GRAPHITE ONE INC.

Condensed Interim Consolidated Financial Statements

June 30, 2026
(Unaudited)

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

	Note	June 30, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash and cash equivalents	6	$ 14,215,817	$ 8,367,893
Short-term investments	7	10,000,000	-
Receivables	8	316,142	186,564
Prepaids and other	9	428,987	375,748
Total current assets		24,960,946	8,930,205
Property and equipment	10	648,592	526,469
Exploration and evaluation property	11	72,003,631	67,683,657
Non-current advances and deposits		237,608	102,336
Restricted cash	11	125,684	228,592
Intangible assets	12	928,349	980,849
Total assets		$ 98,904,810	$ 78,452,108
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	13	$ 2,085,687	$ 3,496,498
Lease liabilities	14	139,966	167,419
Total current liabilities		2,225,653	3,663,917
Lease liabilities	14	243,924	-
Total liabilities		2,469,577	3,663,917
SHAREHOLDERS' EQUITY			
Share capital	15	141,640,626	115,432,818
Reserves		22,504,860	19,647,819
Cumulative translation adjustment		2,607,801	3,578,543
Deficit		(70,318,054)	(63,870,989)
Total shareholders' equity		96,435,233	74,788,191
Total liabilities and shareholders' equity		$ 98,904,810	$ 78,452,108
Going concern	2		

Approved by the Board of Directors:

«Anthony Huston»	*«Douglas Smith»*
Director	Director

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

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

	Note	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
Expenses					
Project development, net of grant	16	$ **749,397**	223,341	$ **1,284,661**	$ 255,751
Management fees, salaries and benefits		**655,969**	504,234	**1,402,826**	931,771
Marketing and investor relations		**1,339,149**	157,262	**2,448,296**	293,801
Consulting and advisory fees		**325,845**	132,860	**596,365**	222,288
Office and administration		**148,277**	198,034	**292,727**	296,413
Professional fees		**122,681**	123,164	**181,915**	177,785
Share-based payments		**694,993**	647,561	**1,318,962**	1,418,837
		4,036,311	1,986,456	**7,525,752**	3,596,646
Other (income) expenses					
Foreign exchange gains		**(378,640)**	(98,468)	**(731,400)**	(104,038)
Other		**(11,004)**	(12,550)	**(11,040)**	(62,396)
Interest income		**(244,017)**	(1,486)	**(353,039)**	(2,090)
Interest expense		**12,168**	8,052	**16,793**	17,179
		(621,492)	(104,453)	**(1,078,686)**	(151,345)
Net loss for the period		**3,414,819**	1,882,003	**6,447,066**	3,445,301
Other comprehensive loss					
Foreign currency translation		**421,935**	99,606	**970,742**	100,169
Net loss and comprehensive loss for the period		$ **3,836,754**	$ 1,981,609	$ **7,417,808**	$ 3,545,470
Basic and diluted loss per common share		$ **0.02**	$ 0.01	$ **0.03**	$ 0.02
Weighted average number of common shares outstanding		**208,915,824**	146,337,585	**201,388,770**	146,042,322

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

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

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
Balance, January 1, 2026	**178,928,649**	**115,432,818**	**19,647,819**	**3,578,543**	**(63,870,989)**	**74,788,191**
Shares issued pursuant to marketed public offering	20,002,000	20,367,238	5,274,968	-	-	25,642,206
Shares issued on warrant exercises	8,128,747	6,442,517	(199,817)	-	-	6,242,700
Shares issued on option exercises, net of taxes	391,390	1,370,251	(1,668,834)	-	-	(298,583)
Shares issued on vesting of share units, net of taxes	1,516,950	(420,572)	(1,734,431)	-	-	(2,155,002)
Share issue costs	-	(1,551,626)	(353,836)	-	-	(1,905,463)
Share-based payments	-	-	1,538,991	-	-	1,538,991
Changes in cumulative translation adjustment	-	-	-	(970,742)	-	(970,742)
Net loss for the period	-	-	-	-	(6,447,066)	(6,447,066)
Balance, June 30, 2026	**208,967,736**	**141,640,626**	**22,504,860**	**2,607,801**	**(70,318,054)**	**96,435,233**

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
Balance, January 1, 2025	**145,575,038**	**95,269,649**	**18,445,752**	**3,534,570**	**(54,728,178)**	**62,521,793**
Shares issued on option exercises, net of taxes	241,363	150,846	(139,327)	-	-	11,518
Shares issued on vesting of share units, net of taxes	946,798	664,649	(1,164,151)	-	-	(499,503)
Share-based payments	-	-	1,480,233	-	-	1,480,233
Changes in cumulative translation adjustment	-	-	-	(100,169)	-	(100,169)
Net loss for the period	-	-	-	-	(3,445,301)	(3,445,301)
Balance, June 30, 2025	**146,763,199**	**96,085,143**	**18,622,507**	**3,434,401**	**(58,173,479)**	**59,968,572**

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

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

	Three months ended June 30, 2026	Three months ended June 30, 2025	Six months ended June 30, 2026	Six months ended June 30, 2025
OPERATING ACTIVITIES				
Net loss for the period	**$ (3,414,818)**	$ (1,882,003)	**$ (6,447,065)**	$ (3,445,301)
Items not involving cash:				
Share-based payments	**694,994**	647,561	**1,318,962**	1,418,837
Unrealized foreign exchange gains	**(378,472)**	(98,115)	**(683,759)**	(101,180)
Depreciation and amortization	**26,321**	13,827	**52,676**	34,185
Interest on leases payable	**12,168**	8,052	**16,793**	17,179
Changes in non-cash working capital items				
Receivables	**(115,558)**	(9,845)	**(129,939)**	60,888
Prepaids and deposits	**310,913**	82,983	**(111,071)**	49,695
Accounts payable and accrued liabilities	**406,575**	228,492	**(1,371,228)**	363,319
Withholding tax payments on vested share units	**(222,737)**	(19,757)	**(1,996,998)**	(376,738)
Cash used in operating activities	**(2,680,614)**	(1,028,805)	**(9,351,629)**	(1,979,115)
FINANCING ACTIVITIES				
Proceeds from common shares issued	**-**	11,518	**31,586,323**	11,518
Share issue costs	**(3,929)**	-	**(1,847,630)**	-
Lease payments	**(44,625)**	(44,625)	**(89,250)**	(89,250)
Cash provided by (used in) financing activities	**(48,554)**	(33,107)	**29,649,443**	(77,732)
INVESTING ACTIVITIES				
Exploration and evaluation property expenditures	**(1,575,933)**	(1,395,444)	**(4,148,085)**	(4,288,370)
Short term investments	**-**	-	**(10,000,000)**	-
Changes in restricted cash	**(314)**	(469)	**(890)**	(931)
Grant proceeds	**-**	621,006	**-**	2,922,425
Purchase of equipments	**-**	-	**(16,800)**	(45,356)
Cash used in investing activities	**(1,576,247)**	(774,907)	**(14,165,775)**	(1,412,232)
Effect of foreign exchange on cash and cash equivalents	**(42,217)**	2,598	**(284,116)**	3,922
Increase (decrease) in cash and cash equivalents during the period	**(4,347,632)**	(1,834,221)	**5,847,924**	(3,465,157)
Cash and cash equivalents at beginning of the period	**18,563,449**	2,487,038	**8,367,893**	4,117,974
Cash and cash equivalents at end of the period	**$ 14,215,817**	$ 652,817	**$ 14,215,817**	$ 652,817
Supplemental cash flow information:				
Non-cash Investing and financing activities				
Depreciation capitalized to property	**$ 92,150**	$ 93,543	**$ 183,401**	$ 190,317
Right of use assets	**288,927**	-	**288,927**	315,995
Share-based payments capitalized to property	**119,341**	102,203	**217,187**	296,457
	$ 500,418	$ 195,746	**$ 689,516**	$ 802,769

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

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 is expected to supply a planned NG secondary treatment plant, where active anode materials ("**AAM**") and other value-added graphite products would be manufactured. In parallel with advancement and permitting of the Graphite Creek Property, the Company is pursuing development of a phased artificial graphite AAM manufacturing facility (the "**AAM Facility**"), initially through a finishing and blending facility using third-party precursor and graphitized materials, followed by expansion into graphitization and precursor production capabilities.

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 June 30, 2026 the Company had a cash balance of $14,215,817 (December 31, 2025: $8,367,893), working capital of $22,735,293 (December 31, 2025: $5,266,288), and an accumulated deficit of $70,318,054 (December 31, 2025: $63,870,989). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the six months ended June 30, 2026, cash used in operating activities totaled $9,351,629 (2025: $1,979,115) and $4,165,775 (2025: $4,334,657) were spent on project related expenditures, excluding grant proceeds.

The Company's ability to continue to meet its administrative expenses, permit the mine, and advance the design and engineering of the proposed AAM 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.

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements (the "**Interim Financial Statements**") have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of Interim Financial Statements, under International Accounting Standards 34 – Interim Financial Reporting and were approved for issuance by the Board of Directors of the Company on August 13, 2026. These Interim Financial Statements have been condensed with certain disclosures omitted from the Company's audited consolidated financial statements for the year ended December 31, 2025 (the "2025 Annual Financial Statements"). Accordingly, these Interim Financial Statements should be read in conjunction with the Company's 2025 Annual Financial Statements.

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

The accounting policies applied in the preparation of these Interim Financial Statements are consistent with those applied and disclosed in the 2025 Annual Financial Statements, except for the adoption of amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, effective January 1, 2026 (note 5). The adoption of these amendments did not have a material impact on the Interim Financial Statements.

4. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of these Interim 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 is pervasive throughout the Interim 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 accounting estimates are recognized in the period in which the estimate is revised and are accounted for prospectively. Critical accounting estimates and judgement that have the most significant effect on the amounts recognized in the Interim Financial Statements are disclosed in Note 4 of the 2025 Annual Financial Statements.

(Expressed in United States dollars, unless otherwise indicated)

5. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING DEVELOPMENTS

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

The Company adopted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures in the current year. The amendments clarify guidance on the classification and measurement of financial instruments, including the assessment of contractual cash flow characteristics for instruments with environmental, social and governance-linked or other contingent features, as well as requirements for the recognition and derecognition of financial assets and liabilities and the settlement of financial liabilities through electronic payment systems.

Management assessed the impact of the amendments on the Company's financial instruments and determined that the adoption did not have a material impact on the Interim Financial Statements. No changes to historical figures were required.

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 Interim 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. The Company is currently assessing the effect of this new standard on its financial statements.

6. CASH AND CASH EQUIVALENTS

	June 30, 2026	December 31, 2025
Cash	$ 14,208,780	$ 8,360,597
Cash equivalents	7,037	7,296
	$ 14,215,817	$ 8,367,893

7. SHORT-TERM INVESTMENTS

As at June 30, 2026, the Company held a non-cancelable guaranteed investment certificate with a carrying value of $10 million, bearing interest at 4.02% per annum and maturing on August 19, 2026.

8. RECEIVABLES

	June 30, 2026	December 31, 2025
GST receivable	$ 154,738	$ 44,055
Government grant receivable	-	83,333
Interest and other receivables	161,404	59,176
	$ 316,142	$ 186,564

(Expressed in United States dollars, unless otherwise indicated)

9. PREPAIDS AND DEPOSITS

	June 30, 2026	December 31, 2025
Prepaid marketing	$ **293,987**	$ 203,455
Prepaid expenses	**135,000**	114,461
Deferred share issuance costs	**-**	57,833
	$ **428,987**	$ 375,748

10. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost ($)	Field Equipment	Computers	ROU Assets	Total
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
Additions	16,800	-	288,927	305,727
Disposals	(120,223)	(1,174)	-	(121,398)
Effect on changes in foreign exchange rate	-	(203)	-	(203)
As at June 30, 2026	**$ 1,244,629**	**$ 46,966**	**$ 614,449**	**$ 1,906,044**

Accumulated depreciation ($)	Field Equipment	Computers	ROU Assets	Total
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
Depreciation	103,971	3,062	76,538	183,571
Disposals	(120,223)	(1,174)	-	(121,398)
Effect on changes in foreign exchange rate	-	(171)	-	(171)
As at June 30, 2026	**$ 967,209**	**$ 46,182**	**$ 244,062**	**$ 1,257,453**

Net book value ($)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2025	$ 364,592	$ 3,878	$ 157,998	$ 526,468
As at June 30, 2026	**$ 277,421**	**$ 784**	**$ 370,387**	**$ 648,592**

(Expressed in United States dollars, unless otherwise indicated)

11. EXPLORATION AND EVALUATION PROPERTY

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

Balance, December 31, 2024	**$**	**61,080,089**
Land management and advanced royalties		198,928
Assays and metallurgy		299,035
Geological consulting		50,214
Site preparation, drilling and camp operations		1,360,651
Engineering and technical assessments		871,159
Community consultation and meetings		294,769
Environmental studies		2,315,511
Capitalized depreciation		372,819
Capitalized share-based payments		559,047
Project management and administration		2,623,807
Secondary treatment plant project and other costs		41,803
Government grant - Note 10		(2,384,177)
Balance, December 31, 2025	**$**	**67,683,657**
Land management and advanced royalties		46,778
Site preparation, drilling and camp operations		452,771
Engineering and technical assessments		744,662
Community consultation and meetings		303,719
Environmental & permitting		1,072,387
Capitalized depreciation		183,401
Capitalized share-based payments		217,187
Project management and administration		1,299,068
Balance, June 30, 2026	**$**	**72,003,631**

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.

11. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

On July 17, 2023, the Company was awarded a Department of Defense ("DoD") Technology Investment Agreement grant under Title III of the Defense Production Act to support the Graphite Creek feasibility study. The agreement was subsequently amended on May 10, 2024 to increase the DoD cost share from 50% to 75%, with a maximum contribution of $37.3 million. The grant was fully reimbursed in 2025, and no funding was received in the current year. Amounts received remain subject to a potential DoD audit.

The Company established funds ("**Restricted Cash**") which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation. 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.

12. 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 second milestone payment of $650,000 was paid to Chenyu 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 six months ended June 30, 2026, the Company recognized $52,500 of amortization which was recorded as project development expenses.

(Expressed in United States dollars, unless otherwise indicated)

12. INTANGIBLE ASSETS (Cont'd)

The following table summarizes the Company's intangible assets:

Cost ($)		Software		Technology License		Total
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
Additions		-		-		-
Effect on changes in foreign exchange rate		(1,600)		-		(1,600)
As at June 30, 2026	**$**	**107,896**	**$**	**1,050,000**	**$**	**1,157,896**

Accumulated amortization ($)		Software		Technology License		Total
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
Amortization		-		52,500		52,500
Effect on changes in foreign exchange rate		(1,600)		-		(1,600)
As at June 30, 2026	**$**	**102,419**	**$**	**127,128**	**$**	**229,547**

Net book value ($)		Software		Technology License		Total
As at December 31, 2025	$	5,477	$	975,372	$	980,849
As at June 30, 2026	**$**	**5,477**	**$**	**922,872**	**$**	**928,349**

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2026		December 31, 2025
Trade payables and accrued liabilities	**$**	**166,335**	$	215,696
Capital project payables and accrued liabilities		**1,028,019**		526,825
Payroll liabilities		**891,334**		2,753,976
	$	**2,085,687**	$	3,496,498

(Expressed in United States dollars, unless otherwise indicated)

14. 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. During the current quarter, the Company reassessed the lease term and concluded that it is reasonably certain to exercise the available renewal option. Accordingly, the lease liability and corresponding right-of-use asset were remeasured to reflect the revised lease term.

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

		June 30, 2026		December 31, 2025
Current portion	$	139,966	$	167,419
Non-current portion		243,924		-
	$	383,890	$	167,419

The following is the maturity analysis of lease liabilities as at June 30, 2026, showing the undiscounted lease payments:

Maturity		June 30, 2026		December 31, 2025
Less than 1 year	$	178,500	$	178,500
1-2 years		267,750		-
	$	446,250	$	178,500

15. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

During the six months ended June 30, 2026, the Company:

i. issued 20,002,000 units at a price of CA$1.75 per unit for aggregate gross proceeds of CA$35 million ($25,642,000) pursuant to a marketed public offering (the "**Offering**"). 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 and expires on February 18, 2029. The Company incurred share issue costs of $1,905,463 with respect to the Offering;

ii. issued 8,128,747 common shares pursuant to the exercise of warrants at an average exercise price of CA$1.05 for aggregate gross proceeds of CA$8,550,699 ($6,242,700). The average market price of the Company's common shares on the dates of exercise was CA$1.47;

iii. issued 1,516,950 common shares pursuant to the vesting of RSUs and PSUs. The average market price of the Company's common shares on the vesting dates was CA$1.91.

iv. issued 391,390 common shares at an average exercise price of CA$1.02 pursuant to the exercise of Options. The average market price of the Company's common shares on the dates of exercise was CA$1.42.

(Expressed in United States dollars, unless otherwise indicated)

15. SHARE CAPITAL (Cont'd)

c) Share-based Compensation

The Company maintains a 20% fixed limit omnibus incentive plan (the "Omnibus Plan") under which security-based awards may be granted in the form of Options, RSUs, PSUs, and deferred share units ("DSUs"). The maximum number of common shares issuable under the Omnibus Plan cannot exceed 20% of the Company's issued and outstanding common shares. At the annual general meeting held on June 26, 2026, shareholders approved an increase in the maximum number of common shares available for issuance under the Omnibus Plan from 29,250,000 to 41,750,000, maintaining the plan's 20% fixed limit.

As of June 30, 2026, the Company has 17,594,742 common shares available under the Omnibus Plan for future grants.

The following table summarizes the amount of share-based compensation recognized during the three and six months ended June 30, 2026 and 2025:

	Three months ended June 30, 2026			Three months ended June 30, 2025		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 15,667	$ 76,570	$ 92,237	$ 27,603	$ 199,672	$ 227,274
Restricted share units	61,407	430,886	492,292	53,227	348,296	401,522
Performance share units	42,267	187,538	229,805	21,373	99,594	120,967
	$ 119,341	**$ 694,994**	**$ 814,334**	**$ 102,203**	**$ 647,561**	**$ 749,764**

	Six months ended June 30, 2026			Six months ended June 30, 2025		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 35,771	$ 191,465	$ 227,236	$ 142,978	$ 318,688	$ 461,666
Restricted share units	107,333	799,132	906,465	113,907	941,370	1,055,277
Performance share units	74,083	328,366	402,449	39,571	158,779	198,350
	$ 217,187	**$ 1,318,962**	**$ 1,536,150**	**$ 296,457**	**$ 1,418,837**	**$ 1,715,294**

(Expressed in United States dollars, unless otherwise indicated)

15. SHARE CAPITAL (Cont'd)

Stock Options

The following table summarizes the activity of outstanding stock Options:

	Number of Options		Weighted Average Exercise Price (CA$)
Balance, December 31, 2024	**12,230,738**	**$**	**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**
Granted	525,000		1.13
Exercised	(2,005,000)		0.35
Balance, June 30, 2026	**10,705,738**	**$**	**1.09**

During the six months ended June 30, 2026, there were 2,005,000 Options that were exercised, of which 1,613,610 common shares were withheld to settle the recipients' cost of exercise and estimated withholding tax liability of $373,304.

The fair value of the Options granted during the six months ended June 30, 2026 and year ended December 31, 2025 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	June 30, 2026	December 31, 2025
Exercise price (CA$)	$1.13	$0.81
Share price (CA$)	$1.13	$0.81
Risk-free interest rate	3.23%	2.96%
Expected life	5 years	5 years
Expected stock price volatility	70.1%	71.4%
Dividend payments	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value per option (CA$)	$0.68	$0.49

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.

(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 June 30, 2026 and December 31, 2025:

	As at June 30, 2026				As at December 31, 2025			
Grant Date	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)
February 23, 2021	-	-	-	-	2,005,000	2,005,000	1.02	0.1
December 22, 2021	2,937,429	2,937,429	1.39	0.5	2,937,429	2,937,429	1.39	1.0
December 27, 2022	1,463,157	1,463,157	1.08	1.5	1,463,157	1,463,157	1.08	2.0
January 19, 2023	248,365	248,365	1.00	1.6	248,365	165,576	1.00	2.0
January 19, 2023	1,269,379	1,269,379	1.08	1.6	1,269,379	846,254	1.08	2.0
December 27, 2023	47,250	31,500	0.83	2.5	47,250	31,500	0.83	3.0
March 19, 2024	2,905,158	1,936,772	0.93	2.7	2,905,158	968,386	0.93	3.2
May 17, 2024	900,000	600,000	0.85	2.9	900,000	300,000	0.85	3.4
August 22, 2025	410,000	-	0.81	4.1	410,000	-	0.81	4.6
May 19, 2026	525,000	-	1.13	4.9	-	-	-	-
Totals	10,705,738	8,486,602	1.09	1.9	12,185,738	8,717,302	1.08	1.9

RSUs and PSUs

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

Grants	RSU	PSU	Total Outstanding
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**
Issued	4,777,995	2,809,979	7,587,974
Vested	(2,269,739)	(768,880)	(3,038,619)
Balance, June 30, 2026	**8,207,985**	**7,683,251**	**15,891,236**

During the six months ended June 30, 2026, there were 3,038,619 RSUs and PSUs that have vested, of which 1,521,669 common shares were withheld to settle the recipients' estimated withholding tax liability of $2.2 million.

When RSUs and PSUs vest, the Company estimates the tax liability for the recipients based on the fair market value at vest date and withholds a corresponding number of common shares to cover the estimated withholding tax 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.

(Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (Cont'd)

Restricted and Performance Share Units (Cont'd)

The following table summarizes the outstanding number of security-based awards issued under the Omnibus Plan as at June 30, 2026:

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Officers	June 26, 2026	RSU	2,809,979	Note 1
Officers	June 26, 2026	PSU	2,809,979	Note 2
Consultants	June 26, 2026	RSU	1,000,000	Note 3
Directors	May 19, 2026	RSU	968,016	Note 4
Officers	August 22, 2025	RSU	2,441,716	Note 5
Officers	August 22, 2025	PSU	2,441,716	Note 6
Directors	August 22, 2025	RSU	583,014	Note 7
Officers	October 21, 2024	PSU	1,215,778	Note 8
Officers	March 19, 2024	PSU	1,215,778	Note 9
Officers	March 19, 2024	RSU	405,260	Note 10
			15,891,236	

Notes:
[1] The RSUs vest one-third on the first anniversary of the grant date, and one-third each on May 19, 2028 and May 19, 2029.
[2] The PSUs vest between 0% and 100% on May 19, 2029, subject to the Company's relative total shareholder return compared to its peer group.
[3] The RSUs vest on June 26, 2027.
[4] The RSUs vest one-half on the first anniversary of the grant date, and one-quarter each on June 30, 2027 and September 30, 2027.
[5] The RSUs vest one-third on the first anniversary of grant date, and one-third each on April 14, 2027 and April 14, 2028.
[6] 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.
[7] The RSUs vest one-half on the first anniversary of grant date and the remaining half on September 30, 2026.
[8] 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.
[9] 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.
[10] The RSUs vest on March 19, 2027.

(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, 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
Exercised	(8,128,747)		1.11
Issued	20,002,000		2.25
Balance, June 30, 2026	41,802,404	$	1.62

The following table summarizes the outstanding warrants as at June 30, 2026 and December 31, 2025:

As at June 30, 2026			As at December 31, 2025		
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
4,758,873	1.00	0.8	4,758,873	1.00	1.2
3,717,667	1.00	0.5	4,051,000	1.00	1.0
9,918,254	1.10	1.1	12,605,254	1.10	1.6
3,405,610	1.03	2.3	8,514,024	1.03	2.8
20,002,000	2.25	2.7	-	-	-
41,802,404	1.62	1.9	29,929,151	1.05	1.8

On February 18, 2026, the Company issued a total of 20,002,000 common share purchase warrants in connection with the Offering of 20,002,000 units at a price of CA$1.75 per unit. Each warrant entitles the holder to purchase one common share of the Company at a price of CA$2.25 per share at any time up until February 18, 2029. Using the residual valuation method, the fair value of the common shares was first determined based on the closing share price of CA$1.39 on the issuance date, with the residual amount of CA$0.36 per unit allocated to the warrants.

Broker Warrants

No broker warrants were issued or exercised during the six months ended June 30, 2026. As at June 30, 2026, there were 121,733 broker warrants outstanding with a weighted average exercise price of C$1.00 and a weighted average remaining contractual life of 0.5 years.

(Expressed in United States dollars, unless otherwise indicated)

16. 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 approximately 20% of the common shares of Graphite One.

a) Related party transactions

		Three months ended June 30,		Six months ended June 30,	
Related Party	**Nature of Transaction**	**2026**	2025	**2026**	2025
Huston & Huston Holdings Corp.	Management fees	**$ 140,000**	$ 127,500	**$ 280,000**	$ 255,000
Rockford Resources LLC	Director fees	**7,500**	7,500	**15,000**	15,000
SSP Partners LLC	Director fees	**7,500**	7,500	**15,000**	15,000
		$ 155,000	$ 142,500	**$ 310,000**	$ 285,000

Amounts owing to related parties are non-interest bearing and unsecured, consisting of short-term incentive awards. As at June 30, 2026, the Company accrued $280,000 of short-term incentive awards (December 31, 2025: $1,106,600) 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 Chief Operating Officer. During the three and six months ended June 30, 2026, the Company allocated approximately $0.2M and $0.4M of key management compensation to exploration and evaluation assets and project development in accordance with the Company's accounting policies.

(Expressed in United States dollars, unless otherwise indicated)

16. RELATED PARTY TRANSACTION AND BALANCES (Cont'd)

Compensation paid to key personnel, which include the fees referenced in the above related party transactions table is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Management fees and other personnel costs[1]	$ 295,044	$ 269,627	$ 764,000	$ 561,452
Director fees	30,000	30,000	60,000	60,000
Salaries and short-term benefits	430,420	338,094	989,642	715,585
Share-based payments	656,433	779,188	1,241,392	1,474,970
	$ 1,411,897	$ 1,416,909	$ 3,055,035	$ 2,812,007

[1]Other personnel costs includes accrual of short-term incentive award and benefits

17. PROJECT DEVELOPMENT

Development costs associated with the Company's proposed AAM plant are expensed when they do not meet the definition of an intangible asset or exploration and evaluation asset. Project development expenses for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three months ended June 30,		Six months ended June 30,	
Project Development	2026	2025	2026	2025
Engineering	$ 321,250	$ 31,208	$ 409,504	$ 31,422
Permitting & environmental	18,809	-	6,192	-
Personnel and administrative costs	282,667	70,785	580,414	75,166
Lease expense	100,421	111,348	236,052	122,497
Amortization	26,250	10,000	52,500	26,667
	$ 749,397	$ 223,342	$ 1,284,661	$ 255,751

The Company was awarded a DoD contract in 2023 to develop a graphite and graphene-based foam fire suppressant, which was executed in partnership with Vorbeck Materials Corp. ("**Vorbeck**") The contract concluded in 2025 and was accounted for as a government grant, with costs offset by related funding. For the year ended December 31, 2025, the Company recognized $49,846 of net expense recovery related to this program, presented in other income.

In September 2025, the Company received a $0.5 million, six-month extension to continue testing activities, the majority of which was allocated to Vorbeck. The extension concluded in February 2026.

18. 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.

18. FINANCIAL RISK MANAGEMENT (Cont'd)

The Company has assessed its exposure to credit risk on its cash and cash equivalents 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	$ 139,966	$ 1,194,353	891,334	$ 2,225,653
2 - 5 years	243,924	-	-	243,924
Beyond 5 years	-	-	-	-
	$ 383,890	**$ 1,194,353**	**$ 891,334**	**$ 2,469,577**

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.

The Company had $14,215,817 in cash and cash equivalents as at June 30, 2026, which earn variable rates of interest. Accordingly, the Company is exposed to interest rate risk; however, given the short-term nature of these holdings, management considers this exposure to be limited, with changes in interest rates primarily impacting interest income.

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 June 30, 2026 the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, a 10% appreciation or depreciation of the United States Dollar against the Canadian Dollar would result in an increase or decrease in the Company's net loss by $174,300 (December 31, 2025: $95,583).

e) Fair Values

The carrying values of cash and cash equivalents, amounts receivable, short-term investments, deposits, and trade and other accounts payable approximate fair values due to their relatively short-term maturities.

19. 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.