
HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2025 and 2024

(Expressed in United States Dollars)

(Unaudited)

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, 2025 AND SEPTEMBER 30, 2025
(Expressed in United States dollars)
(Unaudited)

	Note	December 31, 2025 \$	September 30, 2025 \$
ASSETS			
CURRENT ASSETS			
Cash		20,019,611	8,737,793
Prepays		563,309	218,069
Accounts Receivable		10,913	-
Tax receivable		163,553	47,265
		20,757,386	9,003,127
NON-CURRENT ASSETS			
Deposits	5	284,070	284,070
Technology and development costs	4	3,178,078	3,178,078
Right-of-use asset	5	1,411,613	47,068
Fixed assets	4	1,490,959	1,028,994
		6,364,720	4,538,210
TOTAL ASSETS		27,122,106	13,541,337
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	6	757,251	2,932,979
Lease liability	5	316,848	62,444
		1,074,099	2,995,423
NON-CURRENT LIABILITIES			
Other liabilities	6	57,000	66,000
Lease liability	5	1,204,811	-
		1,261,811	66,000
TOTAL LIABILITIES		2,335,910	3,061,423
SHAREHOLDERS' EQUITY			
Share capital	7	40,852,931	31,335,485
Reserves	7	10,295,359	2,799,594
Accumulated other comprehensive gain (loss)		121,003	(326,119)
Deficit		(26,483,097)	(23,329,046)
TOTAL SHAREHOLDERS' EQUITY		24,786,196	10,479,914
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		27,122,106	13,541,337

Nature and continuance of operations	1
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Approved on Behalf of the Board of Directors

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

"Tom Wilkinson"
Tom Wilkinson, Director

HYDROGRAPH CLEAN POWER INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

	Note	2025 \$	2024 \$
Sales		19,685	316
Cost of sales		(54,798)	(1,972)
Gross Profit		(35,113)	(1,656)
Expenses			
Depreciation	4, 5	180,371	72,591
Exchange and filing fees		13,230	6,356
Insurance		28,704	2,853
Lease accretion	5	30,315	3,679
License maintenance fees		69,785	67,933
Office and miscellaneous		137,305	54,514
Professional fees		730,675	137,994
Rent and occupancy		12,915	6,534
Research		172,946	16,412
Salaries	6	700,696	429,766
Stock-based compensation	6, 7	918,458	209,153
Travel and promotion		210,239	80,734
Total Expenses		3,205,639	1,088,519
Loss before other items		(3,240,752)	(1,090,175)
Foreign exchange loss		(15,429)	(10,585)
Other income		102,130	5,592
Net loss		(3,154,051)	(1,095,168)
Other comprehensive (loss) income			
Item that will not be reclassified to profit or loss			
Foreign exchange translation adjustment		447,122	(57,977)
Comprehensive loss		(2,706,929)	(1,153,145)
Net loss per share, basic and diluted		(0.01)	(0.00)
Weighted average common shares outstanding		333,299,308	235,706,369

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, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

	Note	Shares Issued #	Share Capital \$	Reserves \$	Accumulated Other Comprehensive Loss \$	Accumulated Deficit \$	Total \$
Balance, September 30, 2024		230,810,374	15,176,345	4,918,958	(242,914)	(15,179,754)	4,672,635
Private placement		23,960,003	2,033,669	668,252	-	-	2,701,921
Share issue costs		-	(206,168)	62,103	-	-	(144,065)
Shares issued for warrant exercise		10,937	2,090	(874)	-	-	1,216
Stock-based compensation		-	-	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
Balance, September 30, 2025		324,893,094	31,335,485	2,799,594	(326,119)	(23,329,046)	10,479,914
Private placement	7	6,896,560	7,865,492	6,328,525	-	-	14,194,017
Share issue costs	7	-	(1,700,866)	523,333	-	-	(1,177,533)
Shares issued for warrant exercise	7	6,110,810	1,158,543	(234,463)	-	-	924,080
Shares issued for option exercise	7	425,000	98,807	(40,088)	-	-	58,719
Shares issued for debt settlement	7	750,000	2,095,470	-	-	-	2,095,470
Stock-based compensation	7	-	-	918,458	-	-	918,458
Net loss and comprehensive loss		-	-	-	447,122	(3,154,051)	(2,706,929)
Balance, December 31, 2025		339,075,464	40,852,931	10,295,359	121,003	(26,483,097)	24,786,196

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, 2025 AND 2024
(Expressed in United States dollars)
(Unaudited)

	Notes	2025 \$	2024 \$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss		(3,154,051)	(1,095,168)
Add back non-cash items:			
Depreciation	4, 5	180,371	72,591
Lease accretion	5	30,315	3,679
Stock-based compensation	6, 7	918,458	209,153
Unrealized foreign exchange loss (gain)		101,188	(2,239)
Changes in non-cash working capital balances:			
Prepays		(345,240)	(32,940)
Accounts Receivable		(10,913)	(10,000)
Tax receivable		(116,288)	(4,991)
Accounts payable and accrued liabilities		(80,258)	(78,002)
Other liabilities		(9,000)	(6,000)
Cash used in operating activities		(2,485,418)	(943,917)
INVESTING ACTIVITY			
Acquisition of fixed assets	4	(556,466)	(19,636)
Cash used in investing activity		(556,466)	(19,636)
FINANCING ACTIVITIES			
Shares issued for cash, net	7	13,016,484	2,557,856
Shares issued on warrant exercise	7	924,080	1,216
Shares issued on option exercise	7	58,719	-
Repayments of lease liability	5	(21,515)	(18,688)
Cash provided by financing activities		13,977,768	2,540,384
Foreign currency translation differences on cash		345,934	(55,738)
Increase in cash		11,281,818	1,521,093
Cash, beginning		8,737,793	780,966
Cash, ending		20,019,611	2,302,059

Supplemental cash flow information – Note 12

HYDROGRAPH CLEAN POWER INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 31, 2025 AND 2024****(Expressed in United States dollars)****(Unaudited)**

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, 2025, the Company reported a net loss of \$3,154,051 (2024 – \$1,095,168) negative cash flow from operating activities of \$2,485,419 (2024 – \$943,917), and an accumulated deficit of \$26,483,097 (September 2025 – \$23,329,046). 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 condensed interim consolidated financial statements are prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS 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, 2025, 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, 2025, 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.

All amounts are expressed in United States Dollars (\$) except where otherwise noted as Canadian Dollars (CAD\$).

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on February 26, 2026.

The condensed 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

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:

Entity	Location	Functional Currency
HydroGraph Clean Power Inc.	Canada	Canadian dollars
HydroGraph USA, Inc.	United States	United States dollars
HydroGraph UK Ltd.	United Kingdom	British Pounds
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	Canadian dollars

These condensed interim consolidated financial statements are presented in United States dollars.

The condensed interim 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 condensed interim 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:

	Incorporated in	Percentage owned	
		December 31, 2025	September 30, 2025
HydroGraph Clean Power Inc.	Canada	100%	100%
HydroGraph USA, Inc.	United States	100%	100%
HydroGraph UK Ltd.	United Kingdom	100%	100%
HydroGraph Clean Power Ontario Inc. (dormant)	Canada	100%	100%

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 9.

There were no changes in the technology and development costs during the three months ended December 31, 2025 and the years ended September 30, 2025 and 2024. The balance of technology and development costs at December 31, 2025 and September 30, 2025 was \$3,178,078.

Technology and development costs will not commence being amortized until the assets are ready for their intended use. Accordingly, the Company performs an impairment test on an annual basis, or whenever there are indicators of impairment. The inputs to the impairment test are projected revenues and costs and discounted using a credit adjusted rate. As of December 31, 2025 and September 30, 2025, no impairment was recognized.

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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, 2024	304,413	769,001	24,105	18,867	563,617	1,680,003
Additions	9,900	25,250	7,050	-	122,453	164,653
Transfer	526,045	92,377	-	-	(618,422)	-
Write-down	-	-	-	-	(52,085)	(52,085)
Balance, September 30, 2025	840,358	886,628	31,155	18,867	15,563	1,792,571
Additions	121,191	232,168	-	3,736	199,371	556,466
Transfer	(4,443)	4,443	-	-	-	-
Balance, December 31, 2025	957,106	1,123,239	31,155	22,603	214,934	2,349,037
Accumulated amortization						
Balance, September 30, 2024	138,674	369,900	12,245	8,897	-	529,716
Additions	77,354	143,682	7,512	5,313	-	233,861
Balance, September 30, 2025	216,028	513,582	19,757	14,210	-	763,577
Additions	36,803	53,969	2,087	1,642	-	94,501
Balance, December 31, 2025	252,831	567,551	21,844	15,852	-	858,078
Net book value						
Balance, September 30, 2025	624,330	373,046	11,398	4,657	15,563	1,028,994
Balance, December 31, 2025	704,275	555,688	9,311	6,751	214,934	1,490,959

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5. LEASE LIABILITY AND RIGHT OF USE ASSET

The Company entered into a facility lease in Kansas on June 9, 2021 and recognized a lease obligation with respect to the lease expiring on June 30, 2023. The lease obligation included two extension options: one until June 30, 2025 and one until June 30, 2027, which were included in the calculation. On May 22, 2025, the Company extended the lease in Kansas to June 30, 2026 with an extension option to June 30, 2028. Monthly payments of \$9,350 include a fixed portion of \$7,172 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, 2026.

On August 8, 2025, the Company entered into a lease for a new 20,000-square-foot headquarters facility in Austin, Texas, which will replace its current space in Manhattan, Kansas. The lease commencement date for accounting purposes was determined to be October 2025. The term of the lease is 5 years and 2 months, with the Company having an option to renew the lease for 5 years at the then market rate. A security deposit of \$284,070 was paid to the lessor and \$102,775 of leasehold improvements allowance was provided to the Company. The total of estimated lease payments over the term of the lease is \$1,817,953, excluding variable operating costs. The present value of the lease obligation was calculated using the rate of 8.0% per annum and the end date of November 30, 2030

(a) Right of use asset

	December 31, 2025 \$	September 30, 2025 \$
Balance, beginning	47,068	167,713
Additions	1,450,415	
Depreciation charge	(85,870)	(60,083)
Lease remeasurement	-	(60,562)
Balance, ending	1,411,613	47,068

(b) Lease liability

	December 31, 2025 \$	September 30, 2025 \$
Balance, beginning	62,444	188,943
Additions	1,450,415	-
Lease payments	(21,515)	(77,578)
Lease accretion	30,315	11,641
Lease remeasurement	-	(60,562)
Balance, ending	1,521,659	62,444
Current portion	(316,848)	(62,444)
Balance, ending, non-current portion	1,204,811	-

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

	December 31, 2025 \$	September 30, 2025 \$
2026	246,865	64,544
2027	363,412	-
2028	378,006	-
2029	393,012	-
2030	408,839	-
2031	70,846	-
Total minimum lease payments	1,860,980	64,544
Less: imputed interest	(339,321)	(2,100)
Total present value of minimum lease payments	1,521,659	62,444
Less: current portion	(316,848)	(62,444)
Non-current portion	1,204,811	-

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 current and former Chief Financial Officer and the former Chief Accounting Officer. Key management compensation during the three months ended December 31, 2025 and 2024 included the following:

	2025 \$	2024 \$
Short-term benefits - management and director compensation	172,296	103,704
Share-based payments	567,525	140,072
Total	739,821	243,776

As at December 31, 2025, \$56,451 (September 30, 2025 – \$65,418) 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, 2025, \$57,000 (September 30, 2025 - \$66,000) was due to former related parties of the Company and has been included in other liabilities.

As at December 31, 2025, \$45,000 (September 30, 2025 - \$15,000) is included in prepaid expenses in connection with Board fees advanced to directors.

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, 2025

- (i) On November 4, 2025, the Company completed a private placement of 6,896,560 units at a price of \$2.06 (CAD\$2.90) per unit for gross proceeds of \$14,194,017 (CAD\$20,000,024).

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Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of CAD\$3.50 up to November 4, 2028. The warrants were valued at \$6,328,525 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 109.42%, risk-free rate – 2.43%, dividend yield – 0%. The Company allocated \$7,865,492 and \$6,328,525 to share capital and reserves, respectively.

In connection with the private placement, the Company issued 401,794 finders' warrants, incurred \$826,943 in cash finders' fees and \$350,590 in other issuance costs. Each finders' warrant is exercisable into one common share at a price of CAD\$3.50 up to November 4, 2028. The finders' warrants were valued at \$523,333 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 109.42%, risk-free rate – 2.43%, dividend yield – 0%.

- (ii) During the three months ended December 31, 2025, the Company issued 425,000 common shares on option exercise at the weighted average exercise price of \$0.14 (CAD\$0.19) for gross proceeds of \$58,719. The Company transferred the fair value of \$40,088 from reserves to share capital in connection with the exercises.
- (iii) During the three months ended December 31, 2025, the Company issued 6,110,810 common shares on warrant exercise at the weighted average exercise price of \$0.15 (CAD\$0.21) for gross proceeds of \$924,080. The Company transferred the fair value of \$234,463 from reserves to share capital in connection with the exercises.
- (iv) On October 28, 2025, the Company issued 750,000 common shares at the fair value of CAD\$2.90 per share or CAD\$2,925,000 (\$2,095,470) in settlement of a commercial dispute. The settlement fee expense and accrued liability were recognized at September 30, 2025.

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%.

(b) Stock Options

The Company had a stock option plan. The stock option plan was amended effective August 1, 2025 to be a share compensation plan (the "Plan"), which includes Restricted Share Units, under which it can grant options or Restricted Share Units to directors, officers, employees and consultants. The Plan is a "rolling up to 15%" omnibus plan whereby the total number of common shares that are

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issuable pursuant to all stock options and restricted share units, in aggregate, is equal to up to a maximum of 15% of the issued and outstanding common shares of the Company. The maximum number of common shares reserved for issue to any one person under the Plan in any 12 month period cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities in any 12 month period cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant.

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, 2025, the Company granted a total of 1,194,220 stock options to directors, employees and officers of the Company. 1,044,220 options vest as follows: ¼ on each 12, 24, 36 and 48 months anniversary following the grant date of December 5, 2025, 150,000 stock options vest as follows: 100% on the date, the company successfully lists on Nasdaq.

The fair value of each stock option granted during the three months ended December 31, 2025 and 2024 was estimated on the date of grant with the following weighted average assumptions:

	2025	2024
Risk-free interest rate (%)	3.01	2.94
Expected life (years)	5	5
Expected volatility (%)	106	83
Forfeiture rate (%)	-	-
Expected dividends	-	-

The weighted average fair value of stock options at the grant date for three months ended December 31, 2025 was CAD\$3.02 per option (2024 – CAD\$0.08). The total share-based compensation expense recognized during the period ended December 31, 2025 for stock options was \$819,488 (2025 - \$209,153).

The changes in options during the three months ended December 31, 2025 and the year ended September 30, 2025 are as follows:

	Options #	Weighted average exercise price (CAD\$)
Balance, September 30, 2024	21,110,233	0.23
Granted	9,630,030	0.91
Exercised	(9,065,933)	0.24
Forfeited	(675,000)	0.22
Balance, September 30, 2025	20,999,330	0.54
Granted	1,194,220	3.02
Exercised	(425,000)	0.19
Balance, December 31, 2025	21,768,550	0.68

The weighted average share price on the date of option exercise during the three months December 31, 2025 was CAD\$3.07.

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(Unaudited)

Details of the options outstanding and exercisable as at December 31, 2025 are as follows:

Outstanding #	Exercisable #	Exercise Price (CAD\$)	Expiry Date	Weighted average remaining life (in years)
1,000,000	1,000,000	0.25	14-Jun-26	0.45
⁽¹⁾ 5,687,500	4,312,500	0.19	21-Jun-29	3.47
500,000	250,000	0.19	18-Dec-29	4.22
200,000	100,000	0.31	27-Feb-30	4.16
100,000	50,000	0.33	07-Mar-30	4.18
3,437,030	-	0.26	16-Apr-30	4.29
100,000	25,000	0.24	28-Apr-30	4.33
4,143,000	-	1.25	01-Aug-30	4.59
1,000,000	-	2.16	12-Aug-30	4.62
150,000	-	2.43	18-Aug-30	4.63
1,194,220	-	3.02	5-Dec-30	4.93
1,500,000	1,500,000	0.25	28-Feb-32	6.16
1,300,000	975,000	0.25	20-Apr-32	6.31
631,800	-	0.25	21-Nov-32	6.90
700,000	490,000	0.25	12-Jan-33	7.04
⁽²⁾ 125,000	125,000	0.25	06-Apr-33	7.27
21,768,550	8,827,500			4.43

⁽¹⁾ Subsequent to December 31, 2025, 375,000 of these options were exercised for gross proceeds of CAD\$71,250.

⁽²⁾ Subsequent to December 31, 2025, these options were exercised for gross proceeds of CAD\$31,250.

(c) Restricted Share Units (“RSUs”)

The Plan authorizes the grant of RSUs. The Plan is a “rolling up to 15%” omnibus plan whereby the total number of common shares that are issuable pursuant to all stock options and restricted share units, in aggregate, is equal to up to a maximum of 15% of the issued and outstanding common shares of the Company. For greater certainty, any RSUs that must be settled in cash shall not count towards the maximum of 15%. Vesting, if any, and other terms and conditions relating to such RSUs shall be determined by the Board of Directors of the Company, provided that no RSUs vest before the date that is one year following the date of the grant. Vested RSUs can be settled in cash, shares or a combination of cash and shares, at the Company’s discretion. Any RSUs granted pursuant to the Plan will terminate generally within 60 days of the holder ceasing to act as a director, officer, employee, or consultant.

During the three months ended December 31, 2025, the Company granted 54,184 RSUs to directors, officers and a consultant of the Company. The RSUs vest as follows: 1/3 on each anniversary of the date of the grant.

Grant date	RSUs #
August 1, 2025	446,667
August 13, 2025	40,000
August 18, 2025	75,000
December 5, 2025	54,184
Balance, December 31, 2025	615,851

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A summary of RSUs outstanding as at December 31, 2025 and September 30, 2025 and the changes for the periods then ended is presented below:

	RSUs #
Balance, September 30, 2024	-
Granted	625,000
Forfeited	(63,333)
Balance outstanding, September 30, 2025	561,667
Granted	54,184
Balance outstanding, December 31, 2025	615,851
Balance outstanding and exercisable, September 30, 2025	-

The total share-based compensation expense recognized during the three months ended December 31, 2025 for RSUs was \$98,970 (2024 - \$nil).

(d) Warrants

The changes in warrants during the three months ended December 31, 2025 and the year ended September 30, 2025 are as follows:

	Warrants #	Weighted average exercise price (CAD\$)
Balance, September 30, 2024	58,296,750	0.20
Issued	15,352,527	0.23
Exercised	(61,056,787)	0.21
Expired	(861,832)	0.20
Balance, September 30, 2025	11,730,658	0.23
Issued	3,850,074	3.50
Exercised	(6,110,810)	0.21
Balance, December 31, 2025	9,469,922	1.57

The weighted average share price on the date of warrant exercise during the year ended December 31, 2025 was CAD\$3.12 (2024 - CAD\$0.08).

Details of the warrants outstanding as at December 31, 2025 are as follows:

Outstanding #	Exercise Price (CAD\$)	Expiry Date	Weighted average remaining life (in years)
125,000	0.18	5-Apr-26	0.26
2,487,210	0.27	11-Jun-27	1.44
3,005,626	0.24	12-Dec-27	1.95
1,137	0.24	12-Dec-27	2.20
875	0.16	12-Dec-27	2.20
3,448,280	3.50	4-Nov-28	2.85
401,794	3.50	4-Nov-28	2.85
(1) 9,469,922			2.16

(1) Subsequent to December 31, 2025, an aggregate of 1,185,030 warrants were exercised for gross proceeds of CAD\$564,980.

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8. COMMITMENTS

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

The July 2017 licensing agreement as amended in July 2022. The Company has seven (7) licenses.

- (i) The Company will pay annual maintenance fees of:
 - i. \$10,000 per calendar years 2020 to 2022 per license, for a total of \$70,000 (paid)
 - ii. \$10,000 per calendar year 2023 per license, for a total of \$70,000 (paid)
 - iii. \$10,000 per calendar year 2024 per license, for a total of \$70,000 (paid)
 - iv. \$25,000 per calendar year 2025 per license, for a total of \$175,000 (paid)
 - v. \$35,000 per calendar year 2026 per license, for a total of \$245,000
 - vi. \$50,000 per calendar year 2027 per license, for a total of \$350,000, 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 20% of any non-royalty payments received by the Company from sub-licensed products,
- (iv) the Company may purchase the 4% running royalty on six (6) licenses for \$12,000,000 in four equal 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 December 31, 2025, 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, 2025, 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, 2025:

	US Dollars	Canadian Dollars	British Pounds
Cash	317,534	26,476,738	286,033

At December 31, 2025, 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 approximately \$985,000.

(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.

(iii) *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, 2025, 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	757,251	-	-
Other liabilities	-	57,000	-
Lease obligation	316,849	1,204,810	-

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11. SUPPLEMENTAL CASH FLOW INFORMATION

	2025	2024
	\$	\$
Supplemental cash flow information:		
Cash received for interest	102,130	5,592
Transfer of value from reserves on exercise of warrants	918,458	874
Transfer of value from reserves on exercise of options	40,088	-
Issue costs - warrants	523,333	62,103
Recognition of lease liability and ROU asset	1,450,415	-

12. SUBSEQUENT EVENTS

Exercise of warrants

Subsequent to December 31, 2025, the Company issued 1,185,030 common shares on exercise of warrants at an average exercise price of CAD\$0.48 for gross proceeds of CAD\$564,980.

Exercise of stock options

Subsequent to December 31, 2025, the Company issued 500,000 common shares on exercise of stock options at an average exercise price of CAD\$0.21 for gross proceeds of CAD\$102,500.

Stock option grant

On February 20, 2026, the Company granted 938,538 stock options to an officer of the Company at an exercise price of CAD\$4.47 up to February 20, 2031.