CHARBONE HYDROGEN CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS

PERIODS ENDED SEPTEMBER 30, 2025 and 2024

The following analysis concerns the financial situation, operating results and cash flows of Charbone Hydrogen Corporation ("Charbone", the "Company", or the "Corporation") for the three and nine-month periods ended September 30, 2025 and 2024. The discussion should be read in conjunction with the Company's interim financial statements for the three and nine-month periods ended September 30, 2025 and 2024 and the audited annual financial statements for the year ended December 31, 2024, and the related notes thereto. The Company's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All monetary amounts are reported in Canadian dollars unless otherwise noted. The information contained herein is presented as of November 28, 2025.

Forward-Looking Statements

This document may contain forward-looking statements relating to the Company's operations or to the environment in which it operates, which are based on the Company's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Company's control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the ability of the Company to acquire and to integrate hydropower plants; the timing of the completion of the Sorel-Tracy hydrogen plant and start of production of green hydrogen in all targeted locations; the Company's success in expanding its product offerings; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to raise additional capital. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company's disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Business Overview

Charbone Hydrogen Corporation is a corporation incorporated under the CBCA on April 17, 2019. The registered and head office of Charbone is located at 5005, boul. Lapinière, Suite 1080, Brossard (Québec) J4Z 0N5.

Charbone is a clean and sustainable hydroelectric manager of power plants with limited operations and activities. Once the Sorel-Tracy hydrogen plant is completed, Charbone will become an integrated green hydrogen company with strategic distribution capabilities of industrial gases across North America for industrial merchant users.

As the hydrogen market evolves, Charbone has established a decentralized, energy opportunistic approach to its clean hydrogen production strategy, with the ability to tap into any renewable energy sources connected to the grid that will allow Charbone to move quickly, reduce costs and begin production. Energy and transportation costs are currently significant components of the hydrogen prices and the ability to have access to lower costs near the industrial customers will allow Charbone to have a more competitive offering when compared to other methods of production and distribution of hydrogen.

While continuing to develop its modular green hydrogen production network, Charbone also leverages commercial partnerships to supply hydrogen, helium, and other industrial gases without the capital-intensive requirements of production facilities. This approach enhances revenue streams, reduces operational risks, and increases market flexibility.

Significant Acquisitions and Dispositions

Charbone continues to progress towards building the first phase (out of 5 phases) of its first 10 tonnes/day hydrogen plant. Furthermore, the revised plans are progressing with the intent to start production of clean Ultra High Purity (UHP) hydrogen in Sorel-Tracy in November 2025 with a certain ramp-up. The Company has finalized financings to complete the construction of Phase 1a of this hydrogen plant towards production. Following the signature of an Asset Purchase Agreement, on September 4, 2025, with Harnois Énergies Inc., Charbone has completed the acquisition and reinstallation at its Sorel-Tracy site of the operational hydrogen production and refueling equipment. On October 6, 2025, the Company has issued 13,333,334 common shares at $0.075 per share, representing $1 million in equity consideration to Harnois Énergies Inc. as a part of the payment of the acquisition transaction.

For Phase 1B, the equipment, including the upgraded 1.75MW electrolyzer, is having a balance of payment to be made of around $2.3M, will be delivered at Charbone's facility in the coming months. In addition, Charbone is working with bankers to negotiating multiple financing offers to complete the equipment financing in parallel with additional debt/equity raises that will be used to finance the deployment of a decentralized sites hydrogen plants strategy in Canada, United States and Asia-Pacific.

Results of Operations

The following discussion of the Company's financial performance is based on the financial statements for the three and nine-month periods ended September 30, 2025 and 2024. During these periods, the Company was focused on the development and construction phase of the business. For the three and nine-month periods ended September 30, 2025 and 2024, the Company had a net loss of $0.7 million and $2.4 million respectively compared to a net loss of $0.6 million and $1.9 million, detailed as follows:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
INCOME				
Hydroelectricity income	$ -	$ 79,085	$ 5,067	$ 261,228
Other income	$ 22,950	$ -	$ 45,697	$ -
GENERAL AND ADMINISTRATIVE EXPENSES				
Professional fees	301,706	200,024	1,177,040	841,768
Meals, entertainment, travel and other business development expenses	25,596	8,518	100,156	64,555
Investors relationships and marketing	54,186	89,477	222,536	302,881
Salaries, fringe benefits and board	87,022	91,290	366,171	258,021
Share based compensation	-	-	153,847	17,059
Other expenses	51,187	107,964	243,137	256,865
General and administrative expenses	$ 519,697	$ 497,273	$ 2,262,887	$ 1,741,149

Depreciation of property, plant and equipment	44,069	42,607	131,680	127,625
Depreciation of right-of-use-assets	30,398	25,809	91,706	74,444
Amortization of intangible assets	5,945	10,122	18,110	17,613
(Gain) / Loss on asset disposition	-	-	-	104,500
OPERATING LOSS BEFORE THE FOLLOWING:	$ 577,159	$ 496,726	$ 2,453,619	$ 1,804,103
Interest on debentures	78,852	77,464	217,996	223,897
Interest on short term debt	-	12,734	4,560	20,702
Interest on lease obligations	5,022	5,865	16,879	17,829
Interest and bank fees	2,682	3,688	8,186	13,860
Realized loss/(gain) on foreign exchange	(220)	(241)	2,144	1,046
Unrealized loss/(gain) on foreign exchange	48,347	8,972	(37,164)	16,162
Loss/(gain) on debt modification	6,984	-	6,984	(43,020)
Gain on settlement of account payable	-	-	(296,073)	(176,107)
Fair value adjustment on embedded derivative	(1,653)	-	(31,858)	-
FINANCIAL EXPENSES, NET	$ (140,014)	$ (108,482)	$ 108,346	$ 74,369
Current income tax	$ 2,067	$ 4,055	$ 6,295	$ 8,313
NET LOSS	$ (719,240)	$ (609,263)	$ (2,351,568)	$ (1,886,603)

Hydroelectricity income in 2025 and 2024 represents three and nine-months of revenues. There is a temporary service reduction at the Wolf River plant following an equipment failure that will be repaired and upgraded.

The Other income represents the percentage of activities advancement from the Master Collaborative Agreement to support the deployment of a Malaysian green hydrogen project development.

General and administrative expenses

Management has actively managed and controlled expense even though the level of activity has increased markedly since January 1, 2024. In general, all cash expenses have been maintained to similar level during 2025 compared to 2024.

Significant general administrative expenses include professional fees, salaries, fringe benefits and board and investors relationships and marketing. Professional fees expenses are further disaggregated below. The other expenses include variations in insurance, taxes and licenses/permits expenses.

Detail of the services included in the professional fees:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30 2025	Nine-month period ended September 30, 2024
Consulting services with members of management (a)	$ 72,500	$ 72,500	$ 367,500	$ 217,500
External consultants	85,183	32,808	200,274	107,897
Auditors and Accounting services (c)	77,974	43,610	369,345	403,419
Lawyers and notary (b)	1,304	14,520	32,605	49,480
Graphic design for website and logo company	2,260	1,059	3,706	2,945
Company employees (d)	62,485	35,527	203,610	60,527
Other	-	-	-	-
	301,706	200,024	1,177,040	841,768

a) Professional services received from 2 key consultants and key management personnel in 2025 and 2024. The increase on the nine-months period is explained by a retention fee given to the 2 key management personnel of $75,000 each in Q1 2025, then settled in shares.
b) The decrease in professional fees in 2025 year-to-date compared to 2024 for legal fees was related to reduction of legal general matters needs and to continued disclosure information requirements for a listed entity resulting from the increase of internal management involvement. Fees specific to capital financing transactions are recorded against equity and specific to equipment acquisition are capitalized.
c) The decrease of auditing and accounting services and administrative resources for the nine-month period in 2025 compared to 2024 is because of change of auditor at a lower fee and more efficient work performed for 2024 year-end and Q1 2025.
d) Professional services received from consultants and management and team in 2025 increased compared to 2024, as the Company had new additions to the team in Q3 2024 to prepare for hydrogen operations.

Common share purchase options

During the nine-month period ending September 30, 2025, the Corporation granted a total of 5,200,000 options, and 800,000 options have expired as of September 30, 2025. For more details, see note 14 of the consolidated financial statements. The shared based compensation expense was a higher amount in 2025 compared to 2024, because of more options issued.

Salaries, fringe benefits and board

During the nine-month period ended June 30, 2025, salaries, fringe benefits and board expenses include a $75,000 retention bonus given to the Chief Financial Officer, then settled in shares.

Depreciation, amortization

The small increases of depreciation and amortization expenses are mainly due to new additions made.

Financial

Financial expenses variation in 2025 is mainly due to the higher gain on settlement of certain accounts payable where the Corporation settled suppliers' accounts payable with equity issuance having a fair value less than the amounts payable and the fair value adjustment on embedded derivative and foreign exchange variations.

Liquidity and Capital Resources

As at September 30, 2025, the Company had a working capital deficiency (current liabilities in excess of current assets) of $6,618,257 (December 31, 2024 - $4,815,638). The main reason is the increase in payables related to hydrogen equipment purchases from Harnois Énergies Inc.

On October 6, 2025, the Corporation has issued 13,333,334 common shares at $0.075 per share, representing $1 million in equity consideration to Harnois Énergies Inc. as a part of the payment of the acquisition of hydrogen production and refueling assets.

The Company used cash in operating activities of $1,193,048 (2024 - $1,206,263).

In the nine-month period ended September 30, 2025, the Company received cash of $19,528 from investing activities compared with disbursements of $83,604 in 2024. In 2025, the Company made cash acquisitions of property, plant and equipment for an amount of $17,455 while receiving $65,402 in reimbursable tax credits related to the construction of its Sorel-Tracy green hydrogen plant and its Wolf River dam compared to $76,707 cash acquisitions without any tax credit in 2024. The Company reimbursed advances of $29,261 from key management personnel, compared to $nil for the nine-month period ended September 30, 2024.

In the nine-month period ended September 30, 2025, financing activities generated $1,167,471 compared to $1,281,201 for 2024. The decrease is mainly due to the difference in the proceeds of the issuance of units from private placements compensated by exercises of warrants and debentures proceed.

The net cash position at September 30, 2025 was $486,296 in comparison with $452,739 at December 31, 2024.

At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs. The Company expects to still operate at a loss for at least the next 9 months. As such, the Company will need additional financing for costs related to operations, and its growth strategy. The Company is currently addressing its liquidity concerns by proactively planning future financings through the raise of debt and (or) equity. Timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies.

Until such time that it can generate significant revenue, the Corporation expects to finance its operations through a combination of public or private equity or debt financings or other sources. While the Corporation has been successful in securing financing in the past, raising additional funds is dependent on several factors outside the Corporation's control, and as such there is no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation's continuing operations are dependent upon the continued financial support of shareholders and lenders, its ability to attain profitable operations and generate funds from and/or to raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. See note 1 to the condensed consolidated interim financial statements as at and for the three and nine-month periods ended September 30, 2025 for additional details on the going concern basis of accounting.

The primary need for liquidity is to fund working capital requirements of the business, as well as capital expenditures related to the hydrogen plant in Sorel-Tracy.

On October 3, 2025, the Corporation issued 9,183,334 units in a private placement for gross proceeds of $551,000 ($0.06/unit). Each unit represents one common share of the Corporation and one warrant. The warrants are exercisable at a price of $0.08 for a period of 24 months. In relation with the private placement, the Corporation paid a finder's fee of $22,160 and issued 369,333 compensation warrants.

On October 16, 2025, the Corporation agreed with a supplier to settle payables totalling $503,125 through the issuance of 4,192,708 units ($0,12/unit). Each unit represents one common share of the Corporation and one warrant. The warrants are exercisable at a price of $0.14 for a period of 12 months.

Overall, the Corporation will require additional financing in order to complete its business plan and meet future obligations for the next 12 months.

Subsequent events (not disclosed elsewhere in the MD&A)

On October 8, 2025, the Corporation made its first delivery of 161,000 cubic feet of helium to an independent distributor in the Greater Toronto Area, starting generation of revenues from distribution of industrial gases.

Off Balance Sheet Arrangements

Other than the commitments related to the purchase of property, plant and equipment and corporate marketing services referred to above, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

The related parties include key management personnel and their close family, and key management personnel's companies. Key management personnel include the directors and officers of the Corporation, who are also shareholders of the Corporation through their management companies.

At September 30, 2025, there is no advance amount due to key management personnel directly or indirectly through their management companies (as at December 31, 2024 – $29,261).

At September 30, 2025, the amounts due to key management personnel directly or indirectly through their management companies and included in the accounts payable and accrued liabilities are $414,102 (as at December 31, 2024 - $350,177).

During the three-month period ended March 31, 2025, the Corporation settled debt with management of $310,000 by the issuance of 4,133,334 Common Shares, resulting in a gain on settlement of debt of $41,333.

The key management compensation includes amounts incurred for the following:

	Three-month period ended September 30, 2025	Three-month period ended September 30, 2024	Nine-month period ended September 30, 2025	Nine-month period ended September 30, 2024
Professional fees	$ 72,500	$ 72,500	$ 367,500	$ 217,500
Salaries and fringe benefits and board meetings	97,105	51,415	353,463	182,982
Share-based compensation	-	-	153,847	-
Total	$ 169,605	$ 123,915	$ 874,810	$ 400,482

Proposed Transactions

As at the date of this MD&A there are no proposed transactions other than those already disclosed elsewhere in the MD&A.

Accounting Estimates and judgements

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. For the three and nine-month periods ended September 30, 2025 and September 30, 2024, the following are critical judgments, estimates or assumptions made by management that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses:

Critical judgment

Going concern (Note 1 of consolidated financial statements)

Key sources of estimation uncertainty

Debentures (Notes 12 and 17 of the consolidated financial statements)

Impairment of non-financial assets

As part of assessing property, plant and equipment and intangible assets for impairment, the recoverable amount of a CGU is determined as the higher of the amount determined using the discounted future cash flow method (value-in-use) and the market-based method (estimated fair value less costs to sell). When the discounted future cash flow method is used, cash flow projections are established based on past experience, certain economic trends as well as industry and market trends, and represent management's best estimates of future results. The recoverable amount of a CGU is also influenced by the discount rate used in the model, by the growth rate used to make the extrapolation and by the weighted average cost of capital. When a market-based method is used, the Corporation estimates the fair value of the CGU by gathering market data, similar transactions and third-party evaluation. These methods rely on numerous assumptions and estimates that may have a significant impact on the recoverable amount of a CGU, and thereby, on the amount of impairment, if any. The impact of significant changes in assumptions and the revision of estimates, if any, is recognized in net earnings in the period in which the changes occur or the estimates are revised.

Valuation of share-based compensation and warrants

The Corporation measures the cost of share-based payments with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses, depending on terms and conditions, the Black-Scholes option pricing model. Several assumptions are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using these models, including the expected life of the option or warrant, the share price of the underlying shares and volatility.

Valuation of convertible financial instruments

The Corporation estimated the value of the liability portion of the Debentures at inception by reference to a market rate for the debt instrument alone with the residual value allocated to an equity component presented as Equity component of convertible debenture on the consolidated statement of financial position.

The Corporation estimated the value of the liability portion of the Notes at inception by reference to a market rate for the debt instrument alone with the residual value allocated to a liability component presented as Embedded derivative on the consolidated statement of financial position as it does not meet the fix-for-fix criterion.

The calculation of the fair value of the debt component of debentures and notes requires using an estimated interest rate that the Corporation would have had to pay had the loan been obtained without a conversion feature.

Leases

In determining the carrying amount of right-of-use assets and lease liabilities at lease inception and for lease modifications, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determinable. Management determines the incremental borrowing rate of each leased asset by incorporating the Corporation's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change.

Other areas involving estimation uncertainty include the determination of the estimated useful lives of property, plant and equipment.

Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the consolidated balance sheet.

The following are the contractual cash flows of financial liabilities, including estimated interest payments, as at September 30, 2025 and December 31, 2024:

September 30, 2025		Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables, including long-term payables for PP&E	$	6,043,913	6,043,913	6,043,913	-
Due to unrelated individual		3,000	3,000	3,000	-
Debentures		2,042,882	2,251,000	2,251,000	-
Convertible note		1,576,188	2,843,760	-	2,843,760
Lease obligation, including current portion		1,149,083	2,093,771	226,777	1,866,994
	$	10,815,066	12,235,444	8,524,690	4,710,754

December 31, 2024		Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables	$	3,569,117	3,569,117	3,569,117	-
Short term loan		-	-	-	-
Due to unrelated individual		3,000	3,000	3,000	-
Due to key management personnel		29,261	29,261	29,261	-
Debentures		1,690,119	1,917,003	1,917,003	-
Convertible note		1,544,599	2,935,356	-	2,935,356
Lease obligation, including current portion		1,243,883	2,247,406	249,465	1,997,941
	$	8,079,979	10,701,143	5,767,846	4,933,297

Market risk

Market risk is the risk that the fair value or future cash flows of the Corporation 's financial instruments will fluctuate because of changes in market prices. Some of the Corporation's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

i) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of variations in market interest rates. The promissory notes and debentures issued by the Corporation bear fixed-rate interest and expose the Corporation to the risk of fair value variation resulting from interest rate fluctuations.

A 1% change in the interest rate of the debenture would have an impact of approximately $41,599 on the Corporation’s statements of loss and comprehensive loss and cash flows on an annual basis.

ii)Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Fair value

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities.
- Second level includes inputs other than quoted prices included in the first level that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).; and
- Third level includes data that are not based on observable market data.

The carrying value of cash, subscription to be received, trade and other payables, promissory notes, due to companies under common control, advances from unrelated companies and advances from an unrelated individual are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The Company determined that the fair value of the debentures approximates their carrying value as they bear interest at interest rates that are similar to the rate that would be obtained on the market for financial instruments with similar terms and risks and because the conversion option at the discretion of the Corporation has a negligible value. (Level 3)

Disclosure of Share Capital

As at the date of this report (November 28, 2025) the Company share capital consists of 225,385,898 fully paid Class "A" common shares, voting and participating. The Corporation has authorized an unlimited number of Class "A" common shares without par value.

The Company has 40,584,796 outstanding purchase warrants that entitle their holders to subscribe to an equivalent number of common shares.

The Company has 10,300,000 outstanding share purchase options.