



AMPD VENTURES INC.

Condensed Consolidated Interim Financial Statements

For the six months ended November 30, 2021

Expressed in Canadian Dollars

AMPD VENTURES INC.

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AMPD VENTURES INC.

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditors.

January 25, 2022

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	November 30, 2021	May 31, 2021
ASSETS			
Cash		\$ 7,002,950	\$ 1,608,342
Receivables	5	94,628	268,300
Inventory		59,651	16,333
Prepays and deposits		137,794	126,680
		7,295,023	2,019,655
Long-term deposits		15,793	15,793
Goodwill	4	768,527	-
Property and equipment	6	979,634	903,623
		\$ 9,058,977	\$ 2,939,071
LIABILITIES			
Trades payable and accrued liabilities	7,12	\$ 720,820	\$ 351,855
Convertible debt	8	368,532	347,174
Lease liability, current	9,14	207,132	230,797
Finance loan, current	14	100,551	123,000
		1,397,035	1,052,826
Lease liabilities, long term	9,14	-	88,759
Finance loan, long term	14	80,174	-
Government loan	10	107,728	51,248
		1,584,937	1,192,833
SHAREHOLDERS' EQUITY			
Share capital	11	18,316,332	11,339,133
Common shares to be issued	11(f)	210,216	-
Reserves	11	3,890,814	3,169,119
Foreign currency translation		(14,079)	(466)
Deficit		(14,929,243)	(12,761,548)
		7,474,040	1,746,238
		\$ 9,058,976	\$ 2,939,071

Nature and continuance of business (Note 1)

Commitments (Note 13)

Subsequent events (Note 19)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

AMPD VENTURES INC.

Condensed Consolidated Interim Statement of Changes in Equity (Expressed in Canadian Dollars)

		Share Capital		Common shares to be issued (Note 11(f))	Reserves	Equity component of convertible notes	Foreign currency translation adjustment	Deficit	Total Shareholders' equity
		Number of Common Shares	Amount						
Balance at May 31, 2020		41,266,340	\$ 8,290,127	\$ -	\$ 2,165,493	\$ 27,963	\$ 5,798	\$ (9,482,355)	\$ 1,007,026
Shares issued for cash	11	850,000	207,541	-	(87,391)	-	-	-	120,150
Share issuance costs	11	-	(200)	-	-	-	-	-	(200)
Shares issued on debt settlement	9,11	1,540,000	178,689	-	113,911	-	-	-	292,600
Share based compensation	11	-	-	-	377,671	-	-	-	377,671
Foreign exchange translation		-	-	-	-	-	1,988	-	1,988
Net loss for the period		-	-	-	-	-	-	(1,406,241)	(1,406,241)
Balance at November 30, 2020		43,656,340	8,676,157	-	2,569,684	27,963	7,786	(10,888,596)	392,994
Shares issued for cash	11	15,308,166	2,550,050	-	-	-	-	-	2,550,050
Share issuance costs	11	-	(73,125)	-	29,712	-	-	-	(43,413)
Exercise of options		250,000	87,540	-	(87,390)	-	-	-	150
Shares issued on debt settlement	9,11	-	98,511	-	60,377	-	-	-	158,888
Share based compensation	11	-	-	-	568,773	-	-	-	568,773
Foreign exchange translation		-	-	-	-	-	(8,252)	-	(8,252)
Net loss for the period		-	-	-	-	-	-	(1,872,952)	(1,872,952)
Balance at May 31, 2021		59,214,506	11,339,133	-	3,141,156	27,963	(466)	(12,761,548)	1,746,238
Exercise of warrants	11	187,500	28,125	210,216	-	-	-	-	238,341
Shares issued for cash	11	23,139,663	6,941,899	-	-	-	-	-	6,941,899
Share issuance costs	11	-	(371,224)	-	175,977	-	-	-	(195,247)
Shares issued for Cloud A Acquisition	4	1,760,001	378,400	-	-	-	-	-	378,400
Share based compensation	11	-	-	-	545,718	-	-	-	545,718
Foreign exchange translation		-	-	-	-	-	(13,613)	-	(13,613)
Net loss for the period		-	-	-	-	-	-	(2,167,697)	(2,167,697)
Balance at November 30, 2021		84,301,670	\$ 18,316,333	\$ 210,216	\$ 3,862,851	\$ 27,963	\$ (14,079)	\$ (14,929,245)	\$ 7,474,039

The accompanying notes form an integral part of these condensed consolidated interim financial statements

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended November 30, 2021 and, 2020
(Expressed in Canadian Dollars)

	Note	Three months ended November 30,		Six months ended November 30,	
		2021	2020	2021	2020
Sales	14,15	\$ 295,867	\$ 248,430	\$ 629,341	\$ 680,644
Cost of Services		93,736	65,870	221,102	224,840
GROSS PROFIT		202,131	182,560	408,239	455,804
Expenses					
Advertising and promotion		20,042	13,101	25,982	45,432
Amortization	6	159,585	157,621	323,475	313,735
Bank charges		3,032	(1,238)	5,954	3,508
Data center costs		131,439	19,661	216,469	56,467
Directors fees		3,000	3,000	6,000	6,000
Dues and subscriptions		2,791	175	15,317	201
Insurance	13	12,251	9,750	25,631	18,701
Office and miscellaneous		34,137	55,833	88,950	106,514
Professional fees		88,610	131,593	157,715	205,447
Regulatory and transfer agent fees		14,074	8,183	22,496	12,499
Salaries and consulting fees		567,650	374,838	1,078,449	678,049
Share based compensation	11	191,855	158,954	545,718	377,671
Travel and entertainment		18,359	247	31,993	7,046
		1,246,825	931,718	2,544,149	1,831,270
NET LOSS BEFORE OTHER ITEMS		(1,044,694)	(749,158)	(2,135,910)	(1,375,466)
Other items					
Foreign exchange loss		(1,450)	(330)	(2,220)	(565)
Interest expense and finance costs	8,9,10, 12,13	(31,283)	(29,148)	(55,782)	(56,392)
Interest and other income		596	(499)	26,215	26,182
		(32,137)	(29,977)	(31,787)	(30,775)
NET LOSS FOR THE PERIOD		(1,076,831)	(779,135)	(2,167,697)	(1,406,241)
Other comprehensive income					
Foreign currency translation adjustment		(13,848)	2,655	(13,613)	1,988
		(13,848)	2,655	(13,613)	1,988
NET AND COMPREHENSIVE LOSS FOR THE PERIOD		\$ (1,090,679)	\$ (776,480)	\$ (2,181,310)	\$ (1,404,253)
Loss per common share					
-basic and diluted		\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding					
-basic and diluted		62,301,549	43,518,977	61,616,192	43,057,427

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

AMPD VENTURES INC.

Condensed Consolidated Interim Statements of Cash Flows
For the six months ended November 30, 2021 and 2020
(Expressed in Canadian Dollars)

	2021	2020
Cash provided by (used in):		
Operating:		
Net loss for the period	(2,167,697) \$	(1,406,241)
Items not involving cash:		
Accrued interest and finance costs	44,999	49,557
Amortization	323,475	313,735
Other income	(10,835)	(9,073)
Stock-based compensation	545,718	377,671
Gain on debt settlement	-	(15,400)
	<u>(1,264,340)</u>	<u>(689,751)</u>
Changes in non-cash operating working capital items:		
Receivables	192,299	224,126
Prepaid expenses and deposits	(11,114)	(5,549)
Inventory	(43,318)	-
Accounts payable and accrued liabilities	355,413	(171,439)
Deferred revenue	-	(39,022)
	<u>(771,060)</u>	<u>(681,635)</u>
Investing		
Acquisition of equipment	(391,660)	(65,441)
Acquisition of Cloud A	(311,247)	-
	<u>(702,907)</u>	<u>(65,441)</u>
Financing		
Net cash received from Cloud A acquisition	45,045	-
Proceeds from issuance of shares, net	6,774,777	119,950
Proceeds from warrant exercise	210,216	-
Subscriptions received	-	90,000
Proceeds from loan financings	162,592	-
Lease payments	(127,493)	(36,320)
Debt repayments	(182,949)	(111,657)
Government loan	-	40,000
	<u>6,882,188</u>	<u>101,973</u>
Effect of foreign exchange on cash flows	(13,613)	1,988
Change in cash during the period	5,394,608	(643,115)
Cash, beginning of period	1,608,342	938,661
Cash, end of period	<u>\$ 7,002,950</u>	<u>\$ 295,546</u>

Supplemental cash flow information (Note 17)

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF BUSINESS

AMPD Ventures Inc. (the "Company") was incorporated under the laws of the Province of British Columbia on June 27, 2018.

The Company's head office and principal address is located at #210-577 Great Northern Way, Vancouver, BC, V5T 1E1. The registered and records office is suite 2900-550 Burrard Street, Vancouver, BC, V6C 0A3.

On October 11, 2019, the Company (formerly E-Gaming Ventures Corp.) ("E-Gaming Ventures") completed a reverse takeover (the "RTO") with AMPD Holdings Corp., ("AMPD"), a private company incorporated under the Canada Business Corporations Act and its wholly owned subsidiary, AMPD Game Technologies US Inc., ("AMPD US"). The Company acquired 100% of the issued and outstanding common shares of AMPD (the "Transaction") resulting in AMPD becoming a wholly-owned subsidiary of the Company.

On June 2, 2021, the Company completed the acquisition of Cloud-A Computing Inc. ("Cloud-A"), a self-service cloud computing company, by acquiring all of the issued and outstanding shares of Cloud-A from Cloud-A shareholders (Note 4).

On June 17, 2021, the Company acquired all of the issued and outstanding shares of AMPD US from AMPD and changed AMPD US's name to AMPD Technologies (US) Inc. In addition, AMPD Holdings Corp. changed its name to AMPD Technologies (Canada) Inc.

On July 13, 2021, the Company incorporated a subsidiary, AMPD Technologies (Europe) Limited ("AMPD Europe"), under the laws of Dublin, Ireland.

The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "AMPD". On November 4, 2019, the Company's common shares were listed on the Frankfurt Exchange trading under the symbol "2Q0". On July 1, 2021, the Company commenced trading on the OTCQB under the symbol "AMPDF".

The Company is a technology company that builds high performance computing and cloud infrastructure to service the needs of companies with low-latency applications, including multiplayer video games and eSports, next-gen digital media production, and big data analysis, collection, and visualization.

These consolidated financial statements have been prepared on the basis of a going concern which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on being able to raise the necessary funding to continue operations, through public equity, debt financings, joint arrangements and other contractual arrangements, or being able to operate profitably in the future. The Company has incurred losses since inception and as at November 30, 2021 has working capital of \$5,897,988 (May 31, 2021 -\$966,829) and an accumulated deficit of \$14,929,245 (May 31, 2021 - \$12,761,548). There is no assurance that additional funding will be available on a timely basis or on terms acceptable to the Company. If the Company is unable to obtain sufficient funding, the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles as a going concern will be in doubt. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities which might be necessary should the Company be unable to continue in existence.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF BUSINESS (cont'd)

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the pandemic's impact on its business, results of operations, financial position and cash flows in the future.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on January 25, 2022 by the directors of the Company.

Statement of compliance

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

These condensed consolidated interim financial statements have been prepared using accounting policies consistent with those used in the Company's May 31, 2021 consolidated audited financial statements. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the Company's May 31, 2021 consolidated audited financial statements.

Basis of preparation and consolidation

These 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.

These consolidated financial statements include accounts of the Company and its wholly-owned subsidiaries, AMPD, AMPD US, AMPD Europe and Cloud-A. Inter-company transactions and balances are eliminated upon consolidation.

Subsidiaries are corporations in which the Company is able to control the financial operating, investing and financing activities and policies, which is the authority usually connected with holding majority voting rights. The consolidated financial statements include the accounts of the Company and its controlled entities from the date on which control was acquired. The subsidiaries use the same reporting period and the same accounting policies as the Company.

All significant inter-company balances and transactions have been eliminated on consolidation.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (cont'd)

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

The preparation of these consolidated financial statements requires management to make judgments regarding going concern of the Company as discussed in Note 1.

3. SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The adoption of the following standards and interpretations, which have been issued but are not yet effective, are not expected to have a material effect on the Company's future results and financial position:

Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). These amendments are effective for reporting periods beginning on or after January 1, 2022.

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.

4. ACQUISITION OF CLOUD-A COMPUTING INC.

Pursuant to a Share Purchase Agreement dated June 2, 2021, the Company acquired Cloud-A from its shareholders by acquiring all of the issued and outstanding shares of Cloud-A (the "Acquisition") for a consideration of 1,760,001 common shares of the Company at a fair value of \$378,400 (the "Purchase Shares"), and the payment of a cash consideration of \$311,247. The Purchase Shares will be subject to contractual resale restrictions for two years from the date of issuance and will be released in instalments every six months following the closing of the Acquisition (Note 11(c)). Further, the Company assumed repayment of a loan between Cloud A and its shareholders of \$88,753, of which \$74,757 has been repaid.

For accounting purposes, the assets acquired were considered to be a business acquisition under IFRS 3 Business Combinations (IFRS 3). As such, the difference between the fair value of consideration paid and the fair value of the Company's identifiable assets and liabilities was recognized as goodwill.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

4. ACQUISITION OF CLOUD-A COMPUTING INC. (cont'd)

The acquisition cost was allocated as follows:

Cash and cash equivalents	\$ 45,045
Receivables	18,627
Equipment	7,826
Payables	(13,552)
Loans	(74,757)
Lease	(2,068)
Government loan – long term	(60,000)
Goodwill	768,527
Total	\$ 689,648

5. RECEIVABLES

	November 30, 2021	May 31, 2021
Trade receivables	\$ 56,338	\$ 210,159
Goods and services tax recoverable	38,290	58,141
	\$ 94,628	\$ 268,300

6. PROPERTY AND EQUIPMENT

	Equipment (Note 13)	Right-of-use (“ROU”) Assets (Note 9, and 13)	Total
Cost			
Balance, May 31, 2020	\$ 1,034,521	\$ 782,660	\$ 1,817,181
Additions	79,723	-	79,723
Balance, May 31, 2021	1,114,244	782,660	1,896,904
Additions	399,485	-	399,485
Balance, November 30, 2021	\$ 1,513,729	\$ 782,660	\$ 2,296,389
Accumulated amortization			
Balance, May 31, 2020	\$ 207,195	\$ 141,520	\$ 348,715
Additions	366,215	278,351	644,566
Balance, May 31, 2021	573,410	419,871	993,281
Additions	191,112	132,363	323,474
Balance, November 30, 2021	\$ 764,522	\$ 552,233	\$ 1,316,755
Balance			
May 31, 2021	\$ 540,834	\$ 362,789	\$ 903,623
November 30, 2021	\$ 749,207	\$ 230,427	\$ 979,634

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

7. TRADE PAYABLES AND ACCRUED LIABILITIES

	November 30, 2021	May 31, 2021
Trade payables (Note 12)	\$ 686,820	\$ 281,855
Accrued liabilities	34,000	70,000
	\$ 720,820	\$ 351,855

8. CONVERTIBLE DEBT AND LOANS PAYABLE

a. Convertible debt

On August 29, 2018, as last amended on May 1, 2019, the Company issued a \$250,000 unsecured convertible promissory note to one of its principal shareholders who is also an officer and director of the Company. The Convertible Debt accrues interest at 12% per annum, compounded monthly in arrears and matures on August 29, 2021. The principal and accrued interest are convertible to common shares of the Company at any time prior to the maturity date, at the holder's discretion, at a conversion price of \$0.70 per common share. As of November 30, 2021, the Company recorded \$118,532 (May 31, 2021 -\$97,174) in accrued interest on the promissory note. Subsequent to November 30, 2021, the Company repaid the convertible promissory note to the holder in full together with interest.

The reconciliation of the carrying amount of the convertible debt is:

	November 30, 2021	May 31, 2021
Balance, beginning of period	\$ 347,174	\$ 306,175
Interest expense at effective interest rate	21,358	40,999
Balance, end of period	\$ 368,532	\$ 347,174

b. Non-revolving credit facility

On October 13, 2017, the Company entered into a \$200,000 non-revolving credit facility agreement (the "Loan"). The Loan was interest bearing at 16% per annum, secured and matured on October 13, 2020. The Loan was repaid during the year ended May 31, 2021.

The reconciliation of the carrying amount of the non-revolving credit facility is:

	November 30, 2021	May 31, 2021
Carrying value, beginning of period	\$ -	\$ 59,220
Net loan repayments	-	(59,220)
Interest expense at effective interest rate	-	6,965
Interest paid	-	(6,965)
Carrying value, end of period	\$ -	\$ -

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

9. LEASE LIABILITIES

The Company incurs lease payments related to its office premises, data centre and server equipment.

	Office	Data Centre	Total
Balance, May 31, 2020	\$ 118,639	\$ 539,433	\$ 658,072
Imputed interest	8,425	37,122	45,547
Payments	(64,220)	(319,843)	(384,063)
Balance, May 31, 2021	62,844	256,712	319,556
Additions	-	2,068	2,068
Imputed interest	2,375	10,624	12,999
Payments	(28,300)	(99,191)	(127,491)
Balance, November 30, 2021	\$ 36,919	\$ 170,213	\$ 207,132
Current portion	\$ 36,919	\$ 170,213	\$ 207,132
Long-term portion	\$ -	\$ -	\$ -

When measuring the present value of lease obligations, the Company has discounted remaining lease payments using its incremental borrowing rate of 10%.

In fiscal 2021, the Company arranged to settle \$308,000 of its lease liabilities for the Data Centre by issuing 1,540,000 units of the Company's equity (Note 11(b)).

10. GOVERNMENT LOAN

On June 1, 2020, the Company received a Canada Emergency Business Account loan (the "CEBA Loan") of \$40,000 which is an interest-free loan to cover operating costs. On December 22, 2020, the Company received an additional loan from the expansion of CEBA loan program (the "CEBA Expansion Loan"). Repaying the balance of the two CEBA loans on or before December 31, 2022 will result in an aggregate loan forgiveness of \$20,000. In connection to the Cloud-A acquisition, the Company acquired an additional CEBA loan of \$60,000 with the same terms of the CEBA Loan and CEBA Expansion Loan.

The CEBA Loan and CEBA Expansion Loan (collectively, the "CEBA Loans") were made available on certain terms and conditions, and in reliance on attestations made by the Company in the underlying respective loan agreements. The funds from the CEBA Loans shall only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

Pursuant to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the benefit of a government loan at below-market rate is treated as a government grant and measured in accordance with IFRS 9 *Financial Instruments*: the benefit of below-market rate shall be measured as the difference between initial carrying value of the loan (being the present value of a similar loan at market rates) and the proceeds received. The Company estimated the initial carrying value of the CEBA Loans at \$96,480, using a discount rate of 10%, which was the estimated rate for a similar loan without interest-free component. To November 30, 2021, the Company recorded \$11,249 in interest expense on the CEBA Loans.

Further, the portion of the forgivable CEBA Loans of \$23,520 was treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan. As such, the government grants were amortized and recognized in the statements of loss and comprehensive loss; the period in which the Company recognized the related expenditures for which the balances were intended to compensate.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended November 30, 2021
(Expressed in Canadian Dollars)

10. GOVERNMENT LOAN (cont'd)

The CEBA Loans were, collectively, an interest-free loan, to the Company until December 31, 2020. On January 1, 2021 and June 30, 2021, the CEBA Loans of \$60,000 and \$60,000, respectively, converted to a 2-year, 0% interest term loan, to be repaid by December 31, 2022. If the Company repays \$40,000 of each CEBA Loan by December 31, 2022, a balance of \$20,000 of each CEBA Loan will be forgiven. If on December 31, 2022, the Company has not repaid the \$40,000 of each CEBA Loan, it may exercise the option for a 3-year term extension and, accordingly, a 5% interest rate will be applied during this extension period on any balance remaining.

	November 30, 2021	May 31, 2021
Balance, beginning of period	\$ 51,248	\$ –
Loan received	60,000	60,000
Interest-free benefit	(10,835)	(12,685)
Finance expense	7,315	3,933
Balance, end of period	\$ 107,728	\$ 51,248

11. SHARE CAPITAL

a. Authorized

Unlimited number of common shares without par value.

b. Issued and outstanding

During the six months ended November 30, 2021, the Company completed the following transactions:

- Issued 1,760,001 common shares at a fair market value of \$378,400 to the shareholders of Cloud-A to acquire 100% of Cloud-A (Note 4).
- Issued an aggregate of 187,500 common shares on the exercise of 187,500 warrants for gross proceeds of \$28,125.
- Recognized share issuance costs of \$700 in connection to the Company's non-brokered private placement completed in May, 2021.
- Completed a non-brokered private placement of 23,139,663 units at a price of \$0.30 per Unit, for gross proceeds of \$6,941,900. Each Unit is comprised of one common share of the Company (each a 'Share') and one common share purchase warrant (each a "Unit Warrant" and, collectively, the "Unit Warrants"), with each Unit Warrant entitling the holder to subscribe for one Share (each a "Warrant Share" and, collectively, the "Warrant Shares") at an exercise price of \$0.50 per Warrant Share for a period of 24 months (Note 11(e)(iii)). The expiry date of the Unit Warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the Unit Warrants, the volume weighted average trading price of the underlying Shares on the CSE (or such other recognized Canadian stock exchange on which the Common Shares are then listed) is or exceeds \$0.80 for a period of ten consecutive trading days.

In connection with the Private Placement, the Company paid certain finders \$189,462 and issued 631,539 finder warrants with an exercise price of \$0.50 per share for a period of two years and recorded a fair value of \$175,977 on the agent's warrants. The Company incurred \$5,085 in other share issuance costs in connection to this private placement.

During the year ended May 31, 2021, the Company completed the following transactions:

- issued 500,000 common shares on the exercise of 500,000 warrants for gross proceeds of \$300. In addition, a reallocation of \$174,781 from reserves to share capital was recorded on the exercise of these options. This amount constitutes the fair value of options recorded at the original grant date.

AMPD VENTURES INC.

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11. SHARE CAPITAL (cont'd).

b. Issued and outstanding (cont'd)

- vi) completed a private placement of 600,000 units at a price of \$0.20 per unit for gross proceeds of \$120,000. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.30 per share for a period of one year. The CEO and director of the Company was the sole subscriber for this private placement. The Company incurred \$200 in share issuance costs in connection to this private placement.
- vii) completed an arrangement through which the Company settled \$308,000 of lease liabilities in exchange for 1,540,000 units (Note 9). Each unit includes one common share and one common share purchase warrant. Each warrant is exercisable at a price of \$0.30 per share for a period of two years. The Company recorded a fair value of \$277,200 on 1,540,000 common shares and \$174,288 on 1,540,000 share purchase warrants. As a result, the Company recorded a loss of \$143,488 in connection to this settlement.
- viii) completed a private placement of 4,735,500 units at a price of \$0.10 per unit for gross proceeds of \$473,550. Each unit includes one common share and one-half share purchase warrant. Each whole warrant is exercisable at a price of \$0.15 per share for a period of one year. Three directors and officers and a former officer of the Company subscribed for an aggregate of 2,745,500 units in this private placement. The Company incurred \$900 in share issuance costs in connection to this private placement.
- ix) completed a non-brokered private placement of 5,666,666 units at a price of \$0.15 per unit for gross proceeds of \$850,000. Each unit includes one common share and one share purchase warrant exercisable at a price of \$0.25 per share for a period of three years. The Company incurred \$700 in share issuance costs in connection to this private placement.
- x) completed a non-brokered private placement totaling 4,906,000 units at a price of \$0.25 per unit for aggregate proceeds of \$1,226,500. Each unit includes one common share and one share purchase warrant exercisable at a price of \$0.40 per warrant for a period of two years. The expiry date of the warrants may be accelerated at the option of the Company if, at any time prior to the expiry of the warrants, the volume weighted average trading price of the underlying common shares on the CSE (or such other recognized Canadian stock exchange on which the common shares are then listed) is or exceeds \$0.75 for a period of ten (10) consecutive trading days. To May 31, 2021 and subsequently, the warrants have not met the criterion for acceleration.

The Company issued 163,200 in agent's warrants at an exercise price of \$0.40 per warrant for a period of two years and recorded a fair value of \$29,712 on the agent's warrants. The Company incurred \$41,813 in share issuance costs in connection to this private placement.

c. Escrow

16,170,456 common shares issued to the principals of the Company under the Transaction are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 10% of the escrowed shares were released from escrow on October 24, 2019 and 15% of the escrowed shares to be released every 6 months over a period of 36 months. As at November 30, 2021, 4,851,149 (May 31, 2021 – 7,276,711) common shares are held within escrow.

Pursuant to the share purchase agreement (Note 4), 1,760,001 common shares issued to the shareholders of Cloud A under the Acquisition are subject to escrow conditions required by applicable securities laws and the CSE requirements. Pursuant to the terms of the escrow agreements, 25% of the escrowed shares shall be released every 6 months from June 2, 2021 over a period of 24 months. As at November 30, 2021, 1,760,001 (May 31, 2021 – Nil) common shares were held within escrow.

AMPD VENTURES INC.

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11. SHARE CAPITAL (cont'd)

d. Reserve

Share-based compensation

The reserve records the fair value recognized on stock options granted and on the share purchase warrants issued in connection to the private placement until such time that the stock options or share purchase warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Conversion rights of debt

This reserve records the equity component of debt which has both a liability and equity component. On conversion, the amount recorded is transferred to share capital. On redemption or settlement, the amount is transferred to deficit.

e. Stock options and share purchase warrants

The Company adopted a 10% rolling share option plan (the "Plan") that enables management to grant options to directors, officers, employees and other service providers. The Company follows the CSE policies where the number of common shares which may be issued pursuant to options granted under the Plan may not exceed 10% of the issued and outstanding shares of the Company from time to time at the date of granting of options. Each option agreement with the grantee sets forth, among other things, the number of options granted, the exercise price, expiry date, and the vesting conditions of the options as determined by the Board of Directors.

During the six months ended November 30, 2021, the Company carried out the following stock options and share purchase warrant transactions:

- i) granted an aggregate of 500,000 stock options at an exercise price of \$0.34 per share to certain employees and consultants of the Company. 300,000 of the options expire on September 15, 2023 and 200,000 of the options expire on September 15, 2026. The fair value of the options at grant date was \$84,260. During the period, the Company recorded \$84,260 in share-based compensation on the vested portion of the options.
- ii) granted an aggregate of 350,000 stock options at an exercise price of \$0.48 per share to certain employees and consultants of the Company. 250,000 of the options expire on November 29, 2023 and 100,000 of the options expire on November 29, 2026. The fair value of the options at grant date was \$62,071. During the period, the Company recorded \$62,071 in share-based compensation on the vested portion of the options.
- iii) issued 23,139,663 share purchase warrants and 631,539 agent's warrants at an exercise price of \$0.50 per share expiring November 25, 2023 in connection to a private placement (Note 11(b)(iv)).
- iv) exercised an aggregate of 1,022,404 warrants at an exercise price between \$0.15 and \$0.35 per share for an aggregate of 1,022,404 common shares. Of this amount, 834,904 common shares were issued subsequent to November 30, 2021 (Note 11(b) and (f)).

During the year ended May 31, 2021, the Company carried out the following stock options and share purchase warrant transactions:

- v) granted 2,550,000 incentive stock options to directors, employees and an advisor at an exercise price of \$0.19 per share expiring June 23, 2025. The fair value of the options at grant date was \$432,843. During the year, the Company recorded \$300,783 in share-based compensation on the vested portion of the options.

AMPD VENTURES INC.

Notes to the Condensed Consolidated Interim Financial Statements

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11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

- vi) recorded \$72,133 in share-based compensation on previously issued stock options which vested during the year and the forfeiture of 700,000 stock options at an exercise price of \$0.35 per share and 400,000 stock options at an exercise price of \$0.50, which were previously issued.
- vii) issued 300,000 share purchase warrants at an exercise price of \$0.30 per share expiring June 15, 2021 in connection to a private placement (Note 11(b)).
- viii) issued 1,540,000 share purchase warrants at an exercise price of \$0.30 per share expiring June 15, 2022 in connection to a debt settlement (Note 11(b)).
- ix) issued 2,367,750 share purchase warrants at an exercise price of \$0.15 per share expiring December 14, 2021 (Note 11(b)).
- x) issued 500,000 common shares on the exercise of 500,000 warrants for total gross proceeds of \$300. The Company reallocated \$174,781 in share-based compensation to share capital on the exercise of these warrants (Note 11(b)).
- xi) issued 5,666,666 share purchase warrants at an exercise price of \$0.25 per share expiring March 9, 2024 (Note 11(b)).
- xii) issued an aggregate of 4,906,000 share purchase warrants and 163,200 agent's warrants at an exercise price of \$0.40 expiring between April 29, 2023 and May 1, 2023 (Note 11(b)).
- xiii) granted an aggregate of 2,100,000 stock options at an exercise price of \$0.25 per share to certain officers, employees and consultants of the Company. 1,500,000 of the options expire on March 10, 2024 and 600,000 of the options expire on March 10, 2026. The fair value of the options at grant date was \$503,571. During the year, the Company recorded \$486,249 in share-based compensation on the vested portion of the options.
- xiv) granted an aggregate of 250,000 stock options at an exercise price of \$0.25 per share to two consultants of the Company expiring March 22, 2024. The fair value of the options at grant date was \$65,728. During the year, the Company recorded \$65,728 in share-based compensation on the vested portion of the options.
- xv) granted an aggregate of 275,000 stock options at an exercise price of \$0.25 per share to certain employees and consultants of the Company. 75,000 of the options expire on May 14, 2024 and 200,000 of the options expire on May 14, 2026. The fair value of the options at grant date was \$60,689. During the year, the Company recorded \$21,551 in share-based compensation on the vested portion of the options.

The Company applies the fair value method in accounting for its stock options and warrants using the Black-Scholes Option Pricing Model using the following estimates:

	Stock options		Warrants	
	November 30, 2021	May 31, 2021	November 30, 2021	May 31, 2021
Risk free rate	0.80%	0.49%	1.07%	0.26%
Expected dividend yield	0%	0%	0%	0%
Expected stock price volatility	160.44%	167.41%	160.78%	153.25%
Weighted average expected life	3.06 years	4.29 years	2 years	2.00 years
Weighted average fair value	\$0.31	\$0.21	\$0.28	\$0.12

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11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

Stock options and share purchase warrant transactions are summarized as follows:

	Stock Options		Warrants	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, May 31, 2020	1,600,000	\$ 0.41	7,755,595	\$ 0.17
Forfeited	(1,250,000)	0.39	-	-
Expired	-	-	(2,313,349)	0.48
Exercised	-	-	(500,000)	0.0006
Granted	5,175,000	0.22	14,943,616	0.29
Outstanding, May 31, 2021	5,525,000	0.24	19,885,862	0.23
Exercised	-	-	(187,500)	0.15
Expired	-	-	(300,000)	0.30
Granted	850,000	0.40	23,771,202	0.50
Outstanding, November 30, 2021	6,375,000	\$ 0.26	43,169,564	\$ 0.38
Number currently exercisable	4,320,833	\$ 0.26	18,398,362	\$ 0.24

As at November 30, 2021, the following stock options and share purchase warrants were outstanding:

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Stock options	March 10, 2024	1,500,000	\$ 0.25	2.28 years
	March 22, 2024	250,000	\$ 0.25	2.31 years
	May 14, 2024	75,000	\$ 0.25	2.45 years
	October 25, 2024	300,000	\$ 0.50	2.90 years
	March 4, 2025	100,000	\$ 0.22	3.26 years
	June 23, 2025	2,500,000	\$ 0.19	3.56 years
	March 10, 2026	600,000	\$ 0.25	4.28 years
	May 14, 2026	200,000	\$ 0.25	4.45 years
	September 15, 2023	300,000	\$ 0.34	1.79 years
	September 15, 2026	200,000	\$ 0.34	4.79 years
	November 29, 2023	250,000	\$ 0.48	2.00 years
	November 29, 2026	100,000	\$ 0.48	5.00 years
		6,375,000	\$ 0.24	3.17 years

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11. SHARE CAPITAL (cont'd)

e. Stock options and share purchase warrants (cont'd)

	Expiry Date	Number of Shares	Weighted Average Exercise Price	Weighted Average Period
Warrants	December 1, 2021	424,904	\$ 0.35	0.00 years
	December 14, 2021	2,180,250	\$ 0.15	0.04 years
	June 2, 2022	500,000	\$ 0.0006	0.50 years
	June 15, 2022	1,540,000	\$ 0.30	0.54 years
	April 29, 2023	4,940,800	\$ 0.40	1.41 years
	May 1, 2023	128,400	\$ 0.40	1.42 years
	November 29, 2023	23,771,202	\$ 0.50	1.99 years
	March 9, 2024	5,666,666	\$ 0.25	2.27 years
	June 2, 2024	4,000,000	\$ 0.0006	2.51 years
		43,152,222	\$ 0.38	1.82 years

f. Common shares to be issued

During the period ended November 30, 2021, the Company received an aggregate of \$210,216 from warrant holders to exercise a total of 834,904 warrants at an exercise price between \$0.15 and \$0.35 per share. On December 2, 2021, 834,904 common shares were issued for these warrant exercises (Note 11(e)(iv)).

12. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers. During the six months ended November 30, 2021 and 2020, the remuneration of the key management personnel were as follows:

November 30	2021	2020
Chief Executive Officer	\$ 58,154	\$ 57,231
Chief Financial Officer	19,000	39,050
Chief Strategy Officer	73,333	98,077
Chief Technology Officer	54,077	60,000
Former Vice President of Client Services	-	55,371
Vice President of Operations	53,154	60,000
Director Fees	6,000	6,000
Total	\$ 263,718	\$ 375,729

Other related party transactions and balances

The Company recognized an aggregate of \$326,499 (November 30, 2020 - \$231,152) in share-based compensation on the vested portion of stock options and performance-based warrants granted to directors and officers of the Company.

Convertible debt of \$250,000 and interest earned of \$118,532 (May 31, 2021 – debt of \$250,000 and interest of \$97,174) is owed to the CEO at November 30, 2021 (Note 8(a)). The convertible debt was subsequently repaid in full to the CEO in December 2021.

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12. RELATED PARTY TRANSACTIONS (cont'd)

During the period ended November 30, 2021, the Company paid or accrued \$6,000 in director's fees (November 30, 2020 - \$6,000) to a director of the Company. As at November 30, 2021, \$2,000 (May 31, 2021 - \$2,000) was included in trade payables and accrued liabilities in director fees owed to a director of the Company.

As at November 30, 2021, \$8,191 (May 31, 2021 - \$Nil) was included in trade payables and accrued liabilities for reimbursement of business development expenses owed to a company controlled by the CSO of the Company. This amount was repaid subsequent to the period end.

The CSO of the Company was one of the Vendors in the Departure Lounge Acquisition. In conducting their review and approval process with respect to the Acquisition, disinterested directors of the Company approved the Acquisition, which is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as, among other things, the fair market value of the Purchase Shares does not exceed 25% of the Company's market capitalization.

13. COMMITMENTS

Finance loans

- a. Equipment finance agreement dated December 2, 2019 for server equipment for a period of 2 years commencing January 1, 2020 and expiring December 31, 2021, in exchange for \$13,864 per month plus applicable taxes.
- b. Insurance premium financing agreement dated October 2, 2020 for the Company's directors' and officers' liability insurance for a period of nine months commencing October 21, 2020, in exchange for a down payment of \$8,663 and \$2,282 per month. The Company renewed its directors' and officers' liability insurance and entered into a financing agreement dated October 20, 2021 for a period of nine months commencing October 21, 2021, in exchange for a down payment of \$7,613 and \$2,556 per month.
- c. Insurance premium financing arrangement dated October 8, 2020 for general liability and information technology insurance for a period of one year commencing November 29, 2020, in exchange for \$740 per month.
- d. Insurance premium financing arrangement dated November 26, 2020 for commercial property insurance for a period of one year commencing January 2, 2021, in exchange for \$936 per month.
- e. Equipment finance agreement, originally dated May 28, 2021 for various datacenter equipment not to exceed \$461,287, for a period of three years, with payments commencing November 1, 2021 and expiring October 1, 2024. Payments are currently estimated as \$11,159 per month.

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13. COMMITMENTS (cont'd)

The summary of finance loans is:

	Server	Insurance	Total
Balance, May 31, 2020	\$ 307,755	\$ -	\$ 307,755
Proceeds	-	47,868	47,868
Imputed interest	14,133	1,061	15,194
Payments and other	(213,325)	(34,492)	(247,817)
Balance, May 31, 2021	108,563	14,437	123,000
Proceeds	140,542	29,663	170,205
Imputed interest	5,382	529	5,911
Payments and other	(94,342)	(24,049)	(118,391)
Balance, November 30, 2021	\$ 160,145	\$ 20,580	\$ 180,725
Current portion	\$ 79,971	\$ 20,580	\$ 100,551
Long-term portion	\$ 80,174	\$ -	\$ 80,174

Lease agreements

- Office sublease dated July 12, 2019 for a portion of the office premises for a period of three years commencing August 1, 2019 and expiring July 31, 2022, in exchange for \$7,450 per month plus applicable taxes for the first two years and base rent of \$4,750 per month plus Landlord's projected operating costs and applicable taxes for the final year. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.
- Data Centre lease dated June 1, 2019 for a portion of the premises for a period of three years commencing November 1, 2019 and expiring October 31, 2022 in exchange for \$23,185 per month plus applicable taxes. The monthly rent includes base rent, operating costs, and capital cost recoveries. The lease agreement includes an option to renew for an additional 3 year term at the end of its initial term.
- Equipment lease dated May 8, 2018 for data centre equipment for a period of 42 months commencing May 8, 2018 expiring November 8, 2021 in exchange for \$625 per month plus applicable taxes. This lease was assumed by the Company in connection to the Cloud A acquisition. The lease agreement includes a purchase option price of \$1 at the end of the term.

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14. SALES AND RELIANCE ON MAJOR CUSTOMERS

The Company's sales by category are:

Six months ended November 30,	2021	2020
Sales for the period		
Hardware sales and installation	\$ 137,469	\$ 88,243
Software licensing fees	386	47,671
Platform fees	471,187	519,013
Support and maintenance	-	2,331
Rental fees	12,504	20,172
Consulting services	7,563	-
Other	232	3,214
	<u>\$ 629,341</u>	<u>\$ 680,644</u>

During the period ended November 30, 2021, sales to two of the Company's customers amounted to 49%, and 15%, respectively, for a combined total of 64% of sales. For the period ended November 30, 2020, sales to three of the Company's customers amounted to 34%, 14%, and 11%, respectively, for a combined total of 59% of sales.

The digital media and computer technology industry is highly competitive and there is no guarantee that the Company could easily replace these customers should it cease selling products and services to them.

15. SEGMENTED INFORMATION

The Company operates in one industry segments in both Canada and the United States of America. The Company's assets are solely located in Canada. During the six months ended November 30, 2021 and 2020, all sales occurred in Canada.

16. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash transactions during the six months ended November 30, 2021 include:

- i. The Company issued 1,760,001 common shares at a fair value of \$378,400 for the acquisition of Cloud-A (Note 4) and is included in goodwill.
- ii. The Company recorded a fair value of \$175,977 on 631,539 agents warrants issued in connection to the Company's private placement of 23,139,663 units for gross proceeds of \$6,941,899 (Note 11(b)).

Non-cash transactions during the six months ended November 30, 2020 include:

- i. The Company issued common shares units at a fair value of \$292,600 for a debt settlement on a lease (Note 11) and recorded a corresponding payment against its lease liability of \$308,000.
- ii. The Company reallocated a fair value of \$87,391 from reserves to share capital on the exercise of 250,000 stock options.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, trade payables, convertible debt, loan payable and finance loan. These financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk and other market risk.

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17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash is held through large Canadian financial institutions. The Company considers credit risk on its cash to be minimal.

The Company's receivables consists of Goods and Services Tax due from the Federal Government of Canada and amounts receivable from customers. The Company's maximum exposure to credit risk as at November 30, 2021 is \$56,339 (May 31, 2021 - \$210,159), representing trade receivables.

For amounts due from customers, the Company performs ongoing credit evaluations of its customers and monitors the receivable balance and the payments made in order to determine if an allowance for estimated credit losses is required.

When determining the allowance for estimated credit losses the Company will consider historical experience with the customer, current market and industry conditions and any specific collection issues. As at November 30, 2021 and 2020, the Company did not have any material overdue accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash balances to ensure that it is able to meet its short term and long term obligations as and when they fall due. Trades payable and accrued liabilities are due within the current operating period. The Company manages liquidity risk through the management of its capital structure as described in Note 18.

As at November 30, 2021, the Company had a working capital of \$5,897,988 (May 31, 2021 – \$966,829).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk from its secured loans and convertible debentures. The Company's interest rates on these loans are fixed and the sensitivity of the Company's loss before tax to a reasonably possible change in market interest rates is considered minimal.

Other Market Risk

Other market risk that the Company is exposed to includes currency risk. Currency risk is the risk of loss due to fluctuation of foreign exchange rates and the effects of these fluctuations on foreign currency denominated monetary assets and liabilities. The Company is not exposed to significant currency risk as the parent entity and subsidiaries primarily transact in their functional currencies.

Price risk

The Company is not exposed to price risk.

18. CAPITAL MANAGEMENT

The Company's capital management objectives are to safeguard the Company's ability to continue as a going concern in order to continue its technology services to its customers. The Company's capital is composed of its shareholders' equity, convertible debt and loan payable.

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18. CAPITAL MANAGEMENT (cont'd)

The Company manages and adjusts its capital structure whenever changes to the risk characteristics of the underlying assets or changes in economic conditions occur. To maintain or adjust the capital structure, the Company may issue new shares or acquire, dispose of or jointly operate certain of its assets. In order to facilitate the management of its capital requirements, the Company actively monitors its liquidity and short and long-term funding requirements. There was no change to the Company's approach to capital management during the period.

19. SUBSEQUENT EVENTS

Subsequent to November 30, 2021:

- a) The Company issued an aggregate of 3,005,154 common share from the exercise of 3,005,154 warrants at an exercise price between \$0.0006 and \$0.40 for total gross proceeds of \$535,904. \$210,216 of the proceeds were received in November 2021 (Note 11(f)).
- b) On December 16, 2021, the Company completed the Share Purchase Agreement with Departure Lounge Inc. ("Departure Lounge") and its shareholders to acquire all of the issued and outstanding shares of Departure Lounge (the "Acquisition").

Departure Lounge is a Vancouver, BC-based company pursuing various technology and content initiatives related to the development of the Metaverse. The Acquisition is expected to enable AMPD to build upon its robust high-performance cloud and compute platform to expand its business across a range of Metaverse focused initiatives. The Company has a wholly owned operating subsidiary, 1310675 B.C. Ltd.

The purchase price for the Acquisition was \$1,079,458 (the "Initial Purchase Consideration"). The Initial Purchase Consideration was satisfied through the issuance of 3,598,195 common shares in the capital of AMPD issued at a deemed price of \$0.30 per share (the "Purchase Shares"). 50% of the Purchase Shares are subject to contractual resale restrictions for two years from the date of issuance and will be released in four equal instalments every six months following the closing of the Acquisition. The Parties also established a performance-based profit-sharing plan as part of the Acquisition.

The Company will fund the ongoing operations of Departure Lounge with \$2.5Million of the proceeds received from the private placement completed in November 2021.

The Acquisition may be considered to have constituted a "related party transaction" as defined in MI61-101 which has been incorporated by the policies of the CSE as Mr. James Hursthouse is the current CSO of the Company and one of the Vendors in the Acquisition. In conducting their review and approval process with respect to the Acquisition, disinterested directors of the Company approved the Acquisition, which is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as, among other things, the fair market value of the Purchase Shares does not exceed 25% of the Company's market capitalization. As part of the Acquisition, the Parties established a performance-based profit sharing plan. Mr. Hursthouse was also appointed to the board of AMPD Ventures Inc. at the closing of the Acquisition.

- c) On December 23, 2021, the Company granted 425,000 incentive stock options to certain employees, officers, directors or consultants at an exercise price of \$0.45 per share expiring between December 22, 2024 and December 22, 2026.
- d) On January 18, 2022, the Company granted 625,000 incentive stock options to certain employees and an officer of the Company at an exercise price of \$0.36 per share expiring between January 18, 2025 and January 18, 2027.