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HYDROGRAPH CLEAN POWER INC.  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2024 and 2023

(Expressed in United States Dollars)

(Unaudited)

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## **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 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 have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**HYDROGRAPH CLEAN POWER INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024 AND SEPTEMBER 30, 2024**  
(Expressed in United States dollars)  
(Unaudited)

	Note	December 31, 2024 \$	September 30, 2024 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash		2,302,059	780,966
Prepays		70,544	37,604
Accounts receivable		10,000	-
Tax receivable		94,051	89,060
		2,476,654	907,630
<b>NON-CURRENT ASSETS</b>			
Technology and development costs	3	3,178,078	3,178,078
Right-of-use asset	5	152,915	167,713
Fixed assets	4	1,112,130	1,150,287
		4,443,123	4,496,078
<b>TOTAL ASSETS</b>		<b>6,919,777</b>	<b>5,403,708</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	6	362,128	440,130
Lease liability	5	61,870	61,870
		423,998	502,000
<b>NON-CURRENT LIABILITIES</b>			
Other liabilities	6	96,000	102,000
Lease liability	5	112,064	127,073
		208,064	229,073
<b>TOTAL LIABILITIES</b>		<b>632,062</b>	<b>731,073</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	17,005,936	15,176,345
Reserves	7	5,857,592	4,918,958
Accumulated other comprehensive loss		(300,891)	(242,914)
Deficit		(16,274,922)	(15,179,754)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>6,287,715</b>	<b>4,672,635</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>6,919,777</b>	<b>5,403,708</b>

Nature and continuance of operations	1
Commitments	8
Subsequent events	7, 11

Approved on Behalf of the Board of Directors

"David Williams"  
David Williams, Director

"Kjirstin Breure"  
Kjirstin Breure, CEO, President, Director

**HYDROGRAPH CLEAN POWER INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in United States dollars)  
(Unaudited)

	Note	2024 \$	2023 \$
Sales		316	3,270
Cost of sales		(1,972)	(3,805)
Gross Profit		(1,656)	(535)
Expenses			
Depreciation	4, 5	72,591	71,450
Exchange and filing fees		6,356	24,907
Insurance		2,853	3,560
Lease accretion	5	3,679	4,829
License maintenance fees		67,933	53,095
Office and miscellaneous		54,514	60,789
Professional fees		137,994	184,848
Rent and occupancy		6,534	2,653
Research		16,412	26,901
Salaries	6	429,766	417,801
Stock-based compensation	6, 7	209,153	76,502
Travel and promotion		80,734	52,408
Total Expenses		1,088,519	979,743
Loss before other items		(1,090,175)	(980,278)
Foreign exchange loss		(10,585)	(262,639)
Other income		5,592	11,182
Net loss		(1,095,168)	(1,231,735)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Foreign exchange translation adjustment		(57,977)	283,657
Comprehensive loss		(1,153,145)	(948,078)
Net loss per share, basic and diluted		(0.00)	(0.01)
Weighted average common shares outstanding		235,706,369	175,661,212

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

**HYDROGRAPH CLEAN POWER INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023**  
**(Expressed in United States dollars)**  
**(Unaudited)**

	Note	Shares Issued #	Share Capital \$	Reserves \$	Accumulated Other Comprehensive Loss \$	Accumulated Deficit \$	Total \$
Balance, September 30, 2023		174,775,224	11,600,057	3,394,318	(276,884)	(9,847,768)	4,869,723
Private placement		10,260,856	614,591	153,971	-	-	768,562
Shares issued on exercise of warrants		1,492,750	55,629	-	-	-	55,629
Stock-based compensation		-	-	76,502	-	-	76,502
Net loss and comprehensive loss		-	-	-	283,657	(1,231,735)	(948,078)
Balance, December 31, 2023		186,528,830	12,270,277	3,624,791	6,773	(11,079,503)	4,822,338
Balance, September 30, 2024		230,810,374	15,176,345	4,918,958	(242,914)	(15,179,754)	4,672,635
Private placement	7	23,960,003	2,033,669	668,252	-	-	2,701,921
Share issue costs	7	-	(206,168)	62,103	-	-	(144,065)
Shares issued for warrant exercise	7	10,937	2,090	(874)	-	-	1,216
Stock-based compensation	7	-	-	209,153	-	-	209,153
Net loss and comprehensive loss		-	-	-	(57,977)	(1,095,168)	(1,153,145)
Balance, December 31, 2024		254,781,314	17,005,936	5,857,592	(300,891)	(16,274,922)	6,287,715

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

**HYDROGRAPH CLEAN POWER INC.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023**  
**(Expressed in United States dollars)**  
**(Unaudited)**

	2024	2023
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss	(1,095,168)	(1,231,735)
Add back non-cash items:		
Depreciation	72,591	71,450
Lease accretion	3,679	4,828
Stock-based compensation	209,153	76,502
Unrealized foreign exchange loss	(2,239)	283,657
Changes in non-cash working capital balances:		
Term deposit	-	(509)
Prepays	(32,940)	-
Inventory	-	(1,345)
Accounts receivable	(10,000)	-
Tax receivable	(4,991)	(374)
Deposits	-	(10)
Accounts payable and accrued liabilities	(78,002)	(57,024)
Other liabilities	(6,000)	-
Cash used in operating activities	(943,917)	(854,560)
INVESTING ACTIVITIES		
Acquisition of fixed assets	(19,636)	(23,372)
Cash used in investing activities	(19,636)	(23,372)
FINANCING ACTIVITIES		
Shares issued for cash, net	2,557,856	673,471
Shares issued on warrant exercise	1,216	-
Repayments of lease liability	(18,688)	(18,688)
Cash provided by financing activities	2,540,384	654,783
Foreign currency translation differences on cash	(55,738)	-
Increase (decrease) in cash	1,521,093	(223,149)
Cash, beginning	780,966	452,469
Cash, ending	2,302,059	229,320
Supplemental cash flow information:		
Cash received for interest	5,592	11,182
Transfer of value from reserves on exercise of warrants	874	-
Issue costs - warrants	62,103	-

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

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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023  
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(Unaudited)**

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

HydroGraph Clean Power Inc. (the "Company") was incorporated under the Laws of the Province of British Columbia on June 26, 2017. The address of the Company's corporate office and its principal place of business is 1100 – 1199 West Hastings Street, Vancouver, BC, Canada.

The Company's principal business activity is the acquisition and development of graphene and hydrogen related products and services. The Company is listed on the Canadian Stock Exchange (the "CSE") under the ticker symbol HG.

The Company has never generated profit or positive cash flows from operations. For the three months ended December 31, 2024, the Company reported a net loss of \$1,095,168 (2023 – \$1,231,735) negative cash flow from operating activities of \$943,917 (2023 – \$854,560), and an accumulated deficit of \$16,274,922 (September 30, 2024 – \$15,179,754). These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its development and operating costs.

These condensed interim consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim consolidated financial statements.

**2. BASIS OF PRESENTATION****a) Basis of presentation and statement of compliance**

These consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended September 30, 2024, which have been prepared in accordance with IFRS as issued by the IASB.

In the preparation of these condensed interim consolidated financial statements, the Company has used the same accounting policies and methods of computation as in the annual consolidated financial statements for the year ended September 30, 2024, except as noted below. The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on February 26, 2025.

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

Determination of functional currency involves certain judgments to determine the primary economic environments in which the entities operate. Management reconsiders the functional currency of our entities if there are changes in events and conditions.

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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023****(Expressed in United States Dollars unless otherwise stated)****(Unaudited)**

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## b) Basis of consolidation

Transactions of the Company's individual entities are recorded in their own functional currency based. The functional currency and location of each entity is as follows:

<b>Entity</b>	<b>Location</b>	<b>Functional Currency</b>
HydroGraph Clean Power Inc.	Canada	Canadian dollars
HydroGraph USA, Inc.	United States	United States dollars
HydroGraph UK Ltd.	United Kingdom	Pound Sterling
Carbon-2D Graphene Corp. (dormant)	Canada	Canadian dollars
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	Canadian dollars

These consolidated financial statements are presented in United States dollars.

The consolidated financial statements include the accounts of the Company and the entities controlled by the Company (its subsidiaries). The results of each subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

Details of the subsidiaries are as follows:

	<b>Incorporated in</b>	<b>Percentage owned</b>	
		<b>December 31, 2024</b>	<b>September 30, 2024</b>
HydroGraph Clean Power Inc.	Canada	100%	100%
HydroGraph USA, Inc.	United States	100%	100%
HydroGraph UK Ltd.	United Kingdom	100%	100%
Carbon-2D Graphene Corp. (dormant)	Canada	100%	100%
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	100%	100%

## c) Adoption Of New Accounting Standards

There were no new standards effective for the three months ended December 31, 2024 that impacted the Company's condensed interim consolidated financial statements.

## d) Accounting Standards Issued But Not Yet Effective

There are no new accounting standards issued but not yet effective that may impact the Company's condensed interim consolidated financial statements.



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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023****(Expressed in United States Dollars unless otherwise stated)  
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**3. TECHNOLOGY AND DEVELOPMENT COSTS**

The Company has executed a multiple license agreement with Kansas State University Research Foundation (“KSURF”) which grants the Company access to the technology developed including hydrogen and graphene detonation technology and certain applications of graphene technology (the “License Agreement”). The License Agreement carries several future commitments as disclosed in Note 10.

There were no changes in the technology and development costs during the three months ended December 31, 2024 and the years ended September 30, 2024 and 2023. The balance of technology and development costs at December 31, 2024 and September 30, 2024 was \$3,178,078.

Technology and development costs will not commence being amortized until the assets are put into production. Accordingly, the Company performs an impairment test on an annual basis, or whenever there are indicators of impairment. As of December 31, 2024 and September 30, 2024, no impairment was recognized.

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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**4. FIXED ASSETS**

	Manufacturing Equipment \$	Leasehold Improvements \$	Furniture \$	Computer \$	Equipment in Process \$	Total \$
Cost						
Balance, September 30, 2023	424,564	769,001	30,098	18,867	514,174	1,756,704
Additions	26,302	-	4,017	1,664	49,443	81,426
Write-down	(146,453)	-	(10,010)	(1,664)	-	(158,127)
Balance, September 30, 2024	304,413	769,001	24,105	18,867	563,617	1,680,003
Additions	-	-	7,050	-	12,586	19,636
Transfer	242,977	-	-	-	(242,977)	-
Balance, December 31, 2024	547,390	769,001	31,155	18,867	333,226	1,699,639
Accumulated amortization						
Balance, September 30, 2023	115,039	226,218	8,292	3,582	-	353,131
Additions	78,905	143,682	3,953	5,315	-	231,855
Write-down	(55,270)	-	-	-	-	(55,270)
Balance, September 30, 2024	138,674	369,900	12,245	8,897	-	529,716
Additions	19,270	35,921	1,275	1,327	-	57,793
Balance, December 31, 2024	157,944	405,821	13,520	10,224	-	587,509
Net book value						
Balance, September 30, 2024	165,739	399,101	11,860	9,970	563,617	1,150,287
Balance, December 31, 2024	389,446	363,180	17,635	8,643	333,226	1,112,130

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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023****(Expressed in United States Dollars unless otherwise stated)****(Unaudited)**

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**5. LEASE LIABILITY AND RIGHT OF USE ASSET**

The Company entered into a facility lease on June 9, 2021 and recognized a lease obligation with respect to the lease expiring on June 31, 2023. The lease obligation included two extension options until June 30, 2027, which were included in the calculation. Monthly payments of \$8,407 include a fixed portion of \$6,229 and a variable portion initially estimated at \$2,178. The present value of the lease obligation was calculated using the rate of 8.0% per annum and the end date of June 30, 2027.

**(a) Right of use asset**

	December 31, 2024 \$	September 30, 2024 \$
Balance, beginning of period	167,713	226,905
Depreciation charge for the period	(14,798)	(59,192)
Balance, end of period	152,915	167,713

**(b) Lease liability**

	December 31, 2024 \$	September 30, 2024 \$
Balance, beginning of the period	188,943	246,072
Lease payments	(18,688)	(74,750)
Lease accretion	3,679	17,621
Balance, end of period	173,934	188,943
Current portion	(61,870)	(61,870)
Balance, end of period, non-current portion	112,064	127,073

The following is a schedule of the Company's future minimum lease payments related to the office lease obligation:

	December 31, 2024 \$
2025	56,063
2026	74,750
2027	62,291
Total minimum lease payments	193,104
Less: imputed interest	(19,170)
Total present value of minimum lease payments	173,934
Less: current portion	(61,870)
Non-current portion	112,064

**HYDROGRAPH CLEAN POWER INC.**  
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**6. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the current and former board of directors, the Chief Executive Officer, the Chief Financial Officer and the Chief Accounting Officer. Key management compensation during the three months ended December 31, 2024 and 2023 included the following:

	2024	2023
	\$	\$
Short-term benefits - management and director compensation	113,076	145,740
Share-based payments	140,072	72,445
<b>Total</b>	<b>253,148</b>	<b>218,185</b>

As at December 31, 2024, \$43,699 (September 30, 2024 – \$76,208) was due to current and former related parties of the Company and has been included in accounts payable and accrued liabilities on the consolidated statement of financial position. As at December 31, 2024, \$96,000 (September 30, 2024 - \$102,000) was due to former related parties of the Company and has been included in other liabilities.

**7. SHARE CAPITAL**

(a) Authorized Share Capital

The Company is authorized to issue an unlimited number of common shares without par value.

*Three months ended December 31, 2024*

- (i) On December 12, 2024, the Company closed a private placement by issuing 23,960,003 units at a price of \$0.16 CAD per unit for gross proceeds of \$2,701,921 (\$3,833,600 CAD).

Each unit consists of one common share and one-half of one common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.24 CAD up to December 12, 2027. The warrants were valued at \$668,252 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%. The Company allocated \$2,033,669 and \$668,252 to share capital and reserves, respectively.

In connection with the private placement, the Company issued 1,113,350 finders' warrants and incurred \$125,550 in cash finders' fees. Each finders' warrant is exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant (the "Finder Unit Warrant"), at a price of \$0.16 CAD up to December 12, 2027. Each Finder Unit Warrant is exercisable into one common share at a price of \$0.24 CAD per common share up to December 12, 2027. The finders' warrants were valued at \$62,103 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%.

*Three months ended December 31, 2023*

- (i) On December 1, 2023, the Company completed a non-brokered private placement of 10,260,856 units of the Company at a price of \$0.074 (\$0.10 CAD) per unit for gross proceeds of \$755,475 (CAD\$1,026,086).

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Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.18 CAD up to December 1, 2025, subject to an acceleration right (the “Warrant Acceleration Right”) exercisable by the Company, if on any ten consecutive trading days the daily volume weighted average trading price of the common shares on the Canadian Securities Exchange is \$0.18 CAD or greater per common share. If the Company exercises its Warrant Acceleration Right, the new expiry date of the warrants will be the 30<sup>th</sup> day following the notice of such exercise. The warrants were valued at \$117,722 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 2 years; volatility – 89.29%, risk-free rate – 4.07%, dividend yield – 0%. The Company allocated \$637,753 and \$117,722 to share capital and reserves, respectively. In connection with the financing, the Company incurred other share issuance costs of \$22,117.

- (ii) On December 27, 2023, the Company issued 1,156,750 shares on the exercise of 1,156,750 warrants for gross proceeds of \$43,107.
- (iii) On December 29, 2023, the Company issued 336,000 shares on the exercise of 336,000 warrants for gross proceeds of \$12,521.

(b) Stock Options

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to its directors, officers, employees, management companies and consultants enabling them to acquire up to 15% of the issued and outstanding shares of the Company. Under the Plan, the exercise price of options granted is determined by the Board of Directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Company’s shares may be listed or quoted for trading. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed ten years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company. Any options granted pursuant to the Plan will terminate generally within 120 days of the option holder ceasing to act as a director, officer, employees, or consultant. All stock options which have been issued are equity settled.

During the three months ended December 31, 2024, the Company granted a total of 500,000 stock options to employees and officers of the Company. The options vest as follows: ¼ on grant date, ¼ on each of September 18, 2025, June 18, 2026 and March 18, 2027.

The fair value of each stock option granted during the three months ended December 31, 2024 and 2023 was estimated on the date of grant with the following weighted average assumptions:

	2024	2023
Risk-free interest rate (%)	2.94	N/A
Expected life (years)	5	N/A
Expected volatility (%)	83	N/A
Forfeiture rate (%)	-	N/A
Expected dividends	-	N/A

The weighted average fair value of stock options at the grant date for the three months ended December 31, 2024 was \$0.08 per option (2023 - N/A) and the total share-based compensation expense recognized during the period for stock options was \$209,153 (2023 - \$76,502).

The changes in options during the three months ended December 31, 2024 and the year ended September 30, 2024 are as follows:

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	Options #	Weighted average exercise price (\$ CAD)
Balance, September 30, 2023	16,340,000	0.25
Granted	7,600,000	0.19
Forfeited	(2,829,767)	0.25
Balance, September 30, 2024	21,110,233	0.23
Granted	500,000	0.19
Forfeited	(387,500)	0.25
Balance, December 31, 2024	21,222,733	0.23

Details of the options outstanding and exercisable as at December 31, 2024 are as follows:

Outstanding #	Exercisable #	Exercise Price (\$ CAD)	Expiry Date	Weighted average remaining life (in years)
1,250,233	1,250,233	0.25	16-Jan-26	1.04
1,000,000	1,000,000	0.25	14-Jun-26	1.45
2,000,000	2,000,000	0.25	30-Jun-26	1.50
<sup>(2)</sup> 7,600,000	2,025,000	0.19	21-Jun-29	4.47
500,000	125,000	0.19	18-Dec-29	4.97
1,000,000	1,000,000	0.25	4-Jan-32	7.01
1,500,000	1,500,000	0.25	28-Feb-32	7.16
1,300,000	650,000	0.25	20-Apr-32	7.31
3,622,500	<sup>(1)</sup> 2,569,500	0.25	01-Nov-32	7.90
700,000	350,000	0.25	12-Jan-33	8.04
750,000	500,000	0.25	06-Apr-33	8.27
21,222,733	12,969,733			

<sup>(1)</sup> Subsequent to December 31, 2024, 112,500 of these options were exercised.

<sup>(2)</sup> Subsequent to December 31, 2024, 75,000 of these options were forfeited.

**(c) Warrants**

The changes in warrants during the three months ended December 31, 2024 and the year ended September 30, 2024 are as follows:

	Warrants #	Weighted average exercise price (\$ CAD)
Balance, September 30, 2023	58,094,582	0.51
Issued	29,656,949	0.21
Exercised	(1,492,750)	0.05
Expired	(27,962,033)	0.71
Balance, September 30, 2024	58,296,748	0.20
Issued	13,098,819	0.23
Exercised	(10,937)	0.16
Balance, December 31, 2024	71,384,630	0.21

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**FOR THE THREE MONTHS ENDED DECEMBER 31, 2024 AND 2023**  
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**(Unaudited)**

Details of the warrants outstanding as at December 31, 2024 are as follows:

Outstanding #	Exercise Price (\$ CAD)	Expiry Date	Weighted average remaining life (in years)
17,575,833	0.20	<sup>(6)</sup> 15-Sep-25	0.71
10,043,833	0.20	<sup>(7)</sup> 13-Apr-25	0.28
1,020,133	0.12	<sup>(1)(8)</sup> 13-Apr-25	0.28
5,130,428	0.18	1-Dec-25	0.92
4,813,000	0.18	23-Feb-26	1.15
607,320	0.10	<sup>(2)</sup> 23-Feb-26	1.15
5,912,500	0.18	<sup>(9)</sup> 5-Apr-26	1.26
827,750	0.10	<sup>(3)</sup> 5-Apr-26	1.26
11,420,740	0.27	<sup>(10)</sup> 11-Jun-27	2.44
939,742	0.16	<sup>(4)</sup> 11-Jun-27	2.44
11,980,001	0.24	12-Dec-27	2.95
1,113,350	0.16	<sup>(5)</sup> 12-Dec-27	2.95
<b>71,384,630</b>			<b>1.45</b>

- (1) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of \$0.12 CAD up to April 13, 2025, subject to acceleration in accordance with the Warrant Acceleration Right. Each warrant within the unit is exercisable into one common share at a price of \$0.20 CAD per common share until April 13, 2025.
- (2) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant at a price of \$0.10 CAD up to February 26, 2024. Each warrant within the unit is exercisable into one common share at a price of \$0.18 CAD per common share up to February 23, 2026.
- (3) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of \$0.10 CAD up to April 5, 2026. Each warrant within the unit is exercisable into one common share at a price of \$0.18 CAD per common share up to April 5, 2026.
- (4) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of \$0.16 CAD up to June 11, 2027. Each warrant within the unit is exercisable into one common share at a price of \$0.27 CAD per common share up to June 11, 2027.
- (5) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of \$0.16 CAD up to December 12, 2027. Each warrant within the unit is exercisable into one common share at a price of \$0.24 CAD per common share up to December 12, 2027.
- (6) Subsequent to December 31, 2024, 150,000 of these warrants were exercised
- (7) Subsequent to December 31, 2024, 1,993,334 of these warrants were exercised.
- (8) Subsequent to December 31, 2024, 332,430 of these warrants were exercised into units. Subsequent to December 31, 2024, 16,665 of the warrants within the units were exercised.
- (9) Subsequent to December 31, 2024, 125,000 of these warrants were exercised.
- (10) Subsequent to December 31, 2024, 5,468 of these warrants were exercised.

(d) Shares held in escrow

As at December 31, 2024, the Company has nil common shares held in escrow (September 30, 2024 –1,717,500). These escrow shares were subject to escrow trading restrictions pursuant to the Escrow agreement and were released as follows: 17,425,678 six months after the Company's securities were listed on a Canadian exchange ("Listing"), 15,708,178 nine months after Listing, 17,425,678 twelve months after Listing, 19,635,223 fifteen months after Listing, 1,717,500 eighteen months after Listing, 1,717,500 twenty four months after Listing, 1,717,500 thirty months after Listing

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**HYDROGRAPH CLEAN POWER INC.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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(Unaudited)**

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and 1,717,500 thirty six months after Listing. During the three months ended December 31, 2024, the final 1,717,500 common shares were released.

**8. COMMITMENTS**

The commitments of the Company related to the License Agreements with KSURF are as follows:

The 2017 licensing agreement as amended in July 2022

- (i) The Company will pay annual maintenance fees of:
  - i. \$10,000 per calendar years 2020 to 2022 (paid)
  - ii. \$25,000 per calendar year 2023 (paid)
  - iii. \$35,000 per calendar year 2024 (paid)
  - iv. \$25,000 per calendar year 2025 and every subsequent year. The annual license maintenance fees in a given year will be credited against any running royalty payments due.
- (ii) the Company will pay a running royalty of 4% of net sales by the Company or its affiliates (the 4% royalty shall be reduced by ½ of royalties paid to third parties but shall not be less than 3.5%),
- (iii) the Company will pay 40% of any non-royalty payments received by the Company from sub-licensed products,
- (iv) the Company may purchase the 4% running royalty for \$12,000,000 in four annual 1% increments.

**9. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at September 30, 2024, the Company had capital resources consisting of all components of 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 common shares.

**10. FINANCIAL INSTRUMENTS****Fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values:

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 Inputs that are not based on observable market data.

As at December 31, 2024, the Company's financial instruments consisted of cash, accounts receivable, tax receivable, accounts payable and accrued liabilities and other liabilities. Cash is measured at fair value in accordance with Level 1. The fair value of accounts receivable, tax receivable, accounts payable and accrued liabilities and other liabilities approximate their carrying values because of the short-term nature of these instruments.



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**Financial risk management objectives and policies**

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**(i) Currency risk**

The Company is exposed to currency risk by having balances and transactions in currencies that are different from its functional currencies. The Company has balances and transactions in United States Dollars, Canadian Dollars and British Pounds. The Company does not use derivative instruments to reduce upward and downward risk associated with foreign currency fluctuations. Cash balances were held in the following currencies at December 31, 2024:

	US Dollars	Canadian Dollars	British Pounds
Cash	184,390	2,870,915	97,679

At December 31, 2024, with other variables unchanged, a 5% movement in the US dollar against the Canadian Dollar and British Pound would change the Company's net loss and comprehensive loss by \$115,103.

**(ii) Interest rate risk**

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

**(ii) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and financial institutions. This risk is managed by using major banks and financial institutions that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. The risk is minimal as receivables consist primarily of refundable government taxes.

**(iv) Liquidity risk**

In the management of liquidity risk, the Company maintains a balance between continuity of funding and development activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

At December 31, 2024, the contractual maturities of the Company's obligations are as follows:

	Within one year	Between one and five years	More than five years
	\$	\$	\$
Accounts payable and accrued liabilities	362,128	-	-
Other liabilities	-	96,000	-
Lease obligation	61,870	112,064	-

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**11. SUBSEQUENT EVENTS**

Subsequent to December 31, 2024, a total of 2,622,897 warrants were exercised for gross proceeds of \$495,868 CAD.

Subsequent to December 31, 2024, 112,500 stock options were exercised by a former consultant for gross proceeds of \$28,125 CAD. The stock options were exercisable at a price of \$0.25 CAD up to November 21, 2032.