AMMPOWER CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended February 29, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

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

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

The accompanying unaudited condensed interim consolidated financial statements of the Company for the nine months ended February 29, 2024, 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 29, 2024 and May 31, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

		February 29, 2024		**May 31, 2023**
ASSETS				
Current				
Cash	$	14,592	$	58,554
Amounts receivable		54,959		144,420
Prepaid expenses		72,713		156,364
Deposits (Note 6)		815,149		626,663
		957,413		986,001
Property, plant and equipment (Note 7)		513,859		584,731
Right of use asset (Note 9)		1,043,913		1,251,510
Exploration and evaluation assets (Note 8)		-		8,707
		1,557,772		1,844,948
	$	2,515,185	$	2,830,949
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Note 13)	$	3,813,286	$	2,154,022
Due to related parties (Note 13)		461,012		212,348
Deferred revenue (Note 12)		60,600		162,863
Lease liabilities – current (Note 9)		72,242		248,686
Convertible loans (Note 10)		654,740		516,507
		5,061,880		3,294,426
Lease liabilities – long-term (Note 9)		1,194,451		1,196,669
		6,256,331		4,491,095
DEFICIT				
Share capital (Note 11)		51,652,673		51,207,543
Contributed surplus (Note 11)		8,919,826		8,812,340
Accumulated other comprehensive income		4,468		17,040
Accumulated deficit		(64,234,444)		(61,664,580)
Deficit attributable to shareholders		(3,657,477)		(1,627,657)
Non-controlling interest (Note 17)		(83,669)		(32,489)
Total deficit		(3,741,146)		(1,660,146)
	$	2,515,185	$	2,830,949

Going concern (Note 2)
Commitments (Notes 9 and 10)
Subsequent event (Note 11)

APPROVED ON BEHALF OF THE BOARD:

"Alia Comai"	Director	*"Gary Benninger"*	Director
Alia Comai		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 29, 2024 and February 28, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the three months ended		For the nine months ended	
	February 29, 2024	**February 28, 2023**	**February 29, 2024**	**February 28, 2023**
		(Note 19)		(Note 19)
Expenses				
Consulting fees (Note 13)	$ 159,196	$ 145,569	$ 460,962	$ 513,824
Depreciation (Note 7 and 9)	91,582	92,737	275,063	274,979
Insurance	13,439	23,296	58,220	61,010
Interest	56,816	56,149	187,258	153,709
Investor relations	19,488	57,504	60,000	184,554
Office and general	4,055	30,030	18,954	84,072
Professional fees	5,300	38,857	127,311	164,310
Repairs and maintenance	23,249	28,731	69,329	103,169
Research, development and technology expense	-	5,969	115,902	269,420
Share-based payments (Notes 11 and 13)	145,142	392,639	397,486	2,977,941
Transfer agent and filing fees	4,866	4,606	25,921	14,078
Travel and meals	-	12,391	759	34,569
Wages and benefits (Note 13)	334,386	412,389	1,023,597	1,669,682
	857,519	1,300,867	2,820,762	6,505,317
Loss before other items	(857,519)	(1,300,867)	(2,820,762)	(6,505,317)
Other items:				
Gain on sale of exploration and evaluation assets (Note 8)	-	-	51,293	-
Impairment of intangible assets (Note 5)	-	(34,522,554)	-	(34,522,554)
Loss on debt settlement (Notes 11 and 13)	-	-	(37,743)	-
Other income (Notes 9 and 12)	61,972	55,991	186,168	120,962
	61,972	(34,466,563)	199,718	(34,401,592)
Net loss for the period	(795,547)	(35,767,430)	(2,621,044)	(40,906,909)
Other comprehensive (loss) gain				
Gain (loss) on translation of foreign operations	(2,790)	(361)	(12,572)	33,785
Total comprehensive loss for the period	$ (798,337)	$ (35,767,791)	$ (2,633,616)	$ (40,873,124)
Net loss attributable to:				
Shareholders of the Company	$ (793,147)	$ (18,520,080)	$ (2,569,864)	$ (23,659,559)
Non-controlling interest	(2,400)	(17,247,350)	(51,180)	(17,247,350)
Net loss for the period	$ (795,547)	$ (35,767,430)	$ (2,621,044)	$ (40,906,909)
Total comprehensive loss attributable to:				
Shareholders of the Company	$ (795,947)	$ (18,520,099)	$ (2,582,162)	$ (23,625,432)
Non-controlling interest	(2,390)	(17,247,692)	(51,454)	(17,247,692)
Total comprehensive loss for the period	$ (798,337)	$ (35,767,791)	$ (2,633,616)	$ (40,873,124)
Basic and diluted loss per share	$ (0.00)	$ (0.14)	$ (0.02)	$ (0.22)
Weighted average number of common shares outstanding	158,154,682	130,790,057	157,118,394	107,864,228

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

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
For the nine months ended February 29, 2024 and February 28, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive (Loss) income	Accumulated Deficit (Note 19)	Non-controlling Interest	Total Shareholders' Equity (Deficit)
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 for acquisition of Progressus (Note 5)	50,000,000	17,250,000	-	-	-	-	17,250,000
Non-controlling interest Progressus (Notes 5 and 17)	-	-	-	-	-	17,215,534	17,215,534
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 – restricted share units ("RSU")	-	-	1,760,901	-	-	-	1,760,901
Total comprehensive loss for the period	-	-	-	33,785	(23,659,559)	(17,247,350)	(40,873,124)
Balance, February 28, 2023	153,632,279	$ 50,879,284	$ 9,074,797	$ 7,569	$ (60,786,160)	$ (31,816)	$ (856,326)
Balance, May 31, 2023	154,742,546	$ 51,207,543	$ 8,812,340	$ 17,040	$ (61,664,580)	$ (32,489)	$ (1,660,146)
Shares issued per restricted share units	4,650,000	290,000	(290,000)	-	-	-	-
Shares issued for debt settlement	1,723,674	155,130	-	-	-	-	155,130
Exercise of stock options	1,500,000	405,000	(180,000)	-	-	-	225,000
Returned to treasury	(1,500,000)	(405,000)	180,000	-	-	-	(225,000)
Share-based payments – stock options	-	-	33,301	-	-	-	33,301
Share-based payments –RSU	-	-	364,185	-	-	-	364,185
Total comprehensive loss for the period	-	-	-	(12,572)	(2,569,864)	(51,180)	(2,633,616)
Balance, February 29, 2024	161,116,220	$ 51,652,673	$ 8,919,826	$ 4,468	$ (64,234,444)	$ (83,669)	$ (3,741,146)

AMMPOWER CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended February 29, 2024 and February 28, 2023
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the nine months ended February 29, 2024	For the nine months ended February 28, 2023
Operating Activities		(Note 19)
Net loss for the period	$ (2,621,044)	$ (40,906,909)
Items not affecting cash:		
Depreciation	275,063	274,979
Impairment of intangible assets	-	34,522,554
Interest	187,258	153,709
Share-based payments	397,486	2,977,941
Gain on sale of exploration and evaluation assets	(51,293)	-
Loss on debt settlement	37,743	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	89,461	(93,471)
Prepaid expenses and deposit	75,869	(151,841)
Accounts payable and accrued liabilities	1,478,560	1,112,482
Deferred revenue	(102,263)	191,794
Cash used in operating activities	(233,160)	(1,918,762)
Investing Activities		
Equipment purchase	-	(17,089)
Proceeds on sale of exploration and evaluation assets	60,000	-
Cash provided by (used in) investing activities	60,000	(17,089)
Financing Activities		
Due to related parties	362,097	100,000
Shares issued for cash	-	1,274,840
Share issue cost – cash	-	(111,678)
Lease payments and prepayment	(299,098)	(294,066)
Issue of convertible loans	104,153	350,000
Cash acquired from acquisition of Progressus	-	21,254
Cash provided by financing activities	167,152	1,340,350
Effect of foreign exchange on cash and cash equivalents	(37,954)	331
Change in cash during the period	(43,962)	(595,170)
Cash, beginning of period	58,554	626,514
Cash, end of the period	$ 14,592	$ 31,344
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -
Non-cash investing and financing transactions		
Fair value on shares issued for RSU	$ 290,000	$ 1,313,516
Fair value on agent's warrants issued	$ -	$ 34,240
Fair value of shares issued to acquire Progressus	$ -	$ 17,250,000
Shares issued for debt settlement	$ 155,130	$ -

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

1. CORPORATE INFORMATION

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

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with 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 25, 2024.

(b) Basis of Measurement

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

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

2. BASIS OF PREPARATION – (cont'd)

(c) Going Concern

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At February 29, 2024, the Company has not achieved profitable operations, has accumulated losses of $64,234,444 since inception and expects to incur further losses in the development of its business.

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 relations between NATO and Russian Federation regarding the situation in Ukraine, the escalation of war between Israel and Hamas in Gaza and potential economic global challenges such as the risk of the higher inflation and energy crises, may create further uncertainty and risk with respect to the prospects of the Company's business.

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

3. 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, 2023.

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, 2024 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.

Concurrent with the acquisition, the vendors agreed to provide to the Company an aggregate convertible loans of $500,000 for working capital purposes 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 convertible loans bear interest at 10 per cent per annum, mature 12 months from the date of agreement and are 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 year ended May 31, 2023, the Company received a total of $500,000 in convertible loans (Note 10).

At the date of acquisition, the Company determined that 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. The consideration paid is accounted for in accordance with IFRS 2 share-based payments whereby the Company issued shares in exchange for the net assets of Progressus.

(Expressed in Canadian Dollars)

5. ACQUISTION OF PROGRESSUS – (cont'd)

The fair value of the 50,000,000 common shares issued ($17,250,000) 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:

Fair value of consideration	$	17,250,000
Allocated to the fair value of net assets acquired:		
Cash	$	21,254
Prepaid expenses		13,486
Accounts payable and accrued liabilities		(91,760)
Intangible assets		34,522,554
Less: portion allocated to non-controlling interest		(17,215,534)
Total net assets acquired	$	17,250,000

At the time of acquisition, the intangible assets were in an early stage of research and development, with significant uncertainties surrounding its future market demand, sales price and production costs, and as such, on January 6, 2023, the Company recognized an impairment loss of $34,522,554. The recoverable amount of $Nil was determined utilizing a five-year discounted cash flow model ("DCF") using a strategic plan based on management's expectations of market growth, industry reports and trends, and historical costs. These projections are inherently uncertain due to the growth-oriented strategies of the Company and the emerging market. The DCF model included projections surrounding revenue, cost of sales expenses, discount rate and revenue terminal growth rates of 31%. As at January 6, 2023 the discount rate used to calculate the fair value of this investment was 33%, reflecting specific risks and market conditions.

6. DEPOSITS

Deposits are comprised of $815,149 (May 31, 2023 - $626,663) 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, 2022	$ 27,242	$ 367,204	$ 47,318	$ 178,578	$ 620,342
Additions	-	53,546	-	3,897	57,443
Foreign Exchange	1,784	28,720	3,573	5,007	39,084
Balance at May 31, 2023	29,026	449,470	50,891	187,482	716,869
Foreign Exchange	(62)	(1,090)	(123)	(180)	(1,455)
Balance at February 29, 2024	$ 28,964	$ 448,380	$ 50,768	$ 187,302	$ 715,414
Accumulated Depreciation					
Balance at May 31, 2022	$ 2,473	$ 16,478	$ 5,355	$ 13,502	$ 37,808
Depreciation	4,354	50,112	10,084	27,887	92,437
Foreign Exchange	150	1,244	404	95	1,893
Balance at May 31, 2023	6,977	67,834	15,843	41,484	132,138
Depreciation	3,259	37,929	7,545	20,916	69,649
Foreign Exchange	(14)	(165)	(38)	(15)	(232)
Balance at February 29, 2024	$ 10,222	$ 105,598	$ 23,350	$ 62,385	$ 201,555
Net Book Value					
At May 31, 2023	$ 22,048	$ *381,636	$ 35,048	$ 145,999	$ 584,731
At February 29, 2024	$ 18,742	$ *342,782	$ 27,418	$ 124,917	$ 513,859

*As at February 29, 2024, equipment included $41,006 (May 31, 2023 - $41,006) of asset not in use and during the nine months ended February 29, 2024, no depreciation was recorded.

8. EXPLORATION AND EVALUATION ASSETS

	Whabouchi Property
Balance as at May 31, 2023	$ 8,707
Sale of exploration and evaluation assets	(8,707)
Balance, as at February 29, 2024	$ -

There were no general exploration expenditures for the nine months ended February 29, 2024 and February 28, 2023.

(Expressed in Canadian Dollars)

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

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 was 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. A fair value of $8,707 was allocated to the Whabouchi property as part of the purchase price allocation. The Company also issued 960,000 common shares as finders fee which was valued at $912,000.

On July 20, 2023, the Company entered into an asset purchase agreement with Consolidated Lithium Metals Inc.("Consolidated Lithium"), a company with common officers, whereby Consolidated Lithium acquires 100% of the Whabouchi Property. As consideration, Consolidated Lithium will pay $60,000 in cash (received). There is a 1% NSR of which Consolidated Lithium has the option to repurchase at any time for $250,000. During the nine months ended February 29, 2024, the Company recorded a gain of sale of exploration and evaluation assets for $51,293.

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 29, 2024**	**May 31, 2023**
Balance, opening	$ 1,251,510	$ 1,450,843
Depreciation	(205,415)	(274,296)
Foreign exchange	(2,182)	74,963
Balance, ending	$ 1,043,913	$ 1,251,510

On July 26, 2022, the Company entered into a sublease agreement with a company with common officer to sublease an area of two-thirds of the Toronto lease property. On October 14, 2022, the Company amended the sublease agreement to July 26, 2026. During the nine months ended February 29, 2024, the Company recognized a lease income of $45,000 (February 28, 2023 - $40,000) and the sublease is classified as an operating lease.

(Expressed in Canadian Dollars)

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

On October 1, 2022, the Company entered into a sublease agreement to sublease an area of one-third of the Toronto lease property. The sublease is for one year, ending on October 31, 2023. During the nine months ended February 29, 2024, the Company recognized a lease income of $39,818 (February 28, 2023 - $17,696) and the sublease is classified as an operating lease.

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 29, 2024**	**May 31, 2023**
Balance, opening	$ 1,445,355	$ 1,569,119
Lease payments	(299,098)	(392,793)
Interest accretion	122,987	187,151
Foreign exchange	(2,551)	81,878
Balance, ending	$ 1,266,693	$ 1,445,355
Current portion	$ 72,242	$ 248,686
Long Term	1,194,451	1,196,669
Balance, ending	$ 1,266,693	$ 1,445,355

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

Maturity analysis	**February 29, 2024**	**May 31, 2023**
Less than one year	$ 383,207	$ 400,253
One to three years	1,051,874	1,139,821
Four to seven years	177,257	362,844
Total undiscounted lease liabilities	1,612,338	1,902,918
Amount representing implicit interest	(345,645)	(457,563)
Lease liabilities	$ 1,266,693	$ 1,445,355

10. CONVERTIBLE LOANS

	February 29, 2024	**May 31, 2023**
Balance, opening	$ 516,507	$ -
Additions	104,153	500,000
Interest expense	34,080	16,507
Balance, ending	$ 654,740	$ 516,507

10. CONVERTIBLE LOANS – (cont'd)

On January 6, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $250,000. The loan 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. During the nine months ended February 29, 2024, the Company recorded $15,068 in interest expense and as at February 29, 2024, the Company accrued interest payable of $25,000 (February 28, 2023 - $3,630).

On February 3, 2023, the Company entered into a convertible loan agreement with Forbes & Manhattan, Inc. for a principal amount of $100,000. The loan 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. During the nine months ended February 29, 2024, the Company recorded $6,795 in interest expense and as at February 29, 2024, the Company accrued interest payable of $10,000 (February 28, 2023 - $685).

On March 10, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of $150,000. The loan 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. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. During the nine months ended February 29, 2024, the Company recorded $11,260 in interest expense and as at February 29, 2024, the Company accrued interest payable of $14,630 (February 28, 2023 - $Nil). An officer of the Company is also an officer of Aberdeen International Inc.

On October 5, 2023, the Company entered into a convertible loan agreement with Aberdeen International Inc. for a principal amount of US$40,000 (CAD$54,279). The loan will mature on October 4, 2024, and bears interest at a simple rate of 10% per annum. Interest is payable annually in arrears commencing one year from October 5, 2023. At any time prior to the maturity date, the principal amount and the unpaid interest outstanding may be converted at the election of the holder into common shares of the Company at a deemed conversion price equal to the trading price of the Company on the date of conversion. An officer of the Company is also an officer of Aberdeen International Inc.

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

Since the terms of the conversion feature result in a variable number of common shares issued if it is exercised, the convertible loans are classified as a financial liability at amortized cost.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

During the nine months ended February 29, 2024:

On July 26, 2023, pursuant to the exercise of stock options, the Company issued 1,500,000 common shares for total proceeds of $225,000 and transferred $180,000 from contributed surplus. On September 19, 2023, 1,500,000 shares were returned to treasury as the consultant cancelled the marketing agreement with the Company due to conflict of interest, accordingly, the Company reversed the transaction.

On October 24, 2023, the Company issued 1,723,674 common shares to debt settle $117,837 (US$85,000) in debts with the CEO of the Company, resulting in a loss on debt settlement of $37,743.

During the nine months ended February 29, 2024, pursuant to the RSU Plan the Company issued 4,650,000 common shares and transferred $290,000 from contributed surplus.

During the year ended May 31, 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 $62,750 and issued 342,396 finders' warrants. Each agents' 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 $34,240 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 for legal and professional fees related to the financing.

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

On March 30, 2023, the Company issued 60,267 common shares to settle debt of $13,259 resulting in a gain on debt settlement of $301.

During the year ended May 31, 2023, the Company issued 2,000 common shares for total proceeds of $200 pursuant to the exercise share purchase warrants.

During the year ended May 31, 2023, pursuant to the RSU Plan the Company issued 4,701,302 common shares in settlement of the RSU and transferred $1,628,516 from contributed surplus.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL – (cont'd)

(c) Share Purchase Warrants

The changes in warrants were as follows:

	February 29, 2024	Weighted Average Exercise Price	May 31, 2023	Weighted Average Exercise Price
Balance, beginning of period	20,835,114	$0.55	15,395,401	$0.64
Issued	-	-	5,541,913	0.31
Exercised	-	-	(2,000)	0.10
Expired	(2,938,693)	1.00	(100,200)	0.10
Balance, end of period	17,896,421	$0.48	20,835,114	$0.55

As at February 29, 2024, the Company had 17,896,421 share purchase warrants outstanding as follows:

Outstanding	Exercise Price	Weighted average remaining life	Expiry Date
*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
17,896,421		1.38 years	

*Subsequent to February 29, 2024, 5,211,650 share purchase warrants expired unexercised.

(d) Agents Warrants

The changes in warrants were as follows:

	February 29, 2024	Weighted Average Exercise Price	May 31, 2023	Weighted Average Exercise Price
Balance, beginning of period	1,110,413	$0.49	768,017	$0.56
Issued	-	-	342,396	0.31
Expired	(189,560)	1.00	-	-
Balance, end of period	920,853	$0.38	1,110,413	$0.49

(Expressed in Canadian Dollars)

11. SHARE CAPITAL – (cont'd)

(d) Agents Warrants – (cont'd)

As at February 29, 2024, the Company had 920,853 agents' warrants outstanding as follows:

Outstanding	Exercise Price	Weighted average remaining life	Expiry Date
*7,028	$0.60		March 12, 2024
342,396	$0.31		September 26, 2024
571,429	$0.42		February 16, 2027
920,853		2.06 years	

*Subsequent to February 29, 2024, 7,028 agents' warrants expired unexercised.

(e) Share-based compensation

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

Stock Options

On 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 29, 2024, the Company recorded $55 (February 28, 2023 - $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 29, 2024, the Company recorded $619 (February 28, 2023 - $43,793) in share-based payments.

11. SHARE CAPITAL – (cont'd)

(e) Share-based compensation – (cont'd)

Stock Options – (cont'd)

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 29, 2024, the Company recorded $591 (February 28, 2023 - $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 29, 2024, the Company recorded $837 (February 28, 2023 - $27,446) in share-based payments.

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 29, 2024, the Company recorded $1,855 (February 28, 2023 - $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. During the nine months ended February 29, 2024, the Company recorded $6,115 (February 28, 2023 - $691,565) in share-based payments.

11. SHARE CAPITAL – (cont'd)

(e) Share-based compensation – (cont'd)

Stock Options – (cont'd)

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 29, 2024, the Company recorded $3,114 (February 28, 2023 - $84,982) in share-based payments.

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 29, 2024, the Company recorded $9,299 (February 28, 2023 - $16,449) in share-based payments.

On July 1, 2023, the Company granted 100,000 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 $0.165 per share expiring on July 1, 2028. The stock options vest at 50,000 stock options on July 1, 2023 and 50,000 stock options on July 1, 2024. The fair value of the stock options of $13,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.17; Risk-free interest rate of 3.85%; 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 29, 2024, the Company recorded $10,816 (February 28, 2023 - $Nil) in share-based payments.

On July 24, 2023, the Company granted 1,500,000 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 $0.15 per share expiring on July 24, 2028. The 1,500,000 stock options vest on July 24, 2023. The fair value of the stock options of $180,000 was determined using the Black Scholes option valuation model with the following assumptions – Share price on date of grant of $0.16; Risk-free interest rate of 3.85%; 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 September 19, 2023, 1,500,000 stock options were forfeited as the consultant cancelled the agreement with the Company due to conflict of interest and $180,000 is recorded as a recovery in share-based payments.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL – (cont'd)

(e) Share-based compensation – (cont'd)

Stock Options – (cont'd)

The changes in stock options were as follows:

	February 29, 2024	Weighted Average Exercise Price	May 31, 2023	Weighted Average Exercise Price
Balance, beginning of period	10,375,000	$0.77	11,675,000	$0.77
Granted	1,600,000	0.15	150,000	0.35
Forfeited	(1,500,000)	0.15	(1,450,000)	0.67
Balance, end of period	10,475,000	$0.76	10,375,000	$0.77

As at February 29, 2024, the Company had 10,475,000 stock options outstanding as follows:

Outstanding	Vested	Exercise Price	Weighted Average remaining Life	Expiry Date
575,000	575,000	$0.90		April 22, 2026
1,850,000	1,850,000	$1.15		April 29, 2026
450,000	450,000	$1.15		May 13, 2026
150,000	150,000	$1.15		May 17, 2026
225,000	225,000	$1.27		May 25, 2026
300,000	300,000	$1.46		June 1, 2026
150,000	150,000	$2.07		June 15, 2026
125,000	125,000	$1.55		June 24, 2026
150,000	150,000	$1.26		July 5, 2026
250,000	250,000	$0.77		July 29, 2026
75,000	75,000	$0.57		November 15, 2026
5,425,000	5,425,000	$0.49		December 10, 2026
500,000	500,000	$0.54		January 21, 2027
150,000	100,000	$0.35		October 5, 2027
100,000	50,000	$0.165		July 1, 2028
10,475,000	10,375,000		2.58 years	

11. SHARE CAPITAL – (cont'd)

(e) Share-based compensation – (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 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 29, 2024, 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 29, 2024, the Company recognized $3,185 (February 28, 2023 - $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. As at February 29, 2024, 62,500 RSU have vested and the shares are not issued.

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. As at February 29, 2024, 500,000 RSU have vested and have not been issued.

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. The Company recorded a fair value of $1,230,000. During the nine months ended February 29, 2024, 150,000 common shares were issued and as at February 29, 2024, 1,150,000 RSU have vested and have not been issued.

On June 5, 2023, the Company granted 2,000,000 RSU to employees of the Company. The granted RSU shall vest 50% on June 5, 2023 and 50% on June 1, 2024. During the nine months ended February 29, 2024, the Company recognized $244,033 (February 28, 2023 - $Nil) 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 29, 2024, 1,000,000 common shares were issued and as at February 29, 2024, 1,000,000 RSU are unvested.

On July 1, 2023, the Company granted 100,000 RSU to a consultant of the Company. The granted RSU shall vest 50% on November 2, 2023 and 50% on November 2, 2024. During the nine months ended February 29, 2024, the Company recognized $11,967 (February 28, 2023 - $Nil) 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 29, 2024, 2023, 50,000 RSU are unvested and 50,000 RSU have vested and have not been issued.

On February 15, 2024, the Company granted 3,500,000 RSU to a director and consultants of the Company. The granted RSU shall vest at the date of grant. During the nine months ended February 29, 2024, the Company recognized $105,000 (February 28, 2023 - $Nil) 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 29, 2024, 3,500,000 common shares were issued.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL – (cont'd)

(e) Share-based compensation – (cont'd)

Restricted Share Unit Plan – (cont'd)

The changes in RSU were as follows:

	February 29, 2024	May 31, 2023
Balance, beginning of period	1,912,500	1,891,667
Granted	5,600,000	5,772,135
Settled by issuance of shares	(4,650,000)	(4,701,302)
Cancelled	-	(1,050,000)
Balance, end of period	2,862,500	1,912,500

As at February 29, 2024, 1,812,500 RSU were vested but the shares were unissued.

During the nine months ended February 29, 2024, the Company recognized $364,185 (February 28, 2023 - $1,760,901) in share-based payments on RSU vested during the period and have transferred $290,000 (February 28, 2023 - $1,313,516) from contributed surplus to share capital upon the issuance of 4,650,000 (February 28, 2023 – 3,651,302) common shares.

(f) Escrow Shares

Pursuant to an escrow agreement dated September 22, 2020, an aggregate of 2,050,000 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 29, 2024, Nil (May 31, 2023 – 307,500) common shares are in escrow.

12. LICENSE AGREEMENT

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

On April 4, 2023, Blue Ocean was acquired by Vortex Energy Corp. ("Vortex"). As part of the acquisition, Blue Ocean acknowledged the error in not issuing the shares to the Company and in a subsequent agreement agreed to issue 690,000 shares of Vortex between the date of the signed acknowledgment and the initial two-year licensing term. The shares will be issued with various hold periods in various tranches. As of February 29, 2024, the Company has not received the 690,000 shares and therefore, the 690,000 shares have not been included in the transaction price.

(Expressed in Canadian Dollars)

12. LICENSE AGREEMENT – (cont'd)

During the nine months ended February 29, 2024, the Company recognized as other income $101,350 (February 28, 2023 - $63,266). The Company expects to recognize as revenue the remaining performance obligations represented by the deferred revenue balance of $60,600 as at February 29, 2024 (May 31, 2023 - $162,863) in the next six months. 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 Blue Ocean representing 9.99% of the then issued and outstanding common shares of Blue Ocean;
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	
	Relationship	**February 29, 2024**	**February 28, 2023**
Consulting fees			
Soumi Holdings Inc.	Rene Bharti, President	$ 180,000	$ 180,000
Wages and benefits			
Gary Benninger	CEO	161,810	109,568
Christopher Lilla	Former CFO	-	118,700
		161,810	228,268
Share-based payments			
Gary Benninger	CEO	33,241	761,252
Luisa Moreno	Director	1,557	92,189
Alia Comai	Director	1,557	87,491
Rene Bharti	President	-	300,000
Christopher Lilla	Former CFO	-	332,701
		36,355	1,573,633
		$ 378,165	$ 1,981,901

Included in accounts payable and accrued liabilities as at February 29, 2024 was $909,756 (May 31, 2023 – $473,340) in unpaid consulting fees and wages to directors and officers and the former CFO of the Company and to companies controlled by directors or officers of the Company. The amounts are unsecured, non-interest bearing and payable on demand.

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

Due to related parties

Included in due to related parties at February 29, 2024 was $129,627 (May 31, 2023 – $6,707) to a company where the CFO is also an officer of the company, officer of the Company, a Company controlled by the president and a former director of AmTek for advances on working capital. The amount is unsecured, non-interest bearing and payable on demand.

On September 14, 2022, the Company issued a promissory note for proceeds of $100,000 to the president of the Company. The promissory note is unsecured, bears interest at 5% per annum and compounded monthly and is due on January 14, 2024. The promissory note was extended to July 14, 2024. As at February 29, 2024, the Company accrued interest payable of $7,573.

On March 20, 2023, the Company issued a promissory note for proceeds of $6,802 (US$5,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on September 19, 2023. During the nine months ended February 29, 2024, the loan and interest was repaid.

On March 22, 2023, the Company issued a promissory note for proceeds of $27,140 (US$20,000) to the president of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on March 21, 2024.

On May 25, 2023, the Company issued a promissory note for proceeds of $67,850 (US$50,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and was due on July 19, 2023, and can be extended 90 days to October 17, 2023.

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

On September 21, 2023, the Company issued a promissory note for the proceeds of $117,387 (US$85,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on February 20, 2024. During the nine months ended February 29, 2024, the Company and the CEO entered into an agreement to settle the Debt through the issuance of 1,723,674 common shares of the Company, resulting in a loss on debt settlement of $37,743.

On December 19, 2023, the Company issued a promissory note for the proceeds of $30,117 (US$22,194) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on June 17, 2024.

On January 24, 2024, the Company issued a promissory note for the proceeds of $88,205 (US$65,000) to the CEO of the Company. The promissory note is unsecured, bears interest at 8% per annum and compounded monthly and is due on July 23, 2024.

During the nine months ended February 29, 2024, the Company accrued an aggregate interest of $3,955 for the promissory notes.

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 29, 2024.

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.

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), convertible loans (Note 10) and promissory notes (Note 13) have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. As at February 29, 2024, the Company had a working capital deficiency of $4,104,467 (May 31, 2023 working capital deficiency– $2,308,425).

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

Market Risk

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

Interest Rate Risk

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

Foreign Currency Risk

The Company may be exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities and lease liabilities that are denominated in a foreign currency. As at February 29, 2024, the Company held cash denominated in US dollars of US$10,339 (May 31, 2023 – US$42,383), accounts payable and accrued liabilities of US$1,987,665 (May 31, 2023 – US$961,183), convertible note of US$40,000 (May 31, 2023 - $Nil), due to relate parties of US$157,194 (May 31, 2023 – US$75,000) and lease liabilities of US$698,737 (May 31, 2023 – US$772,873) 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 $390,000.

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.

(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).

The Company did not have any financial instruments carried at fair value as at February 29, 2024.

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 29, 2024	May 31, 2023
Canada	$ 335,735	$ 441,472
United States	1,222,037	1,403,476
Total long-term assets	$ 1,557,772	$ 1,844,948

	February 29, 2024	May 31, 2023
Canada	$ 433,683	$ 702,592
United States	2,099,052	2,128,357
Total assets	$ 2,515,185	$ 2,830,949

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

	February 29, 2024	May 31, 2023
Canada	$ 2,343,291	$ 2,030,705
United States	3,913,040	2,460,390
Total liabilities	$ 6,256,331	$ 4,491,095

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION – (cont'd)

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

		February 29, 2024		February 28, 2023
Canada	$	849,342	$	3,780,274
United States		1,771,702		37,126,635
Net loss for the period	$	2,621,044	$	40,906,909

17. NON-CONTROLLING INTERESTS

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

As at February 29, 2024 and May 31, 2023, the non-controlling interest (NCI) consisted of the following:

		February 29, 2024		May 31, 2023
Opening balance	$	(32,489)	$	-
Portion allocated to NCI on acquisition		-		17,215,534
Net loss attributable to NCI		(51,180)		(17,248,023)
Ending balance, NCI	$	(83,669)	$	(32,489)

The following are the summarized statements of financial position of Progressus as at February 29, 2024 and May 31, 2023:

		February 29, 2024		May 31, 2023
Assets	$	1,910	$	25,552
Liabilities		(169,415)		(90,595)
Total net assets (liabilities)		(167,506)		(65,043)
Total net assets (liabilities) allocated to NCI	$	(83,669)	$	(32,489)

(Expressed in Canadian Dollars)

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

The following table summarizes the comprehensive loss incurred by Progressus for the nine months ended February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Loss before other items	$ (102,463)	$ (6,675)
Other items	-	(34,522,554)
Net loss	(102,463)	(34,529,229)
Other comprehensive loss	(548)	(685)
Comprehensive loss	(103,011)	(34,529,914)
Comprehensive loss allocated to NCI	$ (51,454)	$ (17,247,692)

18. CHANGES IN LIABILITIES FROM FINANCING ACITIVITIES

	May 31, 2022	Cash Flows	Non-cash changes		Feb 28, 2023
			Interest accretion/accruals	Foreign exchange movements	
	$	$	$	$	$
Lease liabilities	1,569,119	(294,066)	142,744	82,393	1,500,190
Total	**1,569,119**	**(294,066)**	**142,744**	**82,393**	**1,500,190**

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

19. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to the presentation adopted in the current period.