

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

Independent Auditor's Report

To the Shareholders of AmmPower Corp.

Opinion

We have audited the consolidated financial statements of AmmPower Corp. ("the Group"), which comprise the consolidated statements of financial position as at May 31, 2021 and May 31, 2020 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at May 31, 2021 and May 31, 2020, and its consolidated financial performance and its consolidated cash flows for the periods then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, Canada
September 28, 2021**

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 May 31, 2021 and 2020
 (Expressed in Canadian Dollars)

	2021	2020
ASSETS		
Current		
Cash and cash equivalents	\$ 1,895,228	\$ 531,516
Amounts receivable	71,887	2,334
Prepaid expenses and deposit (Note 10)	763,288	-
	<u>2,730,403</u>	<u>533,850</u>
Exploration and evaluation assets (Note 5)	48,707	40,000
	<u>\$ 2,779,110</u>	<u>\$ 573,850</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 111,753	\$ 12,750
Due to related parties (Note 7)	6,707	-
	<u>118,460</u>	<u>12,750</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	16,661,291	420,500
Special warrants (Note 6)	-	216,450
Commitment to issue shares (Note 12)	301,536	-
Contributed surplus (Note 6)	2,306,775	-
Accumulated other comprehensive loss	(1,137)	-
Accumulated deficit	(16,607,815)	(75,850)
	<u>2,660,650</u>	<u>561,100</u>
	<u>\$ 2,779,110</u>	<u>\$ 573,850</u>

Going concern (Note 2)
 Commitments (Notes 5, 6 and 12)
 Subsequent events (Notes 1 and 12)

APPROVED ON BEHALF OF THE BOARD:

"Faizaan Lalani" Director
 Faizaan Lalani

"Mark Ireton" Director
 Mark Ireton

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

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the year ended May 31, 2021 and for the period from December 3, 2019 (date of incorporation) to May 31, 2020

(Expressed in Canadian Dollars)

	2021	2020
Administrative expenses		
Consulting fees (Note 7)	\$ 347,044	\$ 30,000
General exploration cost (Note 5)	212,133	12,000
Impairment of mineral property (Note 5)	1,580,000	-
Insurance	17,083	-
Investor relations	1,540,620	-
Office and general	18,057	858
Professional fees	172,039	17,992
Seed research, development and technology expense (Note 10)	9,663,000	-
Share-based payments (Notes 6 and 7)	2,795,369	15,000
Transfer agent and filing fees	55,670	-
Wages and benefits	30,950	-
Net loss for the period	(16,431,965)	(75,850)
Other comprehensive loss		
Loss on translation of foreign operations	(1,137)	-
Total comprehensive loss for the period	\$(16,433,102)	\$ (75,850)
Basic and diluted loss per share	\$ (0.42)	\$ (0.00)
Weighted average number of common shares outstanding	39,549,517	17,260,558

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

AMMPower Corp. (formerly Soldera Mining Corp.)
Consolidated Statements of Changes in Shareholders' Equity

For the year ended May 31, 2021 and for the period from December 3, 2019 (date of incorporation) to May 31, 2020

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Special Warrants	Commitment to Issue Shares	Contributed Surplus	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
Balance, December 3, 2019	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Private placement	2,000,000	20,000	-	-	-	-	-	20,000
Private placement	20,050,000	200,500	-	-	-	-	-	200,500
Private placement	8,000,000	200,000	-	-	-	-	-	200,000
Special warrants received	-	-	216,450	-	-	-	-	216,450
Net loss for the period	-	-	-	-	-	-	(75,850)	(75,850)
Balance, May 31, 2020	30,050,002	420,500	216,450	-	-	-	(75,850)	561,100
Shares issued in error on forward split	1,000	-	-	-	-	-	-	-
Conversion of special warrants	4,328,988	216,450	(216,450)	-	-	-	-	-
Private placement	9,522,952	3,999,640	-	-	-	-	-	3,999,640
Share issue cost – cash	-	(155,449)	-	-	-	-	-	(155,449)
Agent's warrants issued	-	(81,406)	-	-	81,406	-	-	-
Exercise of share purchase warrants \$0.05	6,279,560	313,978	-	-	-	-	-	313,978
Exercise of share purchase warrants \$0.10	3,325,788	332,578	-	-	-	-	-	332,578
Shares issued per restricted share units	500,000	570,000	-	-	(570,000)	-	-	-
Share subscriptions received	-	-	-	301,536	-	-	-	301,536
Shares issued per property agreements	2,000,000	920,000	-	-	-	-	-	920,000
Finder's fee	1,000,000	460,000	-	-	-	-	-	460,000
Shares issued to acquire AmTek Inc.	12,000,000	8,753,000	-	-	-	-	-	8,753,000
Finder's fee	960,000	912,000	-	-	-	-	-	912,000
Shares returned to treasury	(2,000,000)	-	-	-	-	-	(100,000)	(100,000)
Share-based payments – stock options	-	-	-	-	1,941,055	-	-	1,941,055
Share-based payments – restricted share Units (“RSU”)	-	-	-	-	854,314	-	-	854,314
Net loss for the year	-	-	-	-	-	(1,137)	(16,431,965)	(16,433,102)
Balance, May 31, 2021	67,968,290	\$ 16,661,291	\$ -	\$ 301,536	\$ 2,306,775	\$ (1,137)	\$ (16,607,815)	\$ 2,660,650

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

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)**CONSOLIDATED STATEMENTS OF CASH FLOWS**For the year ended May 31, 2021 and for the period from December 3, 2019 (date of incorporation) to May 31, 2020
(Expressed in Canadian Dollars)

	2021	2020
Operating Activities		
Net loss for the period	\$ (16,431,965)	\$ (75,850)
Items not affecting cash:		
Share-based payments	2,795,369	15,000
Seed research, development and technology expense	9,663,000	-
Impairment of mineral property	1,580,000	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(69,553)	(2,334)
Prepaid expenses and deposit	(763,288)	-
Accounts payable and accrued liabilities	99,003	12,750
Cash used in operating activities	(3,127,434)	(50,434)
Investing Activity		
Mineral property acquisition	(200,000)	(40,000)
Cash used in investing activity	(200,000)	(40,000)
Financing Activities		
Shares returned to treasury	(100,000)	-
Shares issued for cash	4,646,196	405,500
Share issue cost – cash	(155,449)	-
Commitment to issue shares	301,536	-
Special warrants issued for cash	-	216,450
Cash provided by financing activities	4,692,283	621,950
Effect of foreign exchange on cash and cash equivalents	(1,137)	-
Change in cash and cash equivalents during the period	1,363,712	531,516
Cash and cash equivalents, beginning of period	531,516	-
Cash and cash equivalents, end of the period	\$ 1,895,228	\$ 531,516
Cash and cash equivalents consist of:		
Cash	\$ 1,895,228	\$ 525,179
Cash held in trust	-	6,337
	\$ 1,895,228	\$ 531,516
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	\$ 570,000	\$ -
Fair value on shares and finder's fees issued for the acquisition of AmTek Inc.	\$ 9,665,000	\$ -
Fair value on shares and finder's fees issued for mineral properties	\$ 1,380,000	\$ -
Fair value on agent's warrants issued	\$ 81,406	\$ -

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

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION

AMMPOWER CORP. (formerly SOLDERA MINING CORP.) (the “Company” or “AmmPower”) is a resource exploration company with an increasing focus on clean energy. On September 18, 2020, the Company received conditional 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 March 31, 2021, the Company completed the acquisition of all of the outstanding common shares of AmTek Inc. (“AmTek”). As consideration, the Company issued 12,000,000 common shares of the Company. AmTek is the owner of the Whabouchi South lithium exploration property located in the James Bay/Eeyou Istche region of Quebec and is working on the development of a proprietary technology to produce green ammonia, a potential carbon-free energy source. The Company also issued 960,000 common shares as finders fee. Subsequent to the year end, the Company reorganized its business and assets into two distinct corporate divisions: AmmPower Lithium & Mineral Resources and AmmPower Ammonia & Alternative Energy. The new corporate structure will allow it to better focus on and present the entirety of its asset portfolio.

The Company was incorporated on December 3, 2019 in British Columbia. The head office and principal address of the Company are located at 1000 – 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2. The Company’s registered and records office is located at 2200 HSBC Building, 885 West Georgia Street, Vancouver, BC, V6C 3E8.

2. BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on September 28, 2021.

(b) Basis of Measurement

The 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 consolidated financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern

These 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 May 31, 2021, the Company has not achieved profitable operations, has accumulated losses of \$16,607,815 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 exploration and evaluation activities, 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in the consolidated financial statements, unless otherwise indicated.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries at the end of the reporting year.

	Jurisdiction	Percentage of ownership	
		2021	2020
AmTek Inc.	Canada	100%	0%
AmmPower America LLC	United States	100%	0%

The results of these wholly-owned subsidiaries will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

AmTek Inc. ("AmTek") was incorporated on February 4, 2021 under the laws of the Province of Ontario. (Note 10).

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Principles of consolidation – (cont'd)

AmmPower America LLC (“AmmPower America”) was incorporated on May 11, 2021 under the articles of organization through the Michigan department of licensing and regulatory affairs.

All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated on consolidation.

Cash and Cash Equivalents

Cash include cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and Evaluation Assets

Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to “property, plant and equipment” on the statement of financial position. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

Exploration and evaluation (“E & E”) expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

Impairment of Assets

The Company’s assets are reviewed for an indication of impairment at each statement of financial position date and whenever events suggest that the carrying amounts may not be recoverable. If indication of impairment exists, the asset’s recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Impairment of Assets – (cont'd)

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Instruments

Financial Assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss ("FVTPL") are expensed in profit or loss. Financial assets are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. These are the measurement categories under which the Company classifies its financial assets:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as other income in the consolidated statement of loss in the period which it arises.

The Company's cash and cash equivalents are measured at amortized cost.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities and due to related parties, as financial liabilities held at amortized cost.

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Provisions – (cont'd)

Other Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is computed similar to basic loss except that the weighted average number of outstanding shares include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except for other than business combination which does not have an impact. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Share Capital

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements is determined to be the more easily measurable component and is valued at their fair value, as determined by the closing quoted bid price on the date of issuance. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded to contributed surplus.

Foreign Currency

The consolidated financial statements are presented in Canadian dollars which is the functional currency of AmmPower and AmTek. The functional currency of AmmPower America is the US dollar.

Assets and liabilities of the subsidiary having a functional currency other than the Canadian dollar are translated at the rate of exchange at the reporting period date. Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. The resulting foreign currency translation adjustments are recognized in the other comprehensive loss included in the consolidated statements of comprehensive loss.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the consolidated statements of loss.

Share-Based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on comparison to similar companies as the Company does not have enough trading history.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Share-Based Payments – (cont'd)

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

The fair value of RSU based on the share price on the date of grant is recorded in share-based payments and contributed surplus over the vesting period. When the shares are issued, the related amounts in contributed surplus is reallocated to share capital.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable new assets. Acquisition costs incurred are expensed.

Research and Development

Expenditures on research activities, undertaken with the prospect of gaining new or technical knowledge and understanding, are recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and has the ability to use or sell the asset. Any expenditures capitalized include the costs of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use and borrowing costs on qualifying assets. Other development expenditures are recognized in profit or loss as incurred.

Recent Accounting Pronouncements and Changes in Accounting Policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods are as follows:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

The amendments to IAS1 provide a more general approach to the classification of liabilities based on the contractual arrangements in place at the reporting date. These amendments are effective for reporting periods beginning on or after January 1, 2023.

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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 consolidated 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).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

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5. EXPLORATION AND EVALUATION ASSETS

	Whabouchi Property	Titan Gold Property	Tuscarora Property	Total
Balance, as at May 31, 2020	\$ -	\$ 40,000	\$ -	\$ 40,000
Shares issued for property	-	-	920,000	920,000
Shares issued as finders fees	-	-	460,000	460,000
Asset acquired (Note 10)	8,707	-	-	8,707
Cash	-	-	200,000	200,000
Impairment of mineral property	-	-	(1,580,000)	(1,580,000)
Balance, as at May 31, 2021	\$ 8,707	\$ 40,000	\$ -	\$ 48,707

General exploration expenditures for the year ended May 31, 2021:

	Whabouchi Property	Titan Gold Property	Tuscarora Property	Total
Assays	\$ -	\$ 1,041	\$ -	\$ 1,041
General and miscellaneous	9,500	-	-	9,500
Geological	8,019	117,000	-	125,019
Maintenance fee	-	-	26,478	26,478
Surveying	50,095	-	-	50,095
Balance, for the year ended May 31, 2021	\$ 67,614	\$ 118,041	\$ 26,478	\$ 212,133

General exploration expenditures for the period ended May 31, 2020:

	General exploration	Titan Gold Property	Total
Geological	\$ 4,000	\$ 8,000	\$ 12,000
Balance, for the year ended May 31, 2020	\$ 4,000	\$ 8,000	\$ 12,000

Titan Gold Property

By a mineral property option agreement dated May 7, 2020, the Company may acquire up to a 100% interest in the Titan Gold Property. This property consists of 34 mineral tenures and is located in the Klotz Lake Area Northwestern Ontario. As consideration the Company will pay cash of \$140,000, issue 1,800,000 common shares of the Company and incur \$360,000 in exploration expenditures as follows:

- Cash payment of \$40,000 within seven days of signing of the Agreement (Paid);
- Incur a minimum of \$110,000 in exploration expenditures within the first year from the agreement date (Incurred);
- Cash payment of \$40,000 and issuance of 600,000 (300,000 pre-forward split) common shares of the Company on or before the first anniversary of the listing of the Company on a Canadian securities exchange (due on October 6, 2021); and

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5. EXPLORATION AND EVALUATION ASSETS – (cont'd)

- d) Cash payment of \$60,000, issuance of 1,200,000 (600,000 pre-forward split) common shares of the company and incur a minimum of \$250,000 of exploration expenditures on or before the second anniversary date of the agreement.

Should the Company acquire 100% of the property the optionor will retain a 2% Net Smelter Returns (“NSR”) royalty. 1% of this royalty may be purchased by the Company for \$500,000.

Tuscarora Property

On November 3, 2020, the Company entered into an assignment agreement (the “Assignment Agreement”) with Elko Sun Mining Corp (“Elko” or “Assignor”) whereby Elko and American Pacific Mining (US) Inc. are parties to an earn-in option to form joint venture agreement (the “Option Agreement”) dated July 31, 2020, which provides for the grant to the Assignor of an option (the “Option”) to acquire an 80% interest in and to 24 unpatented mining claims located Elkco County, state of Nevada comprising the Tuscarora property. The Company wishes to assume the Assignor’s rights and obligations under the Option Agreement.

Pursuant to the terms of the Assignment Agreement, the Company has agreed to assume the following: to earn the initial 51%, the Company is required on or before January 31, 2021, make a cash payment of \$200,000 (paid), issue 2,000,000 common shares of the Company and fund exploration expenditures of \$1,350,000 in within 24 months from the date of the Option Agreement. On November 5, 2020, the Company issued the 2,000,000 common shares which were fair valued at \$920,000 on the date the shares were issued.

After completion of the 51%, the Company has the option to earn another 14% interest by issuing an additional 1,000,000 common shares of the Company and fund a further minimum \$3,000,000 in exploration expenditures on the property and earn the final 15% interest by completing a pre-feasibility study on the property before the end of July 31, 2024.

In addition, the Company will also be responsible for making the payments to the Tuscarora property holders and paying the claim fees. As at May 31, 2021, the Company had paid \$21,220 in claim fees and \$5,258 in anniversary payment, which were recorded in the consolidated statements of loss and comprehensive loss.

In connection with the assignment agreement the Company issued 1,000,000 common shares as finders fee. These were fair valued at \$460,000 on the date the shares were issued.

On January 28, 2021, the Company entered into a share purchase agreement with American Pacific Mining (US) Inc. to buy back its 2,000,000 common shares for \$100,000 in cash (paid). On May 19, 2021, these shares were returned to treasury for cancellation. In addition, the Company has decided not to pursue with the Tuscarora Property and recorded an impairment on the property of \$1,580,000 at May 31, 2021.

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6. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

On October 21, 2020, the Company announced a forward stock split on the basis of 2 new for 1 old effective October 26, 2020. The forward stock split has been retroactively presented in the consolidated financial statements and all share amounts, including per share amounts, reflect the forward stock split.

(b) Issued

During the year ended May 31, 2021:

On October 6, 2020, 4,328,988 (2,164,494 pre-forward split) Special Warrants (Note 6(g)) were converted into 4,328,988 units and \$216,450 was transferred from special warrants reserve. Each unit is comprised of one common share of the Company and one share purchase warrant, exercisable into one common share of the Company at an exercise price of \$0.10 (\$0.20 pre-forward split) expiring on October 6, 2022.

On November 5, 2020, the Company issued 2,000,000 common shares pursuant to the Option Agreement fair valued at \$0.46 per share for total fair value of \$920,000. On January 28, 2021, the Company entered into a share purchase agreement with American Pacific Mining (US) Inc. to buy back its 2,000,000 common shares for \$100,000 in cash (paid). On May 19, 2021, these shares were returned to treasury for cancellation. In addition, the Company issued 1,000,000 common shares pursuant to the finder's agreement fair valued at \$0.46 per share for total fair value of \$460,000.

On March 12, 2021, the Company completed its private placement of 9,522,952 units at a price of \$0.42 per unit for gross proceeds of \$3,999,640. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share at a price of \$0.60 per share expiring three years from issuance. In connection with the private placement, the Company paid a cash finders' fee of \$155,449 and issued 370,118 agent's warrants exercisable at \$0.60 per share for a period of three years from the date of issuance. These agent's warrants were fair valued at \$81,406 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.22%; dividend yield of 0%; volatility of 100% and expected life of three years and a stock price of \$0.42.

On March 31, 2021, the Company issued 12,000,000 common shares pursuant to the acquisition of AmTek fair valued at \$0.95 per share and discounted using the average strike put-option model, which resulted in a present value of \$8,753,000 on acquisition date. In addition, the Company issued 960,000 common shares pursuant to the finder's agreement fair valued at \$0.95 per share for total fair value of \$912,000.

On May 27, 2021, the Company issued 500,000 common shares pursuant to the RSU Plan and transferred \$570,000 from contributed surplus.

During the year ended May 31, 2021, the Company issued an aggregate of 6,279,560 common shares at a price of \$0.05 for total proceeds of \$313,978 pursuant to the exercise of share purchase warrants.

During the year ended May 31, 2021, the Company issued an aggregate of 3,325,788 common shares at a price of \$0.10 for total proceeds of \$332,578 pursuant to the exercise of share purchase warrants.

AMMPOWER CORP. (formerly SOLDERA MINING CORP.)

Notes to the Consolidated Financial Statements

May 31, 2021 and 2020

(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)**(b) Issued – (cont'd)**

During the period ended May 31, 2020:

On December 3, 2019, the Company issued 2 (1 pre-forward split) common shares for total proceeds of \$0.05 (\$0.10 pre-forward split).

On December 16, 2019, the Company issued 2,000,000 (1,000,000 pre-forward split) common shares at \$0.0025 (\$0.005 pre-forward split) per share for total proceeds of \$5,000 and recognized a share-based payment of \$0.0075 (\$0.015 pre-forward split) per share for a total of \$15,000. 2,000,000 (1,000,000 pre-forward split) common shares will be held in escrow upon the completion of the IPO which occurred on October 6, 2020.

On February 3, 2020, the Company issued 20,050,000 (10,025,000 pre-forward split) common shares at \$0.01 (\$0.02 pre-forward split) per share for total proceeds of \$200,500. 50,000 (25,000 pre-forward split) common shares will be held in escrow upon the completion of the IPO which occurred on October 6, 2020.

On February 24, 2020, the Company issued 8,000,000 (4,000,000 pre-forward split) units at \$0.025 (\$0.05 pre-forward split) per unit for total proceeds of \$200,000. Each unit is comprised of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at \$0.05 (\$0.10 pre-forward split) per share expiring two years from the date the Company's shares commence trading on a Canadian securities exchange.

(c) Share Purchase Warrants

The changes in warrants were as follows:

	May 31, 2021	Weighted Average Exercise Price	May 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	8,000,000	\$0.05	-	\$0.00
Issued	13,851,940	\$0.44	8,000,000	\$0.05
Exercised	(9,605,348)	\$0.07	-	-
Balance, end of period	12,246,592	\$0.48	8,000,000	\$0.05

As at May 31, 2021, the Company had 12,246,592 share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Weighted average remaining life	Expiry Date
1,720,440	\$0.05		October 6, 2022
1,003,200	\$0.10		October 6, 2022
9,522,952	\$0.60		March 12, 2024
12,246,592	\$0.48	2.46 years	

Subsequent to May 31, 2021, 6,985,832 share purchase warrants have been exercised for total proceeds of \$2,720,639.

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6. Share Capital – (cont'd)**(d) Agent's Warrants**

The changes in warrants were as follows:

	May 31, 2021	Weighted Average Exercise Price	May 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	-	\$0.00	-	-
Issued	370,118	\$0.60	-	-
Balance, end of period	370,118	\$0.60	-	-

As at May 31, 2021, the Company had 370,118 agent's warrants outstanding and expiring on March 11, 2024 with a weighted average remaining life of 2.78 years.

(e) Stock Options

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.

On April 22, 2021, the Company granted 1,125,000 stock options to directors and officers and consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.90 per share expiring on April 22, 2026. The stock option vest at 50% on April 22, 2021 and 25% April 22, 2022 and 2023 thereafter. The fair value of the stock options of \$753,750 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.90; Risk-free interest rate of 0.93%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$407,076 in share-based payments.

On April 29, 2021, the Company granted 1,200,000 stock options to officers of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.15 per share expiring on April 29, 2026. The stock option vest at 50% on April 29, 2021 and 25% April 29, 2022 and 2023 thereafter. The fair value of the stock options of \$1,020,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.15; Risk-free interest rate of 0.93%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$511,048 in share-based payments.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6. SHARE CAPITAL – (cont'd)

(e) Stock Options – (cont'd)

On April 29, 2021, the Company granted 1,000,000 stock options to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.15 per share expiring on April 29, 2026. The stock options vest at the date of grant. The fair value of the stock options of \$850,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.15; Risk-free interest rate of 0.93%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$850,000 in share-based payments.

On May 13, 2021, the Company granted 450,000 stock options to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.15 per share expiring on May 13, 2026. The stock options vest at 12.5% every three months from the date of grant. The fair value of the stock options of \$382,500 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.15; Risk-free interest rate of 0.87%; Dividend yield of 0%; Expected life of 5 years; forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$63,939 in share-based payments.

On May 17, 2021, the Company granted 150,000 stock options to consultants of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.15 per share expiring on May 17, 2026. The stock options vest at 50% on May 17, 2021 and 25% May 17, 2022 and 2023 thereafter. The fair value of the stock options of \$127,500 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.15; Risk-free interest rate of 0.87%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$67,899 in share-based payments.

On May 25, 2021, the Company granted 150,000 stock options a consultant of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.27 per share expiring on May 25, 2026. The stock options vest at 12.5% on August 25, 2021 and every three months thereafter. The fair value of the stock options of \$141,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.27; Risk-free interest rate of 0.87%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$3,131 in share-based payments.

On May 25, 2021, the Company granted 75,000 stock options to a consultant. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.27 per share expiring on May 25, 2026. The stock options vest at 50% on May 25, 2021 and 25% May 25, 2022 and 2023 thereafter. The fair value of the stock options of \$75,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.27; Risk-free interest rate of 0.87%; Dividend yield of 0%; Expected life of 5 years; Forfeiture rate of 0% and Expected volatility of 100%. Since the Company does not have enough history of trading prices, the Company utilized annualized volatility of comparable start-up companies. During the year ended May 31, 2021, the Company recorded \$37,962 in share-based payments.

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6. SHARE CAPITAL – (cont'd)**(e) Stock Options – (cont'd)**

The changes in stock options were as follows:

	May 31, 2021	Weighted Average Exercise Price	May 31, 2020	Weighted Average Exercise Price
Balance, beginning of period	-	\$0.00	-	-
Granted	4,150,000	\$1.09	-	-
Balance, end of period	4,150,000	\$1.09	-	-

As at May 31, 2021, the Company had 4,150,000 stock options outstanding as follows:

Outstanding	Vested	Exercise Price	Weighted Average Remaining Life	Expiry Date
1,125,000	562,500	\$0.90		April 22, 2026
2,200,000	1,600,000	\$1.15		April 29, 2026
450,000	-	\$1.15		May 13, 2026
150,000	75,000	\$1.15		May 17, 2026
225,000	37,500	\$1.27		May 25, 2026
4,150,000	2,275,000	\$1.09	4.92 years	

Restricted Share Unit Plan

On April 12, 2021, the Company adopted a Restricted Share Unit Plan (the “RSU Plan”) whereby the aggregate number of common shares issuable pursuant to the RSU Plan combined with all of the Company’s other security based compensation arrangements, including the Company’s Stock Option Plan, shall not exceed 20% of the Company’s outstanding common shares.

On April 22, 2021, the Company granted 150,000 RSU to directors and officers of the Company. The granted RSU shall vest 1/2 three months from the date of grant and 1/2 at six months. During the year ended May 31, 2021, the Company recognized \$50,533 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus.

On April 29, 2021, the Company granted 100,000 RSU to officers of the Company. The granted RSU shall vest 50% on the date of grant and 25% on April 29, 2022 and 2023 respectively. During the year ended May 31, 2021, the Company recognized \$61,281 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus.

On April 29, 2021, the Company granted 150,000 RSU to consultants of the Company. The granted RSU shall vest on the date of grant. During the year ended May 31, 2021, the Company recognized \$172,500 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus.

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6. Share Capital – (cont'd)**(e) Stock Options – (cont'd)***Restricted Share Unit Plan – (cont'd)*

On May 13, 2021, the Company granted 500,000 RSU to a consultant of the Company. The granted RSU shall vest on the date of grant. During the year ended May 31, 2021, the Company recognized \$570,000 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. On May 27, 2021, the Company issued the 500,000 common shares and transferred \$570,000 from contributed surplus.

The changes in RSU were as follows:

	May 31, 2021	May 31, 2020
Balance, beginning of period	-	-
Granted	900,000	-
Issued	(500,000)	-
Balance, end of period	400,000	-

As at May 31, 2021, 200,000 vested but shares unissued.

(f) Escrow Shares

Pursuant to an escrow agreement dated September 22, 2020, an aggregate of 2,050,000 (1,025,000 pre-forward split) common shares were placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date. As at May 31, 2021, 1,537,500 (May 31, 2020 – 2,050,000) common shares are in escrow with the next release on October 6, 2021.

(g) Special Warrants

On May 29, 2020, the Company issued an aggregate of 4,328,988 (2,164,494 forward pre-split) Special Warrants at a price of \$0.05 (\$0.10 pre-forward split) per Special Warrant and received gross proceeds of \$216,450. Each Special Warrant entitles the holder to acquire, without further payment, one unit. Each unit will be comprised of one common share of the Company and one warrant, exercisable into one common share of the Company at an exercise price of \$0.10 (\$0.20 pre-forward split) for two years from the date the Company's shares commence trading on a Canadian securities exchange. On October 6, 2020, 4,328,988 Special Warrants were converted into 4,328,988 units and \$216,450 was transferred from special warrants reserve.

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7. 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:

		2021	2020
Consulting fees			
Ireton Consulting Inc.	Mark Ireton, former Director	\$ 10,000	\$ 5,000
695809 B.C. Ltd.	Robert Krause, Director	11,000	5,000
Arthur Brown	Director	11,000	5,000
Robert Baxter	Former Director, President and CEO	37,500	-
1196016 B.C. Ltd.	Faizaan, Lalani, CFO	60,415	-
Gary Benninger	CEO	38,609	-
		168,524	15,000
Share-based payments			
Faizaan Lalani	CFO	323,187	7,500
Mark Ireton	Former Director	-	7,500
Gary Benninger	CEO	573,556	-
Arthur Brown	Director	53,029	-
Robert Krause	Director	53,029	-
		1,002,801	15,000
		\$ 1,171,325	\$ 30,000

Included in accounts payable and accrued liabilities as at May 31, 2021, was \$19,250 (May 31, 2020 - \$Nil) in unpaid consulting fees to directors and officers of the Company and to companies controlled by directors or officers of the Company.

Included in due to related parties at May 31, 2021 was \$6,707 to former directors of AmTek. The amount is unsecured, non-interest bearing and payable on demand.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, 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 cash equivalents and shareholders' equity.

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8. CAPITAL MANAGEMENT – (cont'd)

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 financial instruments 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, 2021.

9. 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, policies 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 have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at May 31, 2021, the Company had a working capital of \$2,611,943 (May 31, 2020 - \$521,100).

Market Risk

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

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

Interest Rate Risk

The Company is not exposed to significant interest rate 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 gold 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.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash and cash equivalents. 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 and cash equivalents, accounts payable and accrued liabilities and due to related parties. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current 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).

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10. ACQUISITION OF AMTEK INC.

On March 31, 2021, the Company completed the acquisition of all of the outstanding common shares of AmTek. As consideration, the Company issued 12,000,000 common shares of the Company fair valued at \$0.95 per share and discounted using the average strike put-option model, which resulted in a present value of \$8,753,000 on acquisition date. AmTek is the owner of the Whabouchi South lithium exploration property located in the James Bay/Eeyou Istche region of Quebec and is working on the development of a proprietary technology to produce green ammonia, a potential carbon-free energy source. AmTek also had an agreement with Process Research ORTECH Inc. (“Ortech”) with a term of 5 years to develop proprietary scientific solutions, methodologies, and technologies (collectively, the “Technologies”) for the production of green ammonia. This was subsequently amended on April 21, 2021. Based on the amended agreement, the Company will pay for all mutually agreed upon reasonable costs and have the sole right to use, and market and sell, the Technologies. Ortech will assist in commercializing the Technologies and in the development and/or the construction of production units, devices, and facilities. The Company agreed to grant Ortech a 1% royalty of revenues derived from the Technologies, which may be reduced to 0% by the Company by making a payment of \$1,000,000 at any time. As at May 31, 2021, the Company has advanced \$185,211 to Ortech, which is recorded in prepaid expenses and deposit.

The transaction has been accounted for as an asset acquisition on the basis that AmTek does not meet the definition of a business as it had no ongoing business operations. Accordingly, the acquisition is accounted for in accordance with IFRS 2 Share-based payment whereby the Company issued shares in exchange for the net assets of AmTek. The Company also issued 960,000 common shares as finders fee which was valued at \$912,000.

The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed at the date of acquisition as follows:

	Total
Consideration paid:	
Fair value of shares issued	\$ 8,753,000
960,000 common shares issued as finder’s fee at a value of \$0.95 per share	912,000
	<hr/>
	\$ 9,665,000
Net assets acquired (liabilities)	
Exploration and evaluation assets	\$ 8,707
Due to related parties	(6,707)
	<hr/>
	2,000
Seed research, development and technology expense	9,663,000
	<hr/>
	\$ 9,665,000

The Company has determined that the consideration paid on the development of the proprietary technology to produce green ammonia, does not qualify as development costs for capitalization, accordingly, the amount have been expensed to seed research, development and technology expense.

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11. INCOME TAXES

The difference between tax expense for the period and the expected income taxes based on the statutory tax rates arises as follows:

	2021	2020
Loss before tax	\$(16,431,965)	\$ (75,850)
Income tax recovery at local statutory rates – 27%	\$ (4,437,000)	\$ (20,500)
Permanent differences	3,210,000	4,100
Change in unrecognized tax benefits not recognized	1,227,000	16,400
	\$ -	\$ -

The nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

	2021	2020
Non-capital losses	\$ 766,000	\$ 16,400
Share issue costs	34,000	-
Mineral properties	487,000	-
Unrecognized deferred tax assets	(1,287,000)	(16,400)
	\$ -	\$ -

As at May 31, 2021, the Company has an estimated non-capital losses of \$2,789,000 for Canadian income tax purposes and \$47,000 (USD \$39,000) for United States income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized the non-capital loss will expire between 2040 and 2041.

These losses expire as follows:

2040	\$ 54,000
2041	2,782,000
	\$ 2,836,000

As at May 31, 2021, the Company has unrecognized deferred income tax assets of approximately \$357,000 due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding shares of AmTek Inc.

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12. SUBSEQUENT EVENTS

On June 4, 2021, the Company completed its private placement of 5,877,384 units at a price of \$0.72 per unit for gross proceeds of \$4,231,716. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one common share at a price of \$1.00 per share expiring two years from issuance. In connection with the private placement, the Company paid a cash finders' fee of \$136,483 and issued 189,560 agents' warrants exercisable at \$1.00 per share for a period of two years from the date of issuance.

Subsequent to May 31, 2021, the Company granted an aggregate of 975,000 stock options to directors, officers and consultants with exercise prices ranging from \$0.77 to \$2.07 per share expiring five years from the date of grant with various vesting terms.

The Company also granted to directors, officers and consultants 3,925,000 RSU for the issuance of 3,925,000 common shares. These RSU have various vesting terms. 1,675,000 common shares have been issued subsequent to the year end in relation to RSU.

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 \$40,680 which represents first and last months' rent and a security deposit. In accordance with IFRS 16, the Company will recognize a right-of-use asset and lease liability on the lease commencement date.

On July 16, 2021, the Company issued 215,547 common shares to settle debt of \$318,024.

On August 2, 2021, the Company entered into an agreement to lease a facility in Michigan, USA. The lease has a 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 will recognize a right-of-use asset and lease liability on the lease commencement date.

Subsequent to May 31, 2021, 6,985,832 share purchase warrants have been exercised for total proceeds of \$2,720,639.