

GRAPHITE ONE INC.

Consolidated Financial Statements

December 31, 2025



Independent auditor's report

To the Shareholders of Graphite One Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Graphite One Inc. and its subsidiaries (together, the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
PwC Place, 250 Howe Street, Suite 1400
Vancouver, British Columbia, Canada V6C 3S7
T.: +1 604 806 7000, F.: +1 604 806 7806
Fax to mail: ca_vancouver_main_fax@pwc.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of impairment indicators of exploration and evaluation property</p> <p>Refer to note 3 – Basis of presentation and summary of material accounting policies, note 4 – Significant judgments in applying accounting policies and note 10 – Exploration and evaluation property to the consolidated financial statements.</p> <p>The total book value of exploration and evaluation property amounted to \$67.7 million as at December 31, 2025. At each reporting period, management is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Evaluated management's judgment in assessing the impairment indicators, which included the following:<ul style="list-style-type: none">– Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area; and (ii) claim expiration dates.

Key audit matter	How our audit addressed the key audit matter
<p>If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs. No impairment indicators were identified by management as at December 31, 2025.</p> <p>We considered this a key audit matter due to the significance of the exploration and evaluation property and the judgments by management in its assessment of indicators of impairment related to exploration and evaluation property, and these have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.</p>	<ul style="list-style-type: none"> – Read the Board of Directors' minutes and obtained a budget for the year ending December 31, 2026 to evidence continued and planned exploration and evaluation expenditure. • Assessed whether sufficient data existed to support that extracting the resources will not be technically feasible or commercially viable, and development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs, based on evidence obtained in other areas of the audit.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 19, 2026

GRAPHITE ONE INC.
Consolidated Statements of Financial Position
(Expressed in United States dollars)

	Note	December 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	\$ 8,367,893	\$ 4,117,974
Receivables	7	186,564	680,641
Prepays and other	8	375,748	202,509
Total current assets		8,930,205	5,001,124
Property and equipment	9	526,469	530,990
Exploration and evaluation property	10	67,683,657	61,080,089
Non-current advances and deposits		102,336	162,335
Restricted cash	10	228,592	180,435
Intangible assets	11	980,849	423,522
Total assets		\$ 78,452,108	\$ 67,378,496
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12	\$ 3,496,498	\$ 4,856,703
Lease liabilities	13	167,419	-
Total liabilities		3,663,917	4,856,703
SHAREHOLDERS' EQUITY			
Share capital	14	115,432,818	95,269,649
Reserves		19,647,819	18,445,752
Cumulative translation adjustment		3,578,543	3,534,570
Deficit		(63,870,989)	(54,728,178)
Total shareholders' equity		74,788,191	62,521,793
Total liabilities and shareholders' equity		\$ 78,452,108	\$ 67,378,496
Going concern	2		
Subsequent events	20		

Approved by the Board of Directors:

«Anthony Huston»
 Director

«Douglas Smith»
 Director

GRAPHITE ONE INC.**Consolidated Statements of Loss and Comprehensive Loss***(Expressed in United States dollars)*

		Years ended December 31,	
	Note	2025	2024
Expenses			
Project development, net of grant	16	\$ 828,001	\$ 282,543
Management fees, salaries and benefits		2,179,058	1,400,656
Marketing and investor relations		1,375,940	782,715
Consulting and advisory fees		612,904	282,569
Office and administration		612,030	420,057
Professional fees		399,248	439,918
Share-based payments		3,251,658	3,150,712
		9,258,839	6,759,170
Other (income) expenses			
Foreign exchange losses (gains)		(11,550)	43,971
Other		(86,885)	-
Interest income		(47,516)	(8,023)
Interest expense		29,924	1,405
		(116,028)	37,353
Net loss for the year		9,142,811	6,796,523
Other comprehensive loss (income)			
Foreign currency translation		(43,973)	(21,316)
Net loss and comprehensive loss for the year		\$ 9,098,838	\$ 6,775,207
Basic and diluted loss per common share		\$ 0.06	\$ 0.05
Weighted average number of common shares outstanding		154,606,781	137,089,738

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

GRAPHITE ONE INC.**Consolidated Statements of Changes in Shareholders' Equity***(Expressed in United States dollars)*

	Common Shares		Reserves	Cumulative	Deficit	Total
	Number	Amount		Translation		
		\$		Adjustment		
		\$	\$	\$	\$	
Balance, January 1, 2025	145,575,038	95,269,649	18,445,752	3,534,570	(54,728,178)	62,521,792
Shares issued pursuant to private placements	23,298,578	13,666,270	964,071	-	-	14,630,340
Shares issued on warrant exercises	7,677,190	6,436,168	(348,072)	-	-	6,088,096
Shares issued on broker warrant exercises	32,016	23,162	(280)	-	-	22,882
Shares issued on option exercises	241,363	150,845	(139,327)	-	-	11,518
Shares issued on vesting of share units, net of taxes	2,104,464	856,652	(2,978,428)	-	-	(2,121,775)
Share issue costs	-	(969,928)	(107,831)	-	-	(1,077,759)
Share-based payments	-	-	3,811,934	-	-	3,811,934
Changes in cumulative translation adjustment	-	-	-	43,973	-	43,973
Net loss for the year	-	-	-	-	(9,142,811)	(9,142,811)
Balance, December 31, 2025	178,928,649	115,432,818	19,647,819	3,578,543	(63,870,989)	74,788,191

	Common Shares		Reserves	Cumulative	Deficit	Total
	Number	Amount		Translation		
		\$		Adjustment		
		\$	\$	\$	\$	
Balance, January 1, 2024	132,283,348	87,765,603	15,558,464	3,513,254	(47,931,655)	58,905,666
Shares issued pursuant to private placement	6,374,200	2,909,480	447,612	-	-	3,357,092
Shares issued on warrant exercises	5,130,873	3,193,973	600,375	-	-	3,794,348
Shares issued on option exercises	200,000	79,759	(35,874)	-	-	43,885
Shares issued on vesting of share units, net of taxes	1,586,617	1,462,428	(2,125,635)	-	-	(663,206)
Share issue costs	-	(141,595)	13,224	-	-	(128,371)
Share-based payments	-	-	3,987,585	-	-	3,987,585
Changes in cumulative translation adjustment	-	-	-	21,316	-	21,316
Net loss for the year	-	-	-	-	(6,796,523)	(6,796,523)
Balance, December 31, 2024	145,575,038	95,269,649	18,445,752	3,534,570	(54,728,178)	62,521,793

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

GRAPHITE ONE INC.
Consolidated Statements of Cash Flows
(Expressed in United States dollars)

	Years ended December 31,	
	2025	2024
OPERATING ACTIVITIES		
Net loss for the year	\$ (9,142,811)	\$ (6,796,523)
Items not involving cash:		
Share-based payments	3,251,658	3,150,712
Unrealized foreign exchange loss (gains)	(43,558)	60,169
Depreciation and amortization	86,095	16,188
Interest on leases payable	29,924	1,405
Changes in non-cash working capital items		
Receivables	(45,373)	(63,717)
Prepays and deposits	(115,407)	(92,200)
Accounts payable and accrued liabilities	(354,332)	739,645
Withholding tax payments on vested share units	(2,001,093)	(663,206)
Cash used in operating activities	(8,334,897)	(3,647,529)
FINANCING ACTIVITIES		
Proceeds from common shares issued	20,752,836	7,195,325
Share issue costs	(1,112,652)	(128,371)
Lease payments	(178,500)	(57,572)
Cash provided by financing activities	19,461,684	7,009,382
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	(9,144,173)	(25,334,896)
Changes in restricted cash	(48,157)	(80,395)
Purchase of intangible assets	(650,000)	(400,000)
Grant proceeds	2,922,425	24,791,759
Purchase of equipments	(45,356)	(5,756)
Cash used in investing activities	(6,965,261)	(1,029,288)
Effect of foreign exchange on cash and cash equivalents	88,393	(38,922)
Increase in cash and cash equivalents during year	4,249,919	2,293,643
Cash and cash equivalents at beginning of the year	4,117,974	1,824,331
Cash and cash equivalents at end of the year	\$ 8,367,893	\$ 4,117,974
Supplemental cash flow information:		
Non-cash Investing and financing activities		
Depreciation capitalized to property	\$ 372,819	\$ 304,650
Right of use assets	315,995	-
Changes to accounts payable related to investing activities	(1,028,814)	1,568,239
Share-based payments capitalized to property	559,047	838,574
	\$ 219,047	\$ 2,711,463

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

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise indicated)

1. NATURE OF OPERATIONS

Graphite One Inc. (“**Graphite One**” or the “**Company**”) is a Canadian publicly traded mineral exploration company headquartered in Vancouver, British Columbia and its common shares trade on the TSX Venture Exchange (“**TSXV**”) under the symbol GPH and the over-the-counter market exchange (“**OTCQX**”) in the United States under the symbol GPHOF. The Company’s registered office is located at Suite 600 – 777 Street Hornby, Vancouver, B.C. V6Z 1S4.

The Company is focused on developing its Graphite One Project (the “**Project**”) with a plan to mine graphite from the Company’s Graphite Creek Property and process the graphite into concentrate at a mineral processing plant located adjacent to the proposed mine. The resulting graphite concentrate would be shipped to the second link in the Company’s proposed supply chain solution, a secondary treatment plant, where both artificial graphite and natural graphite active anode materials and other value-added graphite products would be manufactured.

The ability of the Company to proceed with the evaluation and development of the Project depends on a number of factors, the key ones include obtaining the necessary financing to progress the Project and managing geopolitical and permitting risks.

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at December 31, 2025, the Company had a cash balance of \$8,367,893 (December 31, 2024: \$4,117,974), working capital of \$5,266,288 (December 31, 2024: working capital of \$144,421), and an accumulated deficit of \$63,870,989 (December 31, 2024: \$54,728,178). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the year ended December 31, 2025, cash used in operating activities totaled \$8,334,897 (2024: \$3,647,529) and \$9,887,686 (2024: \$25,821,047) were spent on project related expenditures, including expenses related to a purchase of intangible asset but excluding grant proceeds. In the first quarter of 2026, the Company closed its marketed public offering of 20,002,000 units for aggregate gross proceeds of CA\$35 million (\$24,625,000) and received proceeds of CA\$8,550,699 (\$6,178,768) from the exercise of 8,128,747 common share purchase warrants.

The Company’s ability to continue to meet its administrative expenses, permit the mine, and advance the design and engineering of the proposed synthetic graphite manufacturing facility in Ohio is uncertain and dependent upon the continued financial support of its shareholders and on securing additional funding to operate as a going concern. Based on the forecasted administrative and project expenditures for the next twelve months, the Company will require additional financings. There can be no assurance that the Company will be successful in securing additional financings to carryout its operating and capital expenditures for the next twelve (12) months, which gives rise to material uncertainty that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), effective as of December 31, 2025.

Certain comparative figures have been reclassified to conform to the current year’s presentation.

The functional currency of the Company is Canadian dollars (CA\$) and for its wholly owned subsidiaries, Graphite One (Alaska) Inc. (“G1 Alaska”) and Graphite One (Ohio) Inc. (“G1 Ohio”) is United States dollars (\$). The presentation currency of the Company is the United States dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period.

Balance sheet items are classified as current if receipt or payment is due within twelve (12) months. Otherwise, they are presented as non-current.

These consolidated financial statements include the accounts of the Company, and G1 Alaska and G1 Ohio “control” is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee’s returns. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

These consolidated financial statements were approved for issuance by the Board of Directors of the Company on March 19, 2026.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within three months of purchase.

b) Property and equipment

Property consists of right-of-use assets which are initially measured at cost comprising the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs, and are subsequently at cost less accumulated depreciation and impairment losses and is adjusted for certain remeasurements of lease liability. Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The cost of additions and improvements are capitalized. An item of equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

Depreciation Rate

Right of Use Assets	Term of the lease
Computer equipment	3 years straight line
Analytical equipment	20%
Mobile equipment	5 years straight line
Preparation lab	50%

The Company provides for depreciation using the straight-line method at rates designed to depreciate the cost of individual items over their estimated useful lives, less any residual value. Depreciation on operating assets is included

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

in the statements of net loss as a component of office and administrative expenses. Depreciation of assets utilized in mineral exploration activities is capitalized as a cost of mineral properties.

c) Exploration and Evaluation Properties

- i) Pre-license costs

Costs incurred before the Company has obtained the legal right to explore are expensed, as incurred.

- ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes the costs of acquiring, maintaining its interest in, exploring and evaluating mineral properties until such time as the lease expires, the property is abandoned, sold or considered impaired in value, on a property-by-property basis. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, the related expenditures are assessed for impairment and are then reclassified to mineral property development costs.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including:

- the extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”) have been identified through a feasibility study or a similar document;
- the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; and
- the status of environmental and mining permits and mining leases.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company’s legal right of ownership. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects or changes in applicable law.

The sale of net smelter royalties is generally charged against the exploration and evaluation asset; however, each transaction will be evaluated for the appropriate accounting treatment based on the royalty agreement.

d) Government Grants

The Company recognizes government grants at fair value when there is reasonable assurance the Company will comply with the conditions of any grant assistance, the funding for the government grant will be received, and the expenditures have been incurred. Government grants related to exploration and evaluation assets are recorded against the carrying value of related exploration and evaluation asset and recorded to the statement of loss against certain expenses, as applicable.

e) Impairment

The carrying values of the Company’s long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

inflows of other assets or groups of assets (the “cash-generating unit” or “CGU”). The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying value of a long-lived asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The amount of the impairment loss is reversed only to the extent of the net carrying value of the impairment loss, net of reversal of any amortization. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, such as, patents, trademarks, copyrights, customer relationships, software and technology licenses. The Company recognizes these assets at cost, which includes the acquisition price and directly attributable costs required to prepare the asset for its intended use. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if applicable. The intangible asset will be amortized from the date when it is available for use. The amortization method and useful life are determined based on the pattern in which the asset’s economic benefits are consumed.

Finite-life intangible assets are reviewed for impairment indicators at each reporting date. If impairment is indicated, the recoverable amount is assessed, and any excess carrying amount is recognized as an impairment loss. Indefinite-life intangible assets are tested annually for impairment or when an indicator of impairment exists. Currently, the Company does not have any indefinite-life intangible assets.

g) Research and Development Costs

The Company engages in research and development in the development of fire-fighting foam suppressant and the Company’s proposed anode active manufacturing plant (note 16). R&D costs are accounted for in accordance with IAS 38 Intangible Assets and are classified as follows:

i) Research Costs

Expenditures related to original investigations undertaken to gain new scientific or technical knowledge are expensed as incurred. These costs include employee salaries, materials, subcontractor costs, and overhead expenses directly related to research activities.

ii) Development Costs

Costs incurred in the application of research findings to develop new or improved products, processes, or services are capitalized if all the following conditions are met:

1. Technical feasibility of completing the asset is demonstrated.
2. Intention to complete and use or sell the asset is established.
3. Ability to generate future economic benefits is probable.
4. Availability of adequate technical, financial, and other resources to complete the development is confirmed.
5. Reliable measurement of costs is possible.

Development costs that do not meet the above criteria are expensed as incurred. Capitalized development costs are initially recorded at cost and subsequently amortized over their estimated useful life based on the pattern in which the asset’s economic benefits are consumed.

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

h) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

i) Share-based Payments

The Company grants share-based awards, including stock options ("Options"), restricted share units ("RSUs") and performance share units ("PSUs") to certain employees, directors and consultants of the Company. Share-based payment arrangements in which the Company has received goods or services from consultants are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value for all Options granted to directors, employees and consultants. For directors, employees and consultants, the fair value of the Options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the Options is measured on the date the services are received by the Company. The fair value of share-based payments is charged either to profit or loss, or to the exploration and evaluation property, with the offsetting credit to reserves. The fair value of the Options is recognized over the vesting period based on the best available estimate of the number of Options expected to vest. Estimates are subsequently revised if there is any indication that the number of Options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the Options are granted. Options granted that relate to the receipt of goods or services from certain consultants are recognized over the related service period. When Options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event Options are forfeited prior to vesting, the associated stock-based compensation recorded to date is reversed in the period of forfeiture. The fair value of any vested Options that expire remain in reserves. For equity-settled RSUs and PSUs, the fair value is determined based on either the quoted market price of the Company's common shares on the TSXV at the date of grant or based on the fair value calculated by using the Monte Carlo

GRAPHITE ONE INC.

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(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

Simulation Model. The fair value is recognized as a share-based payment expense or is capitalized to exploration and evaluation property over the vesting period with a corresponding amount recorded in reserves.

j) Share capital

When the Company issues units through a private placement offering, the common shares and common share purchase warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its common shares to be the more easily measurable component and is valued with reference to the market price. The residual value is attributed to the common share purchase warrants, if any, is recorded as a separate component of equity.

k) Loss per Share

Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding Options, warrants and other convertible securities. When diluted earnings per share is calculated, only those Options and other convertible securities with exercise prices below the average trading price of the Company's common shares for the period will be dilutive. In the periods when the Company reports a net loss, the effect of potential issuances of common shares under Options and other convertible securities is anti-dilutive, therefore, basic and diluted loss per share is the same.

l) Financial Instruments - Recognition and Measurement

The Company classifies its financial assets in the following measurement categories:

- i) Those to be subsequently measured at amortized cost, or
- ii) Those to be subsequently measured at fair value (either through other comprehensive income or through profit or loss ("FVPL"))

The classification is driven by the business model for managing the financial assets and their contractual cash flow characteristics. The Company classifies cash and cash equivalents, deposits, trade and other payables and loans as subsequently measured at amortized cost. At initial recognition, financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVPL, where transaction costs are expensed directly to profit or loss.

m) Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities and include key management personnel of the Company. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

4. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of these financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the period end date and reported amounts of expenses during the reporting period. Such judgements and estimates are, by their nature, uncertain. Actual outcomes could differ from these estimates.

The impact of such judgements and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. These judgements and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Revisions to

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4. SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (Cont'd)

accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively. In preparing these consolidated financial statements for the year ended December 31, 2025, the Company applied the critical estimates, assumptions and judgements as disclosed below:

Leases

The Company follows IFRS 16 in accounting for leases. A lessee recognises a right-of-use asset and a corresponding lease liability when the contract is greater than twelve (12) months and the contract is enforceable. A lease contract is the acquisition of a right to use an underlying asset, with the purchase price paid in installments. The lessee recognises the right-of-use asset and the lease liability initially at the commencement date or at the start of the non-cancellable period of the lease.

The Company exercises judgement in defining the lease term for a 50-year lease signed on March 15, 2024 that includes termination rights. The Company has a right to terminate the lease during the first 18 months of the lease term, which is in addition to termination rights for certain triggering events. As at December 31, 2025, the triggering events specified in the lease agreement have occurred, and the lease is therefore cancelable at the Company's discretion. Management is reasonably uncertain whether the Company will not exercise its termination right in the future, and as a result of these uncertainties, management will recognize the lease on a month-to-month basis. Management will reassess the accounting for the lease as circumstances change.

Exploration and evaluation property

The Company is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired. There are no indicators of impairment as at December 31, 2024.

Intangible assets

The Company is required to make significant judgments in assessing whether there are any indicators of impairment relating to intangible assets. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) significant adverse changes in geopolitical environment (ii) significant reductions in expected future cash flows of the asset compared to forecasts; and (iii) development or sale of the product associated with the intangible asset is unlikely to recover existing costs. If any of these indicators are present, management would need to assess whether the intangible asset should be impaired. There are no indicators of impairment as at December 31, 2025.

GRAPHITE ONE INC.

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5. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING DEVELOPMENTS

IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures

In May 2024, the International Accounting Standards Board (“IASB”) issued amendments to the classification and measurement of financial instruments. These amendments updated classification and measurement requirements in IFRS 9 Financial Instruments and related disclosure requirements in IFRS 7 Financial Instruments: disclosures. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. The amendments also clarify the assessment of whether contractual cash flows represent solely payments of principal and interest, including for financial assets with environmental, social and governance-linked features and other similar contingent features. In addition, the IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income.

These amendments apply retrospectively for annual reporting periods beginning on or after January 1, 2026, with early application permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into three defined categories (operating, investing, and financing) and by specifying certain defined total and subtotals. Where company-specific measures related to the income statement are provided (“**management-defined performance measures**”), IFRS 18 requires disclosure of the explanations around those measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and notes. IFRS 18 will not impact the recognition and measurement of items in the financial statements, nor will it impact which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

6. CASH AND CASH EQUIVALENTS

	December 31, 2025	December 31, 2024
Cash	\$ 8,360,597	\$ 4,111,024
Cash equivalents	7,296	6,950
	<u>\$ 8,367,893</u>	<u>\$ 4,117,974</u>

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Notes to the consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

7. RECEIVABLES

	December 31, 2025	December 31, 2024
GST receivable	\$ 44,055	\$ 39,399
Government grant receivable	83,333	632,726
Other receivables	59,176	8,517
	<u>\$ 186,564</u>	<u>\$ 680,642</u>

On July 17, 2023, the Company was awarded a Department of Defense (“DoD”) Technology Investment Agreement (“TIA”) grant of up to \$37.5 million (the “Grant”) under Title III of the Defense Production Act, funded through the Inflation Reduction Act, to fund 50% of the costs to complete the Graphite Creek feasibility study and the associated environmental work needed to submit for final permits.

On May 10, 2024, the Company signed a revised cost share agreement with the DoD to adjust the DoD’s share of expenditures from 50% to 75% based on a revised contract value of \$49.8 million. The DoD’s maximum share of the expenditures was \$37.3 million.

During the year ended December 31, 2025, the Company drew down the remaining \$2,545,868 (cumulative to date: \$37,311,145) balance from the Grant, and submitted the final invoice related to the Grant. As at December 31, 2025, \$nil was outstanding from the DoD and \$83,333 was outstanding from the Defense Logistic Agency (“DLA”) (Note 16).

8. PREPAIDS AND DEPOSITS

	December 31, 2025	December 31, 2024
Deposits and advances	\$ -	\$ 65,911
Prepaid marketing	203,455	136,598
Prepaid expenses	114,461	-
Deferred share issuance costs	57,833	-
	<u>\$ 375,748</u>	<u>\$ 202,509</u>

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

*(Expressed in United States dollars, unless otherwise indicated)***9. PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

Cost (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2023	\$ 1,354,530	\$ 51,160	\$ 122,503	\$ 1,528,193
Additions	5,756	-	-	5,756
Disposals	-	(2,439)	(112,977)	(115,417)
Transfer to exploration & evaluation assets	(57,589)	-	-	(57,589)
Effect on changes in foreign exchange rate	-	(650)	-	(650)
As at December 31, 2024	1,302,697	48,071	9,526	1,360,294
Additions	45,356	-	315,995	361,351
Effect on changes in foreign exchange rate	-	272	-	272
As at December 31, 2025	\$ 1,348,053	\$ 48,343	\$ 325,522	\$ 1,721,918

Accumulated depreciation (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2023	\$ 569,446	\$ 22,235	\$ 69,660	\$ 661,341
Depreciation	229,281	16,541	52,843	298,665
Disposals	-	(2,439)	(112,977)	(115,417)
Transfer to exploration & evaluation assets	(13,162)	-	-	(13,162)
Effect on changes in foreign exchange rate	-	(2,122)	-	(2,122)
As at December 31, 2024	785,564	34,214	9,526	829,305
Depreciation	197,897	10,043	157,998	365,937
Effect on changes in foreign exchange rate	-	208	-	208
As at December 31, 2025	\$ 983,461	\$ 44,465	\$ 167,523	\$ 1,195,450

Net book value (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2024	\$ 517,133	\$ 13,857	\$ -	\$ 530,990
As at December 31, 2025	\$ 364,592	\$ 3,878	\$ 157,998	\$ 526,469

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Notes to the consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

10. EXPLORATION AND EVALUATION PROPERTY

The following table summarizes the capitalized costs associated with the Company's exploration and evaluation property:

Balance, December 31, 2023	57,683,886
Land management and advanced royalties	163,147
Assays and metallurgy	2,757,649
Geological consulting	631,563
Site preparation, drilling and camp operations	10,621,279
Engineering and technical assessments	4,142,575
Community consultation and meetings	226,430
Environmental studies	3,806,999
Capitalized depreciation	304,650
Capitalized share-based payments	838,574
Project management and administration	3,994,859
Secondary treatment plant project and other costs	571,059
Government grant - Note 7	(24,662,582)
Balance, December 31, 2024	61,080,089
Land management and advanced royalties	198,928
Assays and metallurgy	299,035
Geological consulting	50,214
Site preparation, drilling and camp operations	1,360,651
Engineering and technical assessments	871,159
Community consultation and meetings	294,769
Environmental studies	2,315,511
Capitalized depreciation	372,819
Capitalized share-based payments	559,047
Project management and administration	2,623,807
Secondary treatment plant project and other costs	41,803
Government grant - Note 7	(2,384,177)
Balance, December 31, 2025	\$ 67,683,657

Property Summary

The Graphite Creek Property consists of 135 State of Alaska mining claims ("State Claims") and forty-one state selected claims ("SS Claims"). The Company maintains the State Claims by performing the required annual assessment work on or for the benefit of the State Claims; timely recording of the Affidavits of Annual Labor attesting to the performance of the required assessment work and by making timely annual rental payments to the Alaska Department of Natural Resources. The SS Claims only require an initial deposit and do not require any annual labor obligations or rental payments.

Taiga Mining Company, Inc. ("Taiga") has a 1% net smelter royalty ("NSR") on the Graphite Creek Property that commences on the first day of the month in which the first concentrate is produced from certain of the mineral claims for a period of twenty (20) years.

There are two other NSR's outstanding on the Graphite Creek Property: a 5% NSR and a 2.5% NSR on certain State Claims, of which 2% of each NSR can be purchased for a total of \$4.0 million, leaving a 3.0% and a 0.5% NSR on their respective claims.

GRAPHITE ONE INC.

Notes to the consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

10. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

On July 17, 2023, G1 Alaska was awarded the DoD Grant to cover up to \$37.5 million or 50% of the estimated \$75.0 million costs to accelerate the completion of its Graphite Creek feasibility study. On May 10, 2024, the Company signed a revised cost share agreement with the DoD to adjust the DoD's share of expenditures associated with the feasibility study from 50% to 75% based on a revised contract value of \$49.8 million. The DoD's maximum share of the expenditures is \$37.3 million. The Company has been reimbursed \$37.3 million in feasibility study expenditures, which the expenditures may be subject to a DoD audit.

On December 18, 2023, the Company established two \$50,000 deposits ("**Restricted Cash**") which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation ("**BSNC**"). The purpose of the Restricted Cash is to provide financial assistance for projects that benefit the communities as a whole and provide ongoing training in those communities. On August 20, 2024, the Company contributed the second and final \$50,000 deposit to each community. Outside the agreement with BSNC, the Company made an additional \$50,000 to each of these communities on October 31, 2025.

11. INTANGIBLE ASSETS

In 2024 the Company recognized an intangible asset relating to a \$400,000 milestone payment to Hunan Chenyu Fuji New Energy Technology Co. Ltd ("**Chenyu**") pursuant to the Chenyu Technology Licensing Agreement and the Consulting Agreement (collectively, the "**Chenyu Agreements**"). The Chenyu Agreements provide the Company an exclusive license to certain active anode material ("**AAM**") technologies in return for the payment of royalties. In addition, Chenyu will provide advisory services in connection with the design, construction, commissioning and operation of the planned AAM plant for agreed upon fees, including additional payments upon achieving certain milestones.

The Chenyu Agreements include a termination clause and provide compensation to Chenyu in the form of royalty payments applied to net revenue and compensation in the form of eleven milestone payments related to the development of an AAM plant proposed in Ohio. The first milestone payment of \$400,000 was paid in October 2024 and the second milestone payment of \$650,000 was paid in August 2025.

These assets are amortized over the asset's economic life, which management has determined to be ten years from the date the Chenyu Agreements were executed. During the year ended December 31, 2025, the Company recognized \$74,628 of amortization which was recorded as project development expenses.

GRAPHITE ONE INC.

Notes to the consolidated financial statements

December 31, 2025 and 2024

*(Expressed in United States dollars, unless otherwise indicated)***11. INTANGIBLE ASSETS (Cont'd)**

The following table summarizes the Company's intangible assets:

Cost (\$)			Technology		Total
	Software		License		
As at December 31, 2023	\$ 111,133	\$	\$ -	\$	111,133
Additions	-		400,000		400,000
Effect on changes in foreign exchange rate	(3,778)		-		(3,778)
As at December 31, 2024	107,355		400,000		507,355
Additions	-		650,000		650,000
Effect on changes in foreign exchange rate	2,141		-		2,141
As at December 31, 2025	\$ 109,496	\$	\$ 1,050,000	\$	1,159,496

Accumulated amortization (\$)			Technology		Total
	Software		License		
As at December 31, 2023	\$ 49,174	\$	\$ -	\$	49,174
Amortization	36,232		-		36,232
Effect on changes in foreign exchange rate	(1,574)		-		(1,574)
As at December 31, 2024	83,832		-		83,832
Amortization	18,580		74,628		93,209
Effect on changes in foreign exchange rate	1,606		-		1,606
As at December 31, 2025	\$ 104,018	\$	\$ 74,628	\$	178,647

Net book value (\$)			Technology		Total
	Software		License		
As at December 31, 2024	\$ 23,522	\$	\$ 400,000	\$	423,522
As at December 31, 2025	\$ 5,477	\$	\$ 975,372	\$	980,849

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31,	
	2025	2024
Accounts payable - Trade	\$ 215,696	\$ 542,076
Accounts payable - Project	489,925	1,694,056
Payroll	2,753,976	2,403,191
Accruals - Project	36,900	196,542
Accruals - Other	-	20,838
	\$ 3,496,498	\$ 4,856,703

GRAPHITE ONE INC.

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13. LEASE LIABILITIES

Effective January 1, 2025, the Company renewed its lease for both the Nome office and warehouse locations for a period of two years.

The following tables summarize the outstanding lease payments discounted at 12%.

	December 31, 2025	December 31, 2024
Current portion	\$ 167,419	\$ -
Non-current portion	-	-
	<u>\$ 167,419</u>	<u>\$ -</u>

The following is the maturity analysis of lease liabilities as at December 31, 2025, showing the undiscounted lease payments:

Maturity	December 31, 2025	December 31, 2024
Less than 1 year	\$ 178,500	\$ -
1-2 years	-	-
	<u>\$ 178,500</u>	<u>\$ -</u>

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

The following share transactions occurred during the year ended December 31, 2025:

- i. Issued 7,677,190 common shares for proceeds of CA\$8,483,685 (\$6,088,096) and issued 32,016 common shares for proceeds of CA\$32,016 (\$22,882) pursuant to the exercise of warrants and broker warrants, respectively;
- ii. completed a private placement of 8,514,024 units at a price of CA\$0.82 per unit (a "Unit") for gross proceeds of CA\$6,981,500 (\$5,000,000). Each Unit consisted of one common share and one common share purchase warrant entitling the warrant holder to acquire one common share of the Company at a price of \$1.03 per common share at any time until October 3, 2028;
- iii. completed a brokered private placement of 14,784,554 units at a price of CA\$0.90 per unit (a "Brokered Unit") for gross proceeds of \$9,640,703 (CA\$13,306,099). Each Brokered Unit consists of one common share and one common share purchase warrant entitling the warrant holder to acquire one common share of the Company at a price of \$1.10 per warrant at any time until August 22, 2027;
- iv. issued 2,104,464 common shares pursuant to the vesting of RSUs; and
- v. issued 241,363 common shares pursuant to the exercise of 405,000 Options. There were 163,637 common shares withheld to settle the recipients' cost of exercising the stock option and related estimated withholding tax obligations.

GRAPHITE ONE INC.

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(Expressed in United States dollars, unless otherwise indicated)

14. Share Capital (cont'd)

The following share transactions occurred during the year ended December 31, 2024:

- i. issued 5,130,873 common shares for gross proceeds of CA\$5,130,873 (\$3,794,348) pursuant to the exercise of outstanding common share purchase warrants at a reduced exercise price of CA\$1.00 per share; and
- ii. issued 6,374,200 common shares for gross proceeds of CA\$4,780,650 (\$3,357,092) pursuant to a non-brokered private placement offering at CA\$0.75 per unit.

c) Share-based Compensation

On June 27, 2025, at the Company's annual general and special meeting of shareholders, the Company sought and received shareholder approval to replace the Company's existing 10% rolling stock option plan and the existing 10% fixed omnibus plan with a single 20% fixed limit omnibus incentive plan (the "**New Omnibus Plan**"). Security-based awards under the New Omnibus Plan consist of Options, RSUs, PSUs, and deferred share units ("**DSUs**"). The maximum number of common shares issuable under the New Omnibus Plan cannot exceed 20% of the Company's issued and outstanding common shares. All outstanding awards under the previous 10% rolling stock option plan and 10% fixed limit omnibus incentive plan have been migrated to the New Omnibus Plan.

As of December 31, 2025, the Company has 2,502,526 common shares available under the New Omnibus Plan for future grants.

The following table summarizes the amount of share-based compensation recognized during the years ended December 31, 2025 and 2024:

	Years ended December 31, 2025			Years ended December 31, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 199,535	\$ 635,715	\$ 835,249	\$ 471,938	\$ 749,805	\$ 1,221,743
Restricted share units	241,903	2,106,716	2,348,619	321,477	2,244,220	2,565,697
Performance share units	117,609	509,228	626,837	45,159	156,687	201,846
	<u>\$ 559,047</u>	<u>\$ 3,251,658</u>	<u>\$ 3,810,705</u>	<u>\$ 838,574</u>	<u>\$ 3,150,712</u>	<u>\$ 3,989,286</u>

GRAPHITE ONE INC.

Notes to the consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (Cont'd)

Stock Options

The following table summarizes the activity of outstanding stock options:

	Number of Options	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2023	9,525,580	\$ 1.02
Granted	3,805,158	0.91
Exercised	(200,000)	0.30
Expired	(900,000)	0.30
Balance, December 31, 2024	12,230,738	1.06
Granted	410,000	0.81
Exercised	(405,000)	0.35
Expired	(50,000)	0.35
Balance, December 31, 2025	12,185,738	\$ 1.08

On August 22, 2025, the Company granted 410,000 Options to its employees and consultants with an exercise price of CA\$0.81 per common share which expires five years from the date of grant. The Options vest one third each year on the first, second, and third anniversaries from the date of grant.

The fair value of the Options granted during the years ended December 31, 2025 and 2024 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	December 31, 2025	December 31, 2024
Exercise price (CA\$)	\$0.81	\$0.85 - \$0.93
Share price (CA\$)	\$0.81	\$0.85 - \$0.93
Risk-free interest rate	2.96%	3.5% - 3.64%
Expected life	5 years	5 years
Expected stock price volatility	71.4%	86.1% - 86.44%
Dividend payments	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value per option (CA\$)	\$0.49	\$0.59 - \$0.64

The expected life of the Options is based on current expectations. The expected volatility reflects the assumption that the historical volatility will be similar to the future volatility.

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(Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (Cont'd)

Stock Options (Cont'd)

The following table summarizes the outstanding Options as at December 31, 2025 and 2024:

Grant Date	As at December 31, 2025				As at December 31, 2024			
	Number of options outstanding	Number of vested options	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of vested options	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)
June 26, 2020	-	-	-	-	455,000	455,000	0.35	0.5
February 23, 2021	2,005,000	2,005,000	1.02	0.1	2,005,000	2,005,000	1.02	1.1
December 22, 2021	2,937,429	2,937,429	1.39	1.0	2,937,429	2,937,429	1.39	2.0
December 27, 2022	1,463,157	1,463,157	1.08	2.0	1,463,157	487,719	1.08	3.0
January 19, 2023	248,365	165,576	1.00	2.0	248,365	82,788	1.00	3.0
January 19, 2023	1,269,379	846,254	1.08	2.0	1,269,379	423,126	1.08	3.0
December 27, 2023	47,250	31,500	0.83	3.0	47,250	-	0.83	4.0
March 19, 2024	2,905,158	968,386	0.93	3.2	2,905,158	-	0.93	4.2
May 17, 2024	900,000	300,000	0.85	3.4	900,000	-	0.85	4.4
August 22, 2025	410,000	-	0.81	4.6	-	-	-	-
Totals	12,185,738	8,717,302	1.08	1.9	12,230,738	6,391,062	1.06	2.8

RSUs and PSUs

The following table summarizes the activity related to the RSUs and PSUs:

Grants	RSU	PSU	Total Outstanding
Balance, December 31, 2023	6,700,183	768,880	7,469,063
Issued	2,376,956	2,431,556	4,808,512
Vested	(2,854,396)	-	(2,854,396)
Balance, December 31, 2024	6,222,743	3,200,436	9,423,179
Issued	3,607,745	2,441,716	6,049,461
Vested	(4,130,759)	-	(4,130,759)
Balance, December 31, 2025	5,699,729	5,642,152	11,341,881

During the year ended December 31, 2025, 4,130,759 RSUs vested, of which 2,026,295 common shares were withheld to settle the recipients' estimated withholding tax liability.

When RSUs and PSUs vest, the Company estimates the tax liability for the recipients and withholds a corresponding number of common shares to cover the liability. The Company either remits the estimated withholding taxes to the appropriate tax authorities on behalf of the recipient, or, at the recipient's option, the Company distributes the amount to the recipients to settle their withholding tax obligations.

On August 22, 2025, the Company awarded 2,441,716 RSUs and 2,441,716 PSUs to management with the RSUs vesting one-third (1/3) on the first anniversary from the date of grant, and the remaining shares vest one-third (1/3) each on April 14, 2027 and April 14, 2028. The PSUs will vest between 0% and 100% on April 13, 2028, subject to the Company's relative total shareholder return compared to its peer group.

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c) Share-based Compensation (Cont'd)

Restricted and Performance Share Units (Cont'd)

On August 22, 2025, the Company awarded 583,014 RSUs to directors of the Company that will vest one-half (1/2) on the first anniversary from the date of grant, and the remaining one-half (1/2) will vest on September 30, 2026.

The following table summarizes the outstanding number of security-based awards issued under the Omnibus Plan as at December 31, 2025:

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Officers	August 22, 2025	RSU	2,441,716	Note 1
Officers	August 22, 2025	PSU	2,441,716	Note 2
Directors	August 22, 2025	RSU	583,014	Note 3
Directors	April 14, 2025	RSU	583,015	Note 4
Officers	October 21, 2024	PSU	1,215,778	Note 5
Officers	March 19, 2024	PSU	1,215,778	Note 6
Officers	March 19, 2024	RSU	810,519	Note 7
Officers	December 27, 2023	RSU	541,579	Note 8
Officers	December 27, 2023	PSU	768,880	Note 9
Officers	January 19, 2023	RSU	739,886	Note 10
			<u>11,341,881</u>	

Notes:

- ¹ The RSUs vest one-third on the first anniversary of grant date, and one-third each on April 14, 2027 and 2028.
- ² The PSUs vest between 0% and 100% on April 13, 2028, subject to the Company's relative total shareholder return compared to its peer group.
- ³ The RSUs vest one-half on the first anniversary of grant date and the other half on September 30, 2026.
- ⁴ The RSUs vest on April 14, 2026.
- ⁵ The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
- ⁶ The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
- ⁷ The RSUs vest one-half on the March 19, 2026 and March 19, 2027.
- ⁸ The RSUs vested on January 19, 2026.
- ⁹ The PSUs vested 100% on January 19, 2026, based on the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
- ¹⁰ The RSUs vested on January 19, 2026.

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*(Expressed in United States dollars, unless otherwise indicated)***c) Share-based Compensation (Cont'd)****Warrants**

The following table summarizes the activity of outstanding warrants:

	Number of Warrants	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2023	11,955,677	\$ 1.43
Issued	11,505,073	1.00
Exercised	(5,130,873)	1.00
Expired	(4,022,114)	1.50
Balance, December 31, 2024	14,307,763	1.04
Exercised	(7,677,190)	1.11
Issued	23,298,578	1.10
Balance, December 31, 2025	29,929,151	\$ 1.05

The following table summarizes the outstanding warrants as at December 31, 2025 and 2024:

As at December 31, 2025			As at December 31, 2024		
Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life years	Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life years
-	-	-	2,802,690	1.21	0.7
4,758,873	1.00	1.2	5,130,873	1.00	2.2
4,051,000	1.00	1.0	6,374,200	1.00	2.0
12,605,254	1.10	1.6	-	-	-
8,514,024	1.03	2.8	-	-	-
29,929,151	1.05	1.8	14,307,763	1.04	1.8

On October 3, 2025, the Company issued a total of 8,514,024 common share purchase warrants in connection with a private placement of 8,514,024 units at a price of CA\$0.82 per unit. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$1.03 per share at any time up until October 3, 2028. Based on the residual valuation method, no fair value was assigned to the warrants.

On August 22, 2025, the Company issued a total of 14,784,554 common share purchase warrants in connection with a brokered private placement of 14,784,554 units at a price of CA\$0.90 per unit. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$1.10 per share at any time up until August 22, 2027. Based on the residual valuation method, the fair value assigned to each warrant was CA\$0.09 per warrant.

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b) Share-based Compensation (Cont'd)

Broker Warrants

No broker warrants were issued during the year ended December 31, 2025. The following table summarizes the activity related to broker warrants as at December 31, 2025:

	Number of Warrants	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2023	356,022	\$ 1.50
Issued	153,749	1.00
Expired	(356,022)	1.50
Balance, December 31, 2024	153,749	1.00
Exercised	(32,016)	1.00
Balance, December 31, 2025	121,733	\$ 1.00

The following table summarizes the broker warrants outstanding as at December 31, 2025 and 2024:

As at December 31, 2025			As at December 31, 2024		
Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)	Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)
121,733	1.00	1.0	153,749	1.00	2.0
121,733	1.00	1.0	153,749	1.00	2.0

15. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Huston and Huston Holdings Corp.	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company which provides director and management services to the Company.
Rockford Resources LLC	Rockford is a private company controlled by Patrick Smith, a director of the Company which provides Patrick Smith's services as a director to the Company.
SSP Partners LLC	SSP Partners LLC is a private company controlled by Scott Packman, a director of the Company which provides Scott Packman's services as a director to the Company.
Taiga Mining Company, Inc.	Taiga is a private company that owns more than 20% of the common shares of Graphite One, the owners are Jerry Birch and Kevin Greenfield.

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15. Related Party Transactions and Balances (Cont'd)

a) Related party transactions

Related Party	Nature of Transaction	Years ended December 31,	
		2025	2024
Huston & Huston Holdings Corp.	Management fees	\$ 510,000	\$ 510,000
Rockford Resources LLC	Director fees	30,000	30,000
SSP Partners LLC	Director fees	30,000	30,000
		\$ 570,000	\$ 570,000

Amounts owing to related parties are non-interest bearing and unsecured, consisting of short-term incentive awards. As at December 31, 2025, the Company owed \$1,106,600 (December 31, 2024 - \$1,147,500) to related parties.

b) Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and includes the President and Chief Executive Officer, Executive Chair, Chief Financial Officer, and one Vice-President. During the year, management reassessed the composition of key management personnel in accordance with IAS 24 Related Party Disclosures. Accordingly, prior period comparative figures for key management compensation have been revised to reflect this change. During the years ended December 31, 2025 and 2024, the Company charged \$0.1 million and \$0.3 million, respectively, of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project.

Compensation paid to key personnel, which include the fees referenced in the above related party transactions table, and reflects a revision to prior year comparative figures as discussed above, is as follows:

	Years ended	
	December 31, 2025	
	2025	2024
Management fees and benefits	\$ 1,098,794	\$ 1,050,070
Director fees	120,000	120,000
Salaries and benefits	1,504,166	1,453,405
Share-based payments	3,068,682	3,417,693
	\$ 5,791,642	\$ 6,041,169

16. PROJECT DEVELOPMENT

On September 11, 2023, the Company was awarded an 18-month, \$4.7 million contract from the DoD's DLA to develop a graphite and graphene-based foam fire suppressant that concluded in March 2025. The project was executed in partnership with Vorbeck Materials Corp. ("Vorbeck") to meet the requirements of the DLA agreement. This has been accounted for as a government grant and was intended to be cost neutral to the Company, with the contract amount based on estimated total project costs. Costs incurred by the Company, including contractual payments to Vorbeck, were recorded as project development expenses, net of receipts from the DLA. For the year ended December 31, 2025, the Company recognized a net expense recovery of \$49,846, representing the difference between project-related receipts and expenses for the current period and has been reported as other income.

On September 8, 2025, the Company was awarded a 6-month extension and \$0.5 million contract related to the continuation of testing the graphene-based foam fire suppressant. The extension was executed in partnership with Vorbeck and 83% of the funds are designated to Vorbeck.

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16. Project Development (Cont'd)

Development costs associated with the Company's proposed active anode manufacturing plant are expensed when they don't meet the definition of an intangible asset or exploration and evaluation asset. For the year ended December 31, 2025, the Company recognized \$828,001 (December 31, 2024: \$282,543) of development expenses associated with the planned manufacturing plant.

Project Development	Years ended December 31,	
	2025	2024
Consulting fees	\$ 143,269	\$ 83,189
Lease expense	441,766	199,354
Personnel costs	168,338	-
Amortization	74,628	-
	<u>\$ 828,001</u>	<u>\$ 282,543</u>

17. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and government grant receivables.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and government grant receivables and has determined that such risk is minimal. To minimize counterparty risk, the Company holds a majority of its cash with financial institutions that have a long-term credit rating of at least A from Standard & Poor's or an equivalent rating agency.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure. Further discussion on liquidity is outlined in note 2. The following table summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows. These amounts may differ from the carrying amounts reported on the balance sheet due to the inclusion of interest in future lease payments.

	Leases	Trade Payables & Accruals	Payroll Obligations	Total Liabilities
Within 1 year	\$ 178,500	\$ 742,521	\$ 2,753,976	\$ 3,674,998
2 - 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
	<u>\$ 178,500</u>	<u>\$ 742,521</u>	<u>\$ 2,753,976</u>	<u>\$ 3,674,998</u>

c) Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments.

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(Expressed in United States dollars, unless otherwise indicated)

17. Financial Risk Management (Cont'd)

The Company had \$8,367,893 in cash and cash equivalents as at December 31, 2025, on which it earns variable rates of interest, and may therefore be subject to a certain amount of risk, though this risk is considered by management to be immaterial.

d) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. At December 31, 2025, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% appreciation or depreciation of the United States Dollar would result in an increase or decrease in the Company's net loss by \$95,583 (December 31, 2024: \$145,262).

e) Fair Values

The carrying values of cash and cash equivalents, amounts receivable, deposits, and trade and other accounts payable approximate fair values due to their short-term nature or the ability to readily convert to cash.

18. SEGMENT REPORTING

The Company's Chief Executive Officer serves as the Chief Operating Decision Maker ("CODM"). The CODM evaluates performance and allocates resources based on consolidated financial information, and management has determined the Company operates as a single operating and reportable segment, being the exploration and development of exploration and evaluation assets in the United States.

19. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

Years ended	December 31, 2025	December 31, 2024
Loss before income taxes	\$ 9,142,811	\$ 6,796,523
Statutory rate	27%	27%
Expected tax recovery	2,468,559	1,835,061
Effect of tax rate changes and tax rates in foreign jurisdictions	(103,719)	(58,439)
Non-deductible expenses	108,184	(393,094)
Tax benefits not recognised	(2,312,972)	(2,267,287)
Share issue costs	230,414	169,628
Foreign exchange and other	(390,468)	714,131
Income tax recovery (expense)	\$ -	\$ -

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19. INCOME TAXES (Cont'd)

Unrecognized deferred tax asset is comprised of the following tax affected temporary differences:

<u>Years ended</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Mineral properties	\$ (242,955)	\$ (230,609)
Equipment	(95,875)	(17,067)
Non-capital losses carried forward	13,646,863	9,890,420
Capital loss carried forward	411,633	392,095
Share issuance costs	286,253	216,902
<u>Unrecognized deferred tax asset</u>	<u>\$ 14,005,919</u>	<u>\$ 10,251,741</u>

As at December 31, 2025, the Company had tax loss carry forwards available:

Canada	\$37,610,700 (expire between 2026 and 2045)
United States	\$16,628,450 (expire between 2030 and 2045)

The ability to use U.S. loss carry-forwards in the future is subject to certain limitations under provisions of the Internal Revenue Code, including Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and is further dependent upon the Company attaining profitable operations. Ownership changes, as defined, may have occurred in prior years for Graphite One Inc. and the U.S. tax losses related to G1 Alaska may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or such losses may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

20. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Company:

- a) closed a marketed public offering on February 18, 2026 of 20,002,000 units at a price of CA\$1.75 per unit for aggregate gross proceeds of CA\$35 million (\$24,625,000). The offering was conducted by a syndicate of agents, led by BMO Capital Markets. Each unit consisted of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of CA\$2.25 per share expiring on February 18, 2029.
- b) received gross proceeds of CA\$8,550,699 (\$6,178,768) from the exercise of 8,128,747 warrants at an average exercise price of CA\$1.05.