

AMMPOWER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended November 30, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the six months ended November 30, 2022, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AMMPOWER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

November 30, 2022 and May 31, 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	November 30, 2022	May 31, 2022
ASSETS		
Current		
Cash	\$ 41,234	\$ 626,514
Amounts receivable	124,518	42,412
Prepaid expenses	247,765	111,518
Deposits (Note 5)	980,910	918,459
	<u>1,394,427</u>	<u>1,698,903</u>
Property, plant and equipment (Note 7)	586,764	582,534
Right of use asset (Note 9)	1,381,789	1,450,843
Exploration and evaluation assets (Note 6)	8,707	8,707
	<u>\$ 3,371,687</u>	<u>\$ 3,740,987</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	\$ 1,445,820	\$ 755,000
Due to related parties (Note 11)	107,779	6,707
Lease liabilities – current (Note 9)	114,755	205,633
	<u>1,668,354</u>	<u>967,340</u>
Lease liabilities – long-term (Note 9)	1,429,953	1,363,486
	<u>3,098,307</u>	<u>2,330,826</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 8)	32,789,284	31,186,846
Contributed surplus (Note 8)	9,522,157	7,376,132
Accumulated other comprehensive (loss) income	7,930	(26,216)
Accumulated deficit	(42,045,991)	(37,126,601)
	<u>273,380</u>	<u>1,410,161</u>
	<u>\$ 3,371,687</u>	<u>\$ 3,740,987</u>

Going concern (Note 2)
 Commitments (Notes 8 and 9)
 Subsequent events (Note 15)

APPROVED ON BEHALF OF THE BOARD:

“Christopher Lilla” Director
 Christopher Lilla

“Gary Benninger” Director
 Gary Benninger

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

AMMPOWER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the three and six months ended November 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended November 30,		For the six months ended November 30,	
	2022	2021	2022	2021
Administrative expenses				
Consulting fees (Note 11)	\$ 183,840	\$ 343,049	\$ 368,255	\$ 802,406
Depreciation	92,999	71,640	182,242	93,657
Exchange gain or loss	405	-	405	-
General exploration cost (Note 5)	-	-	-	31,125
Insurance	19,063	13,631	37,714	24,006
Interest	50,322	49,840	97,560	66,240
Investor relations	79,474	1,510,821	127,050	5,561,994
Office and general	23,290	80,300	53,637	103,694
Professional fees	70,028	111,428	125,453	159,579
Repairs and maintenance	34,694	25,543	74,438	30,609
Research, development and technology expense	44,818	295,988	263,451	365,922
Share-based payments (Notes 8 and 11)	1,927,690	1,774,853	2,585,302	5,178,907
Transfer agent and filing fees	5,965	13,389	9,472	24,444
Travel and meals	22,178	-	22,178	-
Wages and benefits (Note 11)	636,585	251,299	1,257,293	465,275
	3,191,351	4,541,781	5,204,450	12,907,858
Loss before other item	(3,191,351)	(4,541,781)	(5,204,450)	(12,907,858)
Other items				
Gain on debt settlement	-	-	-	169,296
Impairment of exploration and evaluation asset	-	-	-	(40,000)
Other income (Note 10)	25,000	-	285,060	-
Net loss for the period	(3,166,351)	(4,541,781)	(4,919,390)	(12,778,562)
Other comprehensive loss				
Gain on translation of foreign operations	6,072	(2,211)	34,146	7,445
Total comprehensive loss for the period	\$ (3,160,279)	\$ (4,543,992)	\$ (4,885,244)	\$ (12,771,117)
Basic and diluted loss per share	\$ (0.03)	\$ (0.05)	\$ (0.05)	\$ (0.16)
Weighted average number of common shares outstanding	98,669,121	82,644,288	96,589,230	79,387,998

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AMMPOWER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the six months ended November 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Commitment to Issue Shares	Contributed Surplus	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit	Total Shareholders' Equity
Balance, May 31, 2021	67,968,290	\$ 16,661,291	\$ 301,536	\$ 2,306,775	\$ (1,137)	\$ (16,607,815)	\$ 2,660,650
Private placement \$0.72	5,877,384	4,231,716	(301,536)	-	-	-	3,930,180
Share issue cost – cash	-	(145,303)	-	-	-	-	(145,303)
Agent's warrants	-	(60,659)	-	60,659	-	-	-
Exercise of share purchase warrants	6,932,742	2,762,903	-	-	-	-	2,762,903
Exercise of agent's warrants	363,090	297,734	-	(79,880)	-	-	217,854
Shares issued per restricted share units	2,741,666	3,113,249	-	(3,113,249)	-	-	-
Share-based payments – stock options	-	-	-	1,224,550	-	-	1,224,550
Share-based payments – restricted share Units ("RSU")	-	-	-	3,954,357	-	-	3,954,357
Shares issued for debt	215,547	148,727	-	-	-	-	148,727
Total comprehensive loss for the period	-	-	-	-	7,445	(12,778,562)	(12,771,117)
Balance, November 30, 2021	84,098,719	\$ 27,009,658	\$ -	\$ 4,353,212	\$ 6,308	\$ (29,386,377)	\$ 1,982,801
Balance, May 31, 2022	94,437,064	\$ 31,186,846	\$ -	\$ 7,376,132	\$ (26,216)	\$ (37,126,601)	\$ 1,410,161
Private placement \$0.23	5,541,913	1,274,640	-	-	-	-	1,274,640
Share issue cost – cash	-	(111,678)	-	-	-	-	(111,678)
Agent's warrants	-	(34,240)	-	34,240	-	-	-
Exercise of share purchase warrants	2,000	200	-	-	-	-	200
Shares issued per restricted share units	851,302	473,516	-	(473,516)	-	-	-
Share-based payments – stock options	-	-	-	997,421	-	-	997,421
Share-based payments –RSU	-	-	-	1,587,880	-	-	1,587,880
Total comprehensive loss of the period	-	-	-	-	34,146	(4,919,390)	(4,885,244)
Balance, November 30, 2022	100,832,279	\$ 32,789,284	\$ -	\$ 9,522,157	\$ 7,930	\$ (42,045,991)	\$ 273,380

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

AMMPOWER CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the six months ended November 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the six months ended November 30,	
	2022	2021
Operating Activities		
Net loss for the period	\$ (4,919,390)	\$ (12,778,562)
Items not affecting cash:		
Depreciation	182,242	93,657
Impairment of exploration and evaluation assets	-	40,000
Interest accretion	97,560	67,271
Share-based payments	2,585,302	5,178,907
Gain on debt settlement	-	(169,296)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(82,106)	(153,839)
Prepaid expenses and deposit	(198,698)	239,829
Inventory	-	(158,053)
Accounts payable and accrued liabilities	690,820	458,863
Due to related parties	100,000	-
Cash used in operating activities	(1,544,270)	(7,181,223)
Investing Activity		
Equipment purchase	(16,962)	(193,770)
Cash used in investing activity	(16,962)	(193,770)
Financing Activities		
Shares issued for cash	1,274,840	6,910,938
Share issue cost – cash	(111,678)	(145,303)
Lease payments and prepayment	(194,315)	(86,228)
Cash provided by financing activities	968,847	6,679,407
Effect of foreign exchange on cash	7,106	7,446
Change in cash during the period	(585,280)	(688,140)
Cash, beginning of period	626,514	1,895,228
Cash, end of the period	41,234	\$ 1,207,088
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash investing and financing transactions		
Shares issued for debt	\$ -	\$ 148,727
Fair value on shares issued on exercise of agent's warrants	\$ -	\$ 79,880
Fair value on shares issued for RSU	\$ 473,516	\$ 3,113,249
Fair value on agent's warrants issued	\$ 34,240	\$ 60,659

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

AMMPOWER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2022 and 2021

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION

AMMPOWER 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. 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 is located at 5 Hazelton Avenue, Toronto, Ontario, Canada, M5R 2E1. The Company’s registered and records office is located at 2800 Park Place – 666 Burrard Street, Vancouver, BC V6C 2Z7.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 30, 2023.

(b) Basis of Measurement

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

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

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2. BASIS OF PREPARATION – (cont'd)**(c) Going Concern**

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At November 30, 2022, the Company has not achieved profitable operations, has accumulated losses of \$42,045,991 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 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.

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, the outbreaks of the coronavirus (COVID-19) pandemic, relations between NATO and Russian Federation regarding the situation in Ukraine, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited consolidated financial statements as at May 31, 2022.

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 and are not expected to have a material impact on the Company.

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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 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).

Research and development

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

5. DEPOSITS

Included in prepaid expenses are advances of \$980,910 (May 31, 2022 - \$918,459) on the purchases of various equipment intended for resale.

6. EXPLORATION AND EVALUATION ASSETS

	Whabouchi Property	Titan Gold Property	Total
Balance as at May 31, 2021	8,707	40,000	48,707
Impairment of mineral property	-	(40,000)	(40,000)
Balance, as at May 31, 2022 and November 30, 2022	\$ 8,707	\$ -	\$ 8,707

AMMPOWER CORP.

Notes to the Condensed Interim Consolidated Financial Statements

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6. EXPLORATION AND EVALUATION ASSETS - (cont'd)

There were no general exploration expenditures for the six months ended November 30, 2022.

General exploration expenditures for the six months ended November 30, 2021:

	Whabouchi Property	Total
Geological	\$ 31,125	31,125
Balance, for the six months ended November 30, 2022	\$ 31,125	\$ 31,125

Titan Gold Property

By a mineral property option agreement dated May 7, 2020, the Company may acquire up to a 100% interest in the Klotz Lake 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
- 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.

During the year ended May 31, 2022, the Company has decided to not proceed with the Titan Gold Property and has recorded an impairment of \$40,000.

Whabouchi Property

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. 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.

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Notes to the Condensed Interim Consolidated Financial Statements

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6. EXPLORATION AND EVALUATION ASSETS – (cont'd)Whabouchi Property – (cont'd)

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 finders fee at a value of \$0.95 per share	912,000
	<u>\$ 9,665,000</u>
Net assets acquired (liabilities)	
Exploration and evaluation assets	\$ 8,707
Due to related parties	(6,707)
	<u>2,000</u>
Seed research, development and technology expense	9,663,000
	<u>\$ 9,665,000</u>

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 cost.

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fixtures	Equipment	Computer Equipment	Leasehold Improvements	Total
<u>Cost</u>					
Balance at May 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	27,242	367,204	47,318	178,578	620,342
Balance at May 31, 2022	\$ 27,242	\$ 367,204	\$ 47,318	\$ 178,578	\$ 620,342
Additions	-	13,116	-	3,846	16,962
Foreign Exchange	1,606	25,292	3,218	4,539	34,655
Balance at November 30, 2022	\$ 28,848	\$ 405,612	\$ 50,536	\$ 186,963	\$ 671,959
<u>Accumulated Depreciation</u>					
Balance at May 31, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	2,473	16,478	5,355	13,502	37,808
Balance at May 31, 2022	\$ 2,473	\$ 16,478	\$ 5,355	\$ 13,502	\$ 37,808
Depreciation	2,164	24,592	5,007	13,919	45,682
Foreign Exchange	136	1,120	364	85	1,705
Balance at November 30, 2022	\$ 4,773	\$ 42,190	\$ 10,726	\$ 27,506	\$ 85,195
<u>Net Book Value</u>					
At May 31, 2022	\$ 24,768	\$ 350,726	\$ 41,964	\$ 165,076	\$ 582,534
At November 30, 2022	\$ 24,075	\$ 363,422	\$ 39,810	\$ 159,457	\$ 586,764

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Notes to the Condensed Interim Consolidated Financial Statements

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8. SHARE CAPITAL**(a) Authorized**

Unlimited common shares with no par value.

(b) Issued

During the six months ended November 30, 2022:

On September 26, 2022, the Company closed its first tranche non-brokered private placement and issued 4,769,739 units at a price of \$0.23 per unit for total proceeds of \$1,097,040. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.31 per share expiring on September 26, 2024. In connection with the offering, the Company paid a cash finders fee of \$62,751 and issued 342,396 finders' warrants. Each finders' warrant is exercisable into one common share at a price of \$0.31 per share expiring on September 26, 2024. These agents' warrants were fair valued at \$34,230 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 3.75%; dividend yield of 0%; volatility of 95.95% and expected life of two years and a stock price of \$0.23.

On October 24, 2022, the Company closed its second tranche non-brokered private placement and issued 772,174 units at a price of \$0.23 per unit for total proceeds of \$177,600. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.31 per share expiring on October 24, 2024. In connection with the offering, the Company paid a cash finders fee of \$20,000. The Company also recognized an additional share issue cost of \$28,928.

During the period ended November 30, 2022, the Company issued 2,000 common shares for total proceeds of \$200 pursuant to the exercise share purchase warrants.

During the period ended November 30, 2022, pursuant to the RSU Plan the Company issued 851,302 common shares and transferred \$473,516 from contributed surplus.

During the year ended May 31, 2022:

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 of which \$301,536 was included in commitment to issue shares at May 31, 2021. Each unit consisted 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 \$145,303 and issued 189,560 agents' warrants exercisable at \$1.00 per share for a period of two years from the date of issuance. These agents' warrants were fair valued at \$60,659 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 0.45%; dividend yield of 0%; volatility of 100% and expected life of two years and a stock price of \$0.72.

On July 16, 2021, the Company issued 215,547 common shares to settle debt of \$318,023 resulting in a gain on debt settlement of \$169,296.

On September 16, 2021, the Company issued 363,090 common shares for total proceeds of \$217,854 pursuant to the exercise of agents' warrants and transferred \$79,880 from contributed surplus.

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November 30, 2022 and 2021

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

During the year ended May 31, 2022: – (cont'd)

On February 16, 2022, the Company completed its private placement of 7,142,858 units at a price of \$0.42 per unit for gross proceeds of \$3,000,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.52 per share expiring five years from issuance. In connection with the private placement, the Company paid a cash finders' fee of \$396,104 and issued 571,429 agents' warrants exercisable at \$0.42 per share for a period of five years from the date of issuance. These agents' warrants were fair valued at \$234,286 using the Black-Scholes Option Pricing Model with the following assumptions: risk-free interest rate of 1.79%; dividend yield of 0%; volatility of 100% and expected life of five years and a stock price of \$0.42. The Company recorded an additional \$24,795 in share issue cost.

During the year ended May 31, 2022, the Company issued 6,932,742 common shares for total proceeds of \$2,762,904 pursuant to the exercise share purchase warrants with exercise prices between \$0.05 to \$0.60.

During the year ended May 31, 2022, pursuant to the RSU Plan the Company issued 5,937,153 common shares and transferred \$4,945,621 from contributed surplus.

(c) Share Purchase Warrants

The changes in warrants were as follows:

	August 31, 2022	Weighted Average Exercise Price	May 31, 2022	Weighted Average Exercise Price
Balance, beginning of period	15,395,401	\$0.64	12,246,592	\$0.48
Issued	5,541,913	0.31	10,081,551	0.66
Exercised	(2,000)	0.10	(6,932,742)	0.40
Expired	(100,200)	0.10	-	-
Balance, end of period	20,835,114	\$0.55	15,395,401	\$0.64

As at November 30, 2022, the Company had 20,835,114 share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Weighted average remaining life	Expiry Date
2,938,693	\$1.00		June 4, 2023
5,211,650	\$0.60		March 12, 2024
4,769,739	\$0.31		September 26, 2024
772,174	\$0.31		October 24, 2024
7,142,858	\$0.52		February 16, 2027
20,835,114		2.33 years	

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8. SHARE CAPITAL – (cont'd)**(d) Agents Warrants**

The changes in warrants were as follows:

	August 31, 2022	Weighted Average Exercise Price	May 31, 2022	Weighted Average Exercise Price
Balance, beginning of period	768,017	\$0.56	370,118	\$0.60
Issued	342,396	0.31	760,989	0.56
Exercised	-	-	(363,090)	0.60
Balance, end of period	1,110,413	\$0.49	768,017	\$0.56

As at November 30, 2022, the Company had 1,110,413 agents' warrants outstanding as follows:

Outstanding	Exercise Price	Weighted average remaining life	Expiry Date
189,560	\$1.00		June 3, 2023
7,028	\$0.60		March 12, 2024
342,396	\$0.31		September 26, 2024
571,429	\$0.42		February 16, 2027
1,110,413		2.89 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 six months ended November 30, 2022, the Company recorded \$47,238 in share-based payments.

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8. 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 option 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.

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 six months ended November 30, 2022, the Company recorded \$63,925 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 option vest at 25% on the date of grant and 12.5% every three months thereafter. 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 six months ended November 30, 2022, the Company recorded \$47,836 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 option 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 six months ended November 30, 2022, the Company recorded \$7,990 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 option 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 six months ended November 30, 2022, the Company recorded \$18,482 in share-based payments.

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

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 six months ended November 30, 2022, the Company recorded \$2,305 in share-based payments.

On June 1, 2021, the Company granted 300,000 stock options to consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.46 per share expiring on June 1, 2026. The stock options vest at 12.5% every three months with the first vesting on September 1, 2021 and the last vesting on June 1, 2023. The fair value of the stock options of \$324,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.46; Risk-free interest rate of 0.97%; 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 six months ended November 30, 2022, the Company recorded \$43,646 in share-based payments.

On June 15, 2021, the Company granted 150,000 stock options to consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$2.07 per share expiring on June 15, 2026. The stock options vest at 12.5% every three months with the first vesting on September 15, 2021 and the last vesting on June 15, 2023. The fair value of the stock options of \$231,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$2.07; Risk-free interest rate of 0.97%; 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 six months ended November 30, 2022, the Company recorded \$34,970 in share-based payments.

On June 24, 2021, the Company granted 125,000 stock options to consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.55 per share expiring on June 24, 2026. The stock options vest at 12.5% every three months with the first vesting on September 24, 2021 and the last vesting on June 24, 2023. The fair value of the stock options of \$143,750 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.55; Risk-free interest rate of 0.97%; 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 six months ended November 30, 2022, the Company recorded \$21,402 in share-based payments.

On July 5, 2021, the Company granted 150,000 stock options to consultants. The stock options entitle the holders thereof the right to purchase one common share for each option at \$1.26 per share expiring on July 5, 2026. The stock options vest at 12.5% every three months with the first vesting on October 5, 2021 and the last vesting on July 5, 2023. The fair value of the stock options of \$139,500 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$1.26; Risk-free interest rate of 0.78%; 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 six months ended November 30, 2022, the Company recorded \$21,696 in share-based payments.

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

On July 29, 2021, the Company granted 250,000 stock options to a consultant of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.77 per share expiring on July 29, 2026. The stock options vest at the date of grant. The fair value of the stock options of \$142,500 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.77; Risk-free interest rate of 0.78%; 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.

On November 15, 2021, the Company granted 75,000 stock options to a consultant of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.57 per share expiring on November 15, 2026. The stock options vest at 50% on the date of grant and 25% on November 15, 2022 and 2023 respectively. The fair value of the stock options of \$32,250 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.57; Risk-free interest rate of 1.56%; 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 six months ended November 30, 2022, the Company recorded \$5,732 in share-based payments.

On December 10, 2021, the Company granted 5,675,000 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 \$0.49 per share expiring on December 10, 2026. The stock options vest at 1/6 every three months with the first vesting on March 10, 2022 and the last on June 10, 2023, respectively. The fair value of the stock options of \$2,099,750 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.49; Risk-free interest rate of 1.30%; 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 six months ended November 30, 2022, the Company recorded \$582,796 in share-based payments.

On January 21, 2022, the Company granted 500,000 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 \$0.54 per share expiring on January 21, 2027. The stock options vest at 16.67% every three months with the first vesting on April 21, 2022 and the last on July 21, 2023, respectively. The fair value of the stock options of \$200,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.54; Risk-free interest rate of 1.62%; 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 six months ended November 30, 2022, the Company recorded \$68,145 in share-based payments.

On May 1, 2022, the Company granted 300,000 stock options to an officer of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.33 per share expiring on May 1, 2027. The stock options vest at 25,000 stock options every three months with the first vesting on May 1, 2022 and the last on February 1, 2025, respectively. The fair value of the stock options of \$66,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.30; Risk-free interest rate of 2.60%; 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 six months ended November 30, 2022, the Company recorded \$25,020 in share-based payments.

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

On October 6, 2022, the Company granted 150,000 stock options to a consultant of the Company. The stock options entitle the holders thereof the right to purchase one common share for each option at \$0.35 per share expiring on October 5, 2027. The stock options vest at 50,000 stock options on March 31, 2023 and 50,000 stock options every six months thereafter. The fair value of the stock options of \$33,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of \$0.30; Risk-free interest rate of 3.41%; 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 six months ended November 30, 2022, the Company recorded \$6,239 in share-based payments.

The changes in stock options were as follows:

	November 30, 2022	Weighted Average Exercise Price	May 31, 2022	Weighted Average Exercise Price
Balance, beginning of period	11,675,000	\$0.77	4,150,000	\$1.09
Granted	150,000	0.35	7,525,000	0.60
Balance, end of period	11,825,000	\$0.77	11,675,000	\$0.77

As at November 30, 2022, the Company had 11,825,000 stock options outstanding as follows:

Outstanding	Vested	Exercise Price	Weighted Average remaining Life	Expiry Date
1,125,000	843,750	\$0.90		April 22, 2026
2,200,000	1,900,000	\$1.15		April 29, 2026
450,000	337,500	\$1.15		May 13, 2026
150,000	112,500	\$1.15		May 17, 2026
225,000	168,750	\$1.27		May 25, 2026
300,000	187,500	\$1.46		June 1, 2026
150,000	93,750	\$2.07		June 15, 2026
125,000	78,125	\$1.55		June 24, 2026
150,000	93,750	\$1.26		July 5, 2026
250,000	250,000	\$0.77		July 29, 2026
75,000	56,250	\$0.57		November 15, 2026
5,675,000	2,837,510	\$0.49		December 10, 2026
500,000	250,002	\$0.54		January 21, 2027
300,000	75,000	\$0.33		May 1, 2027
150,000	-	\$0.35		October 5, 2027
11,825,000	7,284,387		3.91 years	

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8. SHARE CAPITAL – (cont'd)**(e) Stock Options – (cont'd)***Restricted Share Unit Plan*

On April 12, 2021, the Company adopted a Restricted Share Unit Plan (“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 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 six months ended November 30, 2022, the Company cancelled 50,000 unvested RSU and recognized a reversal of \$15,635 to share-based payment.

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. The Company recorded a fair value of \$172,500. As at November 30, 2022, 50,000 RSU have vested and are not issued.

On June 24, 2021, the Company granted 125,000 RSU to a consultant of the Company. The granted RSU shall vest 50% on June 24, 2022 and 50% on June 24, 2023. During the six months ended November 30, 2022, the Company recognized \$30,655 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. During the six months ended November 30, 2022, 62,500 common shares were issued and as at November 30, 2022, 62,500 RSU have not been vested.

On July 7, 2021, the Company granted 1,500,000 RSU to an officer of the Company and a consultant of the Company. The granted RSU shall vest 1/3 on November 7, 2021 and every four months thereafter. During the six months ended November 30, 2022, the Company recognized \$57,781 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. During the six months ended November 30, 2022, 166,667 common shares were issued and as at November 30, 2022, 1,000,000 vested RSU have been cancelled.

On January 11, 2022, the Company granted 3,500,000 RSU to an officer of the Company and to consultants of the Company. The granted RSU shall vest on May 12, 2022. The Company recognized a fair value of \$1,890,000. During the year ended May 31, 2022, the Company issued 3,000,000 common shares and as at November 30, 2022, 500,000 RSU have vested and have not been issued.

On October 6, 2022, the Company granted 622,135 RSU to a consultant of the Company. The granted RSU shall vest on October 7, 2022. During the six months ended November 30, 2022, the Company recognized \$186,641 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. During the six months ended November 30, 2022, the 622,135 common shares were issued.

On October 6, 2022, the Company granted 1,050,000 RSU to a director of the Company. The granted RSU shall vest on March 31, 2023. During the six months ended November 30, 2022, the Company recognized \$98,438 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. As at November 30, 2022, 1,050,000 RSU are unvested.

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8. SHARE CAPITAL – (cont'd)**(e) Stock Options – (cont'd)***Restricted Share Unit Plan – (cont'd)*

On October 6, 2022, the Company granted 4,100,000 RSU to directors and consultants of the Company. The granted RSU shall vest on October 12, 2022. During the six months ended November 30, 2022, the Company recognized \$1,230,000 as share-based payment and, as the Company intends to settle the RSU through equity settlement, recorded a corresponding credit to contributed surplus. As at November 30, 2022, 4,100,000 RSU have vested and have not been issued.

The changes in RSU were as follows:

	August 31, 2022	May 31, 2022
Balance, beginning of period	1,891,667	400,000
Granted	5,772,135	7,441,320
Issued	(851,302)	(5,937,153)
Cancelled	(1,050,000)	(12,500)
Balance, end of period	5,762,500	1,891,667

As at November 30, 2022, 4,650,000 RSU were vested but the shares were unissued.

During the six months ended November 30, 2022, the Company recognized \$1,587,880 in share-based payments on RSU vested during the period and have transferred \$473,516 (May 31, 2022 - \$4,945,621) from contributed surplus to share capital upon the issuance of 851,302 (May 31, 2022 – 5,937,153) common shares.

(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 November 30, 2022, 615,000 (May 31, 2022 – 922,500) common shares are in escrow with the next release on April 6, 2023.

9. RIGHT OF USE ASSETS AND LEASE LIABILITIES

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

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

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

Right of use assets	November 30, 2022	May 31, 2022
Balance, opening	\$ 1,450,843	\$ -
Additions	-	1,674,000
Depreciation	(136,560)	(218,716)
Foreign exchange	67,506	(4,441)
Balance, ending	\$ 1,381,789	\$ 1,450,843

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

Lease liabilities	November 30, 2022	May 31, 2022
Balance, opening	\$ 1,569,119	\$ -
Lease liability addition	-	1,674,000
Prepaid lease payments	-	(24,000)
Lease payments	(194,315)	(235,189)
Interest accretion	112,177	158,388
Foreign exchange	57,727	(4,080)
Balance, ending	\$ 1,544,708	\$ 1,569,119
Current portion	\$ 114,755	\$ 205,633
Long Term	1,429,953	1,363,486
Balance, ending	\$ 1,544,708	\$ 1,569,119

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

Maturity analysis	November 30, 2022	May 31, 2022
Less than one year	\$ 208,741	\$ 375,326
One to three years	1,218,528	1,168,453
Four to seven years	674,369	633,727
Total undiscounted lease liabilities	2,101,638	2,177,506
Amount representing implicit interest	(556,930)	(608,387)
Lease liabilities	\$ 1,544,708	\$ 1,569,119

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10. LICENSE AGREEMENT

On August 10, 2022, the Company entered into an agreement with Clean Light Acquisition Corp (“CLA”), a company incorporate in BC, whereby, the Company has grant CLA 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 CLA’s products. The license will allow CLA to buy, use, sell modify, create derivative works of, and distribution of the license technology only as a bundle with CLA’s products. As consideration, CLA has agreed to pay US\$200,000 in cash (received \$255,060) and CLA will issue 5% of its issued and outstanding common shares to the Company which will be subject to escrow (pending).

The term of this agreement may be extended as follows:

- a) additional three years for a total of five years for cash payment of US\$500,000 and issue additional common shares of CLA as represents 9.99% of the then issued and outstanding common shares of CLA;
- b) additional five years for a total of ten years for cash payment of US\$5,000,000;
- c) additional five years for a total of fifteen years for cash payment of US\$7,500,000;
- d) additional five years for a total of twenty years for cash payment of US\$10,000,000; and
- e) the term of the agreement may be extended for perpetuity by the Company for cash payment of US\$25,000,000.

11. 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:

Relationship	For the six months ended November 30,	
	2022	2021
Consulting fees	\$ 120,000	\$ 124,500
Wages and benefits	208,952	75,012
Share-based payments	1,274,453	1,330,930
	\$ 1,603,405	\$ 1,530,442

Included in accounts payable and accrued liabilities as at November 30, 2022 was \$5,650 (May 31, 2022 – \$5,650) in unpaid consulting fees to directors and officers of the Company and to companies controlled by directors or officers of the Company. The amount is unsecured, non-interest bearing and payable on demand.

Due to related parties

Included in due to related parties at November 30, 2022 was \$6,707 (May 31, 2022 – \$6,707) to former directors of AmTek. 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 a director of the Company. The promissory note is unsecured, bears interest at 5% per annum and compounded monthly and is due on March 14, 2023. During the six months ended November 30, 2022, the Company accrued interest of \$1,072.

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12. 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 shareholders' equity.

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 six months ended November 30, 2022.

13. 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 except for lease liabilities (Note 9) have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at November 30, 2022, the Company had a working deficiency of \$274,227 (May 31, 2022 working capital – \$731,563).

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(Unaudited – Prepared by Management)

13. FINANCIAL INSTRUMENTS AND RISKS– (cont'd)**Market Risk**

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

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

Foreign Currency Risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and lease liabilities that are denominated in a foreign currency. As at November 30, 2022, the Company held cash denominated in US dollars of US\$7,016 (May 31, 2022 – US\$9,718), accounts payable and accrued liabilities of US\$685,818 (May 31, 2022 – US\$458,177) and lease liabilities of US\$817,279 (May 31, 2022 – US\$857,360) translated at US\$1 for every \$1.35. These factors expose the Company to foreign currency exchange rate risk, which could have a material adverse effect on the profitability of the Company. A 10% change in the exchange rate would change other comprehensive income/loss by approximately \$203,000.

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

Credit Risk

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

Fair Values

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

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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14. SEGMENTED INFORMATION

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

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

	November 30, 2022	May 31, 2022
Canada	\$ 506,158	\$ 570,845
United States	1,471,102	1,471,239
Total long term assets	\$ 1,977,260	\$ 2,042,084

	November 30, 2022	May 31, 2022
Canada	\$ 865,774	\$ 1,279,888
United States	2,505,913	2,461,099
Total assets	\$ 3,371,688	\$ 3,740,987

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

	November 30, 2022	May 31, 2022
Canada	\$ 1,068,223	\$ 666,934
United States	2,030,384	1,663,892
Total liabilities	\$ 3,098,607	\$ 2,330,826

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

	November 30, 2022	August 31, 2021
Canada	\$ 2,944,032	\$ 7,946,100
United States	1,975,358	290,681
Net loss for the period	\$ 4,919,390	\$ 8,236,781

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15. SUBSEQUENT EVENTS

Subsequent to November 30, 2022:

On January 6, 2023, the Company entered into a share exchange agreement with two vendors to acquire 50.05 per cent of the issued and outstanding common shares of Progressus Clean Technologies Inc. (“Progressus”) As consideration for the Progressus shares, the Company will issue an aggregate of 50,000,000 common shares of the Company.

In connection with the transaction, the vendors agreed to provide to the Company an aggregate loan of \$500,000 payable as follows:

- a) \$250,000 on the closing of the transaction; and
- b) \$250,000 on the date that is 30 days following the closing of the transaction

The loans will bear interest at 10 per cent per annum, mature 12 months from the date of financing and be convertible into the Company’s shares at a deemed conversion price equal to the trading price of the Company on the date of conversion.