

GRAPHITE ONE INC.

Condensed Interim Consolidated Financial Statements

September 30, 2025
(Unaudited)

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

	Note	September 30, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash and cash equivalents	6	\$ 3,587,271	\$ 4,117,974
Receivables	7	221,060	680,641
Prepays and deposits	8	417,017	202,509
Total current assets		4,225,348	5,001,124
Property and equipment	9	617,809	530,990
Exploration and evaluation property	10	65,962,107	61,080,089
Non-current advances and deposits		95,243	162,335
Restricted cash	10	134,660	180,435
Intangible assets	11	1,007,099	423,522
Total assets		\$ 72,042,266	\$ 67,378,496
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	12	\$ 4,328,522	\$ 4,856,703
Lease liabilities	13	162,496	-
Total current liabilities		4,491,018	4,856,703
Lease liabilities	13	43,747	-
Total liabilities		4,534,765	4,856,703
SHAREHOLDERS' EQUITY			
Share capital	14	103,813,932	95,269,649
Reserves		20,743,422	18,445,752
Cumulative translation adjustment		3,442,035	3,534,570
Deficit		(60,491,889)	(54,728,178)
Total shareholders' equity		67,507,501	62,521,793
Total liabilities and shareholders' equity		\$ 72,042,266	\$ 67,378,496
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 September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Expenses					
Project development, net of grant	16	\$ 242,497	225,315	\$ 498,248	\$ 225,315
Management fees, salaries and benefits	15	564,210	71,493	1,495,981	495,967
Marketing and investor relations		192,863	111,777	486,664	446,727
Consulting and advisory fees		154,640	63,000	376,928	190,498
Office and administration		100,333	93,715	396,746	332,134
Professional fees		73,873	70,247	251,658	327,922
Share-based payments		975,849	872,980	2,394,686	2,328,262
		2,304,265	1,508,527	5,900,911	4,346,825
Other (income) expenses					
Foreign exchange losses (gains)		36,042	(15,622)	(67,996)	3,439
Other		(24,490)	-	(86,885)	-
Interest income		(4,350)	(2,541)	(6,440)	(7,165)
Interest expense		6,943	612	24,122	3,155
		14,146	(17,551)	(137,199)	(571)
Net loss for the period		2,318,411	1,490,976	5,763,712	4,346,254
Other comprehensive loss (income)					
Foreign currency translation		(7,634)	14,707	92,535	12,849
Net loss and comprehensive loss for the period		\$ 2,310,777	\$ 1,505,683	\$ 5,856,247	\$ 4,359,103
Basic and diluted loss per common share		\$ 0.02	\$ 0.01	\$ 0.04	\$ 0.03
Weighted average number of common shares outstanding		153,030,564	138,761,574	148,397,334	136,296,691

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		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 pursuant to private placement	14,784,554	8,676,633	964,070	-	-	9,640,703
Shares issued on option exercises	241,363	150,845	(139,327)	-	-	11,518
Shares issued on vesting of share units	1,118,460	775,875	(1,359,317)	-	-	(583,442)
Share issue costs	-	(1,059,070)	-	-	-	(1,059,070)
Share-based payments	-	-	2,832,244	-	-	2,832,244
Changes in cumulative translation adjustment	-	-	-	(92,535)	-	(92,535)
Net loss for the period	-	-	-	-	(5,763,712)	(5,763,712)
Balance, September 30, 2025	161,719,415	103,813,932	20,743,422	3,442,035	(60,491,889)	67,507,501

	Common Shares		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 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	1,160,069	1,091,679	(1,557,203)	-	-	(465,524)
Share issue costs	-	(25,622)	-	-	-	(25,622)
Share-based payments	-	-	2,923,497	-	-	2,923,497
Changes in cumulative translation adjustment	-	-	-	(12,849)	-	(12,849)
Net loss for the period	-	-	-	-	(4,346,254)	(4,346,254)
Balance, September 30, 2024	138,774,290	92,105,392	17,489,260	3,500,405	(52,277,909)	60,817,149

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 September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
OPERATING ACTIVITIES				
Net loss for the period	\$ (2,318,411)	\$ (1,490,976)	\$ (5,763,712)	\$ (4,346,254)
Items not involving cash:				
Share-based payments	975,849	872,980	2,394,686	2,328,262
Unrealized foreign exchange loss	30,316	(30,483)	(70,864)	(11,340)
Depreciation and amortization	25,557	3,884	59,742	12,401
Interest on leases payable	6,943	612	24,122	3,155
Changes in non-cash working capital items				
Receivables	(141,130)	135,389	(80,242)	(87,108)
Prepays and deposits	(264,203)	5,698	(214,508)	25,026
Accounts payable and accrued liabilities	(296,886)	(121,933)	66,433	(35,678)
Withholding tax payments on vested share units	(142,399)	(66,873)	(519,137)	(465,524)
Cash used in operating activities	(2,124,365)	(691,702)	(4,103,480)	(2,577,062)
FINANCING ACTIVITIES				
Proceeds from common shares issued	9,640,704	-	9,652,222	3,838,233
Share issue costs	(1,059,070)	-	(1,059,070)	(25,622)
Lease payments	(44,625)	(15,701)	(133,875)	(47,104)
Cash provided by (used in) financing activities	8,537,009	(15,701)	8,459,277	3,765,507
INVESTING ACTIVITIES				
Exploration and evaluation property expenditures	(2,850,841)	(12,698,838)	(7,139,211)	(19,444,211)
Changes in restricted cash	46,706	(100,417)	45,775	(100,890)
Purchase of intangible assets	(650,000)	-	(650,000)	-
Grant proceeds	-	11,343,844	2,922,425	21,340,919
Purchase of equipment	-	-	(45,356)	(5,756)
Cash provided by (used in) investing activities	(3,454,135)	(1,455,411)	(4,866,367)	1,790,062
Effect of foreign exchange on cash and cash equivalents	(24,055)	14,310	(20,133)	(1,059)
Increase (decrease) in cash and cash equivalents during the period	2,934,454	(2,148,504)	(530,703)	2,977,448
Cash and cash equivalents at beginning of the period	652,817	6,950,284	4,117,974	1,824,331
Cash and cash equivalents at end of the period	\$ 3,587,271	\$ 4,801,779	\$ 3,587,271	\$ 4,801,779
Supplemental cash flow information:				
Non-cash Investing and financing activities				
Depreciation capitalized to property	\$ 91,251	\$ 78,004	\$ 281,568	\$ 234,458
Right of use assets	-	-	315,995	-
Changes to accounts payable related to investing activities	(568,129)	(779,364)	(658,918)	3,202,754
Share-based payments capitalized to property	139,209	245,800	435,666	595,486
	\$ (337,669)	\$ (455,561)	\$ 374,311	\$ 4,032,697

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 nine months ended September 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 September 30, 2025, the Company had a cash balance of \$3,587,271 (December 31, 2024: \$4,117,974), a working capital deficit of \$265,670 (December 31, 2024: working capital of \$144,421), and an accumulated deficit of \$60,491,889 (December 31, 2024: \$54,728,178). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the nine months ended September 30, 2025, cash used in operating activities totaled \$4,103,480 (2024: \$2,577,062) and \$7,788,792 (2024: \$19,550,857) were spent on project related expenditures, including expenses related to an intangible asset and 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 funding to operate as a going concern. Based on the current negative working capital and forecasted administrative and project expenditures for the next twelve months, the Company will require additional financings. On October 6, 2025, the Company received additional equity funding through the closing of a non-brokered private placement of 8,514,024 units at a price of CA\$0.82 per unit for gross proceeds of CA\$6,981,500 (\$5,000,000). During the month of October, the Company received CA\$2,271,150 (\$1,646,059) from the exercise of 2,256,500 common share purchase warrants. 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 nine months ended September 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 November 13, 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 nine months ended September 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

	September 30, 2025	December 31, 2024
Cash	\$ 3,580,088	\$ 4,111,024
Cash equivalents	7,183	6,950
	<u>\$ 3,587,271</u>	<u>\$ 4,117,974</u>

7. RECEIVABLES

	September 30, 2025	December 31, 2024
GST receivable	\$ 123,026	\$ 39,399
Government grant receivable	83,333	632,726
Other receivables	14,701	8,517
	<u>\$ 221,060</u>	<u>\$ 680,642</u>

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

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

During the nine months ended September 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 September 30, 2025, \$nil was outstanding from the DoD and \$83,333 was outstanding from the Defense Logistic Agency (“DLA”) (Note 16).

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 30, 2025 and 2024

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

	September 30, 2025	December 31, 2024
Deposits and advances	\$ -	\$ 65,911
Prepaid marketing	287,834	136,598
Prepaid expenses	129,182	-
	\$ 417,017	\$ 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	-	184	-	184
As at September 30, 2025	\$ 1,348,053	\$ 48,255	\$ 325,522	\$ 1,721,830

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	148,127	7,951	118,498	274,576
Effect on changes in foreign exchange rate	-	140	-	140
As at September 30, 2025	\$ 933,691	\$ 42,305	\$ 128,024	\$ 1,104,021

Net book value (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2024	\$ 517,133	\$ 13,857	\$ -	\$ 530,990
As at September 30, 2025	\$ 414,362	\$ 5,949	\$ 197,498	\$ 617,809

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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	74,097
Assays and metallurgy	262,850
Geological consulting	46,182
Site preparation, drilling and camp operations	1,243,018
Engineering and technical assessments	729,165
Community consultation and meetings	211,821
Environmental studies	1,848,761
Capitalized depreciation	281,568
Capitalized share-based payments	435,666
Project management and administration	2,083,486
Secondary treatment plant project and other costs	49,582
Government grant - Note 7	(2,384,177)
Balance, September 30, 2025	\$ 65,962,107

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 nine months ended September 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 Company has been reimbursed \$37.3 million in feasibility study expenditures, which the expenditures may be subject to a DoD audit.

On December 18, 2023, the Company established two \$50,000 deposits ("**Restricted Cash**") which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation. 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 approximately \$67,000 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 in October 2024 and the second milestone payment of \$650,000 was paid on August 22, 2025.

These assets are amortized over the asset's economic life, which management has determined to be ten years from the date the Chenyu Agreements were executed. During the nine months ended September 30, 2025, the Company recognized \$48,378 of amortization which was recorded as project development expenses.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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:

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
Additions		-		650,000		650,000
Effect on changes in foreign exchange rate		1,444		-		1,444
As at September 30, 2025	\$	108,799	\$	1,050,000	\$	1,158,799

Accumulated amortization (\$)		Software		Technology 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		18,406		48,378		66,784
Effect on changes in foreign exchange rate		1,084		-		1,084
As at September 30, 2025	\$	103,322	\$	48,378	\$	151,700

Net book value (\$)		Software		Technology License		Total
As at December 31, 2024	\$	23,522	\$	400,000	\$	423,522
As at September 30, 2025	\$	5,477	\$	1,001,622	\$	1,007,099

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2025	December 31, 2024
Accounts payable - Trade	\$ 295,227	\$ 542,076
Accounts payable - Project	705,575	1,694,056
Payroll	3,103,675	2,403,191
Accruals - Project	224,046	196,542
Accruals - Other	-	20,838
	\$ 4,328,522	\$ 4,856,703

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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 locations for a period of two years.

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

	September 30, 2025	December 31, 2024
Current portion	\$ 162,496	\$ -
Non-current portion	43,747	-
	<u>\$ 206,243</u>	<u>\$ -</u>

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

Maturity	September 30, 2025	December 31, 2024
Less than 1 year	\$ 178,500	\$ -
1-2 years	44,625	-
	<u>\$ 223,125</u>	<u>\$ -</u>

14. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued (Note 19)

During the nine months ended September 30, 2025, the Company:

- completed a brokered private placement of 14,784,554 units (the “Units”) at a price of CA\$0.90 per Unit for gross proceeds of CA\$13,306,099. Each Unit consists of one common share (the “Common Share”) and one common share purchase warrant (the “Warrant”) entitling the warrant holder to acquire one Common Share of the Company at a price of \$1.10 per Warrant at any time until August 22, 2027;
- issued 1,118,460 common shares pursuant to the vesting of RSUs; and
- issued 241,363 common shares pursuant to the exercise of 405,000 stock options. There were 163,637 common shares withheld to settle the recipients’ cost of exercising the stock option and related estimated withholding tax obligations.

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 a single 20% fixed limit omnibus incentive plan (the “New Omnibus Plan”). Security-based awards under the New Omnibus Plan consist of stock options, restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”, collectively with the Options, RSUs, PSUs, and DSUs, the “Awards”). The maximum number of common shares issuable under the New Omnibus Plan cannot exceed 20% of the Company’s issued and outstanding common shares. All outstanding awards under the previous 10% rolling stock option plan and 10% fixed limit omnibus incentive plan have been migrated to the New Omnibus Plan.

As of September 30, 2025, the Company has 3,653,146 common shares available under the Omnibus Incentive Plan for future grants.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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 nine months ended September 30, 2025 and 2024:

	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 28,621	\$ 160,543	\$ 189,164	\$ 144,905	\$ 231,288	\$ 376,193
Restricted share units	66,467	618,096	684,563	88,885	600,294	689,179
Performance share units	44,120	197,210	241,330	12,009	41,398	53,407
	\$ 139,209	\$ 975,849	\$ 1,115,057	\$ 245,800	\$ 872,980	\$ 1,118,780

	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 171,600	\$ 479,231	\$ 650,830	\$ 331,732	\$ 525,755	\$ 857,487
Restricted share units	\$ 180,375	\$ 1,559,466	1,739,840	236,038	1,703,245	1,939,283
Performance share units	\$ 83,692	\$ 355,989	439,681	27,716	99,262	126,978
	\$ 435,666	\$ 2,394,686	\$ 2,830,351	\$ 595,486	\$ 2,328,262	\$ 2,923,748

Stock Options

The following table summarizes the activity of outstanding stock options:

	Number of Options	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2023	9,525,580	\$ 1.02
Granted	3,805,158	0.91
Exercised	(200,000)	0.30
Expired	(900,000)	0.30
Balance, December 31, 2024	12,230,738	1.06
Granted	410,000	0.81
Exercised	(405,000)	0.35
Expired	(50,000)	0.35
Balance, September 30, 2025	12,185,738	\$ 1.08

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

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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 nine months ended September 30, 2025 and the year ended December 31, 2024 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	September 30, 2025	December 31, 2024
Exercise price (CA\$)	\$0.81	\$0.85 - \$0.93
Share price (CA\$)	\$0.81	\$0.85 - \$0.93
Risk-free interest rate	2.96%	3.5% - 3.64%
Expected life	5 years	5 years
Expected stock price volatility	71.4%	86.1% - 86.44%
Dividend payments	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value per option (CA\$)	\$0.49	\$0.59 - \$0.64

The expected life of the stock 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 stock options as at September 30, 2025 and December 31, 2024:

Grant Date	As at September 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)
June 26, 2020	-	-	-	-	455,000	455,000	0.35	0.5
February 23, 2021	2,005,000	2,005,000	1.02	0.4	2,005,000	2,005,000	1.02	1.1
December 22, 2021	2,937,429	2,937,429	1.39	1.2	2,937,429	2,937,429	1.39	2.0
December 27, 2022	1,463,157	975,438	1.08	2.2	1,463,157	487,719	1.08	3.0
January 19, 2023	248,365	248,362	1.00	2.3	248,365	82,788	1.00	3.0
January 19, 2023	1,269,379	1,269,379	1.08	2.3	1,269,379	423,126	1.08	3.0
December 27, 2023	47,250	31,500	0.83	3.2	47,250	-	0.83	4.0
March 19, 2024	2,905,158	968,386	0.93	3.5	2,905,158	-	0.93	4.2
May 17, 2024	900,000	300,000	0.85	3.6	900,000	-	0.85	4.4
August 22, 2025	410,000	-	0.81	4.9	-	-	-	-
Totals	12,185,738	8,735,494	1.08	2.2	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 nine months ended September 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
Balance, December 31, 2023	6,700,183	768,880	7,469,063
Issued	2,376,956	2,431,556	4,808,512
Vested	(2,854,396)	-	(2,854,396)
Balance, December 31, 2024	6,222,743	3,200,436	9,423,179
Issued	3,607,745	2,441,716	6,049,461
Vested	(2,061,524)	-	(2,061,524)
Balance, September 30, 2025	7,768,964	5,642,152	13,411,116

During the nine months ended September 30, 2025, 2,061,524 RSUs vested, of which 943,064 common shares were withheld to settle the recipients' estimated withholding tax liability.

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

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

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

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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 September 30, 2025:

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Officers	August 22, 2025	RSU	2,441,716	Note 1
Officers	August 22, 2025	PSU	2,441,716	Note 2
Directors	August 22, 2025	RSU	583,014	Note 3
Directors	April 14, 2025	RSU	583,015	Note 4
Officers	October 21, 2024	PSU	1,215,778	Note 5
Officers	March 19, 2024	PSU	1,215,778	Note 6
Officers	March 19, 2024	RSU	810,519	Note 7
Officers	December 27, 2023	RSU	559,079	Note 8
Officers	December 27, 2023	PSU	768,880	Note 9
Officers	January 19, 2023	RSU	739,886	Note 10
Officers	December 27, 2022	RSU	2,051,735	Note 11
			<u>13,411,116</u>	

Notes:

¹ The RSUs vest one-third on the first anniversary of grant date, and one-third each on April 14, 2027 and 2028.

² The PSUs vest between 0% and 100% on April 13, 2028, subject to the Company's relative total shareholder return compared to its peer group.

³ The RSUs vest one-half on the first anniversary of grant date and the other half on September 30, 2026.

⁴ The RSUs vest on April 14, 2026.

⁵ The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.

⁶ The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.

⁷ The RSUs vest one-half each on the second and third anniversary dates.

⁸ 17,500 RSUs vest on December 27, 2025, 497,829 vest on January 19, 2026, and 43,750 vest of December 27, 2026.

⁹ 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.

¹⁰ The RSUs vest on the third anniversary of grant date.

¹¹ The RSUs vest on December 27, 2025.

d) Warrants

The following table summarizes the activity of outstanding warrants:

	Number of Warrants	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2023	11,955,677	\$ 1.43
Issued	11,505,073	1.00
Exercised	(5,130,873)	1.00
Expired	(4,022,114)	1.50
Balance, December 31, 2024	14,307,763	1.04
Issued	14,784,554	1.10
Balance, September 30, 2025	29,092,317	\$ 1.07

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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 September 30, 2025 and December 31, 2024:

As at September 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	1.0	2,802,690	1.21	0.7
5,130,873	1.00	1.5	5,130,873	1.00	2.2
6,374,200	1.00	1.2	6,374,200	1.00	2.0
14,784,554	1.10	1.9	-	-	-
29,092,317	1.07	1.6	14,307,763	1.04	1.8

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

e) Broker Warrants

No broker warrants were issued during the nine months ended September 30, 2025. The following table summarizes the activity related to broker warrants as at September 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, September 30, 2025	153,749	\$ 1.00

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

As at September 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	1.2	153,749	1.00	2.0
153,749	\$ 1.00	1.2	153,749	\$ 1.00	2.0

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 30, 2025 and 2024

*(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

Related Party	Nature of Transaction	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Huston & Huston Holdings Corp.	Management fees	\$ 127,500	\$ 112,500	\$ 382,500	\$ 337,500
Rockford Resources LLC	Director fees	7,500	7,500	22,500	22,500
SSP Partners LLC	Director fees	7,500	7,500	22,500	22,500
		\$ 142,500	\$ 127,500	\$ 427,500	\$ 382,500

Amounts owing to related parties are non-interest bearing and unsecured, consisting of short-term incentive awards and tax withholding on RSUs. As at September 30, 2025, the Company owed \$1,026,283 (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 one Vice-President. During the current quarter, management reassessed the composition of key management personnel in accordance with IAS 24 Related Party Disclosures. Accordingly, prior period comparative figures for key management compensation have been revised to reflect this change. During the three and nine months ended September 30, 2025, the Company charged \$0.1 million and \$0.3 million, respectively, of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three and nine months ended September 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, and reflects a revision to prior period comparative figures as discussed above, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Management fees and benefits	\$ 140,126	\$ 113,932	\$ 415,979	\$ 348,648
Director fees	30,000	30,000	90,000	90,000
Salaries and benefits	208,668	207,455	641,652	637,239
Share-based payments	931,090	938,202	2,406,060	2,522,726
	\$ 1,309,884	\$ 1,289,589	\$ 3,553,691	\$ 3,598,613

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 nine months ended September 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.

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

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 nine months ended September 30, 2025, the Company recognized \$496,221 (September 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 nine months ended September 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 \$3,587,271 in cash and cash equivalents as at September 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 September 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 \$20,369 (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 September 30, 2025:

a) the Company closed an investment with Doyon Limited and The Aleut Corporation, both Alaska Native corporations, on October 6, 2025, for aggregate gross proceeds of \$5,000,000 (CA\$6,981,500) by way of a non-brokered private placement of 8,514,024 units at a price of CA\$0.82 per unit. Each unit consisted of one common share and one full common share purchase warrant of the Company. Each warrant entitles the warrant holder to acquire one common share of the Company at a price of CA\$1.03 per common share expiring on October 3, 2028 and includes participation rights on future financings so long as the warrants remain outstanding.

b) the Company received gross proceeds of CA\$2,271,150 from the exercise of 2,256,500 warrants at an average exercise price of CA\$1.01.