GRAPHITE ONE INC.

Condensed Interim Consolidated Financial Statements

March 31, 2025
(Unaudited)

Graphite One

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

	Note	March 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	$ 2,487,038	$ 4,117,974
Receivables	7	429,594	680,641
Prepaids and deposits	8	235,796	202,509
Total current assets		3,152,428	5,001,124
Property and equipment	9	800,946	530,990
Exploration and evaluation property	10	62,071,382	61,080,089
Non-current advances and deposits		86,084	162,335
Restricted cash	10	180,897	180,435
Intangible assets	11	397,804	423,522
Total assets		66,689,541	$ 67,378,496
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12	$ 5,050,478	$ 4,856,703
Lease liabilities	13	153,078	-
Total current liabilities		5,203,556	4,856,703
Lease liabilities	13	127,420	-
Total liabilities		5,330,976	4,856,703
SHAREHOLDERS' EQUITY			
Share capital	14	95,747,035	95,269,649
Reserves		18,368,999	18,445,752
Cumulative translation adjustment		3,534,007	3,534,570
Deficit		(56,291,476)	(54,728,178)
Total shareholders' equity		61,358,565	62,521,793
Total liabilities and shareholders' equity		$ 66,689,541	$ 67,378,496

Approved by the Board of Directors:

«Anthony Huston»
Director

«Douglas Smith»
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 March 31, 2025	Three months ended March 31, 2024
Expenses			
Project development, net of grant	16	$ 32,410	-
Management fees, salaries and benefits	15	427,537	$ 202,996
Marketing and investor relations		136,539	106,318
Consulting and advisory fees		89,428	64,498
Office and administration		98,379	77,044
Professional fees		54,621	144,552
Share-based payments		771,276	585,515
		1,610,190	1,180,923
Other (income) expenses			
Foreign exchange loss (gain)		(5,570)	16,247
Other	16	(49,846)	-
Interest income		(604)	(3,210)
Interest expense		9,127	1,487
		(46,892)	14,524
Net loss for the period		1,563,298	1,195,447
Other comprehensive loss			
Foreign currency translation		563	(12,901)
Net loss and comprehensive loss for the period		$ 1,563,861	$ 1,182,546
Basic and diluted loss per common share		$ 0.01	$ 0.01
Weighted average number of common shares outstanding		145,743,778	132,283,348

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		Shares to be Issued	Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number	Amount $	$	$	$	$	$
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 vesting of share units	694,338	477,386	-	(867,885)	-	-	(390,498)
Share-based payments	-	-	-	791,132	-	-	791,132
Changes in cumulative translation adjustment	-	-	-	-	(563)	-	(563)
Net loss for the period	-	-	-	-	-	(1,563,298)	(1,563,298)
Balance, March 31, 2025	**146,269,376**	**95,747,035**	**-**	**18,368,999**	**3,534,007**	**(56,291,476)**	**61,358,565**

	Common Shares		Shares to be Issued	Reserves	Cumulative Translation Adjustment	Deficit	Total
	Number	Amount $	$	$	$	$	$
Balance, January 1, 2024	**132,283,348**	**87,765,603**	**-**	**15,558,464**	**3,513,254**	**(47,931,655)**	**58,905,666**
Shares to be issued on warrant exercises	-	-	3,794,348	-	-	-	3,794,348
Share-based payments	-	-	-	689,055	-	-	689,055
Changes in cumulative translation adjustment	-	-	-	-	12,901	-	12,901
Net loss for the period	-	-	-	-	-	(1,195,447)	(1,195,447)
Balance, March 31, 2024	**132,283,348**	**87,765,603**	**3,794,348**	**16,247,519**	**3,526,155**	**(49,127,102)**	**62,206,523**

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

	Three months ended March 31, 2025	Three months ended March 31, 2024
OPERATING ACTIVITIES		
Net loss for the period	**$ (1,563,298)**	$ (1,195,447)
Items not involving cash:		
Share-based payments	**771,276**	585,515
Unrealized foreign exchange loss	**(3,065)**	28,272
Depreciation and amortization	**20,358**	4,289
Interest on leases payable	**9,127**	1,487
Changes in non-cash working capital items		
Receivables	**70,733**	(55,838)
Prepaids and deposits	**(33,288)**	(41,356)
Accounts payable and accrued liabilities	**134,827**	24,003
Withholding tax payments on vested share units	**(356,981)**	-
Cash used in operating activities	**(950,310)**	(649,075)
FINANCING ACTIVITIES		
Proceeds from common shares issued	-	3,794,348
Lease payments	**(44,625)**	(15,701)
Cash provided by (used in) financing activities	**(44,625)**	3,778,647
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	**(2,892,926)**	(2,265,504)
Changes in restricted cash	**(462)**	(235)
Grant proceeds	**2,301,419**	860,436
Purchase of equipment	**(45,356)**	(5,756)
Cash used in investing activities	**(637,325)**	(1,411,059)
Effect of foreign exchange on cash and cash equivalents	**1,324**	(14,658)
Increase (decrease) in cash and cash equivalents during the period	**(1,630,936)**	1,703,855
Cash and cash equivalents at beginning of the period	**4,117,974**	1,824,331
Cash and cash equivalents at end of the period	**$ 2,487,038**	**$ 3,528,186**
Supplemental cash flow information:		
Non-cash Investing and financing activities		
Depreciation capitalized to property	**$ 96,774**	$ 76,160
Right of use assets	**315,995**	-
Changes to accounts payable related to investing activities	**(114,291)**	278,125
Share-based payments capitalized to property	**194,254**	103,520
	$ 492,732	$ 457,805

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 trades 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, process the graphite into concentrate at a mineral processing plant located adjacent to the proposed mine, and ship the concentrate to the Company's proposed manufacturing plant in Ohio where anode materials and other value-added graphite products would be produced.

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 unaudited condensed interim 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 March 31, 2025, the Company had a cash balance of $2,487,038 (December 31, 2024: $4,117,974), a working capital deficit of $2,051,128 (December 31, 2024: working capital of $144,421), and an accumulated deficit of $56,291,476 (December 31, 2024: $54,728,178). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the three months ended March 31, 2025, cash used in operating activities totaled $950,310 (2024: $649,075) and $2,938,744 (2024: $2,271,495) were spent on project related expenditures, excluding grant proceeds.

The Company's ability to continue to meet its administrative expenses, initiate permitting of 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 financing. Based on projected administrative and project expenditures for the next twelve months, the Company will require additional financings to continue to operate. There can be no assurance that the Company will be successful in securing adequate funding through additional financings, 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 unaudited condensed interim 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

These unaudited condensed interim consolidated 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 May 22, 2025. These financial statements have been condensed with certain disclosures omitted from the Company's audited consolidated financial statements for the year ended December 31, 2024. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2024 annual financial statements.

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the 2024 annual financial statements.

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 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 financial statements are disclosed in Note 4 of the Company's consolidated financial statements for the year ended December 31, 2024.

5. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING DEVELOPMENTS

<u>IFRS 18 – Presentation and Disclosure in Financial Statements</u>

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.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

5. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNT DEVELOPMENTS (Cont'd)

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

In May 2024, the 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. Moreover, the amendments clarify the assessment of the principal and interest (SPPI) criterion, including financial assets that have environmental, social and corporate governance (ESG)-linked features and other similar contingent features. 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.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024
Cash	**$ 2,480,082**	$ 4,111,024
Cash equivalents	**6,956**	6,950
	$ 2,487,038	$ 4,117,974

7. RECEIVABLES

	March 31, 2025	December 31, 2024
GST receivable	**$ 57,016**	$ 39,399
Government grant receivable	**366,579**	632,726
Other receivables	**5,999**	8,517
	$ 429,594	$ 680,642

On July 17, 2023, the Company was awarded a DoD 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 is now $37.3 million.

During the three months ended March 31, 2025, the Company drew down $2,284,372 (Cumulative to date: $37,049,427) from the Grant. As at March 31, 2025, $366,579 was outstanding from the DoD and $nil was outstanding from the DLA (Note 16). Subsequent to March 31, 2025, $254,537 of the outstanding balance was received. Per the DoD contract, the final 1% of the contract value will be paid after the Company provides a final report to the DoD, which is expected in June 2025.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

8. PREPAIDS AND DEPOSITS

		March 31, 2025		December 31, 2024
Deposits and advances	$	128,302	$	65,911
Prepaid marketing		107,494		136,598
	$	235,796	$	202,509

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	-	5	-	5
As at March 31, 2025	**1,348,053**	**48,076**	**325,522**	**1,721,651**

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	48,545	3,353	39,499	91,397
Effect on changes in foreign exchange rate	-	4	-	4
As at March 31, 2025	**834,109**	**37,571**	**49,025**	**920,705**

	Field Equipment	Computers	ROU Assets	Total
Net book value ($)	$	$	$	$
As at December 31, 2024	517,133	13,857	-	530,990
As at March 31, 2025	**513,944**	**10,505**	**276,497**	**800,946**

(Unaudited - 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	53,961
Assays and metallurgy	202,007
Geological consulting	450
Site preparation, drilling and camp operations	670,168
Engineering and technical assessments	353,516
Community consultation and meetings	27,835
Environmental studies	345,695
Capitalized depreciation	96,774
Capitalized share-based payments	194,254
Project management and administration	860,057
Secondary treatment plant project and other costs	45,337
Government grant - Note 7	(1,858,762)
Balance, March 31, 2025	**$ 62,071,382**

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.

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 technical work on the Graphite Creek feasibility study through to May 31, 2025 is eligible for reimbursement under the DoD Grant and the expenditures are subject to 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. 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, of which Teller has utilized $20,195 of their funds.

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 "**Agreements**").

The 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 anode active material (**"AAM"**) plant proposed in Ohio. The first milestone payment of $400,000 was paid on the execution of the Agreements in October 2024 as consideration in exchange for the exclusive license to certain AAM technologies.

This asset is amortized over the asset's economic life, which management has determined to be ten years from the date the Agreements were executed. During the three months ended March 31, 2025, the Company recognized $16,667 of amortization which was recorded as project development expenses.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

11. INTANGIBLE ASSETS (Cont'd)

The following table summarizes the Company's intangible assets:

Cost ($)	Software	Technology License	Total
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
Effect on changes in foreign exchange rate	38	-	38
As at March 31, 2025	**107,393**	**400,000**	**507,393**

Accumulated amortization ($)	Software	License	Total
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	9,061	16,667	25,728
Effect on changes in foreign exchange rate	29	-	29
As at March 31, 2025	**92,922**	**16,667**	**109,589**

	Software	Technology License	Total
Net book value ($)	$	$	$
As at December 31, 2024	23,522	400,000	423,522
As at March 31, 2025	**14,471**	**383,333**	**397,804**

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2025	December 31, 2024
Accounts payable - Trade	**$ 337,884**	$ 542,076
Accounts payable - Project	**1,127,575**	1,694,056
Payroll	**3,095,413**	2,403,191
Accruals - Project	**489,606**	196,542
Accruals - Other	-	20,838
	$ 5,050,478	$ 4,856,703

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

13. LEASE LIABILITIES

Effective January 1, 2025, the Company renewed its lease for both the Nome office and warehouse, entering into a new two-year agreement for each location.

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

	March 31, 2025	December 31, 2024
Current portion	$ 153,078	$ -
Non-current portion	127,420	-
	$ 280,498	$ -

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

Maturity	March 31, 2025	December 31, 2024
Less than 1 year	$ 178,500	$ -
1-2 years	133,875	-
	$ 312,375	$ -

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

During the three months ended March 31, 2025, the Company issued 694,338 common shares for vested RSUs.

c) Share-based Compensation

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

	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 115,375	$ 119,016	$ 234,392	$ 43,583	$ 99,312	$ 142,895
Restricted share units	60,681	593,074	653,755	58,962	481,801	540,763
Performance share units	18,198	59,186	77,383	974	4,402	5,376
	$ 194,254	$ 771,276	$ 965,530	$ 103,519	$ 585,515	$ 689,034

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (cont'd)

Stock Options

Pursuant to the Company's stock option plan for directors, officers, employees and consultants, the Company may reserve a maximum of 10% of the issued and outstanding common shares. The vesting requirements are established by the Board of Directors.

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**
Balance, March 31, 2025	**12,230,738**	**$**	**1.06**

There were no stock options granted during the three months ended March 31, 2025.

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

	March 31, 2025	December 31, 2024
Exercise price (CA$)	n/a	\$0.85 - \$0.93
Share price (CA$)	n/a	\$0.85 - \$0.93
Risk-free interest rate	n/a	3.5% - 3.64%
Expected life	n/a	5 years
Expected stock price volatility	n/a	86.1% - 86.44%
Dividend payments	n/a	Nil
Expected forfeiture rate	n/a	Nil
Fair value per option (CA$)	n/a	\$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.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (cont'd)

The following table summarizes the outstanding stock options as at March 31, 2025 and December 31, 2024:

As at March 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)
455,000	455,000	0.35	0.2	455,000	455,000	0.35	0.5
2,005,000	2,005,000	1.02	0.9	2,005,000	2,005,000	1.02	1.1
2,937,429	2,937,429	1.39	1.7	2,937,429	2,937,429	1.39	2.0
1,463,157	487,719	1.08	2.7	1,463,157	487,719	1.08	3.0
248,365	82,788	1.00	2.8	248,365	82,788	1.00	3.0
1,269,379	423,127	1.08	2.8	1,269,379	423,126	1.08	3.0
47,250	-	0.83	3.7	47,250	-	0.83	4.0
2,905,158	-	0.93	4.0	2,905,158	-	0.93	4.2
900,000	-	0.85	4.1	900,000	-	0.85	4.4
12,230,738	6,391,063	1.06	2.5	12,230,738	6,391,062	1.06	2.8

Omnibus Incentive Plan

Security-based awards under the Omnibus Incentive Plan (the "**Omnibus Plan**") consist of RSUs and PSUs. On June 28, 2024, at the Company's annual general and special meeting of the shareholders, the shareholders approved an increase of 1,300,000 common shares issuable under the Omnibus Plan. The maximum number of security-based awards to be granted under the Omnibus Plan is 13,800,000 and any adjustments are subject to approval by the TSXV and the shareholders of the Company. As of March 31, 2025, the Company has 827,602 common shares available under the Omnibus Plan for future grants.

The following table summarizes the activity related to the Omnibus Plan:

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**
Vested	(1,315,904)	-	(1,315,904)
Balance, March 31, 2025	**4,906,839**	**3,200,436**	**8,107,275**

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 in cash to the recipients to settle their withholding tax obligation.

During the three months ended March 31, 2025, 1,315,904 RSUs vested, of which 621,566 common shares were withheld to settle the recipient's estimated tax liability.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

Omnibus Incentive Plan (cont'd)

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

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Officers	October 21, 2024	PSU	1,215,778	Note 1
Officers	March 19, 2024	PSU	1,215,778	Note 2
Officers	March 19, 2024	RSU	810,519	Note 3
Directors	March 19, 2024	RSU	580,590	Note 4
Officers	December 27, 2023	RSU	724,109	Note 5
Officers	December 27, 2023	PSU	768,880	Note 6
Officers	January 19, 2023	RSU	739,886	Note 7
Officers	December 27, 2022	RSU	2,051,735	Note 8
			8,107,275	

Notes:

[1] 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.

[2] 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.

[3] The 810,519 RSUs vest one-half on the second and third anniversary dates.

[4] The 580,590 RSUs vest one-half on June 30, 2025 and September 30, 2025.

[5] 182,530 RSUs vest on December 27, 2025 and 541,579 RSUs vest on December 27, 2026.

[6] The PSUs vest between 0% to 100% on January 19, 2026, 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] 739,886 RSUs vest on third anniversary of grant date.

[8] 2,051,735 RSUs vest on December 27, 2025.

Subsequent to March 31, 2025, the Company granted 583,015 RSUs to directors pursuant to the terms of the Company's Omnibus Plan. This grant represents one-half of the grant for the calendar year 2025. The RSUs vest on April 14, 2026, one year from the grant date.

Warrants

No warrants were issued during the three months ended March 31, 2025.

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
Balance, March 31, 2025	14,307,763	$	1.04

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

Warrants (Cont'd)

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

As at March 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	0.5	2,802,690	1.21	0.7
5,130,873	1.00	2.0	5,130,873	1.00	2.2
6,374,200	1.00	1.7	6,374,200	1.00	2.0
14,307,763	1.04	1.6	14,307,763	1.04	1.8

Broker Warrants

No broker warrants were issued during the three months ended March 31, 2025.

The following tables summarize the outstanding broker warrants as at March 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
Balance, March 31, 2025	153,749	$	1.00

As at March 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)
153,749		1.00	1.7	153,749		1.00	2.0
153,749	$	1.00	1.7	153,749	$	1.00	2.0

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

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.

a) Related party transactions

		Three months ended March 31,	
Related Party	**Nature of Transaction**	**2025**	2024
Huston & Huston Holdings Corp.	Management fees	**$ 127,500**	$ 112,500
Rockford Resources LLC	Director fees	**7,500**	7,500
SSP Partners LLC	Director fees	**7,500**	7,500
		$ 142,500	$ 127,500

Amounts owing to related parties are non-interest bearing and unsecured, for short-term incentive awards. As at March 31, 2025, the Company owed $1,305,600 (December 31, 2024 - $1,147,500) to related parties.

b) Key management and directors' 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 four (4) Vice-Presidents. During the three months ended March 31, 2025 and 2024, the Company charged $0.6 million and $0.5 million of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project, respectively.

(Unaudited - Expressed in United States dollars, unless otherwise indicated)

15. RELATED PARTY TRANSACTIONS 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 March 31, 2025	Three months ended March 31, 2024
Management fees	$ **127,500**	$ 112,500
Director fees	**30,000**	30,000
Salaries	**437,500**	437,500
Share-based payments	**893,119**	689,035
	$ **1,488,118**	$ 1,269,035

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 three months ended March 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.

Development costs associated with the Company's proposed anode active manufacturing plant are expensed when they don't meet the definition of an intangible asset or exploration and evaluation asset. For the three months ended March 31, 2025 the Company recognized $32,410 (March 31, 2024: $nil) of development expenses associated with the planned manufacturing plant.

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.

17. FINANCIAL RISK MANAGEMENT (Cont'd)

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.

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 $2,487,038 in cash and cash equivalents as at March 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 March 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 $5,855 (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 operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in the United States.