
HYDROGRAPH CLEAN POWER INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the three months ended December 31, 2025
(Expressed in United States Dollars)

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
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DATE AND BASIS OF DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of HydroGraph Clean Power Inc. (the "Company" or "HydroGraph" or "HG") is intended to help the reader understand the significant factors that have affected HydroGraph and its subsidiaries' performance, as well as factors that may affect its future performance.

The information in this MD&A should be read in conjunction with the condensed interim consolidated financial statements for the three months ended December 31, 2025 and consolidated financial statements and notes thereto for the years ended September 30, 2025 and 2024. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standard Board ("IFRS"). All dollar amounts are expressed in US dollars ("US\$") unless otherwise indicated. Certain amounts are expressed in Canadian dollars ("CAD\$").

The MD&A is dated March 2, 2026.

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March 2, 2026. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (3) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

OVERALL PERFORMANCE

Nature of Business

HydroGraph was incorporated under the Laws of the Province of British Columbia on June 26, 2017. The address of the Company's corporate office and principal place of business is 1100 - 1199 West Hastings Street, Vancouver, BC, Canada, and the Company's registered and records office address is 2700 - 1133 Melville Street, Vancouver, BC, Canada.

The Company's principal business activity is the research, development, marketing and commercialization of patented technology to produce pristine graphene, graphene derivatives and services. The Company is listed on the Canadian Stock Exchange (the "CSE") under the ticker symbol HG and the OTCQB under the ticker symbol "HGRAF".

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 \$2,485,418 (2024 – \$943,917), and an accumulated deficit of \$26,483,097 (September 30, 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

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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.

Description of Business

The Company is engaged in developing and commercializing the production and sale of high-quality consistent pristine graphene for commercial applications using the detonation of hydrocarbon gases. The Hyperion System, a proprietary detonation method used by the Company to produce graphene has tonnage annual capacity and is a scalable process. The detonated graphene is considered synthetic graphene versus using conventional exfoliation of naturally occurring graphite to produce graphene.

The Company has received an exclusive global license from Kansas State University where the invention was discovered to commercialize its patented detonation process to produce graphene. Using KSU intellectual property and associated licensing agreement, the Company commissioned its first commercial scale production unit (May 2023) that can produce a minimum of 10 tonnes of graphene per year.

Business Development

The Company's activities have focused on work to develop processes to manufacture pristine graphene, and in creating a robust application development data set for target customers.

The Company made significant progress in further customer application development including comprehensive testing that confirmed the benefits of the use of the Company's graphene in Electronic Magnetic Interference ("EMI") shielding, lubricants, cement/concrete, conductive resins, and bio sensors. On January 3, 2024, the Company announced the successful trial of Company's graphene in Hawkeye Bio's medical sensor aimed at the early detection of lung cancer.

The Company's Hyperion System ("Hyperion"), designed for scaled-up production of the Company's high-purity graphene, achieved a key milestone in 2023 whereby Hyperion was able to produce commercial scale quantities at an annualized rate of 10 metric tonnes per year using the readily available commodities, acetylene and oxygen. Management has confirmed the capex cost per metric ton of graphene produced will be one of the lowest in the industry.

As of the date of this MD&A, the Company has inventory of 491 kilograms of FGA-1 and 37 kilograms of RGA-COOH-1. All costs associated with the production of this inventory have been expensed for accounting purposes.

The US Environmental Protection Agency (the "EPA") requires all new chemicals to be reviewed and registered. There is special attention on chemicals that are nano size. The EPA reviews new chemicals and nano size chemicals to ensure there is no impact on people and the environment. This is a requirement for all producers in the USA and for all graphene products used in the USA regardless of where the product was produced. The Company received EPA approval in February 2026. In September 2023, the National Institute for Occupational Safety and Health (the "NIOSH") conducted an audit of operating facilities. Their final report indicated that HydroGraph's production is well within safe operating parameters.

During 2024, HydroGraph made changes to its commercial strategy by moving towards a business development team with advanced materials expertise as well as changes to its business model by moving away from an onsite production plan. These changes garnered significant interest from customers and investors and have resulted in a centralized production scale up plan targeting access to the Company's primary feedstock at a location within the US, and significant advancement with customers. In April 2025 the Company signed a letter of intent with a leading North American industrial gas supplier and initiated the first stages of planning for a new production facility in Texas. In August 2025, the Company enter into a lease for new headquarters in Austin, Texas. Through the Company's work at the Graphene Engineering and Innovation Center ("GEIC"), where the Company has an applications lab, HydroGraph has been involved with numerous customer projects and has moved into discussion with multiple customers through that process which they expect will generate both larger purchase orders and a long-term supply agreement

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within calendar 2025. The Company completed its EPA submission during 2024 and on February 24, 2026, the Company announced that EPA approval has been received, allowing the Company to sell high volumes of their fractal graphene within the US, subject to specified conditions.

Highlights and key developments during the three months ended December 31, 2025 include:

- On October 8, 2025, the Company announced that it has been granted U.S. Patent No. 12,378,948 for a novel actuator technology that uses electrically conductive porous carbon materials, including HydroGraph's proprietary Fractal Graphene™, to generate controlled mechanical force.
- On October 16, 2025, the Company announced that it has been added to the CSE25 Index, which is comprised of the 25 largest companies on the Canadian Securities Exchange.
- On October 22, 2025, the Company released an update letter to shareholders. Refer to the news release for details.
- On November 4, 2025, the Company completed a listed issuer financing exemption ("LIFE") private placement of 6,896,560 units at a price of CAD\$2.90 per unit for gross proceeds of CAD\$20,000,024 (\$14,194,017). Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share at a price of CAD\$3.50 up to November 4, 2028.
- On December 9, 2025, the Company announced that James Baker has joined the Company's Technical Advisory Board. For the past 12 years, Mr. Baker led business activities related to graphene and 2D materials at the University of Manchester, including service as CEO of the globally recognized Graphene Engineering Innovation Centre.

Subsequent to December 31, 2025:

- On January 6, 2026, the Company announced the expansion of its collaboration with the Graphene Engineering Innovation Centre at the University of Manchester, moving from a Tier 2 to a Tier 1 member.
- On January 27, 2026, the Company announced that it had commenced construction of two additional Hyperion graphene reactors, supporting the Company's planned scale-up of graphene production capacity. Each Hyperion reactor has an expected production capacity of approximately 10 metric tonnes per year of FGA-1 ultra-pure fractal graphene using the Company's proprietary exploration-synthesis process. These reactors will have the same physical footprint as HG's existing commercial unit, measuring approximately 6 feet by 6 feet by 18 feet. Initial commissioning will take place in Manhattan, Kansas, after which the units are ultimately expected to be relocated to HG's facilities in Austin, Texas, which are under construction now. As of the date of this MD&A, both reactors have been commissioned and are undergoing assembly and validation processes. Longer term, the Company intends to commence a broader manufacturing expansion strategy in south Texas, supporting a larger number of reactors and dedicated acetylene supply via pipeline. HG notes that commissioning the reactors prior to permanent installation allows for controlled validation, performance testing, and process optimization before integration into its Texas manufacturing operations.
- On February 10, 2026, the Company announced the addition of Hubron International to its Compounding Partner Program, a qualified network of plastics compounders supporting the commercial adoption of HG's Fractal Graphene™ in thermoplastics. Based in Failsworth, Manchester, Hubron International is a global leader in black masterbatch and conductive polymer compounds, with more than 90 years of materials expertise and a worldwide distributor network exporting over 85% of its production. Hubron operates 24/7 manufacturing with multiple compounding technologies, including twin-screw extrusion, Buss kneaders, and specialized

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processing lines. Hubron also brings extensive experience working with carbon-based nanomaterials, including carbon black, carbon nanotubes, graphene, and carbon fiber. The company has published research on graphene-enabled performance improvements in polymer systems and demonstrated expertise in maintaining conductive pathways while preserving nanoscale filler integrity. Through Hubron's established distributor network, HG expects expanded access to key markets including automotive, construction, electronics, film, pipe, wire and cable, and technical compounding. Hubron's contract manufacturing capabilities also support flexible partnership models, including toll compounding under customer brands.

- On February 23, 2026, the Company announced the appointment of John Neale as Chief Financial Officer, effective February 20, 2026. Matt Anderson, who previously served as CFO, will continue serving the Company in the role of Vice President of Finance. As CFO, Mr. Neale will oversee HG's finance, legal, human resources and technology teams, bringing more than 20 years of finance leadership experience across multiple technology, business to business and manufacturing focused enterprises. Mr. Neale will assist the Company as HG advances dynamic commercial opportunities across a growing list of potential global enterprise and federal government customers. Mr. Neale brings a depth of financial and operational experience that will support HG's commercial scale up, continued expansion of HG's capital markets activity and development of HG's global team as HG drives the adoption of its industry-leading graphene products.
- On February 24, 2026, the Company announced that the United States Environmental Protection Agency ("EPA") has issued a TSCA Section 5(e) Order under Premanufacture Notice (PMN) numbers P-24-0086-87 for HydroGraph's graphene materials described as graphene, turbostratic, 3-9 layers (P-24-0086) and graphene, turbostratic, ~32 layers (P-24-0087), authorizing manufacture, processing, distribution, use, and disposal in the United States subject to specified conditions.

The Company also announced that it has received confirmation of its UK REACH registration (CAS No. 1034343-98-0; EC No. 801-282-5) and EU REACH registration (EC No. 801-282-5) for graphene, enabling commercial manufacture and supply within Great Britain and the European Union, respectively.

UK REACH requires manufacturers and importers of chemical substances to submit detailed technical dossiers addressing substance identity, safety, and environmental considerations. HydroGraph's successful registration reflects completion of the required submission and review process, providing regulatory clarity for customers operating in the UK market. HydroGraph's registration, issued under the UK Registration, Evaluation, Authorization and Restriction of Chemicals (UK REACH) framework and confirmed by the Health and Safety Executive (HSE), is listed under registration number UK-01-8788107436-0-0006.

EU REACH registration similarly requires submission of comprehensive substance identity, safety, and environmental data under the European Chemicals Agency (ECHA) regulatory framework. Completion of this process provides HydroGraph with regulatory authorization to support customer scale-up activities across EU member states. HydroGraph's registration is listed under registration number 01-2120768618-38-0012.

In the United States, the EPA's issuance of the Section 5(e) Order establishes the regulatory framework governing commercial manufacture and use of the Company's graphene materials. The Order outlines specific conditions related to manufacturing, processing, workplace protections, distribution, environmental release controls, and record keeping requirements.

The Order is effective upon expiration of the applicable review period and enables HydroGraph to proceed toward commercial manufacture in the United States in accordance with its terms. The Company is working with its regulatory advisors and anticipates next procedural steps, including final administrative actions required prior to full commercial commencement.

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Securing regulatory clearances in the United States, the United Kingdom, and the European Union represents three key milestones for HydroGraph that meaningfully expand the Company's commercial markets. With US EPA authorization and both UK and EU REACH registrations now in place, the Company can pursue expanded revenue-generating agreements and support customer scale-up for Fractal Graphene applications across North America and Europe.

- On February 24, 2026, the Company announced a listed issuer financing exemption ("LIFE") private placement of up to 5,882,348 units at a price of CAD\$5.10 per unit for gross proceeds of up to CAD\$30,000,000. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share at a price of CAD\$6.10 up to two years from closing. In connection with the offering, the Company intends to pay cash commissions equal to 6% of the gross proceeds and issue agents broker warrants equal to 6% of the unit issued.

RESULTS OF OPERATIONS

The discussion of operations relates to the Company's three months ended December 31, 2025 and 2024.

Overall

Operations during the three months ended December 31, 2025 were primarily related to building out the production facility and production team, research, development, marketing and commercialization of patented technology to produce graphene, hydrogen, syngas, and other products and business opportunities as described above. In August 2025, the Company entered into a new lease agreement for a facility in Texas and leasehold improvements were in progress during the quarter.

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Sales

The Company had sales of \$19,685 (2024 – \$316).

Operating Expenses

The Company had a net loss of \$3,154,051 (2024 – \$1,095,168), comprised mostly of operating expenses totaling \$3,205,639 (2024 - \$1,088,519). Operating expenses primarily consisted of salaries of \$700,696 (2024 - \$429,766), travel and promotion of \$210,239 (2024 - \$80,734), professional fees of \$730,675 (2024 - \$137,994), share-based compensation of \$918,458 (2024 - \$209,153), research costs of \$172,946 (2024 - \$16,412), and office and miscellaneous expenses of \$137,305 (2024 - \$54,514).

Main changes in expenses are the following:

- Increase in stock-based compensation from \$209,153 in the three months ended December 31, 2024 to \$918,458 in the same period of 2025 is primarily due to additional options and RSUs being granted, which have higher values than the ones granted in the past years.
- Increase in salaries from \$429,766 in the three months ended December 31, 2024 to \$700,696 in the same period of 2025 is due to hiring of additional staff compared to prior year and increased compensation for Directors.
- Increase in professional fees from \$137,994 in the three months ended December 31, 2024 to \$730,675 in the same period of 2025 is due to the Company being more active and requiring additional professional services. Professional fees including legal, accounting, audit and consultants.
- Increase in office and miscellaneous expenses from \$54,514 in the three months ended December 31, 2024 to \$137,305 in the same period of 2025 is due to the Company being more active and requiring additional supplies, software licenses and other office-related fees.
- Increase in license maintenance expenses from \$67,933 in the three months ended December 31, 2024 to \$69,785 in the same period of 2025.

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- Increase in travel and promotion expenses from \$80,734 in the three months ended December 31, 2024 to \$210,239 in the same period of 2025 is due to the increase in conferences the Company participated in 2025 compared to 2024 as well as an increase in general corporate travel.
- Increase in foreign exchange loss from \$10,585 in the three months ended December 31, 2024 to \$15,429 in the same period of 2025 is due to the fluctuations of foreign exchange rates during the period.

Overall Performance

The table below details certain non-cash or unusual transactions that for the purposes of this discussion have been adjusted out of the reported loss for the three months ended December 31, 2025 and 2024 to produce an adjusted loss that forms a better basis for comparing the period over period operating results of the Company.

	2025	2024
	\$	\$
Net loss as reported	(3,154,051)	(1,095,168)
Add (deduct):		
Depreciation	180,371	72,591
Lease accretion	30,315	3,679
Stock-based compensation	918,458	209,153
Adjusted loss for the period ⁽¹⁾	(2,024,907)	(809,745)

⁽¹⁾Adjusted loss for the period is not a term recognized under IFRS.

Refer to the Operating Expenses section above for explanation of changes in expenses during the periods.

SUMMARY OF QUARTERLY RESULTS

	31-Dec-25	30-Sep-25	30-Jun-25	31-Mar-25
	\$	\$	\$	\$
Revenue	19,685	757	19,346	22,632
Net loss	(3,154,051)	(4,512,214)	(1,462,656)	(1,079,254)
Loss and comprehensive loss for period	(2,706,929)	(4,642,283)	(1,356,866)	(1,080,203)
Basic and diluted loss per share	(0.01)	(0.02)	(0.01)	(0.00)
Weighted average number of common shares outstanding	333,299,308	299,258,305	266,400,962	256,965,903
	31-Dec-24	30-Sep-24	30-Jun-24	31-Mar-24
	\$	\$	\$	\$
Revenue	316	(2,293)	1,860	3,335
Net loss	(1,095,168)	(1,636,135)	(1,277,764)	(1,186,352)
Loss and comprehensive loss for period	(1,153,145)	(2,044,633)	(1,086,875)	(1,218,430)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of common shares outstanding	235,706,369	230,810,374	200,129,434	187,504,616

As described in the description of business above, the Company entered into a technology license letter of intent with Kansas State University in 2017. During each quarter, the Company continued to invest the

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majority of capital raised into its fixed assets, research activities and the development of the business. Revenues increased in the quarters ended March 31, June 30, and December 31, 2025 due to a partial completion of services under a new contract. Revenues and loss and comprehensive loss remained consistent in other periods, except for September 30, 2025 and December 31, 2025. Increase in loss in the period ended September 30, 2025, was primarily due to the accrued settlement expense, additional options and RSUs being granted as well as increased professional fees, Board compensation changes and hiring of new directors. The increase in loss during the period ended December 31, 2025 was due to an increase in professional fees, salaries and stock-based compensation as a result of increased development activities.

FINANCING ACTIVITIES

Subsequent to December 31, 2025:

- Subsequent to December 31, 2025, the Company announced a LIFE private placement of up to 5,882,348 units at a price of CAD\$5.10 per unit for gross proceeds of up to CAD\$30,000,000. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one common share at a price of CAD\$6.10 up to two years from closing. In connection with the offering, the Company intends to pay cash commissions equal to 6% of the gross proceeds and issue agents broker warrants equal to 6% of the unit issued.
- 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.
- 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.

During the three months ended December 31, 2025:

- On November 4, 2025, the Company closed a LIFE Offering through issuance of 6,896,560 units at the price of \$2.06 (CAD\$2.90) per unit for gross proceeds of \$14,194,017 (CAD\$20,000,024). 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.

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.

- During the three months ended December 31, 2025, the Company issued 6,110,810 common shares on exercise of warrants at an average exercise price of \$0.15 (CAD\$0.21) for gross proceeds of \$924,080 (CAD\$1,295,103).
- During the three months ended December 31, 2025, the Company issued 425,000 common shares on exercise of stock options at an average exercise price of \$0.14 (CAD\$0.19) for gross proceeds of \$58,719 (CAD\$80,750).

During the year ended September 30, 2025:

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

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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 CAD\$0.24 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 and \$32,134 in other issuance costs. 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 CAD\$0.16 up to December 12, 2027. Each Finder Unit Warrant is exercisable into one common share at a price of CAD\$0.24 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%.

- During the year ended September 30, 2025, the Company issued 9,065,933 common shares on option exercise at the exercise price of \$0.18 (CAD\$0.24) for gross proceeds of \$1,594,551. The Company transferred the fair value of \$916,356 from reserves to share capital in connection with the exercise.
- During the year ended September 30, 2025, the Company issued 61,056,784 common shares on warrant exercise at the average exercise price of \$0.15 (CAD\$0.20) for gross proceeds of \$9,058,263. The Company transferred the fair value of \$2,863,176 from reserves to share capital in connection with the exercises.

Use of Proceeds

The Company has completed the following financings during the three months ended December 31, 2025:

Financing	Intended Use Per Prior Disclosure	Variance and explanation
November 4, 2025 LIFE offering of 6,896,560 units for gross proceeds of \$14,194,017, less share issuance costs	The net proceeds from the LIFE financing will be allocated toward the development of production, research, and operating facilities at two locations in Texas, as well as for research and development initiatives and general working capital purposes.	
	- Costs associated with the setup and staffing of the Company's new Austin headquarters - \$700,000	The Company has used other sources of funding, including cash on hand and cash from the exercise of securities. During the quarter ended December 31, 2025, \$232,168 of additions were made to leasehold improvements which substantially all relate to the new Austin headquarters. Additional costs have been incurred subsequent to December 31, 2025, primarily on leasehold improvements. At this time, there is no change in the estimated use of proceeds.

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	- Costs associated with the development of a second graphene manufacturing site in Texas to boost production capacity - \$3,600,000	The Company has not yet incurred significant costs towards this project. At this time, there is no change in the estimated use of proceeds.
	- General research and development expenses -- \$350,000	The Company has used other sources of funding, including cash on hand and cash from the exercise of securities. During the quarter ended December 31, 2025, the Company incurred \$172,946 of research costs. At this time, there is no change in the estimated use of proceeds.
	- Unallocated working capital – Remainder	The Company has used other sources of funding, including cash on hand and cash from the exercise of securities, and has not begun to use this unallocated working capital.

The Company completed the following financings during the year ended September 30, 2025:

Financing	Intended Use Per Prior Disclosure	Variance and explanation
December 12, 2024 private placement of 23,960,003 units for gross proceeds of \$2,701,921, less share issuance costs	Net proceeds used to further commercial activity for the Company's differentiated graphene products via application development at the GEIC (Graphene Engineering Innovation Center) and other direct customer relationships, production upscaling, business development and general working capital purposes.	The funds were used as intended by the quarter ended June 30, 2025.

LIQUIDITY AND CAPITAL RESOURCES

The Company is developing its licensed technology and new business opportunities and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of common shares for cash, through private placement or the exercise of warrants and stock options. The Company's ability to raise cash depends on various capital market conditions. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including timing on securing customer contracts.

There can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of the funds required to develop any opportunities. There is no assurance that the Company will be successful in obtaining the funds it may require to sustain operations or that the terms of any financing obtained will be acceptable.

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As at December 31, 2025, the Company had cash on hand of \$20,019,611 (September 30, 2025 – \$8,737,793). Subsequent to December 31, 2025, the Company raised CAD\$667,480 from the exercise of warrants and stock options.

During the three months ended December 31, 2025, cash used in operating activities was \$2,485,418 (2024 – \$943,917), cash used in investing activities was \$556,466 (2024 – \$81,426) and cash provided by financing activities was \$13,977,768 (2024 – \$2,540,384). Cash used in operating activities increased due to additional operating expenses. The cash provided by financing activities is primarily related to shares issued for cash and subscriptions for private placements to fund operations and development of the licensed technology.

OFF BALANCE SHEET ARRANGEMENTS

There were no off-balance sheet arrangements to which the Company was committed.

TRANSACTIONS WITH RELATED PARTIES

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, President, 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		
Kjirstin Breure, President, CEO and Director	84,000	48,462
John Neale, CFO ⁽¹⁾	-	-
Matthew Anderson, former CFO ⁽²⁾	28,296	18,242
Tom Wilkinson, Director	15,000	-
Grant Duthie, Director	15,000	-
Cordell Bennigson, Director	15,000	-
Kerry Landis, Director	15,000	-
David Williams, former Director	-	24,000
Paul Cox, former Director	-	12,000
David Morris, former Director	-	1,000
Share-based payments	567,525	140,072
Total	739,821	243,776

⁽¹⁾ Mr. Neale was appointed CFO on February 20, 2026.

⁽²⁾ Mr. Anderson is a Managing Director and shareholder of Malaspina Consultants Inc. (“Malaspina”), which provides accounting and other services to the Company. During the three months ended December 31, 2025, the Company paid Malaspina \$47,539 (2024 - \$27,614), respectively, for CFO, accounting, corporate secretarial and administrative services. Mr. Anderson resigned as CFO on February 20, 2026 and was appointed as Vice President of Finance.

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 Robert Wowk, former CFO, and has been included in other liabilities.

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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.

CRITICAL ACCOUNTING ESTIMATES

The Company has outlined the basis of its critical accounting estimates in Note 3 of its annual audited consolidated financial statements for the year ended September 30, 2025.

CHANGES IN ACCOUNTING POLICIES

There were no new accounting policies adopted during the period.

FINANCIAL INSTRUMENTS AND OTHER 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), and

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.

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	26,476,768	286,033

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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*

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash, term deposit, and tax receivable. To minimize the credit risk on cash and its term deposit, the Company places the instrument with a chartered financial institution.

(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	-

OUTSTANDING SHARE DATA

Authorized: Unlimited number of common shares

Issued and outstanding: 340,760,494 common shares as at March 2, 2026.

Options and warrants outstanding as at March 2, 2026:

Security	Number	Exercise Price (CAD\$)	Expiry Date
Stock Options	1,000,000	0.25	14-Jun-26
Stock Options	5,312,500	0.19	21-Jun-29
Stock Options	500,000	0.19	18-Dec-29
Stock Options	200,000	0.31	27-Feb-30
Stock Options	100,000	0.33	07-Mar-30
Stock Options	3,437,030	0.26	16-Apr-30
Stock Options	100,000	0.24	28-Apr-30
Stock Options	4,143,000	1.25	01-Aug-30
Stock Options	1,000,000	2.16	12-Aug-30
Stock Options	150,000	2.43	18-Aug-30
Stock Options	1,194,220	3.05	05-Dec-30
Stock Options	938,538	4.47	20-Feb-31
Stock Options	1,500,000	0.25	28-Feb-32
Stock Options	1,300,000	0.25	20-Apr-32
Stock Options	631,800	0.25	01-Nov-32

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Stock Options	700,000	0.25	12-Jan-33
TOTAL	22,207,088		

Security	Number	Exercise Price (CAD\$)	Expiry Date
Share Purchase Warrants	125,000	0.18	5-Apr-26
Share Purchase Warrants	2,374,710	0.27	11-Jun-27
Share Purchase Warrants	2,019,263	0.24	12-Dec-27
Share Purchase Warrants	875	0.16	⁽¹⁾ 12-Dec-27
Share Purchase Warrants	3,765,044	3.50	4-Nov-28
TOTAL	8,284,892		

- (1) Exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant, at a price of CAD\$0.16 up to December 12, 2027. Each warrant within the unit is exercisable into one common share at a price of CAD\$0.24 per common share up to December 12, 2027.

Restricted Share Units outstanding as at March 2, 2026:

Security	Number	Grant Date
Restricted Share Units	446,667	1-Aug-25
Restricted Share Units	40,000	13-Aug-25
Restricted Share Units	75,000	18-Aug-25
Restricted Share Units	54,184	05-Dec-25
TOTAL	615,851	

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the three months ended December 31, 2025 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedarplus.ca.

RISK FACTORS AND UNCERTAINTIES

The Company is pursuing the opportunity to exploit patented technology to produce graphene, hydrogen, syngas, and other products and business opportunities. Due to the nature of the Company's business and the present stage of its activities, many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

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If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Common Shares could decline, and investors may lose all or part of their investment.

How risk is related to return

Generally, there is a strong relationship between the amount of risk associated with a particular investment, and that investment's long-term potential to increase in value.

Investments that have a lower risk also tend to have lower returns because factors that can affect the value of the investment, the risks, are well known or are well controlled and have already been worked into the price of the investment. On the other hand, investments that could have potentially higher returns if conditions for success are favorable also risk generating equally higher losses if conditions become unfavorable. This is because the factors affecting the value of such investments are unknown or difficult to control.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Common Shares. If the Company issues Common Shares from its treasury for financing purposes, control of the Company may change, and purchasers may suffer additional dilution.

Negative Cash Flow from Operating Activities

The Company's activities have been focused on developing its technology and accordingly cash flow is negative, and the Company has been required to raise funds through equity financings.

Current Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its development plans. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to purchasing the securities.

Smaller Companies

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

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Competition

Graphene manufacturers include some larger companies with more financial resources than the Company. There is no assurance that the Company will be able to effectively compete in that environment.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to sustain operations. Although the Company has been successful in the past in obtaining financing through the issuance of common shares, there can be no assurance that it will be able to obtain the necessary financing and raise capital sufficient to cover its operating costs.

Licensed Technology

The Company believes the licensed technology will be commercially scalable and the products can be profitably marketed. There can be no assurance that the Company will be able to develop the technology to the point that may be required to carry out its business plans, on reasonable terms, or at all. Delays, or a failure to develop such economically viable products or a failure to comply with the terms of the license could have a material adverse effect on the Company.

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Graphene Production Risk Factors

New Commercial Scale Production Technology

The Company's production plan calls for being able to produce 10 MT/year from its production unit, the Hyperion System. The first Hyperion system is located in Manhattan, KS, which is also where the Hyperion System was developed. In May 2023, the company announced a major technical milestone of 10 MT/year annualized production from the Hyperion System. While reaching this milestone was a major success, the Company continues to optimize for reliability, availability and productivity. Further improvement of the Hyperion System will require the Company to ensure valves, igniters and electrodes are sufficiently robust for continuous operations. The Company cannot guarantee that it will be able to successfully achieve improved reliability, availability and productivity.

Graphene Market Acceptance

While the Company believes the addressable market for various forms of graphene product could grow to \$2.5 billion by 2028, the market today for graphene is less than \$100 million due to lack of high-quality product and high costs. Additionally, some customization of graphene will be required depending on application and customer. As such it may take considerable time for customers to adopt graphene which could delay potential future revenue and/or profitability for the Company.

Future Product Development

The Company continues to invest resources in the next generation of products using core detonation technology. The Company has fully commercialized two of its main graphene products and will look to commercialize additional derivatives according to customer interest.

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General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Although the Directors will seek to minimize the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specializes in investments of this nature before making any decision to invest.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR+ at www.sedarplus.com and at the Company's website at <https://hydrograph.com>.