AMMPOWER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended February 28, 2023

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended February 28, 2023, have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
February 28, 2023 and May 31, 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	February 28 2023	May 31, 2022
ASSETS		
Current		
Cash	$ 31,344	$ 626,514
Amounts receivable	135,883	42,412
Prepaid expenses	207,060	111,518
Deposits (Note 6)	988,244	918,459
	1,362,531	1,698,903
Property, plant and equipment (Note 7)	567,195	582,534
Right of use asset (Note 9)	1,320,499	1,450,843
Exploration and evaluation assets (Note 8)	8,707	8,707
	$ 3,258,932	$ 3,740,987
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 13)	$ 1,959,244	$ 755,000
Due to related party (Note 13)	109,030	6,707
Lease liabilities – current (Note 9)	62,431	205,633
Convertible loans (Note 10)	328,745	-
	2,459,450	967,340
Lease liabilities – long-term (Note 9)	1,437,759	1,363,486
	3,897,209	2,330,826
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	50,879,284	31,186,846
Contributed surplus (Note 11)	9,074,797	7,376,132
Equity portion of convertible notes (Note 10)	29,166	-
Accumulated other comprehensive (loss) income	8,255	(26,216)
Accumulated deficit	(60,597,963)	(37,126,601)
Equity attributable to shareholders	(606,461)	1,410,161
Non-controlling interest	(31,816)	-
Total equity	(638,277)	1,410,161
	$ 3,258,932	$ 3,740,987

Going concern (Note 2)
Commitments (Notes 9 and 11)
Subsequent events (Notes 5, 11 and 17)

APPROVED ON BEHALF OF THE BOARD:

"Rene Bharti" Director — Rene Bharti

"Gary Benninger" Director — Gary Benninger

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

AMMPOWER CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended February 28, 2023 and 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended February 28, 2023	For the three months ended February 28, 2022	For the nine months ended February 28, 2023	For the nine months ended February 28, 2022
Expenses				
Consulting fees (Note 13)	$ 145,569	$ 464,237	$ 513,824	$ 1,266,643
Depreciation (Note 7 and 9)	92,737	77,672	274,979	171,329
General exploration cost (Note 8)	-	22,500	-	53,625
Insurance	23,296	13,110	61,010	37,116
Interest and accretion	59,745	44,055	157,305	110,295
Investor relations	57,504	197,197	184,554	5,759,191
Office and general	30,030	97,790	84,072	201,484
Professional fees	38,857	59,131	164,310	218,710
Repairs and maintenance	28,731	31,142	103,169	61,751
Seed research, development and technology expense (Note 5)	17,284,508	66,649	17,547,959	432,571
Share-based payments (Notes 11 and 13)	392,639	2,341,926	2,977,941	7,520,833
Transfer agent and filing fees	4,606	41,699	14,078	66,143
Travel and meals	12,391	-	34,569	-
Wages and benefits (Note 13)	412,389	346,952	1,669,682	812,227
	18,583,002	3,804,060	23,787,452	16,711,918
Loss before other items	(18,583,002)	(3,804,060)	(23,787,452)	(16,711,918)
Other items:				
Gain on debt settlement	-	-	-	169,296
Impairment of exploration and evaluation asset	-	-	-	(40,000)
Other income (Note 12)	27,696	-	312,756	-
Net loss for the period	(18,555,306)	(3,804,060)	(23,474,696)	(16,582,622)
Other comprehensive (loss) gain				
Gain (loss) on translation of foreign operations	325	(8,968)	34,471	(1,523)
Total comprehensive loss for the period	$ (18,554,981)	$ (3,813,028)	$ (23,440,225)	$ (16,584,145)
Net loss attributable to:				
Shareholders of the Company	$ (18,551,972)	$ (3,804,060)	$ (23,471,362)	$ (16,582,622)
Non-controlling interest	(3,334)	-	(3,334)	-
Net loss for the period	$ (18,555,306)	$ (3,804,060)	$ (23,474,696)	$ (16,582,622)
Total comprehensive loss attributable to:				
Shareholders of the Company	$ (18,546,007)	$ (3,813,028)	$ (23,431,251)	$ (16,584,145)
Non-controlling interest	(8,974)	-	(8,974)	-
Total comprehensive loss for the period	$ (18,554,981)	$ (3,813,028)	$ (23,440,225)	$ (16,584,145)
Basic and diluted loss per share	$ (0.14)	$ (0.04)	$ (0.22)	$ (0.20)
Weighted average number of common shares outstanding	130,790,057	85,051,100	107,864,228	81,254,955

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

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended February 28, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Commitment to Issue Shares	Contributed Surplus	Equity Portion of Convertible Notes	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit	Non-controlling interest	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	13,020,242	7,231,716	(301,536)	-	-	-	-	-	6,930,180
Share issue cost – cash	-	(566,202)	-	-	-	-	-	-	(566,202)
Agent's warrants	-	(294,945)	-	294,945	-	-	-	-	-
Exercise of share purchase warrants	6,932,742	2,762,904	-	-	-	-	-	-	2,762,904
Exercise of agent's warrants	363,090	297,734	-	(79,880)	-	-	-	-	217,854
Shares issued per restricted share units	2,741,666	2,795,167	-	(2,795,167)	-	-	-	-	-
Share-based payments – stock options	-	-	-	2,413,356	-	-	-	-	2,413,356
Share-based payments – restricted share Units ("RSU")	-	-	-	5,107,477	-	-	-	-	5,107,477
Shares issued for debt	215,547	148,727	-	-	-	-	-	-	148,727
Total comprehensive loss for the period	-	-	-	-	-	(1,523)	(16,582,622)	-	(16,584,145)
Balance, February 28, 2022	91,241,577	$ 29,036,392	$ -	$ 7,247,506	$ -	$ (2,660)	$ (33,190,437)	$ -	$ 3,090,801
Balance, May 31, 2022	94,437,064	$ 31,186,846	$ -	$ 7,376,132	$ -	$ (26,216)	$ (37,126,601)	$ -	$ 1,410,161
Private placement	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
Conversion of convertible loans	-	-	-	-	29,166	-	-	-	29,166
Shares issued for acquisition of Progressus (Note 5)	50,000,000	17,250,000	-	-	-	-	-	-	17,250,000
Non-controlling interest Progressus	-	-	-	-	-	-	-	(28,482)	(28,482)
Shares issued per restricted share units	3,651,302	1,313,516	-	(1,313,516)	-	-	-	-	-
Share-based payments – stock options	-	-	-	1,217,040	-	-	-	-	1,217,040
Share-based payments –RSU	-	-	-	1,760,901	-	-	-	-	1,760,901
Total comprehensive loss of the period	-	-	-	-	-	34,471	(23,471,362)	(3,334)	(23,440,225)
Balance, February 28, 2023	153,632,279	$ 50,879,284	$ -	$ 9,074,797	$ 29,166	$ 8,255	$ (60,597,963)	$ (31,816)	$ (638,277)

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

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended February 28, 2023 and 2022
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended February 28, 2023	2022
Operating Activities		
Net loss for the period	$ (23,474,696)	$ (16,582,621)
Items not affecting cash:		
Depreciation	274,979	171,329
Impairment of exploration and evaluation assets	-	40,000
Interest and accretion	157,305	111,090
Seed research, development and technology expense	17,278,539	-
Share-based payments	2,977,941	7,520,833
Gain on debt settlement	-	(169,296)
Changes in non-cash working capital items related to operations:		
Amounts receivable	(93,471)	(179,016)
Prepaid expenses and deposit	(151,841)	561,012
Inventory	-	(90,868)
Accounts payable and accrued liabilities	1,112,482	648,609
Due to related party	100,000	-
Cash used in operating activities	(1,818,762)	(7,968,928)
Investing Activity		
Property plant and equipment	(17,089)	(557,878)
Cash used in investing activity	(17,089)	(557,878)
Financing Activities		
Shares issued for cash	1,274,840	9,910,938
Share issue cost – cash	(111,678)	(566,202)
Lease payments and prepayment	(294,066)	(166,866)
Issue of convertible loans	350,000	-
Cash acquired from acquisition of Progressus	21,254	-
Cash provided by financing activities	1,240,350	9,177,870
Effect of foreign exchange on cash and cash equivalents	331	(1,523)
Change in cash during the period	(595,170)	649,541
Cash, beginning of period	626,514	1,895,228
Cash, end of the period	$ 31,344	$ 2,544,769
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	$ 1,313,516	$ 2,795,167
Fair value on agent's warrants issued	$ 34,240	$ 294,945
Fair value of right of use asset	$ -	$ 1,674,000
Fair value of shares issued to acquire Progressus	$ 17,250,000	$ -

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 January 6, 2023, the Company acquired 50.05% of the business of Progressus Clean Technologies Inc. ("Progressus"). As consideration, the Company issued 50,000,000 common shares of the Company (Note 5).

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. Am Tek 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 April 27, 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 condensed interim consolidated 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.

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 28, 2023, the Company has not achieved profitable operations, has accumulated losses of $60,597,963 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.

<u>Recent accounting pronouncements and changes in accounting policies</u>

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.

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. ACQUISTION OF PROGRESSUS

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

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. During the nine months ended February 28, 2023, the Company received a total of $350,000 in convertible notes (Note 10) and the remaining $150,000 was received subsequent to February 28, 2023 (Note 17).

At the date of acquisition, the Company determined that the Progressus assets did not constitute a business defined under IFRS 3, Business Combinations, and as such, the acquisition was accounted for as an asset acquisition.

(Expressed in Canadian Dollars)

5. ACQUISTION OF PROGRESSUS - (cont'd)

The fair value of the 50,000,000 common shares issued ($17,500,000) was determined based on the share price of the Company on the acquisition date. The consideration was allocated to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The purchase price was allocated as follows:

50,000,000 common shares of the Company	$17,250,000
Fair value of consideration	17,250,000

Allocated to the fair value of net assets acquired (liabilities assumed):

Cash	21,254
Prepaid expenses	13,485
Accounts payable and accrued liabilities	(91,760)
Total net liabilities assumed	(57,021)
Non-Controlling interest	28,482
Unallocated purchase price	$17,278,539

Due to the timing of this acquisition, the purchase price allocation for the Progressus acquisition is provisional. The fair value assigned to the consideration paid and net liabilities acquired is based on the management's best estimate using the information currently available and may be revised by the Company as additional information is received. Therefore, considering the current information, the unallocated purchase price of $17,278,539 has been recorded as a seed research, development and technology expense during the period ended February 28, 2023.

6. DEPOSITS

Included in prepaid expenses are advances of $988,244 (May 31, 2022 - $918,459) on the purchases of various equipment intended for resale.

(Expressed in Canadian Dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fixtures	Equipment	Computer Equipment	Leasehold Improvements	Total
Cost					
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	-	13,214	-	3,875	17,089
Foreign Exchange	1,795	28,227	3,595	5,062	38,679
Balance at February 28, 2023	$ 29,037	$ 408,644	$ 50,914	$ 187,515	$ 676,110
Accumulated Depreciation					
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	3,267	37,455	7,566	20,913	69,201
Foreign Exchange	151	1,252	407	96	1,906
Balance at February 28, 2023	$ 5,891	$ 55,185	$ 13,328	$ 34,511	$ 108,915
Net Book Value					
At May 31, 2022	$ 24,768	$ 350,726	$ 41,964	$ 165,076	$ 582,534
At February 28, 2023	$ 23,146	$ 353,459	$ 37,586	$ 153,004	$ 567,195

8. 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 February 28, 2023	$ 8,707	$ -	$ 8,707

There were no general exploration expenditures for the nine months ended February 28, 2023.

General exploration expenditures for the nine months ended February 28, 2022:

	Whabouchi Property	Total
Geological	$ 53,625	$ 53,625
Balance, for the nine months ended February 28, 2023	$ 53,625	$ 53,625

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

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:

a) Cash payment of $40,000 within seven days of signing of the Agreement (Paid);
b) Incur a minimum of $110,000 in exploration expenditures within the first year from the agreement date (Incurred);
c) 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
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.

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.

(Expressed in Canadian Dollars)

8. 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
	$	9,665,000
Net assets acquired (liabilities)		
Exploration and evaluation assets	$	8,707
Due to related parties		(6,707)
		2,000
Seed research, development and technology expense		9,663,000
	$	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 cost.

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.

Right of use assets		**February 28, 2023**		**May 31, 2022**
Balance, opening	$	1,450,843	$	-
Additions		-		1,674,000
Depreciation		(205,778)		(218,716)
Foreign exchange		75,434		(4,441)
Balance, ending	$	1,320,499	$	1,450,843

(Expressed in Canadian Dollars)

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

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

Lease liabilities	February 28, 2023	May 31, 2022
Balance, opening	$ 1,569,119	$ -
Lease liability addition	-	1,674,000
Prepaid lease payments	-	(24,000)
Lease payments	(294,066)	(235,189)
Interest accretion	142,744	158,388
Foreign exchange	82,393	(4,080)
Balance, ending	$ 1,500,190	$ 1,569,119
Current portion	$ 62,431	$ 205,633
Long Term	1,437,759	1,363,486
Balance, ending	$ 1,500,190	$ 1,569,119

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

Maturity analysis	February 28, 2023	May 31, 2022
Less than one year	$ 110,837	$ 375,326
One to three years	1,224,409	1,168,453
Four to seven years	679,142	633,727
Total undiscounted lease liabilities	2,014,388	2,177,506
Amount representing implicit interest	(514,198)	(608,387)
Lease liabilities	**$ 1,500,190**	**$ 1,569,119**

(Expressed in Canadian Dollars)

10. CONVERTIBLE LOANS

	Liability component	Equity component	Total
Balance, May 31, 2022			
Additions	$ 320,834	$ 29,166	$ 350,000
Accretion expense	3,596	-	3,596
Interest expense	4,315	-	4,315
Balance, February 28, 2023	$ 328,745	$ 29,166	$ 357,911

Pursuant to the share exchange agreement with Progressus (Note 5), on January 6, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $250,000. The note will mature on January 6, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from January 6, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. The fair value of the liability component of the convertible note on inception was estimated at $229,167 based on an estimated 20% market discount rate. The residual value of $20,833 was allocated to the equity component.

Pursuant to the share exchange agreement with Progressus (Note 5), on February 3, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $100,000. The note will mature on February 3, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from February 3, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. The fair value of the liability component of the convertible note on inception was estimated at $91,667 based on an estimated 20% market discount rate. The residual value of $8,333 was allocated to the equity component.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the nine months ended February 28, 2023:

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.

11. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

During the nine months ended February 28, 2023: – (cont'd)

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.

On January 6, 2023, the Company acquired 50.05% of Progressus by issuing 50,000,000 common shares to Progressus for a total fair value of $17,250,000 (Note 5).

During the period ended February 28, 2023, the Company issued 2,000 common shares for total proceeds of $200 pursuant to the exercise share purchase warrants.

During the period ended February 28, 2023, pursuant to the RSU Plan the Company issued 3,651,302 common shares and transferred $1,313,516 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.

(Expressed in Canadian Dollars)

11. 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:

	February 28, 2023	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 February 28, 2023, 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		2.08 years	

(Expressed in Canadian Dollars)

11. SHARE CAPITAL – (cont'd)

(d) Agents Warrants

The changes in warrants were as follows:

	February 28, 2023	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 February 28, 2023, 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		2.58 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. On January 21, 2023, the Company cancelled 200,000 stock options. During the nine months ended February 28, 2023, the Company recorded $39,402 in share-based payments.

11. 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 nine months ended February 28, 2023, the Company recorded $95,364 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 nine months ended February 28, 2023, the Company recorded $59,326 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 nine months ended February 28, 2023, the Company recorded $11,920 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 nine months ended February 28, 2023, the Company recorded $23,047 in share-based payments.

11. 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 option 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 nine months ended February 28, 2023, the Company recorded $2,953 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 nine months ended February 28, 2023, the Company recorded $54,427 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 nine months ended February 28, 2023, the Company recorded $43,793 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 nine months ended February 28, 2023, the Company recorded $26,939 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 nine months ended February 28, 2023, the Company recorded $27,446 in share-based payments.

11. 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 nine months ended February 28, 2023, the Company recorded $6,726 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. On January 21, 2023, the Company cancelled 250,000 stock options. During the nine months ended February 28, 2023, the Company recorded $691,565 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 nine months ended February 28, 2023, the Company recorded $84,982 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 nine months ended February 28, 2023, the Company recorded $32,701 in share-based payments.

(Expressed in Canadian Dollars)

11. 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 nine months ended February 28, 2023, the Company recorded $16,449 in share-based payments.

The changes in stock options were as follows:

	February 28, 2023	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
Cancelled	(450,000)	0.67	-	-
Balance, end of period	11,375,000	$0.77	11,675,000	$0.77

As at February 28, 2023, the Company had 11,375,000 stock options outstanding as follows:

Outstanding	Vested	Exercise Price	Weighted Average remaining Life	Expiry Date
925,000	693,750	$0.90		April 22, 2026
2,200,000	1,900,000	$1.15		April 29, 2026
450,000	393,750	$1.15		May 13, 2026
150,000	112,500	$1.15		May 17, 2026
225,000	187,500	$1.27		May 25, 2026
300,000	225,000	$1.46		June 1, 2026
150,000	112,500	$2.07		June 15, 2026
125,000	93,750	$1.55		June 24, 2026
150,000	112,500	$1.26		July 5, 2026
250,000	250,000	$0.77		July 29, 2026
75,000	56,250	$0.57		November 15, 2026
5,425,000	3,616,848	$0.49		December 10, 2026
500,000	333,336	$0.54		January 21, 2027
300,000	100,000	$0.33		May 1, 2027
150,000	-	$0.35		October 5, 2027
11,375,000	8,187,684		3.66 years	

11. 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 nine months ended February 28, 2023, 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 February 28, 2023, 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 nine months ended February 28, 2023, the Company recognized $42,598 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 nine months ended February 28, 2023, 62,500 common shares were issued and as at February 28, 2023, 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 nine months ended February 28, 2023, 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 nine months ended February 28, 2023, 166,667 common shares were issued and as at February 28, 2023, 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 February 28, 2023, 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 nine months ended February 28, 2023, the Company recognized $186,640 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 nine months ended February 28, 2023, 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 nine months ended February 28, 2023, the Company recognized $259,517 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 February 28, 2023, 1,050,000 RSU are unvested.

(Expressed in Canadian Dollars)

11. 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 nine months ended February 28, 2023, 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. During the nine months ended February 28, 2023, 2,800,000 common shares were issued and as at February 28, 2023, 1,300,000 RSU have vested and have not been issued.

The changes in RSU were as follows:

	February 28, 2023	May 31, 2022
Balance, beginning of period	1,891,667	400,000
Granted	5,772,135	7,441,320
Issued	(3,651,302)	(5,937,153)
Cancelled	(1,050,000)	(12,500)
Balance, end of period	2,962,500	1,891,667

As at February 28, 2023, 1,850,000 RSU were vested but the shares were unissued.

During the nine months ended February 28, 2023, the Company recognized $1,760,902 in share-based payments on RSU vested during the period and have transferred $1,313,516 (May 31, 2022 - $4,945,621) from contributed surplus to share capital upon the issuance of 3,651,302 (May 31, 2022 – 5,937,153) common shares.

Subsequent to February 28, 2023, the Company issued 1,050,000 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 February 28, 2023, 615,000 (May 31, 2022 – 922,500) common shares are in escrow with the next release on April 6, 2023.

12. 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).

(Expressed in Canadian Dollars)

12. LICENSE AGREEMENT – (cont'd)

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 US10,000,000; and
e) the term of the agreement may be extended for perpetuity by the Company for cash payment of US$25,000,000.

13. RELATED PARTY TRANSACTIONS AND BALANCES

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

		For the nine months ended February 28,	
	Relationship	**2023**	**2022**
Consulting fees			
Soumi Holdings Inc.	Rene Bharti, President	$ 180,000	$ 67,500
Ireton Consulting Inc.	Mark Ireton, Former Director	-	-
695809 B.C. Ltd.	Robert Krause, Former Director	-	8,000
Arthur Brown	Former Director	-	7,000
1196016 B.C. Ltd.	Faizaan, Lalani, Former CFO	-	90,000
		180,000	172,500
Wages and benefits			
Gary Benninger	CEO	109,568	114,629
Christopher Lilla	Former CFO	118,700	-
		228,268	114,629
Share-based payments			
Gary Benninger	CEO	761,252	2,075,739
Rene Bharti	President	300,000	-
Luisa Moreno	Director	92,189	31,237
Alia Comai	Director	87,491	17,143
Christopher Lilla	Former CFO	332,701	-
Faizaan Lalani	Former CFO	-	388,030
Arthur Brown	Former Director	-	89,080
Robert Krause	Former Director	-	196,187
		1,573,633	2,797,417
		$ 1,981,901	$ 3,084,546

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

Included in accounts payable and accrued liabilities as at February 28, 2023 was $188,181 (May 31, 2022 – $5,650) in unpaid consulting fees and wages to directors and officers and the former CFO of the Company and to companies controlled by directors or officers of the Company. The amount is unsecured, non-interest bearing and payable on demand.

Due to related parties

Included in due to related parties at February 28, 2023 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 nine months ended February 28, 2023, the Company accrued interest of $2,323.

14. 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 nine months ended February 28, 2023.

15. FINANCIAL INSTRUMENTS AND RISKS

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

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

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

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

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

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 February 28, 2023, the Company had a working deficiency of $1,096,919 (May 31, 2022 working capital – $731,563).

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 February 28, 2023, the Company held cash denominated in US dollars of US$15,429 (May 31, 2022 – US$9,718), accounts payable and accrued liabilities of US$979,797 (May 31, 2022 – US$458,177) and lease liabilities of US$795,407 (May 31, 2022 – US$857,360) translated at US$1 for every $1.36. 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 $240,000.

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, convertible loans and lease liabilities. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their nature.

(Expressed in Canadian Dollars)

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

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).

16. SEGMENTED INFORMATION

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

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

	February 28, 2023	May 31, 2022
Canada	$ 473,815	$ 570,845
United States	1,422,586	1,471,239
Total long term assets	$ 1,896,401	$ 2,042,084

	February 28, 2023	May 31, 2022
Canada	$ 785,081	$ 1,279,888
United States	2,473,851	2,461,099
Total assets	$ 3,258,932	$ 3,740,987

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

	February 28, 2023	May 31, 2022
Canada	$ 1,481,334	$ 666,934
United States	2,415,875	1,663,892
Total liabilities	$ 3,897,209	$ 2,330,826

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION – (cont'd)

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

	February 28, 2023	February 28, 2022
Canada	$ 20,870,615	$ 14,979,482
United States	2,604,081	1,603,140
Net loss for the period	$ 23,474,696	$ 16,582,622

17. SUBSEQUENT EVENTS

Subsequent to February 28, 2023:

Pursuant to the share exchange agreement with Progressus (Note 5), on March 10, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of $150,000. The note will mature on March 10, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from March 10, 2023. An officer of the Company is also an officer of Aberdeen International Inc.

On March 23, 2023, the Company issued a promissory note for proceeds of US$20,000 to a director of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on September 21, 2023.

On March 30, 2023, pursuant to a debt settlement agreement, the Company issued 60,267 common shares to settle debt in the amount of $13,560.