AMMPOWER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended February 28, 2025 and February 29, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended February 28, 2025, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
February 28, 2025 and May 31, 2024
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	February 28, 2025	May 31, 2024
ASSETS		
Current		
Cash	$ 721,943	$ 4,393
Amounts receivable	6,265	64,560
Prepaid expenses	99,182	42,899
Lease receivable – current (Note 7)	22,968	48,958
Deposits (Note 5)	887,621	1,116,221
	1,737,979	1,277,031
Lease receivable – long-term (Note 7)	113,496	65,019
Property, plant and equipment (Note 6)	383,337	502,134
Right of use asset (Note 7)	699,047	814,617
	$ 2,933,859	$ 2,658,801
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 12)	$ 2,448,974	$ 4,674,660
Due to related parties (Note 12)	122,889	488,776
Deferred revenue (Notes 7, 9 and 11)	4,005,994	26,526
Lease liabilities – current (Note 7)	131,046	288,756
Convertible loans (Note 8)	725,921	676,851
	7,434,824	6,155,569
Lease liabilities – long-term (Note 7)	921,362	919,279
	8,356,186	7,074,848
DEFICIT		
Share capital (Note 10)	51,917,636	51,652,673
Contributed surplus (Note 10)	9,150,413	9,139,170
Accumulated other comprehensive (loss) income	(205,418)	(2,297)
Accumulated deficit	(66,220,185)	(65,120,780)
Deficit attributable to shareholders	(5,357,554)	(4,331,234)
Non-controlling interest (Note 16)	(64,773)	(84,813)
Total deficit	(5,422,327)	(4,416,047)
	$ 2,933,859	$ 2,658,801

Going concern (Note 2)
Commitments (Notes 7, 8 and 10)
Subsequent event (Notes 10 and 11)

APPROVED ON BEHALF OF THE BOARD:

"Alia Comai" Director
Alia Comai

"Gary Benninger" Director
Gary Benninger

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the three and nine months ended February 28, 2025 and February 29, 2024
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended February 28, 2025	For the three months ended February 29, 2024	For the nine months ended February 28, 2025	For the nine months ended February 29, 2024
Expenses				
Consulting fees (Note 12)	$ 49,277	$ 159,196	$ 148,927	$ 460,962
Depreciation (Note 6 and 7)	79,541	91,582	229,029	275,063
Insurance	501	13,439	2,715	58,220
Interest	58,505	56,816	171,533	187,258
Investor relations	5,675	19,488	17,365	60,000
Office and general	14,154	4,055	38,378	18,954
Professional fees	1,415	5,300	15,517	127,311
Repairs and maintenance	30,490	23,249	76,022	69,329
Research, development and technology expense	194,644	-	197,994	115,902
Share-based payments (Notes 10 and 12)	23,024	145,142	201,243	397,486
Transfer agent and filing fees	3,490	4,866	15,218	25,921
Travel and meals	429	-	3,888	759
Wages and benefits (Note 12)	263,564	334,386	607,767	1,023,597
	724,709	857,519	1,725,596	2,820,762
Loss before other items	(724,709)	(857,519)	(1,725,596)	(2,820,762)
Other items:				
Gain on sale of exploration and evaluation assets (Note 8)	-	-	-	51,293
Gain (loss) on debt settlement (Notes 10 and 12)	-	-	539,733	(37,743)
Loss on sale of equipment	-	-	(26,340)	-
Other income (Notes 7 and 11)	36,804	61,972	137,040	186,168
	36,804	61,972	650,433	199,718
Net loss for the period	(687,905)	(795,547)	(1,075,163)	(2,621,044)
Other comprehensive loss				
Loss on translation of foreign operations	(125,074)	(2,790)	(207,323)	(12,572)
Total comprehensive loss for the period	$ (812,979)	$ (798,337)	$ (1,282,486)	$ (2,633,616)
Net (loss) income attributable to:				
Shareholders of the Company	$ (688,165)	$ (793,147)	$ (1,099,405)	$ (2,569,864)
Non-controlling interest	260	(2,400)	24,242	(51,180)
Net loss for the period	$ (687,905)	$ (795,547)	$ (1,075,163)	$ (2,621,044)
Total comprehensive (loss) income attributable to:				
Shareholders of the Company	$ (810,859)	$ (795,947)	$ (1,302,526)	$ (2,582,162)
Non-controlling interest	(2,120)	(2,390)	20,040	(51,454)
Total comprehensive loss for the period	$ (812,979)	$ (798,337)	$ (1,282,486)	$ (2,633,616)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding	172,113,753	158,154,682	168,594,429	157,118,394

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIT
For the nine months ended February 28, 2025 and February 29, 2024
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit	Non-controlling Interest	Total Shareholders' Deficit
Balance, May 31, 2023	154,742,546	$ 51,207,543	$ 8,812,340	$ 17,040	$ (61,664,580)	$ (32,489)	$ (1,660,146)
Exercise of stock options	1,500,000	405,000	(180,000)	–	–	–	225,000
Returned to treasury	(1,500,000)	(405,000)	180,000	–	–	–	(225,000)
Shares issued to settle restricted share units ("RSU")	4,650,000	290,000	(290,000)	–	–	–	–
Shares issued for debt settlement	1,723,674	155,130	–	–	–	–	155,130
Share-based payments – stock options	–	–	33,301	–	–	–	33,301
Share-based payments – RSU	–	–	364,185	–	–	–	364,185
Net loss for the period	–	–	–	(12,572)	(2,569,864)	(51,180)	(2,633,616)
Balance, February 29, 2024	161,116,220	$ 51,652,673	$ 8,919,826	$ 4,468	$ (64,234,444)	$ (83,669)	$ (3,741,146)
Balance, May 31, 2024	161,116,220	$ 51,652,673	$ 9,139,170	$ (2,297)	$ (65,120,780)	$ (84,813)	$ (4,416,047)
Shares issued for debt	4,997,533	74,963	–	–	–	–	74,963
Shares issued to settle RSU	6,000,000	190,000	(190,000)	–	–	–	–
Share-based payments – stock options	–	–	149,354	–	–	–	149,354
Share-based payments – RSU	–	–	51,889	–	–	–	51,889
Net income of the period	–	–	–	(203,121)	(1,099,405)	20,040	(1,282,486)
Balance, February 28, 2025	172,113,753	$ 51,917,636	$ 9,150,413	$ (205,418)	$ (66,220,185)	$ (64,773)	$ (5,422,327)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended February 28, 2025 and February 29, 2024
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended	
	February 28, 2025	**February 29, 2024**
Operating Activities		
Net loss for the period	$ (1,075,163)	$ (2,621,044)
Items not affecting cash:		
Foreign exchange	(27,098)	-
Depreciation	229,029	275,063
Interest	171,533	187,258
Share-based payments	201,243	397,486
Gain on sale of exploration and evaluation assets	-	(51,293)
Gain (loss) on debt settlement	(539,733)	37,743
Loss on sale of equipment	26,340	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	58,295	89,461
Lease receivable	(22,487)	-
Prepaid expenses and deposit	233,063	75,869
Accounts payable and accrued liabilities	(1,914,122)	1,478,560
Deferred revenue	3,811,701	(102,263)
Cash used in operating activities	1,152,601	(233,160)
Investing Activities		
Proceeds on sale of equipment	48,845	-
Proceeds on sale of exploration and evaluation assets	-	60,000
Cash provided by investing activities	48,845	60,000
Financing Activities		
Due to related parties	(197,274)	362,097
Lease payments and prepayment	(316,822)	(299,098)
Issue of convertible loans	-	104,153
Cash provided by (used in) financing activities	(514,096)	167,152
Effect of foreign exchange on cash and cash equivalents	30,200	(37,954)
Change in cash during the period	717,550	(43,962)
Cash, beginning of period	4,393	58,554
Cash, end of the period	$ 721,943	$ 14,592
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash investing and financing transactions		
Fair value on shares issued for RSU	$ 190,000	$ 290,000
Shares issued for debt settlement	$ 74,963	$ 155,130

1. CORPORATE INFORMATION

AMMPOWER CORP. (the "Company" or "Ammpower") is a clean energy company focused on the production of green ammonia. On September 18, 2020, the Company received approval from the Canadian Securities Exchange ("CSE") for the listing of its common shares on the CSE and on October 6, 2020, commenced trading on the CSE under the symbol "SOLD" which was subsequently changed to "AMMP". The Company is also listed on the Frankfurt stock exchange under "601A" and OTC under "AMMPF".

On January 6, 2023, the Company acquired 50.05% of Progressus Clean Technologies Inc. ("Progressus"). As consideration, the Company issued 50,000,000 common shares of the Company. The Company's cracking technology and Progressus' gas separation technology serve as means to extract green hydrogen from its carrier in the context of our clean energy initiatives. The Progressus intellectual property allows the Company to expand our technology-based clean energy agenda.

The Company was incorporated on December 3, 2019, in British Columbia. The head office and principal address of the Company is located at 5 Hazelton Avenue, Toronto, Ontario, Canada, M5R 2E1. The Company's registered and records office is located at 2800 Park Place – 666 Burrard Street, Vancouver, BC V6C 2Z7.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 9, 2025.

(b) Basis of Measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The condensed interim consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company. The functional currency of the US subsidiaries is the US dollar. The functional currency of the Irish subsidiary is the Euro.

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2025, the Company has not achieved profitable operations, has accumulated losses of $66,220,185 since inception and expects to incur further losses in the development of its business.

The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its production of green ammonia, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. MATERIAL ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at May 31, 2024.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in net loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 2(c).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Revenue recognition

On long-term fixed price contracts, revenues are recorded over time using costs incurred to date relative to total estimated costs at completion to measure progress towards satisfying performance obligations. Revenue is recognized by multiplying the expected consideration by the ratio of cumulative costs incurred to date to the sum of incurred and estimated costs for completing the performance obligation. The cumulative effect of changes to expected revenues and expected costs for completing a contract are recognized in the period in which the revisions are identified. If the expected costs exceed the expected revenues on a contract, such loss is recognized in its entirety in the period it becomes known.

i. The determination of expected costs for completing a contract is based on estimates that can be affected by a variety of factors such as variances in the timeline to completion, the cost of materials, the availability and cost of labour, as well as productivity.
ii. The determination of potential revenues includes the contractually agreed amount and may be adjusted based on the estimate of the Company's attainment on achieving certain defined contractual milestones. Management's estimation is required in determining the amount of consideration to which the Company expects to be entitled and in determining when a performance obligation has been met.

Estimates used to determine revenues and costs of long-term fixed price contracts involve uncertainties that ultimately depend on the outcome of future events and are periodically revised as projects progress. There is a risk that a customer may ultimately disagree with management's assessment of the progress achieved against milestones, or that the Company's estimates of the work required to complete a contract may change.

Research and development

Research costs are recognized as an expense when incurred, but development costs may be capitalized as intangible assets if certain conditions are met, as described in International Accounting Standard ("IAS") 38 Intangible Assets. Management has determined that development costs do not meet the conditions for capitalization under IAS 38, and all research and development costs have been expensed.

5. DEPOSITS

Deposits are comprised of $887,621 (May 31, 2024 – $1,116,221) on the purchases of various equipment intended for resale.

(Expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fixtures	Equipment	Computer Equipment	Leasehold Improvements	Total
Cost					
Balance at May 31, 2023	$ 29,026	$ 449,470	$ 50,891	$ 187,482	$ 716,869
Addition	–	9,266	–	–	9,266
Foreign Exchange	63	1,206	127	186	1,582
Balance at May 31, 2024	29,089	459,942	51,018	187,668	727,717
**Disposal	–	(99,145)	–	–	(99,145)
Foreign Exchange	1,582	24,208	3,169	4,624	33,583
Balance at February 28, 2025	$ 30,671	$ 385,005	$ 54,187	$ 192,292	$ 662,155
Accumulated Depreciation					
Balance at May 31, 2023	$ 6,977	$ 67,834	$ 15,843	$ 41,484	$ 132,138
Depreciation	4,363	50,821	10,109	27,913	93,206
Foreign Exchange	14	170	40	15	239
Balance at May 31, 2024	11,354	118,825	25,992	69,412	225,583
Depreciation	3,442	35,308	8,053	21,165	67,968
**Disposal	–	(23,960)	–	–	(23,960)
Foreign Exchange	586	6,327	1,614	700	9,227
Balance at February 28, 2025	$ 15,382	$ 136,500	$ 35,659	$ 91,277	$ 278,818
Net Book Value					
At May 31, 2024	$ 17,735	$ *341,117	$ 25,026	$ 118,256	$ 502,134
At February 28, 2025	$ 15,289	$ *248,505	$ 18,528	$ 101,015	$ 383,337

*As at February 28, 2025, equipment included $53,591 (May 31, 2024 – $50,272) of asset not in use and during the nine months ended February 28, 2025 and 2024, no depreciation was recorded.

**During the nine months ended February 28, 2025, the Company sold a piece of equipment for $48,845 and recorded a loss on sale of equipment of $26,340.

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES

On July 14, 2021, the Company entered into a general office lease agreement in Toronto, Ontario. The lease is for five years, with an option to renew for another 5 years, commencing on August 1, 2021, with the first payment due on October 1, 2021. The annual cost of the monthly payment is $144,000 per annum. The Company paid a deposit of $36,000 which represents first and last months' rent and a security deposit ($12,000). The Company applied the first and last month's payments against the lease liability and recorded the security deposit in prepaid expenses and deposit. In accordance with IFRS 16, the Company recognized a right–of–use asset and lease liability on the lease commencement date.

On August 2, 2021, the Company entered into an agreement to lease a facility in Michigan, USA. The lease has an 86-month term with an optional 5-year extension and the first payment commencing October 1, 2021. The annual cost of the monthly payment is US$179,304, which will increase by 3% annually. In accordance with IFRS 16, the Company recognized a right of use asset and lease liability on the lease commencement date.

(Expressed in Canadian Dollars)

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES – (cont'd)

Right of use assets	**February 28, 2025**	**May 31, 2024**
Balance, opening	$ 814,617	$ 1,251,510
Depreciation	(161,061)	(274,717)
Disposal	–	(164,423)
Foreign exchange	45,491	2,247
Balance, ending	$ 699,047	$ 814,617

The lease liability was measured at the present value of the remaining lease payments for the respective leases with terms of five and seven years and discounted using the Company's incremental borrowing rate of 12% per annum.

Lease liabilities	**February 28, 2025**	**May 31, 2024**
Balance, opening	$ 1,208,035	$ 1,445,355
Lease payments	(316,822)	(400,894)
Interest accretion	104,287	160,946
Foreign exchange	56,908	2,628
Balance, ending	$ 1,052,408	$ 1,208,035
Current portion	$ 131,046	$ 288,756
Long Term	921,362	919,279
Balance, ending	$ 1,052,408	$ 1,208,035

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	**February 28, 2025**	**May 31, 2024**
Less than one year	$ 118,948	$ 420,601
One to three years	1,153,965	1,007,943
Four to seven years	-	89,066
Total undiscounted lease liabilities	1,272,913	1,517,610
Amount representing implicit interest	(220,505)	(309,575)
Lease liabilities	$ 1,052,40	$ 1,208,035

On July 26, 2022, the Company entered into a sublease agreement with a company with common officer to sublease an area of two-thirds of the Toronto lease property ending on July 26, 2023 and later amended to July 26, 2026. On June 1, 2025, the lease income increased to $8,728 from $5,000 accordingly, during the nine months ended February 28, 2025, the Company recognized lease income of 78,552 (February 28, 2024 – $45,000) and as at February 28, 2025, the Company had a deferred revenue balance of $22,489 (May 31, 2024 – $Nil). The sublease is classified as a finance lease.

(Expressed in Canadian Dollars)

7. RIGHT OF USE ASSETS AND LEASE LIABILITIES – (cont'd)

Lease receivable		February 28, 2025		May 31, 2024
Balance, opening	$	113,977	$	–
Additions		86,969		164,423
Interest income		14,070		9,554
Lease payments received		(78,552)		(60,000)
Balance, ending	$	136,464	$	113,977
Current portion	$	22,968	$	48,958
Long Term		113,496		65,019
Balance, ending	$	136,464	$	113,977

On October 1, 2022, the Company entered into a sublease agreement to sublease an area of one–third of the Toronto lease property. The sublease is for one year, ending on October 31, 2023 and on a month to month basis thereafter. During the nine months ended February 28, 2025, the Company recognized lease income of $31,860 (February 29, 2024 – $39,818) and the sublease is classified as an operating lease.

8. CONVERTIBLE LOANS

		February 28, 2025		May 31, 2024
Balance, opening	$	676,851	$	516,507
Additions		–		104,421
Interest expense		45,278		55,923
Foreign exchange		3,792		-
Balance, ending	$	725,921	$	676,851

On January 6, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $250,000. The loan matured on January 6, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from January 6, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 28, 2025, the Company recorded $18,699 (February 29, 2024 - $15,068) in interest expense and as at February 28, 2025, the Company had accrued interest payable of $53,699 (May 31, 2024 - $35,001).

On February 3, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $100,000. The note matured on February 3, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from February 3, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 28, 2025, the Company recorded $7,479 (February 29, 2024 - $6,795) in interest expense and as at February 28, 2025, the Company had accrued interest payable of $20,712 (May 31, 2024 - $13,233).

8. CONVERTIBLE LOANS – (cont'd)

On March 10, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of $150,000. The note matured on March 10, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from March 10, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 28, 2025, the Company recorded $11,219 (February 29, 2024 - $11,260) in interest expense and as at February 28, 2025, the Company had accrued interest payable of $29,630 (May 31, 2024 - $18,410). A former officer of the Company was also an officer of Aberdeen International Inc.

On October 5, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of US$40,000 (CAD$54,547). The loan will mature on October 4, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from October 5, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 28, 2025, the Company recorded $4,151 (February 29, 2024 – $Nil) in interest expense and as at February 28, 2025, the Company had accrued interest payable of $10,022 (May 31, 2024 – $3,572). A former officer of the Company is also an officer of Aberdeen International Inc.

On December 21, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of $49,874. The loan will mature on December 20, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from December 21, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 28, 2025, the Company recorded $3,730 (February 29, 2024 – $957) in interest expense and as at February 28, 2025, the Company had accrued interest payable of $5,944 (May 31, 2024 – $2,214). A former officer of the Company was also an officer of Aberdeen International Inc.

The convertible loans are classified as a financial liability at amortized cost.

As at February 28, 2025, all of these convertible loans were not converted on maturity and are past due and in default (May 31, 2024 – $500,000).

9. DEFERRED REVENUE

Deferred revenue (i.e. contract liabilities) represents cash received in advance from customers on uncompleted contracts. As at February 28, 2025, the Company has $3,983,506 (US$2,750,280) (May 31, 2024 – $Nil) in deferred revenue.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the nine months ended February 28, 2025:

On August 30, 2024, the Company issued 4,997,553 common shares to debt settle $614,696 in debts with the president of the Company, resulting in a gain on debt settlement of $539,733.

During the six months ended November 30, 2024, the Company issued 6,000,000 common shares in settlement of the RSU and transferred $190,000 from contributed surplus.

During the year ended May 31, 2024:

On July 26, 2023, pursuant to the exercise of stock options, the Company issued 1,500,000 common shares for total proceeds of $225,000 and transferred $180,000 from contributed surplus. On September 19, 2023, 1,500,000 shares were returned to treasury as the consultant cancelled the marketing agreement with the Company due to a conflict of interest, accordingly, the Company reversed the transaction. No proceeds from the stock options was retained by the Company and no consulting expense was recognized in the consolidated financial statements.

On October 24, 2023, the Company issued 1,723,674 common shares to debt settle $117,387 (US$85,000) in debts with the CEO of the Company, resulting in a loss on debt settlement of $37,743.

During the year ended May 31, 2024, the Company issued 4,650,000 common shares in settlement of the RSU and transferred $290,000 from contributed surplus.

(c) Share Purchase Warrants

The changes in warrants were as follows:

	February 28, 2025	Weighted Average Exercise Price	May 31, 2024	Weighted Average Exercise Price
Balance, beginning of period	12,684,771	$0.43	20,835,114	$0.55
Expired	(5,541,913)	0.31	(8,150,343)	0.74
Balance, end of period	7,142,858	$0.52	12,684,771	$0.43

As at February 28, 2025, the Company had 7,142,858 share purchase warrants expiring on February 16, 2027 with a remaining life of 1.97 years.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL – (cont'd)

(d) Agents Warrants

The changes in warrants were as follows:

	February 28, 2025	Weighted Average Exercise Price	May 31, 2024	Weighted Average Exercise Price
Balance, beginning of period	913,825	$0.38	1,110,413	$0.49
Expired	(342,396)	0.31	(196,588)	0.99
Balance, end of period	571,429	$0.42	913,825	$0.38

As at February 28, 2025, the Company had 571,429 agents' warrants expiring on February 16, 2027 with a remaining life of 1.97 years.

(e) Share-based payments

On April 12, 2021, the Company adopted an equity incentive plan under which it is authorized to grant to officers, directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common share of the Company. The options can be granted for a maximum of 10 years and vest as determined by the Board of Directors. The exercise price of each option granted may not be less than the fair market value of the common shares.

Stock Options

On November 25, 2024, the Company granted 8,300,000 stock options to consultants and officers and directors of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at $0.05 per share expiring on November 25, 2029. The stock options vest at 50% at the date of grant and 25% every twelve months thereafter. The fair value of the stock options of $249,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.04; Risk–free interest rate of 3.18%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 141%. During the nine months ended February 28, 2025, the Company recorded $125,779 in share–based payments.

During the nine months ended February 28, 2025, the Company recorded an aggregate $149,354 (February 29, 2024 – $33,301) in share-based payments related to stock options.

The changes in stock options were as follows:

	February 28, 2025	Weighted Average Exercise Price	May 31, 2024	Weighted Average Exercise Price
Balance, beginning of period	10,475,000	$0.76	10,375,000	$0.77
Granted	8,300,000	0.05	1,600,000	0.15
Forfeited	–	–	(1,500,000)	0.15
Balance, end of period	18,775,000	$0.45	10,475,000	$0.76

(Expressed in Canadian Dollars)

10. SHARE CAPITAL – (cont'd)

(e) Share-based payments – (cont'd)

As at February 28, 2025, the Company had 18,775,000 stock options outstanding as follows:

Outstanding	Vested	Exercise Price	Weighted Average remaining Life	Expiry Date
575,000	575,000	$0.90		April 22, 2026
1,850,000	1,850,000	$1.15		April 29, 2026
450,000	450,000	$1.15		May 13, 2026
150,000	150,000	$1.15		May 17, 2026
225,000	225,000	$1.27		May 25, 2026
300,000	300,000	$1.46		June 1, 2026
150,000	150,000	$2.07		June 15, 2026
125,000	125,000	$1.55		June 24, 2026
150,000	150,000	$1.26		July 5, 2026
250,000	250,000	$0.77		July 29, 2026
75,000	75,000	$0.57		November 15, 2026
5,425,000	5,425,000	$0.49		December 10, 2026
500,000	500,000	$0.54		January 21, 2027
150,000	150,000	$0.35		October 5, 2027
100,000	100,000	$0.165		July 1, 2028
8,300,000	4,150,000	$0.05		November 25, 2029
18,775,000	14,625,000		2.98 years	

Restricted Share Unit Plan

The changes in RSU were as follows:

	February 28, 2025	May 31, 2024
Balance, beginning of period	2,862,500	1,912,500
Granted	5,000,000	5,600,000
Settled by issuance of shares	(6,000,000)	(4,650,000)
Balance, end of period	1,862,500	2,862,500

As at February 28, 2025, 1,862,500 (May 31, 2024 – 1,812,500) RSU were vested but have not been settled.

Subsequent to February 28, 2025, 1,550,000 RSUs have been cancelled.

During the nine months ended February 28, 2025 the Company recognized $51,889 (February 29, 2024 – $364,185) in share–based payments on RSU vested during the period and have transferred $190,000 (May 31, 2024 – $290,000) from contributed surplus to share capital upon the issuance of 6,000,000 (May 31, 2024 – 4,650,000) common shares.

(Expressed in Canadian Dollars)

11. LICENSE AGREEMENT

On August 10, 2022, the Company entered into an agreement with Blue Ocean Salt Corp. ("Blue Ocean") (formerly known as Clean Light Acquisition Corp), a company incorporated in BC, whereby, the Company has granted Blue Ocean licensing rights for North America, the United Kingdom and the European Union for a period of two years to use certain licensed technology bundled with Blue Ocean's products. The license will allow Blue Ocean to buy, use, sell, modify, create derivative works of, and distribute the Company's licensed technology only as a bundle with Blue Ocean's products. As consideration, Blue Ocean has agreed to pay US$200,000 in cash (received) and Blue Ocean will issue 5% of its issued and outstanding common shares to the Company which will be subject to escrow.

On April 4, 2023, Blue Ocean was acquired by Vortex Energy Corp. ("Vortex"). As part of the acquisition, Blue Ocean acknowledged the error in not issuing the shares to the Company and in a subsequent agreement agreed to issue 690,000 shares of Vortex between the date of the signed acknowledgment and the initial two–year licensing term. The shares will be issued with various hold periods in various tranches. As of May 31, 2024, the Company has not received the 690,000 shares and therefore, the 690,000 shares have not been included in the transaction price. Subsequent to February 28, 2025, the Company settled on $15,000 in cash in lieu of the 690,000 shares.

During the nine months ended February 28, 2025, the Company recognized as other income $26,628 (February 29, 2024 - $101,350). As at February 28, 2025, the Company had a deferred revenue balance of $Nil (May 31, 2024 – $26,526). The term of this agreement may be extended within 30 days of the initial two-year term, for an additional three years, in exchange for cash payments and share issuances. The extension expired unexercised on September 9, 2024.

12. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management compensation comprises:

		For the nine months ended	
	Relationship	**February 28, 2025**	**February 29, 2024**
Consulting fees			
Soumi Holdings Inc.	Rene Bharti, President	$ -	$ 180,000
Wages and benefits			
Gary Benninger	CEO	252,923	161,810
Share-based payments			
Gary Benninger	CEO	85,856	33,241
Luisa Moreno	Director	4,482	1,557
Alia Comai	Director	4,482	1,557
		94,820	36,355
		$ 347,743	$ 378,165

12. RELATED PARTY TRANSACTIONS AND BALANCES – (cont'd)

Included in accounts payable and accrued liabilities as at February 28, 2025 was $581,352 (May 31, 2024 – $1,194,238) in unpaid consulting fees and wages to directors and officers and the former CFO of the Company and to companies controlled by directors or officers of the Company. The amounts are unsecured, non–interest bearing and payable on demand.

Due to related parties

Included in due to related parties at February 28, 2025 was $88,630 (May 31, 2024 – $136,475) to a company where the former CFO is also an officer of the company, an officer of the Company, a Company controlled by the president and a former director of AmTek for advances on working capital. The amount is unsecured, non–interest bearing and payable on demand.

On March 22, 2023, the Company issued a promissory note for proceeds of $27,274 (US$20,000) to the former president of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and was due on March 21, 2024. As at February 28, 2025, the Company had a balance owing of $33,259 which included accrued interest payable of $4,507.

other

On September 14, 2022, the Company issued a promissory note for proceeds of $100,000 to the president of the Company. The promissory note is unsecured, bears interest at 5% per annum and compounded monthly and was due on January 14, 2024. The promissory note was extended to July 14, 2024. As at May 31, 2024, the Company accrued interest payable of $8,935. During the nine months ended February 28, 2025, the loan and interest was repaid.

On May 25, 2023, the Company issued a promissory note for proceeds of $68,185 (US$50,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and was due on July 19, 2023, and was extended 90 days to October 17, 2023. As at May 31, 2024, the Company accrued interest payable of $5,575. During the nine months ended February 28, 2025, the loan and interest was repaid.

On August 16, 2023, the Company issued a promissory note for proceeds of $10,500 to the president of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and was due on February 15, 2024. During the nine months ended February 28, 2025, the loan and interest was repaid.

On December 19, 2023, the Company issued a promissory note for the proceeds of $30,266 (US$22,194) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and was due on June 17, 2024. As at May 31, 2024, the Company accrued interest payable of $1,101. During the nine months ended February 28, 2025, the loan and interest was repaid.

On January 24, 2024, the Company issued a promissory note for the proceeds of $88,640 (US$65,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on July 23, 2024. As at May 31, 2024, the Company accrued interest payable of $2,506. During the nine months ended February 28, 2025, the loan and the interest was repaid.

On August 30, 2024, the Company issued 4,997,553 common shares to debt settle $614,696 in debts with the president of the Company, resulting in a gain on debt settlement of $539,733.

13. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and to maintain financial strength, to protect its ability to meet its on–going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject to. Capital of the Company comprises of cash and shareholders' deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

There were no changes to the Company's approach to capital management during the year ended May 31, 2024.

14. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk
- Interest rate risk
- Price risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them unless otherwise stated in the note.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections.

The Company monitors its cash flows to meet the Company's normal operating requirements on an ongoing basis and its planned capital expenditures. All of the Company's financial liabilities except for lease liabilities (Note 7), convertible loans (Note 8) and promissory notes (Note 12) have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 28, 2025, the Company had a working deficiency of $5,696,845 (May 31, 2024 working capital deficiency – $4,862,477).

(Expressed in Canadian Dollars)

14. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, foreign currency, commodity and equity prices. The Company's ability to raise capital to fund its operations is subject to risks associated with fluctuations in these market factors. Management closely monitors foreign exchange, commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest Rate Risk

The Company pays interest on its convertible notes at a fixed rate of 10% per annum and pays interest on its promissory notes at a fixed rate of 5% and 10% per annum. The Company does not have any material variable interest rates and is not exposed to any material interest rate risk on its debt instruments.

Foreign Currency Risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and lease liabilities that are denominated in a foreign currency. As at February 28, 2025 and May 31, 2024, there were no material financial instruments that were denominated in a currency other than each entity's functional currency, therefore the Company has minimal exposure to this risk.

The Company currently does not plan to enter into foreign currency future contracts to mitigate this risk.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash, lease receivable, accounts payable and accrued liabilities, due to related parties and lease liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their nature.

15. SEGMENTED INFORMATION

The Company operates in one business segment: which is the development of a proprietary technology to produce green ammonia, a carbon-free fertilizer and energy carrier.

Geographic information with respect to the Company's assets is as follows:

	February 28, 2025	May 31, 2024
Canada	$ 208,285	$ 203,987
United States	987,595	1,177,783
Total long-term assets	$ 1,195,880	$ 1,381,770

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION – (cont'd)

	February 28, 2025	May 31, 2024
Canada	$ 254,981	$ 344,084
United States	2,678,878	2,314,717
Total assets	$ 2,933,859	$ 2,658,801

Geographic information with respect to the Company's liabilities is as follows:

	February 28, 2025	May 31, 2024
Canada	$ 1,629,935	$ 2,416,007
United States	6,726,251	4,658,841
Total liabilities	$ 8,356,186	$ 7,074,848

Geographic information with respect to the Company's net income (loss) for the nine months ended February 28, 2025 and February 29, 2024 are as follows:

	February 28, 2025	February 29 2024
Canada	$ 310,102	$ (849,342)
United States	(1,385,264)	(1,771,702)
Net income (loss) for the period	$ (1,075,163)	$ (2,621,044)

16. NON-CONTROLLING INTERESTS

On January 6, 2023, the Company acquired 50.05% of the issued and outstanding common shares of Progressus.

As at February 28, 2025 and May 31, 2024, the non–controlling interest consisted of the following:

	February 28, 2025	May 31, 2024
Opening balance	$ (84,813)	$ (32,811)
Net income (loss) attributable to NCI	20,040	(52,002)
Ending balance, NCI	$ (64,773)	$ (84,813)

(Expressed in Canadian Dollars)

16. NON-CONTROLLING INTERESTS – (cont'd)

The following are the summarized statements of financial position of Progressus as at February 28, 2025 and May 31, 2024:

		February 28, 2025		May 31, 2024
Assets	$	292	$	1,646
Liabilities		(129,967)		(171,442)
Total net assets (liabilities)		(129,695)		(169,796)
Total net assets (liabilities) allocated to NCI	$	(64,773)	$	(84,813)

The following table summarizes the comprehensive income (loss) incurred by Progressus for the nine months ended February 28, 2025 and February 29, 2024:

		February 28, 2025		February 29, 2024
Net income (loss)	$	48,533	$	(97,655)
Other comprehensive income (loss)		(8,412)		(565)
Comprehensive income (loss)		40,121		(98,220)
Comprehensive income (loss) allocated to NCI	$	20,040	$	(49,061)

17. CHANGES IN LIABILITIES FROM FINANCING ACITIVITIES

	May 31, 2023	Cash Flows	Non-cash changes		Feb 29, 2024
			Interest accretion/accruals	Foreign exchange movements	
	$	$	$	$	$
Convertible loans	516,507	104,153	34,080	-	654,740
Lease liabilities	1,445,355	(299,098)	122,987	(2,551)	1,266,693
Total	**1,961,862**	**(194,945)**	**157,067**	**(2,551)**	**1,921,433**

	May 31, 2024	Cash Flows	Non–cash changes			February 28, 2025
			Debt Settlement	Interest accretion/accruals	Foreign exchange movements	
	$	$	$	$	$	$
Due to related parties	488,776	(197,274)	(173,986)	–	5,373	1,22,889
Convertible loans	676,851	–	–	45,278	3,792	725,921
Lease liabilities	1,208,035	(316,822)	–	104,287	56,909	1,052,409
Total	**2,373,662**	**(514,096)**	**(173,986)**	**149,565**	**66,074**	**1,901,219**