

**GRAPHITE ONE INC.**

**Condensed Interim Consolidated Financial Statements**

**June 30, 2025**  
**(Unaudited)**

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

	Note	June 30, 2025	December 31, 2024
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	\$ 652,817	\$ 4,117,974
Receivables	7	79,930	680,641
Prepays and deposits	8	152,814	202,509
<b>Total current assets</b>		<b>885,561</b>	<b>5,001,124</b>
Property and equipment	9	709,187	530,990
Exploration and evaluation property	10	63,343,875	61,080,089
Non-current advances and deposits		128,664	162,335
Restricted cash	10	181,366	180,435
Intangible assets	11	382,587	423,522
<b>Total assets</b>		<b>65,631,240</b>	<b>\$ 67,378,496</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	12	\$ 5,418,743	\$ 4,856,703
Lease liabilities	13	157,717	-
<b>Total current liabilities</b>		<b>5,576,460</b>	<b>4,856,703</b>
Lease liabilities	13	86,208	-
<b>Total liabilities</b>		<b>5,662,668</b>	<b>4,856,703</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	14	96,085,143	95,269,649
Reserves		18,622,507	18,445,752
Cumulative translation adjustment		3,434,401	3,534,570
Deficit		(58,173,479)	(54,728,178)
<b>Total shareholders' equity</b>		<b>59,968,572</b>	<b>62,521,793</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 65,631,240</b>	<b>\$ 67,378,496</b>
Going concern	2		
Subsequent events	19		

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 June 30,		Six months ended June 30,	
		2025	2024	2025	2024
<b>Expenses</b>					
Project development, net of grant	16	\$ 223,341	-	\$ 255,751	\$ -
Management fees, salaries and benefits	15	504,234	221,478	931,771	424,474
Marketing and investor relations		157,262	228,632	293,801	334,950
Consulting and advisory fees		132,860	63,000	222,288	127,498
Office and administration		198,034	161,375	296,413	238,419
Professional fees		123,164	113,123	177,785	257,675
Share-based payments		647,561	869,767	1,418,837	1,455,282
		1,986,456	1,657,375	3,596,646	2,838,298
<b>Other (income) expenses</b>					
Foreign exchange losses (gains)		(98,468)	2,814	(104,038)	19,061
Other	16	(12,550)	-	(62,396)	-
Interest income		(1,486)	(1,414)	(2,090)	(4,624)
Interest expense		8,052	1,056	17,179	2,543
		(104,453)	2,456	(151,345)	16,980
<b>Net loss for the period</b>		1,882,003	1,659,831	3,445,301	2,855,278
<b>Other comprehensive loss</b>					
Foreign currency translation		99,606	11,043	100,169	(1,858)
<b>Net loss and comprehensive loss for the period</b>		\$ 1,981,609	\$ 1,670,873	\$ 3,545,470	\$ 2,853,419
Basic and diluted loss per common share		\$ 0.01	\$ 0.01	\$ 0.03	\$ 0.02
Weighted average number of common shares outstanding		146,337,585	137,818,065	132,750,632	135,050,707

*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		
	Number	Amount	Reserves	Translation	Deficit	Total
		\$	\$	Adjustment	\$	\$
<b>Balance, January 1, 2025</b>	<b>145,575,038</b>	<b>95,269,649</b>	<b>18,445,752</b>	<b>3,534,570</b>	<b>(54,728,178)</b>	<b>62,521,793</b>
Shares issued on option exercises	241,363	150,846	(139,327)	-	-	11,518
Shares issued on vesting of share units	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)
<b>Balance, June 30, 2025</b>	<b>146,763,199</b>	<b>96,085,143</b>	<b>18,622,507</b>	<b>3,434,401</b>	<b>(58,173,479)</b>	<b>59,968,572</b>

	Common Shares			Cumulative		
	Number	Amount	Reserves	Translation	Deficit	Total
		\$	\$	Adjustment	\$	\$
<b>Balance, January 1, 2024</b>	<b>132,283,348</b>	<b>87,765,603</b>	<b>15,558,464</b>	<b>3,513,254</b>	<b>(47,931,655)</b>	<b>58,905,666</b>
Shares issued on warrant exercises	5,130,873	3,193,973	600,375	-	-	3,794,348
Shares issued on option exercises	200,000	79,759	(35,874)	-	-	43,885
Shares issued on vesting of share units	965,085	918,047	(1,316,699)	-	-	(398,652)
Share issue costs	-	(25,622)	-	-	-	(25,622)
Share-based payments	-	-	1,805,942	-	-	1,805,942
Changes in cumulative translation adjustment	-	-	-	1,858	-	1,858
Net loss for the period	-	-	-	-	(2,855,278)	(2,855,278)
<b>Balance, June 30, 2024</b>	<b>138,579,306</b>	<b>91,931,760</b>	<b>16,612,208</b>	<b>3,515,112</b>	<b>(50,786,933)</b>	<b>61,272,147</b>

*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,		Six months ended June 30,	
	2025	2024	2025	2024
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (1,882,003)	\$ (1,659,831)	\$ (3,445,301)	\$ (2,855,278)
Items not involving cash:				
Share-based payments	647,561	869,767	1,418,837	1,455,282
Unrealized foreign exchange loss	(98,115)	(9,129)	(101,180)	19,143
Depreciation and amortization	13,827	4,228	34,185	8,517
Interest on leases payable	8,052	1,056	17,179	2,543
Changes in non-cash working capital items				
Receivables	(9,845)	(166,659)	60,888	(222,497)
Prepays and deposits	82,983	60,684	49,695	19,328
Accounts payable and accrued liabilities	228,492	62,252	363,319	86,255
Withholding tax payments on vested share units	(19,757)	(398,652)	(376,738)	(398,652)
Cash used in operating activities	(1,028,805)	(1,236,284)	(1,979,115)	(1,885,359)
<b>FINANCING ACTIVITIES</b>				
Proceeds from common shares issued	11,518	43,885	11,518	3,838,233
Share issue costs	-	(25,622)	-	(25,622)
Lease payments	(44,625)	(15,702)	(89,250)	(31,403)
Cash provided by (used in) financing activities	(33,107)	2,561	(77,732)	3,781,208
<b>INVESTING ACTIVITIES</b>				
Exploration and evaluation property expenditures	(1,395,444)	(4,479,869)	(4,288,370)	(6,745,373)
Changes in restricted cash	(469)	(238)	(931)	(473)
Grant proceeds	621,006	9,136,639	2,922,425	9,997,075
Purchase of equipment	-	-	(45,356)	(5,756)
Cash used in investing activities	(774,907)	4,656,532	(1,412,232)	3,245,473
Effect of foreign exchange on cash and cash equivalents	2,598	(712)	3,922	(15,370)
Increase (decrease) in cash and cash equivalents during the period	(1,834,221)	3,422,097	(3,465,157)	5,125,953
Cash and cash equivalents at beginning of the period	2,487,038	3,528,186	4,117,974	1,824,331
Cash and cash equivalents at end of the period	\$ 652,817	\$ 6,950,284	\$ 652,817	\$ 6,950,284
<b>Supplemental cash flow information:</b>				
Non-cash Investing and financing activities				
Depreciation capitalized to property	\$ 93,543	\$ 80,294	\$ 190,317	\$ 156,454
Right of use assets	-	-	315,995	-
Changes to accounts payable related to investing activities	23,502	2,909,134	(90,789)	3,982,118
Share-based payments capitalized to property	102,203	246,166	296,457	349,686
	\$ 219,248	\$ 3,235,594	\$ 711,980	\$ 4,488,258

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

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

---

### 1. NATURE OF OPERATIONS

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

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

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

### 2. GOING CONCERN

These 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 June 30, 2025, the Company had a cash balance of \$652,817 (December 31, 2024: \$4,117,974), a working capital deficit of \$4,690,899 (December 31, 2024: working capital of \$144,421), and an accumulated deficit of \$58,173,479 (December 31, 2024: \$54,728,178). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the six months ended June 30, 2025, cash used in operating activities totaled \$1,979,115 (2024: \$1,885,359) and \$4,334,657 (2024: \$6,751,602) 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 synthetic graphite manufacturing facility in Ohio is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. Subsequent to June 30, 2025, the Company closed a LIFE offering of 14,784,554 units at a price of C\$0.90 per unit for gross proceeds of C\$13,306,099. However, based on the current negative working capital, and forecasted administrative and project expenditures, including the Chenyu (defined below) milestone payments, for the next twelve months, the Company will require additional financings to continue to operate (Note 19a). 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.

## **GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

---

### **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 August 27, 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**

#### IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the International Accounting Standards Board (“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.

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

(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

	June 30, 2025	December 31, 2024
Cash	\$ 645,487	\$ 4,111,024
Cash equivalents	7,330	6,950
	<u>\$ 652,817</u>	<u>\$ 4,117,974</u>

### 7. RECEIVABLES

	June 30, 2025	December 31, 2024
GST receivable	\$ 77,935	\$ 39,399
Government grant receivable	-	632,726
Other receivables	1,995	8,517
	<u>\$ 79,930</u>	<u>\$ 680,642</u>

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

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

During the six months ended June 30, 2025, the Company drew down the remaining \$2,545,868 (cumulative to date: \$37,311,145) balance from the Grant, and submitted the final invoice related to the Grant. As at June 30, 2025, \$nil was outstanding from the DoD and the Defense Logistic Agency (“DLA”) (Note 16).



**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

*(Unaudited - Expressed in United States dollars, unless otherwise indicated)***8. PREPAIDS AND DEPOSITS**

		June 30, 2025	December 31, 2024
Deposits and advances	\$	92,086	\$ 65,911
Prepaid marketing		60,727	136,598
	\$	152,814	\$ 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	-	299	-	299
As at June 30, 2025	1,348,053	48,370	325,522	1,721,945

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	98,357	5,869	78,999	183,225
Effect on changes in foreign exchange rate	-	228	-	228
As at June 30, 2025	883,921	40,312	88,525	1,012,758

Net book value (\$)	Field Equipment \$	Computers \$	ROU Assets \$	Total \$
As at December 31, 2024	517,133	13,857	-	530,990
As at June 30, 2025	464,131	8,058	236,997	709,187

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

(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	62,404
Assays and metallurgy	243,802
Geological consulting	23,278
Site preparation, drilling and camp operations	590,888
Engineering and technical assessments	640,657
Community consultation and meetings	135,148
Environmental studies	903,444
Capitalized depreciation	190,317
Capitalized share-based payments	296,457
Project management and administration	1,511,828
Secondary treatment plant project and other costs	49,741
Government grant - Note 7	(2,384,177)
Balance, June 30, 2025	\$ 63,343,875

#### Property Summary

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

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

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

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

---

### 10. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

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

On December 18, 2023, the Company established two \$50,000 deposits ("**Restricted Cash**") which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation. 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 "**Chenyu Agreements**").

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 anode active material ("**AAM**") plant proposed in Ohio. The first milestone payment of \$400,000 was paid on the execution of the Chenyu Agreements in October 2024 as consideration in exchange for the exclusive license to certain AAM technologies. On August 22, 2025, the Company made the second milestone payment of \$650,000.

This asset is 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, 2025, the Company recognized \$26,667 of amortization which was recorded as project development expenses.

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

The following table summarizes the Company's intangible assets:

<b>Cost (\$)</b>	<b>Software</b>	<b>Technology</b>	<b>Total</b>
		<b>License</b>	
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	2,349	-	2,349
<b>As at June 30, 2025</b>	<b>109,703</b>	<b>400,000</b>	<b>509,703</b>

  

<b>Accumulated amortization (\$)</b>	<b>Software</b>	<b>Technology</b>	<b>Total</b>
		<b>License</b>	
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	26,667	35,728
Effect on changes in foreign exchange rate	7,556	-	7,556
<b>As at June 30, 2025</b>	<b>100,450</b>	<b>26,667</b>	<b>127,117</b>

  

<b>Net book value (\$)</b>	<b>Software</b>	<b>Technology</b>	<b>Total</b>
	<b>\$</b>	<b>License</b>	
As at December 31, 2024	23,522	400,000	423,522
<b>As at June 30, 2025</b>	<b>9,254</b>	<b>373,333</b>	<b>382,587</b>

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2025</b>	<b>2024</b>
Accounts payable - Trade	\$ 342,975	\$ 542,076
Accounts payable - Project	1,166,849	1,694,056
Payroll	3,536,946	2,403,191
Accruals - Project	312,171	196,542
Accruals - Other	59,803	20,838
	<b>\$ 5,418,743</b>	<b>\$ 4,856,703</b>

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

(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%.

		June 30, 2025	December 31, 2024
Current portion	\$	157,717	\$ -
Non-current portion		86,208	-
	\$	243,925	\$ -

The following is the maturity analysis of lease liabilities as at June 30, 2025, showing the undiscounted lease payments:

Maturity		June 30, 2025	December 31, 2024
Less than 1 year	\$	178,500	\$ -
1-2 years		89,250	-
	\$	267,750	\$ -

### 14. SHARE CAPITAL

#### a) Authorized

Unlimited number of common shares with no par value.

#### b) Shares Issued

During the six months ended June 30, 2025, the Company issued 946,798 common shares for vested RSUs (as defined below) and 241,363 for stock options ("Options") exercised. Subsequent to June 30, 2025, the Company issued 14,784,554 common shares in connection with a brokered private placement (Note 19a).

#### c) Share-based Compensation

On June 27, 2025, at the Company's annual general and special meeting of shareholders, the shareholders approved the motion to replace the Company's existing 10% rolling stock option plan and the existing 10% fixed omnibus plan with one single 20% fixed amended Omnibus Incentive Plan (the "Amended Omnibus Plan"). The Amended Omnibus Plan was subsequently approved by the TSXV on July 8, 2025. Security-based awards under the Amended Omnibus Plan consist of Options, Restricted Share Units ("RSUs"), Performance Share Units ("PSUs") and Deferred Share Units ("DSUs", collectively with the Options, RSUs and PSUs, the "Awards"). The maximum number of shares issuable under the plan cannot exceed 20% of the Company's issued and outstanding shares as of the implementation date, which is 29,250,000 shares. All outstanding awards under the previous plans have been migrated to the Amended Omnibus Plan. As of June 30, 2025, the Company has 9,239,296 common shares available under the Amended Omnibus Plan for future grants. Subsequent to June 30, 2025, the board of directors approved a grant of long-term incentive awards for the calendar year 2025 to employees, officers, directors and advisors consisting of 410,000 Options, 3,024,730 RSUs and 2,441,716 PSUs pursuant to the terms of the Company's Amended Omnibus Plan (Note 19b).

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

The following table summarizes the amount of share-based compensation recognized during the three and six months ended June 30, 2025 and 2024:

	Three months ended June 30, 2025			Three months ended June 30, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 27,603	\$ 199,672	\$ 227,274	\$ 143,244	\$ 195,155	\$ 338,399
Restricted share units	53,227	348,296	401,522	88,191	621,150	709,341
Performance share units	21,373	99,594	120,967	14,732	53,462	68,195
	<b>\$ 102,203</b>	<b>\$ 647,561</b>	<b>\$ 749,764</b>	<b>\$ 246,167</b>	<b>\$ 869,767</b>	<b>\$ 1,115,934</b>

  

	Six months ended June 30, 2025			Six months ended June 30, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 142,978	\$ 318,688	\$ 461,666	\$ 186,827	\$ 294,467	\$ 481,294
Restricted share units	\$ 113,907	\$ 941,370	1,055,277	147,153	1,102,950	1,250,103
Performance share units	\$ 39,571	\$ 158,779	198,350	15,706	57,865	73,571
	<b>\$ 296,457</b>	<b>\$ 1,418,837</b>	<b>\$ 1,715,294</b>	<b>\$ 349,686</b>	<b>\$ 1,455,282</b>	<b>\$ 1,804,968</b>

**Stock Options**

The following table summarizes the activity of outstanding stock options:

	Number of Options	Weighted Average Exercise Price (CA\$)
<b>Balance, December 31, 2023</b>	<b>9,525,580</b>	<b>\$ 1.02</b>
Granted	3,805,158	0.91
Exercised	(200,000)	0.30
Expired	(900,000)	0.30
<b>Balance, December 31, 2024</b>	<b>12,230,738</b>	<b>1.06</b>
Exercised	(405,000)	0.35
Expired	(50,000)	0.35
<b>Balance, June 30, 2025</b>	<b>11,775,738</b>	<b>\$ 1.09</b>

During the second quarter ended June 30, 2025, the Company issued 241,363 common shares pursuant to the exercise of 405,000 Options. Of these, certain Option holders elected to settle the exercise cost through a net issuance, resulting in the withholding of 163,637 common shares in lieu of a cash payment. Other holders exercised their Options in full by paying the exercise price in cash and receiving the full number of shares.

There were no stock options granted during the six months ended June 30, 2025.

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

The fair value of the 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:

	June 30, 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.

The following table summarizes the outstanding Options as at June 30, 2025 and December 31, 2024:

As at June 30, 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	0.5
2,005,000	2,005,000	1.02	0.6	2,005,000	2,005,000	1.02	1.1
2,937,429	2,937,429	1.39	1.5	2,937,429	2,937,429	1.39	2.0
1,463,157	975,438	1.08	2.5	1,463,157	487,719	1.08	3.0
248,365	165,575	1.00	2.6	248,365	82,788	1.00	3.0
1,269,379	846,253	1.08	2.6	1,269,379	423,126	1.08	3.0
47,250	31,500	0.83	3.5	47,250	-	0.83	4.0
2,905,158	968,386	0.93	3.7	2,905,158	-	0.93	4.2
900,000	300,000	0.85	3.9	900,000	-	0.85	4.4
11,775,738	8,229,581	1.09	2.3	12,230,738	6,391,062	1.06	2.8

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

*(Unaudited - Expressed in United States dollars, unless otherwise indicated)***c) Share-based Compensation (cont'd)****Restricted and Performance Share Units**

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

Grants	RSU	PSU	Total Outstanding
<b>Balance, December 31, 2023</b>	<b>6,700,183</b>	<b>768,880</b>	<b>7,469,063</b>
Issued	2,376,956	2,431,556	4,808,512
Vested	(2,854,396)	-	(2,854,396)
<b>Balance, December 31, 2024</b>	<b>6,222,743</b>	<b>3,200,436</b>	<b>9,423,179</b>
Issued	583,015	-	583,015
Vested	(1,771,228)	-	(1,771,228)
<b>Balance, June 30, 2025</b>	<b>5,034,530</b>	<b>3,200,436</b>	<b>8,234,966</b>

On April 14, 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.

During the six months ended June 30, 2025, 1,771,228 RSUs vested, of which 824,430 common shares were withheld to settle the recipients' estimated tax liability.

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



**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

The following table summarizes the outstanding number of security-based awards issued under the Omnibus Plan as at June 30, 2025:

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Directors	April 14, 2025	RSU	583,015	Note 1
Officers	October 21, 2024	PSU	1,215,778	Note 2
Officers	March 19, 2024	PSU	1,215,778	Note 3
Officers	March 19, 2024	RSU	810,519	Note 4
Directors	March 19, 2024	RSU	290,296	Note 5
Officers	December 27, 2023	RSU	559,079	Note 6
Officers	December 27, 2023	PSU	768,880	Note 7
Officers	January 19, 2023	RSU	739,886	Note 8
Officers	December 27, 2022	RSU	2,051,735	Note 9
			<u>8,234,966</u>	

**Notes:**

<sup>1</sup> The RSUs vest on April 14, 2026.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> The 810,519 RSUs vest one-half on the second and third anniversary dates.

<sup>5</sup> The 290,296 RSUs vest on September 30, 2025.

<sup>6</sup> 17,500 RSUs vest on December 27, 2025, 497,829 vest on January 19, 2026, and 43,750 vest of December 27, 2026.

<sup>7</sup> 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.

<sup>8</sup> 739,886 RSUs vest on the third anniversary of grant date.

<sup>9</sup> 2,051,735 RSUs vest on December 27, 2025.

**d) Warrants**

No warrants were issued during the six months ended June 30, 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, June 30, 2025	14,307,763	\$ 1.04

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

*(Unaudited - Expressed in United States dollars, unless otherwise indicated)***Warrants (Cont'd)**

The following table summarizes the outstanding warrants as at June 30, 2025 and December 31, 2024:

As at June 30, 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	0.2	2,802,690	1.21	0.7
5,130,873	1.00	1.8	5,130,873	1.00	2.2
6,374,200	1.00	1.5	6,374,200	1.00	2.0
14,307,763	1.04	1.3	14,307,763	1.04	1.8

**e) Broker Warrants**

No broker warrants were issued during the six months ended June 30, 2025.

The following table summarizes the activity related to broker warrants as at June 30, 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, June 30, 2025	153,749	\$ 1.00

The following table summarizes the broker warrants outstanding as at June 30, 2025 and December 31, 2024:

As at June 30, 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	1.5	153,749	1.00	2.0
153,749 \$	1.00	1.5	153,749 \$	1.00	2.0

**GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

*(Unaudited - Expressed in United States dollars, unless otherwise indicated)***15. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>Relationships</b>	<b>Nature of the relationship</b>
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**

<b>Related Party</b>	<b>Nature of Transaction</b>	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Huston & Huston Holdings Corp.	Management fees	\$ 155,675	\$ 112,500	\$ 283,175	\$ 225,000
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
		<b>\$ 170,675</b>	<b>\$ 127,500</b>	<b>\$ 313,175</b>	<b>\$ 255,000</b>

Amounts owing to related parties are non-interest bearing and unsecured, for short-term incentive awards and tax withholding on RSUs. As at June 30, 2025, the Company owed \$1,202,554 (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 and six months ended June 30, 2025, the Company charged \$0.3 million and \$0.8 million of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project, respectively.

## GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

(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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Management fees	\$ 155,675	\$ 112,500	\$ 283,175	\$ 225,000
Director fees	30,000	30,000	60,000	60,000
Salaries	397,500	417,500	835,000	855,000
Share-based payments	694,471	1,115,934	1,583,699	1,804,968
	<u>\$ 1,277,645</u>	<u>\$ 1,675,934</u>	<u>\$ 2,761,873</u>	<u>\$ 2,944,968</u>

### 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 six months ended June 30, 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 six months ended June 30, 2025 the Company recognized \$255,751 (June 30, 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.

## **GRAPHITE ONE INC.**

Notes to the condensed interim consolidated financial statements

For the three and six months ended June 30, 2025 and 2024

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

---

### **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 \$652,817 in cash and cash equivalents as at June 30, 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 June 30, 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 \$4,380 (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.

### **19. SUBSEQUENT EVENTS**

Subsequent to June 30, 2025, the Company:

a) On August 22, 2025, the Company closed a LIFE offering of 14,784,554 units at a price of C\$0.90 per unit, for aggregate gross proceeds of C\$13,306,099. Each unit consists of one common share and one common share purchase warrant, exercisable at C\$1.10 per share for a period of 24 months from date of issue.

b) On August 22, 2025, the board of directors approved a grant of long-term incentive awards for the calendar year 2025 to employees, officers, directors and advisors consisting of 410,000 Options, 3,024,730 RSUs and 2,441,716 PSUs pursuant to the terms of the Company's Amended Omnibus Plan.

The Options have an exercise price of \$0.81 per share, being the closing price of the Company's shares on the TSXV on August 22, 2025. The Options vest one-third (1/3) on the first, second and third anniversary from the date of grant and will expire on August 22, 2030.

Each RSU and PSU will convert into one common share of the Company on each vest date. RSUs granted to management totaling 2,441,716 will vest one-third (1/3) on the first anniversary from the date of grant, and one-third (1/3) will vest on April 14, 2027 and April 14, 2028. One-half (1/2) of the 583,014 RSUs granted to directors will vest on the first anniversary from the date of grant, and the remaining will vest on September 30, 2026. The PSUs will vest April 13, 2028 subject to the achievement of certain corporate performance criteria.