Profit (Loss)	(32,262)	-
Expenses		
General and administrative expense	79,383	12,424
Consulting expense	383,707	75,822
Marketing, advertising and promotion costs (Note 9)	184,380	735
Stock options expense (Note 14)	1,439,532	-
Depreciation expense	31,111	7,560
Rent expense (Note 11)	37,847	18,419
Travel and entertainment expense	14,123	1,031
Patent expense	12,797	6,583
Total Expenses	2,182,880	122,574
Loss from Operations	(2,215,142)	(122,574)
Interest Expense	17,808	14,589
Net Loss	$ (2,232,950)	$ (137,163)
Other comprehensive income:		
Foreign exchange translation (gain)/loss	(205,042)	84,081
Net loss and comprehensive loss:	$ (2,027,908)	$ (221,244)
Net loss per share - basic and diluted	$ (0.06)	$ (0.03)
Weighted average number of common shares outstanding - basic	34,525,405	8,726,739

See accompanying notes to the consolidated financial statements.

RAINMAKER WORLDWIDE INC. (FORMERLY GOLD AND SILVER MINING OF NEVADA, INC.)

(A Developmental Stage Company)
Consolidated Statements of Stockholders' Equity (Unaudited)

March 31, 2018

	Number of stock	Amount ($)	Additional paid-in capital ($)	Deficit ($)	Accumulated other comprehensive income ($)	Total
Balance, December 31, 2016	8,762,295	8,763	9,579,175	(2,198,961)	334,813	7,723,753
Private placements	300,694	301	325,867	-	-	326,168
Repurchase of common stock	(547,829)	(548)	(807,243)	-	-	(807,791)
Additional common stock issued	205,000	205	(184)	-	-	21
Additional common stock issued	309,500	310	185,390			185,700
Reverse Split of Gold and Silver Mining of Nevada, Inc.	132,912	133	(133)	-	-	-
Reverse merger with Gold and Silver Mining of Nevada, Inc.	57,789,197	57,789	-	-	-	57,789
Finders stock issued related to reverse merger	1,000,000	1,000	209,000	-	-	210,000
Beneficial conversion feature	-	-	(235,494)	-	-	(235,494)
Private placements	580,281	580	411,420	-	-	412,000
Conversion of convertible promissory notes	13,100,000	13,100	-	-	-	13,100
Stock-based compensation	-	-	2,998,655	-	-	2,998,655
Foreign currency translation	-	-	-	-	430,849	430,849
Net loss for the year	-	-	-	(5,537,805)	-	(5,537,805)
Balance, December 31, 2017	81,607,125	81,607	12,672,485	(7,941,748)	765,662	5,578,006
Shares issued for debt	50,000	50	20,945		-	20,995
Shares issued for debt	247,552	248	141,495		-	141,743
Private placements	842,857	843	294,157	-	-	295,000
Shares issued for compensation owing	351,950	352	154,506	-	-	154,858
Shares issued for services	375,000	375	149,625	-	-	150,000
Stock-based compensation	-	-	1,439,532	-	-	1,439,532
Foreign currency translation	-	-	-	-	(205,042)	(205,042)
Net loss for the quarter	-	-	-	(2,027,908)	-	(2,027,908)
Balance, March 31, 2018	83,474,484	$ 83,475	$14,872,745	$(9,969,656)	$ 560,620	$5,547,184

See accompanying notes to the interim consolidated financial statements.

RAINMAKER WORLDWIDE INC. (FORMERLY GOLD AND SILVER MINING OF NEVADA, INC.)

(A Developmental Stage Company)
Consolidated Statements of Cash Flows (Unaudited)

Three months ended March 31, 2018	
Cash Flows From Operating Activities:	
Net income (loss)	$ (2,232,950)
Adjustments to reconcile net loss to cash provided (used) by operations:	
Stock option expense	1,439,532
Depreciation	31,111
Accretion expense	21,152
Loss on recognition of debt/debt settlement	6,005
Change in assets and liabilities:	
Accounts receivable	35,315
Inventory	(85,586)
Prepaid expenses	(2,840)
Accounts payable	204,786
Customer deposits	(57,402)
Loans and notes receivable	10,755
Shareholder loans	(1,556)
Net Cash Used in Operating Activities	(631,678)
Cash Flows From Investing Activities:	
Purchase demonstration equipment	(25,607)
Property and equipment	(3,223)
Intellectual property	188,323
Net Cash Provided by Investing Activities	159,493
Cash Flows From Financing Activities:	
Notes payable	(26,165)
Issuance of common stock	295,000
Net Cash Provided by Financing Activities	268,835
Foreign exchange revaluation	242,429
Net Increase in Cash	39,079
Cash at Beginning of Period	20,097
Cash at End of Period	59,176

See accompanying notes to the consolidated financial statements.

Note 1: Nature of Operations, Reverse Merger and Going Concern

Nature of Operations

Rainmaker Worldwide Inc. ("Rainmaker" or the "Company") is a Nevada company which operates through two wholly owned subsidiaries; Rainmaker Worldwide Inc. (Ontario) ("RWI") which hosts the Company's worldwide head office in Peterborough, Ontario, Canada, and Rainmaker Holland B.V. ("RHBV") which functions as the Company's innovation and manufacturing center in Rotterdam, Netherlands. The Company's patented water technology provides economical drinking water wherever it's needed and at scale. The Company builds two types of energy-efficient, fresh water-producing technologies: (1) Air-to-Water, which harvests fresh water from humidity in the atmosphere. (2) Water-to-Water, which transforms seawater or polluted water into drinking water. The technology is both wind and solar powered, is deployable anywhere, and leaves no carbon traces.

Reverse Merger

RWI was incorporated on July 21, 2014 under the Ontario Business Corporations Act. On July 3, 2017, RWI shareholders completed a share exchange with the Company (the "Merger") pursuant to a share exchange agreement dated June 28, 2017 (the "Share Exchange Agreement") among the Company, RWI and RWI's 45 shareholders. Upon completion of the Merger, and in accordance with the terms and provisions of the Share Exchange Agreement, the Company acquired an aggregate of 9,029,562 common shares in the capital of RWI from the RWI Shareholders (being all of the issued and outstanding shares in the capital of RWI) in exchange for an aggregate of 66,818,759 restricted shares of the Company's common stock, or 7.4 shares for each share of RWI. As a consequence, RWI became a wholly owned subsidiary of the Company effective July 3, 2017. The Company's former name, Gold and Silver Mining of Nevada, Inc. ("CJT") was changed on April 24, 2017 in expectation of and conditional upon completion of the Merger. The Merger was accounted for as a reverse acquisition with RWI considered the accounting acquirer since the former RWI shareholders remained in control of the combined entity after the transaction. As a result of the Merger the Company now trades on the OTC Pink Sheet under the trading symbol RAKR. (See note 12).

Going Concern

The Company has incurred continuing losses from its operations and has an accumulated deficit of $ (9,969,656).

There are no assurances the Company will be able to raise capital on terms acceptable or that cash flows generated from its operations will be sufficient to meet its current operating costs and required debt service. If the Company is unable to obtain sufficient amounts of additional capital, it may be required to reduce the scope of its planned product development, which could harm its financial condition and operating results. These conditions raise doubt about the Company's ability to continue ongoing operations. These consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.

The Company's ability to continue its operations and to pay its obligations when they become due is contingent upon the Company obtaining additional financing. Management's plans include seeking to procure additional funds through debt and equity financings to enable it to meet its operating needs including current and future sales orders.

Note 2: Significant Accounting Policies

Basis of Preparation

The consolidated financial statements presented are for the entity Rainmaker and its wholly owned subsidiaries, Rainmaker Holland B.V. and Rainmaker Worldwide Inc. (Ontario) as a consolidated entity. The consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles.

The consolidated financial statements have been prepared on an accruals basis and are based on historical cost which is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The preparation of the consolidated financial statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

All accounting policies are chosen to ensure the resulting financial information satisfies the concepts of relevance and reliability.

Foreign Currency Translation

The reporting currency of the Company is the United States dollar. The financial statements of subsidiaries located outside of the United States are measured in their functional currency: Rainmaker Worldwide Inc. (Ontario) reports in Canadian dollars and Rainmaker Holland B.V. reports in Euro's. Monetary assets and liabilities of these subsidiaries are translated at the exchange rates at the balance sheet date. Income and expense items are translated using average annual exchange rates. Non-monetary assets are translated at their historical exchange rates. Translation adjustments are included in accumulated other comprehensive income in the consolidated balance sheets.

Intangible Assets

The Company has acquired patents, know-how and technology that has been determined to have indefinite lives due to the nature of our business. The Company evaluates a number of factors to determine whether an indefinite life is appropriate, including the competitive environment, product life cycles, operating plans and the macroeconomic environment of the countries in which the products have been or will be sold.

Indefinite-lived intangible assets are not amortized, but are evaluated for impairment at the end of each reporting period. The evaluation for impairment of indefinite-lived intangibles will be based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. The Company believes such assumptions will be comparable to those that would be used by other marketplace participants. The results of the Company's impairment test at December 31, 2017 indicate that its intangible assets were not impaired.

Note 2: Significant Accounting Policies (continued)

An impairment loss is measured and recorded based on discounted estimated future cash flows or upon an estimate of fair value that may be received in an exchange transaction. Future cash flows are estimated based on forecast sales of Company products, expected prices (considering current and historical prices, trends and related factors), planned production levels and expected operating costs. The Company's long-lived assets (intellectual property including know-how and patents) were acquired in the December 2015 Asset Purchase Agreement whereby Rainmaker Worldwide Inc. (Ontario) acquired all the assets of Dutch Rainmaker B.V. and Wind En Water Technologie Holding B.V. To date, the Company has determined that there were not sufficient changes in the marketplace to justify an impairment. Estimates and assumptions used to assess and measure fair value of our intellectual property are subject to risk uncertainty. Changes in these estimates and assumptions could result in the impairment of its long-lived assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates estimated to write off the cost of the relevant assets less their estimated residual values by equal annual amounts over their expected useful lives. Residual values and expected useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Depreciation periods for the Company's property and equipment are as follows:

Leasehold Improvements – 10 years

Office Furniture & Equipment – 5 years

Manufacturing Equipment – 5 years

Demonstration Equipment – 10 years

Demonstration Equipment

Demonstration equipment is stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation for the demonstration equipment is at a rate estimated to write off the cost of the equipment less its estimated residual value by an equal annual amount over its expected useful life. The residual value and expected useful life of the demonstration equipment is reviewed and adjusted, if appropriate, at the end of each reporting period.

Revenue Recognition

The Company recognizes revenues when production has been completed and the product has been received by the customer. There must also be persuasive evidence of an agreement with acceptance approved by the Company's customers, the price is fixed or determinable based on the completion of stated terms and conditions and the collection of any related receivable is reasonably assured.

Note 2: Significant Accounting Policies (continued)

Related Party Transactions

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be Individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

Share-based Payment Expense

The Company follows the fair value method of accounting for stock awards granted to employees, directors, officers and consultants. Share-based awards to employees are measured at the fair value of the related share-based awards. Share-based payments to others are valued based on the related services rendered or goods received or if this cannot be reliably measured, on the fair value of the instruments issued. Issuances of shares are valued using the fair value of the shares at the time of grant; issuances of options are valued using the Black-Scholes model with assumptions based on historical experience and future expectations.

Segment Reporting

ASC 280-10, "Disclosures about Segments of an Enterprise and Related Information", establishes standards for the way that public business enterprises report information about operating segments in the Company's consolidated financial statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Executive Officer in deciding how to allocate resources and assess performance. The Company has reportable segments in the United States, Canada and The Netherlands. Intellectual property is domiciled in the United States while all the Company’s development and assembly is in the Netherlands.

Asset Retirement Obligation

Included in the assets acquired in the December 2015 Asset Purchase Agreement, the Company obtained an obsolete wind turbine located in Leeuwarden, Netherlands. In accordance with ASC 410, Asset Retirement and Environmental Obligations and pursuant to the guidelines of the City of Leeuwarden for land leases, the Company is required to decommission the turbine including disassembly and removal of wind turbine generator and tower, substation and interconnection facilities, as well as foundation for the tower, and to provide for restoration of the property to its original state.

The Company records an initial asset retirement obligation at fair value as a liability in the period in which a legal obligation associated with the retirement of tangible long-lived assets occurs. The liability is accreted each period over the maximum term of the contractual agreements. The Company records the offsetting asset to the initial obligation as an increase to the carrying amount of the related long-lived asset and depreciates that cost over the maximum term of the contractual agreements. (See note 16).

Current Income Taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the date of the statement of financial position.

Note 2: Significant Accounting Policies (Continued)

Deferred Income Taxes

Deferred income taxes are provided using the liability method on temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- taxable temporary differences associated with investments in subsidiaries, where the timing in the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become more likely than not that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is expected to be realized or the liability is settled, based on tax rates (and tax laws) that have been enacted at Balance Sheet date. Deferred income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Equity-Settled Transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share-based compensation reserve.

Note 2: Significant Accounting Policies (Continued)

Equity-Settled Transactions (Continued)

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

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

Financial Instruments

ASC 820 “Fair Value Measurements and Disclosures” provides the framework for measuring fair value. That framework provides a fair value hierarchy prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Fair value is defined as an exit price, representing the amount that would be received upon the sale of an asset or payment to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs in measuring fair value as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Significant unobservable inputs that cannot be corroborated by market data.

The Company's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in the circumstances that caused the transfer. There were no such transfers during the period being reported.

Securities Available-For-Sale and Held to Maturity

The Company classifies its securities as held to maturity or available-for-sale. Investments in debt securities that the Company has the positive intent and ability to hold to maturity are classified as securities held to maturity and are carried at amortized cost. All other securities are classified as securities available-for-sale. Securities available-for-sale may be sold prior to maturity in response to changes in interest rates or prepayment risk, for asset/liability management purposes, or other similar factors. These securities are carried at fair value with unrealized holding gains or losses reported in a separate component of shareholders’ equity, net of the related tax effects.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Note 2: Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles of the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the year. Management bases its estimates on historical experience and on other assumptions considered to be reasonable under the circumstances. However, actual results may differ from the estimates.

Loss per Share

The Company reports loss per share in accordance with ASC 260, “Earnings per Share”. Basic loss per share is computed by dividing net loss by the weighted average number of common stock outstanding during each period. Diluted loss per share is computed by dividing net loss by the weighted average number of shares of common stock and other potentially dilutive securities outstanding during the year. The Company has options, debentures and other potentially dilutive instruments.

Cash and Cash Equivalents

The Company considers all highly-liquid instruments with an original maturity of three months or less at the time of issuance to be cash equivalents.

Marketing, Advertising and Promotional Costs

As required by U.S. GAAP, the Company records marketing costs as an expense in the year to which such costs relate. The Company does not defer amounts on its year-end consolidated balance sheets with respect to marketing costs. Advertising costs are expensed as incurred.

Inventory

Inventory and work in progress are valued at the lower of cost and net realizable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

Raw materials and consumables are valued at cost on a first in, first out (FIFO) basis.

Finished products are valued at raw material cost, labor cost and a proportion of manufacturing overhead expenses.

Note 2: Significant Accounting Policies (Continued)

Recent Accounting Pronouncements

Topic 606 "Revenue from Contracts with Customers": the standards provide companies with a single model for use in accounting for revenue arising from contracts with customers that supersedes current revenue recognition guidance, including industry-specific revenue guidance. The core principle of the model is to recognize revenue when control of the goods or services transfers to the customer, as opposed to recognizing revenue when the risks and rewards transfer to the customer under the existing revenue guidance. The guidance permits companies to either apply the requirements retrospectively to all prior periods presented, or apply the requirements in the year of adoption, through a cumulative adjustment. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017. Early adoption is permitted, to be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The Company does not expect this guidance to have a significant impact on how it recognizes revenue and related expenses. The Company is evaluating the impact of this update on its consolidated financial statement disclosures. The Company expects to complete its assessments prior to adoption of the guidance.

In November 2015, the FASB issued ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes," which requires that deferred tax liabilities and assets be classified on our Consolidated Balance Sheets as noncurrent based on an analysis of each taxpaying component within a jurisdiction. ASU No. 2015-17 is effective for the fiscal year commencing after December 15, 2017. The Company does not anticipate that the adoption of ASU No. 2015-17 will have a material effect on the consolidated balance sheet or the consolidated results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments - Overall (Subtopic 740): Recognition and Measurement of Financial Assets and Financial Liabilities. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017. ASU 2016-01 enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The Company is currently assessing the impact of ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02, Leases. This update requires organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The new guidance will also require additional disclosure about the amount, timing and uncertainty of cash flows arising from leases. The provisions of this update are effective for annual and interim periods beginning after December 15, 2018. The Company is still assessing the impact that the adoption of ASU 2016-02 will have on the consolidated balance sheets and the consolidated results of operations.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting". The amendments are effective for public companies for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Several aspects of the accounting for share-based payment award transactions are simplified, including: (a) income tax consequences; (b) classification of awards as either equity or liabilities; and (c) classification on the consolidated statements of cash flows.

Note 3: Convertible Debentures

On June 30, 2017, CJT had convertible notes payable in the amount of $214,500. Subsequent to the July 3, 2017 Merger, an additional $20,995 convertible note payable was discovered. At the date of the Merger, convertible notes payable of $235,495 were recognized on the Company's balance sheet.

On July 3, 2017, $180,500 of the convertible notes payable was forgiven and recorded as debt forgiveness in the statement of operations. Following the Merger, $13,100 of the convertible notes payable was converted into stock at a conversion price of $0.001 per stock for a total of 13,100,000 stock (See note 6).

The convertible note payable in the amount of $20,995 was settled on January 31, 2018 in exchange for 50,000 stock at $0.42 per share (See note 18).

The convertible notes payable have a beneficial conversion feature that was allocated to additional paid in capital in the amount of $214,499.

The principal amount of $20,900 of the convertible notes remain outstanding with a conversion price of $0.001 per stock.

The notes accrue interest at a rate of 5% per annum and mature on December 31, 2018.

The following is a summary of the promissory notes transactions during the year.

Convertible promissory notes at date of Merger	$ 235,495
Debt forgiveness	180,500
Conversion of $13,100 into stock	13,100
Note settled in exchange of stock	20,995
Principal balance outstanding, March 31, 2018	20,900
Carry value, March 31, 2018	$ 157

Convertible Promissory Note Payable

On January 4, 2018 the Company entered into a $120,000 convertible promissory note. The note was non-interest bearing for the first 90 days and convertible into restricted stock of the Company during that period. On February 26, 2018 the Note was converted into 342,857 restricted stock at $0.35 per stock.

Note 4: Intellectual Property

On December 21, 2015, the Company, through its now wholly owned subsidiary, RWI, agreed to purchase the assets of Wind En Water Technologie Holding B.V. ("WWT") and Dutch Rainmaker B.V. ("DRM") (collectively "WWT/DRM"), companies resident and incorporated in The Netherlands. WWT/DRM developed and exclusively owned all necessary know-how, patents and patent applications allowing for the manufacture and commercial sale of water treatment and processing systems using renewable energy. This know-how and technology was collectively known as the Dutch Rainmaker system and is now the core technology and know-how of the Company. The purchase price included stock and future royalty obligations. Fixed aggregate royalty obligations capped at $1,978,308 remain outstanding and will be paid based on revenues generated from the sale of Rainmaker products. The value of the Company's Intellectual Property was $ 6,784,079.

Note 5: Property and Equipment

	Furniture and Equipment	Manufacturing Equipment	Leeuwarden Turbine	Demonstration Equipment	Leasehold Improvements	Total
Cost						
As at December 31, 2016	$ 20,095	$ 75,053	$ 29,878	$ 745,234	$ 29,014	$ 899,275
Additions	3,567	10,377	-	158,143	4,012	176,098
Disposals	-	-	-	-	-	-
As at December 31, 2017	$ 23,662	$ 85,430	$ 29,878	$ 903,377	$ 33,026	$ 1,075,373
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Currency revaluation	370	1,551	(606)	24,961	783	27,059
As at March 31, 2018	$ 24,032	$ 86,981	$ 29,272	$ 928,338	$ 33,809	$ 1,102,432
Accumulated depreciation						
As at December 31, 2016	$ 2,826	$ 11,964	$ 8,798	$ -	$ 1,826	$ 25,414
Depreciation	4,972	18,740	6,156	22,770	3,555	56,193
As at December 31, 2017	$ 7,798	$ 30,704	$ 14,954	$ 22,770	$ 5,381	$ 81,607
Depreciation	1,120	4,332	1,916	22,906	837	31,111
As at March 31, 2018	$ 8,918	$ 35,036	$ 16,870	$ 45,676	$ 6,218	$ 112,720
Net book value						
As at December 31, 2016	$ 17,269	$ 63,089	$ 21,080	$ 745,234	$ 27,188	$ 873,861
As at December 31, 2017	$ 15,864	$ 54,726	$ 14,924	$ 880,607	$ 27,645	$ 993,766
As at March 31, 2018	$ 15,114	$ 51,945	$ 12,402	$ 882,662	$ 27,591	$ 989,714

Demonstration Equipment

Demonstration equipment is stated at cost less accumulated depreciation and any recognized impairment loss. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

The Company is in the development phase of its operations thus development costs relating to its demonstration equipment development and assembly were capitalized up to September 2017 when the demonstration equipment was completed. Accordingly, the Company commenced amortization of its demonstration equipment in the 4th quarter of 2017.

Depreciation for the demonstration equipment is at a rate estimated to write off the cost of the equipment less its estimated residual value by an equal annual amount over its expected useful life. The residual value and expected useful life of the demonstration equipment is reviewed and adjusted, if appropriate, at the end of each reporting period. The depreciation period for the Company's demonstration equipment is 10 years.

Note 6: Common/Preferred Stock

Preferred Stock

In conjunction with the reverse merger, the Company received 4 shares of Series A Preferred stock issued with $0.50 par value. These shares were cancelled on August 20, 2017.

Common Stock

As at March 31, 2018, the Company has authorized 200,000,000 common stock with $0.001 par value with 83,474,484 shares issued and outstanding.

The following table details the number of common stock issued.

	Number of Stock
Balance, December 31, 2015	**8,719,628**
Settlement of debt through the issuance of common stock	26,000
Private placements	16,667
Balance, December 31, 2016	**8,762,295**
Private placements	300,694
Repurchase of common stock	(547,829)
Additional common stock issued	205,000
Additional common stock issued	309,500
Reverse Split of Gold and Silver Mining of Nevada, Inc.	132,912
Reverse merger with Gold and Silver Mining of Nevada, Inc.	57,789,197
Finders stock issued related to reverse merger	1,000,000
Private placements	580,281
Conversion of convertible promissory notes	13,100,000
Balance, December 31, 2017	**81,632,050**
Shares issued for debt	50,000
Shares issued for debt	247,552
Private placements	842,857
Shares issued for compensation owing	351,950
Balance, March 31, 2018	**83,474,484**

Note 7: Long-Terms Payables

The Company has long-term payables in the amount of $1,139,350. This long-term liability is comprised of two commitments:

1) Compensation due to certain members of the executive management team of $303,765. In support of the long term growth of the Company, those executive team members owed compensation have agreed to defer it to January 2019 when the Company is suitably positioned to pay it.

2) A loan from the City Development Fund (“SOFIE”) in Rotterdam, The Netherlands of $835,585. SOFIE is an initiative of the municipality of Rotterdam and is made possible through funds from the European Regional Development Fund. The SOFIE fund was created in the summer of 2013 with the goal of making the Rotterdam city ports more attractive to new entrepreneurship. The note was approved on October 26, 2015 in the amount of $1,091,428 (1,000,000 (EUR)) and bears interest at a rate of 6.5% compounded annually. The first drawdown of the note occurred on March 1, 2016. Until January 2018, the note required interest only payments. For the period ended March 31, 2018, the Company paid interest on the SOFIE loan of $17,270.

Note 8: Related Party Transactions

The Company has an outstanding loan payable to members of the executive management team in the amount of $27,276. The loan is expected to be repaid within one year.

Compensation due to certain members of the executive management team of $303,765. In support of the long term growth of the Company, those executive team members owed compensation have agreed to defer it to January 2019 when the Company is suitably positioned to pay it.

The Company’s head office location in Peterborough, Ontario, Canada, is rented from a related party. The Company paid rent of $17,763.

The Company has transacted with related parties pursuant to service arrangements in the ordinary course of business for the services of its entire executive team. Those agreements have a one year cancellation notice period for the Company.

The Company issued $ 1,439,532 options to its directors and executives during the period ended March 31, 2018.

Note 9: Marketing, Advertising and Promotion Costs

Advertising and marketing costs (including website construction and hosting) are expensed as incurred and totaled $184,380.

Note 10: Inventories

Inventory is stated at the lower of cost or market. Cost is recorded at standard cost, which approximates actual cost, on the first-in first-out basis.

Note 11: Commitments and Contingencies

The Company is currently leasing its head office in Peterborough, Ontario, Canada and its Innovation/Manufacturing and administrative office facilities in The Netherlands. The head office lease contract is renewed annually while The Netherlands lease contracts run to August 31, 2019 and is partially subsidized by the City of Rotterdam. The following amounts are due under these contracts.

	2018	2019
Innovation/Manufacturing Facility, The Netherlands	EUR 65,845	EUR 43,897
Administration Office, The Netherlands	USD 7,800	USD 5,200
Head Office , Canada	CAD 80,004	CAD 80,004

Note 12: Reverse Merger

On July 3, 2017, RWI completed the acquisition of the assets of the Company. To effect the transaction, the Company acquired an aggregate of 9,029,562 common shares of RWI (all of RWI's issued and outstanding shares) in exchange for an aggregate of 66,818,759 restricted shares of the Company's common stock.

Although the transaction resulted in RWI legally becoming a wholly-owned subsidiary of the Company, the transaction constituted a RTO of the Company and has been accounted for as an RTO transaction. As the Company did not qualify as a business this RTO transaction does not constitute a business combination. It has been treated as an issuance of shares by RWI for the net liabilities of the Company and a recapitalization of the Company.

The transaction therefore has been accounted for as a capital transaction, with RWI being identified as the accounting acquirer and the equity consideration measured at fair value. The historical financial statements of the Company are the historical financial statements of RWI. The results of operations, cash flows and the assets and liabilities of the Company have been included in these consolidated financial statements since July 3, 2017, the acquisition date.

The Company had no revenue prior to the acquisition. Convertible notes payable in the amount of $214,500 was the only item on the Company's balance sheet included in the acquisition. Subsequent to the July 3, 2017 RTO, an additional $20,995 convertible note payable was discovered. At the date of the RTO, convertible notes payable of $235,495 were recognized on the Company's balance sheet. (See note 3).

The Company also incurred transaction costs as part of the RTO for which 1,000,000 restricted shares of the Company were issued.

Subsequent to the completion of the reverse merger the following three liabilities belonging to CJT were identified: 1) a convertible note payable in the amount of $20,995, legal fees in the amount of $62,244 and three promissory notes totaling $79,500. The Company settled these liabilities on January 31, 2018 through the issuance of 297,552 restricted shares at prices ranging from $0.42 to $0.57 per share (See note 18).

Note 13: Private Placements

On February 26, 2018 the Company completed a private placement raising gross proceeds of $175,000 through the issuance of 500,000 restricted common stock for $0.35 per stock.

Note 14: Employee Stock Option Plan

The Company's 2017 Equity Incentive Plan (the "Option Plan") was established to attract, retain, incentivize and motivate officers and employees of, consultants to, and non-employee directors providing services to the Company and its subsidiaries and affiliates and to promote the success of the Company by providing such participating individuals with a proprietary interest in the performance of the Company. Effective July 3, 2017, at the time of completion of the Merger, the Board adopted the Option Plan under which up to twenty percent of the outstanding shares of common stock of the Company ("Shares") may be reserved for the issuance of options to purchase Shares ("Options"). The Option Plan is administered by the Board, which shall have all of the powers necessary to enable it to carry out its duties under the Option Plan, including the power and duty to construe and interpret the Option Plan and to determine all questions arising under it. Under the Option Plan, "Eligible Individuals" includes officers, employees, consultants, advisors and non-employee directors providing services to the Company and its subsidiaries and affiliates. The Board will determine which Eligible Individuals will receive grants of options.

On July 3, 2017, in fulfillment of conditions contained in the share exchange agreement with RWI and its shareholders, the Board authorized the grant of the following Options:

- 3,996,000 Options to four individuals who are officers and/or directors as compensation for the termination of certain RWI stock option rights; these options are fully vested, expire on July 2, 2022 and are exercisable at a price of $0.15 per Share;

- 8,625,000 Options to seven individuals who are officers and/or directors or contractual service providers; one third of these Options vested on July 3, 2017 while the balance vest monthly over a period of 24 months; they have a term of 5 years and are exercisable at a price of $0.15 per Share;

- 500,000 Options to a director; 100,000 of these Options vested on July 3, 2017 while the balance vest monthly over a period of 24 months; they have a term of 5 years and are exercisable at a price of $0.25 per Share; and

- 1,300,000 Options to an officer; 150,000 of these options vested on October 10, 2017; 283,334 vested on January 13, 2018 and the balance vest monthly over a period of 24 months thereafter; they have a term of 5 years and are exercisable at a price of $0.25 per Share.

- 200,000 Options to a contractual service provider; one third of these options vested on July 4, 2017; the balance vest monthly over a period of 24 months thereafter; they have a term of 5 years and are exercisable at a price of $0.15 per Share.

- 100,000 Options to a contractual service provider; one third of these options vested on July 4, 2017; the balance vest monthly over a period of 24 months thereafter; they have a term of 5 years and are exercisable at a price of $0.15 per Share.

- 1,000,000 Options to a contractual service provider; one third of these options vested on July 4, 2017; the balance vest monthly over a period of 24 months thereafter; they have a term of 5 years and are exercisable at a price of $0.25 per Share.

Note 15: Employee Stock Option Plan (Continued)

- 1,250,000 Options to contractual service provider; 250,000 exercisable at $0.15 per Share (the "Initial Grant") and 1,000,000 exercisable at $0.25 per Share (the "Second Grant") both have a term of 5 years. One half of the Initial Grant (125,000) vested on January 15, 2018; the remaining (125,000) of the Initial Grant shall vest and be exercisable monthly, pro-rata over the 18 month period (6,945 per month) commencing January 15, 2018. One third of the Second Grant (333,333) shall vest and be exercisable on January 15, 2018; the remaining 666,667 from the Second Grant shall vest and be exercisable monthly, pro-rata over the 24 month period commencing the effective date.

- 625,000 Options to the five members of the Company's Strategic Advisory Board; they vest monthly over a period of 24 months, have a term of 5 years and are exercisable at a price of $0.40 per Share.

- 1,000,000 Options to a contractual service provider; 333,333 of these options vested on February 15, 2018; the balance vest monthly over a period of 24 months thereafter; they have a term of 5 years and are exercisable at a price of $0.25 per Share.

- 500,000 Options to a newly appointed Director of the Board; 100,000 vested on February 15, 2018 with the remainder vesting monthly over a period of 24 months with a term of 5 years and exercisable at a price of $0.25 per Share.

- On April 15, 2018, the Board authorized the grant of 500,000 Options to a newly appointed Director of the Board; 100,000 vested on April 15, 2018 with the remainder vesting monthly over a period of 24 months with a term of 5 years and exercisable at a price of $0.25 per Share (See note 21).

At March 31, 2018 the company recorded a stock option expense of $ 1,439,532. The Company uses the Black-Scholes option-pricing model to determine the grant date fair value of stock-based awards under ASC 718.

The assumptions used in the Company's Black Scholes option pricing is as follows:

Stock Price	$0.55-$0.78
Exercise Price	$0.48-$0.73
Number of Options Granted	2,225,107
Dividend Yield	0%
Expected Volatility	130%
Weighted Average Risk-Free Interest Rate	1.70%
Expected Life (in years)	4.1 - 4.2

Note 16: Asset Retirement Obligation

The Company recorded an asset retirement obligation of $29,071 in preparation for the dismantling and removal of its Leeuwarden turbine expected to take place in 2020.

The following assumptions were used in the ARO calculation:

Estimated cost of retiring Leeuwarden turbine	EUR 25,000
Estimated date of retirement	December 31, 2020
Discount rate	2.2%
Inflation rate	2.1%

Note 17: Litigation

In the ordinary course of operating the Company's business it may from time to time be subject to various claims or possible claims. Management's view is that there are no claims or possible claims that if resolved would either individually or collectively result in a material adverse impact on the Company's financial position, results of operations, or cash flows. These matters are inherently uncertain, and management's view of these matters may change in the future.

Note 18: Settlement of Shell Liabilities

Subsequent to the completion of the reverse merger three liabilities belonging to CJT were identified and settled as follows:

1) A convertible note payable in the amount of $20,995;
2) Legal fees in the amount of $62,244; and
3) Three promissory notes totaling $79,500.

The Company settled these liabilities on January 31, 2018 through the issuance of 297,552 restricted common stock at prices ranging from $0.42 to $0.57 per stock.

Note 19: Contingent Liability

On April 27, 2018 the Company located a judgement dated August 8, 2016 against six Defendants including CJT Financial Inc. CJT Financial Inc., is the predecessor company to Gold and Silver Mining of Nevada, Inc. The amount of the judgement including costs is $4,423,910. An appeal was filed on November 9, 2016 by the previous management. The Company does not expect this judgement to affect Rainmaker however, the appeal is ongoing and the outcome is currently not determinable.

Note 20: Issuance of Stock for Marketing Services

On January 15, 2018 the Company executed a contract with a third party for the provision of marketing and advertising services. The terms of the contract specify the Company will receive up to $1,125,000 in services over the course of 12 months in exchange for up to 2,500,000 restricted common stock at $0.45 per stock. As per the terms of the contract, the Company agreed to issue 375,000 common stock during the period ended March 31, 2018.

Note 21: Subsequent Events

Appointment of Director

On April 15, 2018, the Board authorized the grant of 500,000 Options to a newly appointed Director of the Board; 100,000 vested on April 15, 2018 with the remainder vesting monthly over a period of 24 months with a term of 5 years and exercisable at a price of $0.25 per share (See note 15).