AMMPOWER CORP.
Management's Discussion and Analysis
For the nine months ended February 28, 2025
Dated: April 9, 2025

The following Management's Discussion and Analysis ("MD&A") is prepared as at April 9, 2025 in accordance with National Instrument 51-102F1, and should be read together with the condensed interim consolidated financial statements for the nine months ended February 28, 2025 and the audited consolidated financial statements for the year ended May 31, 2024 and related notes, which are prepared in accordance with IFRS Accounting Standards ("IFRS"), as issued by the International Accounting Standards Board. Additional information regarding the Company will be available through the SEDAR+ website at www.sedarplus.ca.

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

Company Overview

AMMPOWER Corp. (the "Company" or "AmmPower") was incorporated on December 3, 2019 in British Columbia. On September 18, 2020, the Company received approval from the Canadian Securities Exchange ("CSE") for the listing of its common shares on the CSE, subject to the completion of customary requirements, including the receipt of all required documentation. The Company's shares commenced trading on the CSE under the symbol "SOLD" on October 6, 2020 which was subsequently changed to "AMMP". The Company is also listed on the Frankfurt stock exchange under "601A" and OTC under "AMMPF". The head office and principal address of the Company are 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.

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.

Business Activities

The Company has an increasing focus on the production of green ammonia and is active in all facets of green ammonia technology, including the production of green fertilizers, carbon-free shipping fuel, moving of green hydrogen as ammonia, and "cracking" of ammonia back to hydrogen. AmmPower is developing proprietary technologies to produce green ammonia and green hydrogen at scale, including researching unique catalytic reactions to lower costs and to take advantage of carbon credits in the renewable energy space.

The Company has completed a demonstration unit capable of producing 50 kilograms of ammonia per day at its manufacturing and research and development facility in Michigan. The demonstration unit has run successfully since initiation and patents have been submitted for the Company's technologies. This same technology being scalable allowed the Company to begin its sales cycle for the four-metric-ton-per-day green ammonia production unit, the Independent Ammonia Making Machine (IAMM™).

The IAMM™ is an end-to-end clean production system that is efficient, mobile, and modularly scalable. Once in production, the IAMM™ units are expected to have a production capacity of four metric tonnes of green ammonia per day. The IAMM™ units can be utilized in industrial, commercial and agricultural markets with an emphasis on independent distributors and retailers in the agricultural market for nitrogen-based fertilizer.

The Company continues to perform research and development activities on a cracking process to create a membrane separator to efficiently spit ammonia into nitrogen and ultra-high purity hydrogen. The Company aims to commercialize this technology as ammonia is a hydrogen carrier and ultra-high purity hydrogen can be used as a fuel source. Based on current results of our research and development, the Company has entered into an agreement with Blue Ocean Salt Corp. ("Blue Ocean") (formerly known as 'Clean Light Acquisition Corp') whereby the Company has granted Blue Ocean the 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 distribution of AmmPower's licensed technology only as a bundle with Blue Ocean's products. As consideration, the Company received US$200,000 and will receive 5% of the issued and outstanding common shares of Blue Ocean which will be subject to escrow. During the nine months ended February 28, 2025, the Company recognized as other income $26,628. On April 4, 2023, Blue Ocean was acquired by Vortex Energy ("Vortex"). As part of the acquisition, Blue Ocean 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 had not received the 690,000 shares. 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. Subsequent to February 28, 2025, the Company received cash of $15,000 in lieu of the 690,000 shares.

Acquisition of Progressus

On January 6, 2023, the Company entered into a share exchange agreement with two vendors to acquire 50.05% of the issued and outstanding common shares of Progressus Clean Technologies Inc. ("Progressus"). The acquisition of Progressus was an important step to acquire intellectual property that has the potential to directly improve the efficiency of ammonia production. The intellectual property of Progressus will enable the Company in achieving greater vertical integration and decreasing its system expenses. As consideration for the Progressus shares, the Company issued an aggregate of 50,000,000 common shares of the Company valued at $17,250,000.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the period indicated. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's audited consolidated financial statements and related notes.

	Year ended May 31, 2024	Year ended May 31, 2023	Year ended May 31, 2022
Revenue	$ -	$ -	$ -
Net loss	$ 3,507,663	$ 41,786,002	$ 20,518,786
Net loss attributable to shareholders of the Company	$ 3,456,200	$ 24,537,979	$ 20,518,786
Loss per share	$ 0.02	$ 0.20	$ 0.24
Loss per share attributable to shareholders of the Company	$ 0.02	$ 0.20	$ 0.24
Total assets	$ 2,658,801	$ 2,830,949	$ 3,740,987
Non-current financial liabilities	$ 919,279	$ 1,196,669	$ 1,363,486

During the year ended May 31, 2022, the Company recorded a net loss of $20,518,786 which included $9,799,913 in share-based payments and $5,531,525 in investor relations. The Company's total assets for the year ended May 31, 2022 were $3,740,987 which is mainly made up of prepaid expenses and deposits of $1,029,977 and $1,450,843 in right of use asset.

During the year ended May 31, 2023, the Company recorded a net loss of $41,786,002 which included $34,522,554 in impairment of intangible asset, $3,030,484 in share-based payments and $2,019,488 in wages and benefits. The Company's total assets for the year ended May 31, 2023 were $2,830,949 which is mainly made up of prepaid deposits of $626,663 and $1,251,510 in right of use asset.

During the year ended May 31, 2024, the Company recorded a net loss of $3,507,663 which included $616,830 in share-based payments and $1,367,905 in wages and benefits. The Company's total assets for the year ended May 31, 2024, were $2,658,801 which is mainly made up of prepaid deposits of $1,116,221 and $814,617 in right of use asset.

The Company has not declared any dividends since its incorporation and does not anticipate paying cash dividends in the foreseeable future on its common shares but intends to retain any future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the most recent eight quarter are as follows:

	February 28, 2025 Qtr 3	November 30, 2024 Qtr 2	August 31, 2024 Qtr 1	May 31, 2024 Qtr 4
Revenue	$ -	$ -	$ -	$ -
Net income (loss)	$ (687,905)	$ (668,195)	$ 280,938	$ (886,620)
Net income (loss) attributable to shareholders of the Company	$ (688,165)	$ (665,842)	$ 254,603	$ (886,338)
Comprehensive income (loss)	$ (812,979)	$ (823,893)	$ 304,032	$ (894,245)
Income (loss) per share	$ (0.00)	$ (0.00)	$ 0.00	$ (0.01)

Income (loss) per share attributable to the shareholders of the Company	$ (0.01)	$ (0.00)	$ 0.00	$ (0.01)

	February 29, 2024 Qtr 3	November 30, 2023 Qtr 2	August 31, 2023 Qtr 1	May 31, 2023 Qtr 4 (restated)
Revenue	$ -	$ -	$ -	$ -
Net income (loss)	$ (795,547)	$ (751,908)	$ (1,073,588)	$ (878,214)
Net income (loss) attributable to shareholders of the Company	$ (793,147)	$ (739,953)	$ (1,036,762)	$ (877,541)
Comprehensive income (loss)	$ (798,337)	$ (769,617)	$ (1,065,663)	$ (868,743)
Income (loss) per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)
Income (loss) per share attributable to the shareholders of the Company	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

During the quarter ended May 31, 2023, the Company recorded a net loss of $878,214 as compared to the net loss of $35,767,430 for the previous quarter. The decrease can be attributed to the recording of an additional impairment of intangible asset for $17,244,015 in the current quarter and the decrease in share-based compensation and wages and benefits. During the quarter ended August 31, 2023, the Company recorded a net loss of $1,073,588 as compared to the net loss of $878,214 for the previous quarter. The increase can be attributed to the recording of the share-based payments during the quarter. During the quarter ended November 30, 2023, the Company recorded a net loss of $751,908 as compared to the net loss of $1,073,588 for the previous quarter. The decrease can be attributed to the recording of the recovery of the share-based payments for the cancellation of stock options during the quarter and the recording of the gain on sale of asset in the previous quarter. During the quarter ended February 29, 2024, the Company recorded a net loss of $795,547 as compared to the net loss of $751,908 for the previous quarter. The increase can be attributed to the increase in consulting fees for the quarter. During the quarter ended May 31, 2024, the Company recorded a net loss of $886,620 as compared to the net loss of $795,547 for the previous quarter. The increase can be attributed to recording of the share-based payments and interest accrual on the promissory notes and convertible loans. During the quarter ended August 31, 2024, the Company recorded a net income of $280,938 as compared to the net loss of $886,620 for the previous quarter as the Company recorded a gain on debt settlement for $539,733 in the current quarter. During the quarter ended November 30, 2024, the Company recorded a net loss of $668,195. The increase can be attributed to share-based payments and an increase in wages. During the quarter ended February 28, 2025, the Company recorded a net loss of $688,165 which is consistent with the net loss from the previous quarter.

Results of Operations

For the three months ended February 28, 2025:

The Company did not record any revenues in the three months ended February 28, 2025, and incurred a net loss of $688,165 as compared to the net loss of $793,147 for the comparable quarter ended February 29, 2024. In the comparable quarter, the Company recognized share-based payments of $145,142 on stock options and Restrict share units ("RSUs") granted or vested during the quarter whereas in the current quarter share-based payments of $23,024 represented stock options vested. Share-based payment is a non-cash transaction. Operations at the plant have been consistent in this quarter as the Company is still currently on hold on production due to re-evaluate the scope of the project. All other cost are consistent with that of the comparable quarter.

For the nine months ended February 28, 2025:

The Company did not record any revenues in the nine months ended February 28, 2025, and incurred a net loss of $1,099,404 as compared to the net loss of $2,569,864 for the comparable period ended February 29, 2024. During the current period, the Company recognized a gain on debt settlement of $539,733 as the Company settled its debt with the former president of the Company.

Total expenses for the current period were $1,725,595 as compared to $2,820,762 for the comparable period ended February 29, 2024. Due to cash constraints the Company had to reduce operations to conserve its cash. The Company had to halt its continuous research and development of its product and reduced its work force as external consultant fees and wages and benefits have decreased by approximately $758,000 as compared to the nine months ended February 29, 2024. During the current period the Company also recognized a cancellation charge of approximately $195,000 that was a deposit paid on an equipment intended for resale. This was included in research and development and technology expense.

During the current period, the Company received a cash advance of $3,983,506 (US$2,750,280) from a customer to provide a unit to be incorporated into its system. The project is currently on hold.

Fourth Quarter

N/A

Liquidity and Capital Resources

The Company's cash position as at February 28, 2025 was $721,942 (May 31, 2024 – $4,393) with a working deficiency of $5,696,846 (May 31, 2024 working capital deficiency – $4,862,477). Total assets as at February 28, 2025 was $2,933,858 (May 31, 2024 – $2,658,801).

The Company believes that the current capital resources are not sufficient to pay overhead expenses, and its research and development of its proprietary technology for the next twelve months and is in the process of raising additional funding. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company may not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity (deficit) and working capital as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing.

Other Activities

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 nine months ended February 28, 2025, the Company issued 6,000,000 common shares in settlement of the RSU and transferred $190,000 from contributed surplus.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company's risk exposures and the impact on the Company's condensed interim consolidated financial statements are summarized below.

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.

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.

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, convertible loans and promissory notes 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 $5,696,846 (May 31, 2024 working capital deficiency – $4,862,477).

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	$ 1,052,409	$ 1,208,035

Foreign Currency Risk

The Company may be exposed to foreign currency risk on fluctuations related to financial instruments that are denominated in a foreign currency. The functional currency of the Company and its subsidiaries are disclosed in Note 2(b) to the consolidated financial statements. As at February 28, 2025, 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.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of lithium and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Fair Values

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

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director and/or officer in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Relationship	For the nine months ended 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

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.

<u>Due to related parties</u>

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 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 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 $33,470 which included accrued interest payable of $4,507.

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.

Subsequent Events

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

Outstanding Share Capital Information

Below is the summary of the Company's share capital as at February 28, 2025 and as of the date of this report:

	As at	
Security description	February 28, 2025	MD&A
Common shares – issued and outstanding	172,113,753	172,113,753
Warrants issued in private placements	7,142,858	7,142,858
Agents' warrants	571,429	571,429
Share purchase options granted	18,775,000	18,775,000
Restricted shares units	1,862,500	312,500
Common shares – fully diluted	200,465,540	198,915,540

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 comprehensive income 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.

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 in note 4 to the condensed interim consolidated financial statements.

Business and Industry Risks

Operating History

The Company was incorporated on December 3, 2019 and has not commenced commercial operations. The Company has no history of earnings or paid any cash dividends, and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future.

Manufacturing Risk

For the successful development of the Company's IAMM™, the Company will source key components that are subject to global supply constraints, hire and retain managerial personnel and skilled labor, and maintain of desirable levels of production. There can be no assurance that the Company will be able to achieve and sustain these goals. If the Company cannot do so, it may be unable to achieve and sustain profitability. The Company's ability to achieve expected production capacity is subject to significant risks and uncertainties, including the following: (a) delays and unexpected costs as a result of a number of factors, many of which may be beyond the Company's control, such as its ability to secure successful contracts with suppliers, (b) ability to hire and retain skilled labor, (c) unavailability of manufacturing inputs; and (d) failure to increase production as orders are received.

Product Price and Margin

Operating results are and will be dependent upon product prices and margins on the IAMM™, which is in turn partially dependent on ammonia commodity pricing. Demand and pricing of ammonia can be affected by several factors including natural gas prices, global supply constraints, outlook for crop nutrient prices and farmer economics, governmental policies, and build-up of inventories in distribution channels. Ammonia prices are also significantly influenced by large scale ammonia producers that change overall industry production capacity, such as decisions to build or close production plants, changes in utilization rates, and pricing decisions.

Additional Funding Required

Further development and production of the IAMM™ or other research and development projects undertaken by the company may require significant additional financing. Accordingly, the continuing development of the Company's IAMM™ and other projects will depend upon the Company's ability to obtain financing through equity financing, debt financing, the joint venturing of projects or other external sources. Failure to obtain sufficient financing may result in a delay or an indefinite postponement of the development or production on any or all of the Company's products and research and development activities, or have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favorable to the Company. If the Company was required to arrange for debt financing it could be exposed to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company will be successful in overcoming these risks or any other problems encountered in connection with such financings. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition, and results of operations.

The Company has and will continue to have negative operating cash flow until it begins serial production of its IAMM™ and can sustain continued production at anticipated margins.

Volatility of Electricity Prices

The Company's ability to sell IAMM™ will be dependent on the market prices of electricity. The market rates of electricity may be affected by changes in regulations and government policy and in demand and capacity supply, including cyclical changes, as well as the overall economy. Green electricity is a key input in the production of clean ammonia from the IAMM™ and electricity markets are subject to regulatory oversight and may impact the availability and cost within the jurisdictions in which the Company operates (or intends to operate). This volatility may have a material adverse effect on Company's business and financial condition.

Market Price of Common Shares

The trading price of the common shares is likely to be significantly affected by short term changes in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business; the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; and the price of the common shares and size of the Company's public float may limit the ability of some institutions to invest in the Company's securities.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Wars

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war between Israel and Hamas in Gaza and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

Resale of Common Shares

The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares by any investor of the Company would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in executing on its business plan, creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility.