

GRAPHITE ONE INC.

Condensed Interim Consolidated Financial Statements

March 31, 2026
(Unaudited)

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

	Note	March 31, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash and cash equivalents	6	\$ 18,563,449	\$ 8,367,893
Short-term investments	7	10,000,000	-
Receivables	8	200,583	186,564
Prepays and other	9	739,899	375,748
Total current assets		29,503,931	8,930,205
Property and equipment	10	451,898	526,469
Exploration and evaluation property	11	69,427,136	67,683,657
Non-current advances and deposits		119,069	102,336
Restricted cash	11	208,468	228,592
Intangible assets	12	954,599	980,849
Total assets		\$ 100,665,101	\$ 78,452,108
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	13	\$ 854,598	\$ 3,496,498
Lease liabilities	14	127,420	167,419
Total liabilities		982,018	3,663,917
SHAREHOLDERS' EQUITY			
Share capital	15	141,464,498	115,432,818
Reserves		22,092,086	19,647,819
Cumulative translation adjustment		3,029,736	3,578,543
Deficit		(66,903,237)	(63,870,989)
Total shareholders' equity		99,683,083	74,788,191
Total liabilities and shareholders' equity		\$ 100,665,101	\$ 78,452,108
Going concern	2		
Subsequent events	20		

Approved by the Board of Directors:

«Anthony Huston»

Director

«Douglas Smith»

Director

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

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

	Note	Three months ended March 31,	
		2026	2025
Expenses			
Project development, net of grant	16	\$ 535,264	\$ 32,410
Management fees, salaries and benefits		746,857	427,537
Marketing and investor relations		1,109,147	136,539
Consulting and advisory fees		270,520	112,951
Office and administration		144,450	74,856
Professional fees		59,234	54,621
Share-based payments		623,969	771,276
		3,489,441	1,610,190
Other (income) expenses			
Foreign exchange gains		(352,761)	(5,570)
Other		(36)	(49,846)
Interest income		(109,022)	(604)
Interest expense		4,625	9,127
		(457,193)	(46,892)
Net loss for the period		3,032,248	1,563,298
Other comprehensive loss (income)			
Foreign currency translation		548,807	563
Net loss and comprehensive loss for the period		\$ 3,581,055	\$ 1,563,861
Basic and diluted loss per common share		\$ 0.02	\$ 0.01
Weighted average number of common shares outstanding		193,778,081	145,743,778

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, 2026	178,928,649	115,432,818	19,647,819	3,578,543	(63,870,989)	74,788,191
Shares issued pursuant to marketed public offering	20,002,000	20,367,238	5,274,968	-	-	25,642,206
Shares issued on warrant exercises	8,128,747	6,442,517	(199,817)	-	-	6,242,700
Shares issued on option exercises, net of taxes	391,390	1,370,251	(1,668,834)	-	-	(298,583)
Shares issued on vesting of share units, net of taxes	1,179,520	(600,628)	(1,331,637)	-	-	(1,932,265)
Share issue costs	-	(1,547,697)	(353,836)	-	-	(1,901,534)
Share-based payments	-	-	723,423	-	-	723,423
Changes in cumulative translation adjustment	-	-	-	(548,807)	-	(548,807)
Net loss for the period	-	-	-	-	(3,032,248)	(3,032,248)
Balance, March 31, 2026	208,630,306	141,464,498	22,092,086	3,029,736	(66,903,237)	99,683,083

	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 on vesting of share units, net of taxes	694,338	477,386	(867,885)	-	-	(390,498)
Share-based payments	-	-	791,132	-	-	791,132
Changes in cumulative translation adjustment	-	-	-	(563)	-	(563)
Net loss for the period	-	-	-	-	(1,563,298)	(1,563,298)
Balance, March 31, 2025	146,269,376	95,747,035	18,368,999	3,534,007	(56,291,476)	61,358,566

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 March 31,	
	2026	2025
OPERATING ACTIVITIES		
Net loss for the period	\$ (3,032,248)	\$ (1,563,298)
Items not involving cash:		
Share-based payments	623,969	771,276
Unrealized foreign exchange gains	(305,287)	(3,065)
Depreciation and amortization	26,355	20,358
Interest on leases payable	4,625	9,127
Changes in non-cash working capital items		
Receivables	(14,381)	70,733
Prepays and deposits	(421,984)	(33,288)
Accounts payable and accrued liabilities	(1,777,803)	134,827
Withholding tax payments on vested share units	(1,774,261)	(356,981)
Cash used in operating activities	(6,671,015)	(950,310)
FINANCING ACTIVITIES		
Proceeds from common shares issued	31,586,323	-
Share issue costs	(1,843,701)	-
Lease payments	(44,625)	(44,625)
Cash provided by (used in) financing activities	29,697,997	(44,625)
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	(2,572,152)	(2,892,926)
Short term investments	(10,000,000)	-
Changes in restricted cash	(576)	(462)
Grant proceeds	-	2,301,419
Purchase of equipments	(16,800)	(45,356)
Cash used in investing activities	(12,589,528)	(637,325)
Effect of foreign exchange on cash and cash equivalents	(241,899)	1,324
Increase (decrease) in cash and cash equivalents during the period	10,195,556	(1,630,936)
Cash and cash equivalents at beginning of the period	8,367,893	4,117,974
Cash and cash equivalents at end of the period	\$ 18,563,449	\$ 2,487,038
Supplemental cash flow information:		
Non-cash Investing and financing activities		
Depreciation capitalized to property	\$ 91,251	\$ 96,774
Right of use assets	-	315,995
Share-based payments capitalized to property	97,847	194,254
	\$ 189,098	\$ 607,023

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 months ended March 31, 2026 and 2025

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

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

2. GOING CONCERN

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

As at March 31, 2026 the Company had a cash balance of \$18,563,449 (December 31, 2025: \$8,367,893), working capital of \$28,521,913 (December 31, 2025: \$5,266,288), and an accumulated deficit of \$66,903,237 (December 31, 2025: \$63,870,989). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the three months ended March 31, 2026, cash used in operating activities totaled \$6,671,015 (2025: \$950,310) and \$2,589,528 (2025: \$2,938,744) 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 funding to operate as a going concern. Based on the forecasted administrative and project expenditures for the next twelve months, the Company will require additional financings. There can be no assurance that the Company will be successful in securing additional financings to carryout its operating and capital expenditures for the next twelve (12) months, which gives rise to material uncertainty that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

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Notes to the condensed interim consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) applicable to the preparation of interim financial statements, under International Accounting Standards 34 – Interim Financial Reporting and were approved for issuance by the Board of Directors of the Company on May 21, 2026. These financial statements have been condensed with certain disclosures omitted from the Company’s audited consolidated financial statements for the year ended December 31, 2025 (the “**2025 Annual Financial Statements**”). Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company’s 2025 Annual Financial Statements.

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

The accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the 2025 Annual Financial Statements, except for the adoption of amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, effective January 1, 2026. The adoption of these amendments did not have a material impact on the Company’s unaudited condensed interim consolidated 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 is 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 2025 Annual Financial Statements.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

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5. ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING DEVELOPMENTS

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

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

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

IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into three defined categories (operating, investing, and financing) and by specifying certain defined total and subtotals. Where company-specific measures related to the income statement are provided (“**management-defined performance measures**”), IFRS 18 requires disclosure of the explanations around those measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and notes. IFRS 18 will not impact the recognition and measurement of items in the 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.

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025
Cash	\$ 18,556,275	\$ 8,360,597
Cash equivalents	7,174	7,296
	<u>\$ 18,563,449</u>	<u>\$ 8,367,893</u>

7. SHORT TERM INVESTMENTS

As at March 31, 2026, the Company held a non-cancelable guaranteed investment certificate with a carrying value of \$10 million, bearing interest at 4.02% per annum and maturing on August 19, 2026.

8. RECEIVABLES

	March 31, 2026	December 31, 2025
GST receivable	\$ 139,273	\$ 44,055
Government grant receivable	-	83,333
Interest and other receivables	61,310	59,176
	<u>\$ 200,583</u>	<u>\$ 186,564</u>

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

9. PREPAIDS AND DEPOSITS

	March 31, 2026	December 31, 2025
Prepaid marketing	\$ 533,307	\$ 203,455
Prepaid expenses	206,592	114,461
Deferred share issuance costs	-	57,833
	\$ 739,899	\$ 375,748

10. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2024	\$ 1,302,697	\$ 48,071	\$ 9,526	\$ 1,360,294
Additions	45,356	-	315,995	361,351
Effect on changes in foreign exchange rate	-	272	-	272
As at December 31, 2025	1,348,053	48,343	325,522	1,721,918
Additions	16,800	-	-	16,800
Disposals	-	(1,194)	-	(1,194)
Effect on changes in foreign exchange rate	-	(96)	-	(96)
As at March 31, 2026	\$ 1,364,853	\$ 47,054	\$ 325,522	\$ 1,737,429

Accumulated depreciation (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2024	\$ 785,564	\$ 34,214	\$ 9,526	\$ 829,305
Depreciation	197,897	10,043	157,998	365,937
Effect on changes in foreign exchange rate	-	208	-	208
As at December 31, 2025	983,461	44,465	167,523	1,195,450
Depreciation	49,770	2,085	39,499	91,355
Disposals	-	(1,194)	-	(1,194)
Effect on changes in foreign exchange rate	-	(80)	-	(80)
As at March 31, 2026	\$ 1,033,231	\$ 45,277	\$ 207,023	\$ 1,285,531

Net book value (\$)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2025	\$ 364,592	\$ 3,878	\$ 157,998	\$ 526,468
As at March 31, 2026	\$ 331,622	\$ 1,777	\$ 118,499	\$ 451,898

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

11. EXPLORATION AND EVALUATION PROPERTY

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

Balance, December 31, 2024	\$ 61,080,089
Land management and advanced royalties	198,928
Assays and metallurgy	299,035
Geological consulting	50,214
Site preparation, drilling and camp operations	1,360,651
Engineering and technical assessments	871,159
Community consultation and meetings	294,769
Environmental studies	2,315,511
Capitalized depreciation	372,819
Capitalized share-based payments	559,047
Project management and administration	2,623,807
Secondary treatment plant project and other costs	41,803
Government grant - Note 10	(2,384,177)
Balance, December 31, 2025	\$ 67,683,657
Land management and advanced royalties	23,389
Site preparation, drilling and camp operations	52,998
Engineering and technical assessments	151,103
Community consultation and meetings	92,911
Environmental & permitting	499,578
Capitalized depreciation	91,251
Capitalized share-based payments	97,847
Project management and administration	734,402
Balance, March 31, 2026	\$ 69,427,136

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 months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

11. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

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

The Company established funds (“**Restricted Cash**”) which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation. The purpose of the Restricted Cash is to provide financial assistance for projects that benefit the communities as a whole and provide ongoing training in those communities.

12. INTANGIBLE ASSETS

In 2024 the Company recognized an intangible asset relating to a \$400,000 milestone payment to Hunan Chenyu Fuji New Energy Technology Co. Ltd (“**Chenyu**”) pursuant to the Chenyu Technology Licensing Agreement and the Consulting Agreement (collectively, the “**Chenyu Agreements**”). The Chenyu Agreements provide the Company an exclusive license to certain active anode material (“**AAM**”) technologies in return for the payment of royalties. In addition, Chenyu will provide advisory services in connection with the design, construction, commissioning and operation of the planned AAM plant for agreed upon fees, including additional payments upon achieving certain milestones.

The Chenyu Agreements include a termination clause and provide compensation to Chenyu in the form of royalty payments applied to net revenue and compensation in the form of eleven milestone payments related to the development of an AAM plant proposed in Ohio. The second milestone payment of \$650,000 was paid to Chenyu in August 2025.

These assets are amortized over the asset’s economic life, which management has determined to be ten years from the date the Chenyu Agreements were executed. During the three months ended March 31, 2026, the Company recognized \$26,250 of amortization which was recorded as project development expenses.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

*(Expressed in United States dollars, unless otherwise indicated)***12. INTANGIBLE ASSETS (Cont'd)**

The following table summarizes the Company's intangible assets:

Cost (\$)	Technology		Total
	Software	License	
As at December 31, 2024	\$ 107,355	\$ 400,000	\$ 507,355
Additions	-	650,000	650,000
Effect on changes in foreign exchange rate	2,141	-	2,141
As at December 31, 2025	109,496	1,050,000	1,159,496
Additions	-	-	-
Effect on changes in foreign exchange rate	(754)	-	(754)
As at March 31, 2026	\$ 108,742	\$ 1,050,000	\$ 1,158,742

Accumulated amortization (\$)	Technology		Total
	Software	License	
As at December 31, 2024	\$ 83,832	\$ -	\$ 83,832
Amortization	18,580	74,628	93,209
Effect on changes in foreign exchange rate	1,606	-	1,606
As at December 31, 2025	104,018	74,628	178,647
Amortization	-	26,250	26,250
Effect on changes in foreign exchange rate	(754)	-	(754)
As at March 31, 2026	\$ 103,264	\$ 100,878	\$ 204,143

Net book value (\$)	Technology		Total
	Software	License	
As at December 31, 2025	\$ 5,477	\$ 975,372	\$ 980,849
As at March 31, 2026	\$ 5,477	\$ 949,122	\$ 954,599

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2026	December 31, 2025
Trade payables and accrued liabilities	\$ 57,051	\$ 215,696
Capital project payables and accrued liabilities	367,505	526,825
Payroll liabilities	430,042	2,753,976
	\$ 854,598	\$ 3,496,498

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

14. LEASE LIABILITIES

Effective January 1, 2025, the Company renewed its lease for both the Nome office and warehouse locations for a period of two years.

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

	March 31, 2026	December 31, 2025
Current portion	\$ 127,420	\$ 167,419
Non-current portion	-	-
	<u>\$ 127,420</u>	<u>\$ 167,419</u>

The following is the maturity analysis of lease liabilities as at March 31, 2026, showing the undiscounted lease payments:

Maturity	March 31, 2026	December 31, 2025
Less than 1 year	\$ 133,875	\$ 178,500
1-2 years	-	-
	<u>\$ 133,875</u>	<u>\$ 178,500</u>

15. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

During the three months ended March 31, 2026, the Company:

- i. Issued 20,002,000 units at a price of CA\$1.75 per unit for aggregate gross proceeds of CA\$35 million (\$25,642,000) pursuant to a marketed public offering (the “Offering”). The Offering was conducted by a syndicate of agents, led by BMO Capital Markets. Each unit consisted of one common share of the Company and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one common share at a price of CA\$2.25 per share and expires on February 18, 2029. The Company incurred share issue costs of \$1,901,534 with respect to the Offering;
- ii. issued 8,128,747 common shares pursuant to the exercise of warrants at an average exercise price of CA\$1.05 for aggregate gross proceeds of CA\$8,550,699 (\$6,242,700);
- iii. issued 1,179,520 common shares pursuant to the vesting of restricted share units (“RSUs”) and performance share units (“PSUs”); and
- iv. issued 391,390 common shares pursuant to the exercise of stock options (“Options”).

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

15. SHARE CAPITAL (Cont'd)

c) Share-based Compensation

On June 27, 2025, at the Company's annual general and special meeting of shareholders, the Company sought and received shareholder approval 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 Options, RSUs, PSUs, and deferred share units ("DSUs"). 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 March 31, 2026, the Company has 2,502,526 common shares available under the New Omnibus Plan for future grants.

The following table summarizes the amount of share-based compensation recognized during the three months ended March 31, 2026 and 2025:

	Three months ended March 30, 2026			Three months ended March 30, 2025		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	\$ 54,640	\$ 114,895	\$ 169,535	\$ 115,375	\$ 119,016	\$ 234,392
Restricted share units	11,391	368,246	379,636	60,681	593,074	653,755
Performance share units	31,816	140,828	172,644	18,198	59,186	77,383
	<u>\$ 97,847</u>	<u>\$ 623,969</u>	<u>\$ 721,815</u>	<u>\$ 194,254</u>	<u>\$ 771,276</u>	<u>\$ 965,530</u>

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

15. SHARE CAPITAL (Cont'd)

Stock Options

The following table summarizes the activity of outstanding stock options:

	Number of Options	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2024	12,230,738	\$ 1.06
Granted	410,000	0.81
Exercised	(405,000)	0.35
Expired	(50,000)	0.35
Balance, December 31, 2025	12,185,738	1.08
Exercised	(2,005,000)	0.35
Balance, March 31, 2026	10,180,738	\$ 1.09

During the three months ended March 31, 2026, there were 2,005,000 Options that were exercised, of which 1,613,610 common shares were withheld to settle the recipients' cost of exercise and estimated withholding tax liability of \$373,304.

There were no Options granted during the three months ended March 31, 2026. The fair value of the Options granted during the year ended December 31, 2025 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

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

The expected life of the Options is based on current expectations. The expected volatility reflects the assumption that the historical volatility will be similar to the future volatility.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (Cont'd)

Stock Options (Cont'd)

The following table summarizes the outstanding Options as at March 31, 2026 and December 31, 2025:

Grant Date	As at March 31, 2026				As at December 31, 2025			
	Number of options outstanding	Number of vested options	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of vested options	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)
February 23, 2021	-	-	-	-	2,005,000	2,005,000	1.02	0.1
December 22, 2021	2,937,429	2,937,429	1.39	0.7	2,937,429	2,937,429	1.39	1.0
December 27, 2022	1,463,157	1,463,157	1.08	1.7	1,463,157	1,463,157	1.08	2.0
January 19, 2023	248,365	248,365	1.00	1.8	248,365	165,576	1.00	2.0
January 19, 2023	1,269,379	1,269,379	1.08	1.8	1,269,379	846,254	1.08	2.0
December 27, 2023	47,250	31,500	0.83	2.7	47,250	31,500	0.83	3.0
March 19, 2024	2,905,158	1,936,772	0.93	3.0	2,905,158	968,386	0.93	3.2
May 17, 2024	900,000	300,000	0.85	3.1	900,000	300,000	0.85	3.4
August 22, 2025	410,000	-	0.81	4.4	410,000	-	0.81	4.6
Totals	10,180,738	8,186,602	1.09	2.0	12,185,738	8,717,302	1.08	1.9

RSUs and PSUs

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

Grants	RSU	PSU	Total Outstanding
Balance, December 31, 2024	6,222,743	3,200,436	9,423,179
Issued	3,607,745	2,441,716	6,049,461
Vested	(4,130,759)	-	(4,130,759)
Balance, December 31, 2025	5,699,729	5,642,152	11,341,881
Vested	(1,686,724)	(768,880)	(2,455,604)
Balance, March 31, 2026	4,013,005	4,873,272	8,886,277

During the three months ended March 31, 2026, there were 2,455,604 RSUs and PSUs that have vested, of which 1,276,084 common shares were withheld to settle the recipients' estimated withholding tax liability of \$1.9 million.

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

GRAPHITE ONE INC.

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c) Share-based Compensation (Cont'd)

Restricted and Performance Share Units (Cont'd)

The following table summarizes the outstanding number of security-based awards issued under the New Omnibus Plan as at March 31, 2026:

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	405,260	Note 7
			<u>8,886,277</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 vested 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 on March 19, 2027.

Subsequent to March 31, 2026, the Company granted 926,589 RSUs to the Directors (Note 20).

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

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

The following table summarizes the activity of outstanding warrants:

	Number of Warrants	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2024	14,307,763	\$ 1.04
Exercised	(7,677,190)	1.11
Issued	23,298,578	1.10
Balance, December 31, 2025	29,929,151	1.05
Exercised	(8,128,747)	1.11
Issued	20,002,000	2.25
Balance, March 31, 2026	41,802,404	\$ 1.62

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

As at March 31, 2026			As at December 31, 2025		
Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life years	Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life years
4,758,873	1.00	1.0	4,758,873	1.00	1.2
3,717,667	1.00	0.7	4,051,000	1.00	1.0
9,918,254	1.10	1.4	12,605,254	1.10	1.6
3,405,610	1.03	2.5	8,514,024	1.03	2.8
20,002,000	2.25	3.0	-	-	-
41,802,404	1.62	2.1	29,929,151	1.05	1.8

On February 18, 2026, the Company issued a total of 20,002,000 common share purchase warrants in connection with the Offering of 20,002,000 units at a price of CA\$1.75 per unit. Each warrant entitles the holder to purchase one common share of the Company at a price of CA\$2.25 per share at any time up until February 18, 2029. Based on the residual valuation method, CA\$0.39 was assigned to the warrants.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

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b) Share-based Compensation (Cont'd)

Broker Warrants

No broker warrants were issued during the three months ended March 31, 2026. The following table summarizes the activity related to broker warrants:

	Number of Warrants	Weighted Average Exercise Price (CA\$)
Balance, December 31, 2024	153,749	\$ 1.00
Exercised	(32,016)	1.00
Balance, December 31, 2025 and March 31, 2026	121,733	\$ 1.00

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

As at March 31, 2026			As at December 31, 2025		
Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)	Number of warrants outstanding	Weighted average exercise price (CA\$)	Weighted average remaining contractual life (years)
121,733	1.00	0.7	121,733	1.00	1.0

16. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Huston and Huston Holdings Corp.	Huston and Huston Holdings Corp. is a private company controlled by Anthony Huston, an officer and director of the Company which provides director and management services to the Company.
Rockford Resources LLC	Rockford is a private company controlled by Patrick Smith, a director of the Company which provides Patrick Smith's services as a director to the Company.
SSP Partners LLC	SSP Partners LLC is a private company controlled by Scott Packman, a director of the Company which provides Scott Packman's services as a director to the Company.
Taiga Mining Company, Inc.	Taiga is a private company that owns approximately 20% of the common shares of Graphite One, and is owned by Jerry Birch and Kevin Greenfield.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements
For the three months ended March 31, 2026 and 2025
(Expressed in United States dollars, unless otherwise indicated)

16. Related Party Transactions and Balances (Cont'd)

a) Related party transactions

Related Party	Nature of Transaction	Three months ended March 31,	
		2026	2025
Huston & Huston Holdings Corp.	Management fees	\$ 140,000	\$ 127,500
Rockford Resources LLC	Director fees	7,500	7,500
SSP Partners LLC	Director fees	7,500	7,500
		\$ 155,000	\$ 142,500

Amounts owing to related parties are non-interest bearing and unsecured, consisting of short-term incentive awards. As at March 31, 2026, the Company owed \$140,000 (December 31, 2025 - \$1,106,600) to related parties.

b) Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and includes the President and Chief Executive Officer, Executive Chair, Chief Financial Officer, and Chief Operating Officer. During the three months ended March 31, 2026 and 2025, the Company charged \$0.2 million and \$0.3 million, respectively, of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project.

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

	Three months ended March 31,	
	2026	2025
Management fees and benefits	\$ 468,956	\$ 291,825
Director fees	30,000	30,000
Salaries and benefits	559,222	377,491
Share-based payments	584,960	695,782
	\$ 1,643,138	\$ 1,395,098

17. PROJECT DEVELOPMENT

Development costs associated with the Company's proposed AAM plant are expensed when they do not meet the definition of an intangible asset or exploration and evaluation asset. Project development expenses for the three months ended March 31, 2026 and 2025 is as follows:

Project Development	Three months ended March 31,	
	2026	2025
Engineering	\$ 93,504	\$ -
Permitting	1,530	-
Personnel and administrative costs	278,349	4,594
Lease expense	135,631	11,149
Amortization	26,250	16,667
	\$ 535,264	\$ 32,410

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

For the three months ended March 31, 2026 and 2025

(Expressed in United States dollars, unless otherwise indicated)

17. PROJECT DEVELOPMENT (Cont'd)

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

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

18. FINANCIAL RISK MANAGEMENT

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company’s risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a) Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company’s credit risk is primarily attributable to its cash and cash equivalents and government grant receivables.

The Company has assessed its exposure to credit risk on its cash and cash equivalents and has determined that such risk is minimal. To minimize counterparty risk, the Company holds a majority of its cash with financial institutions that have a long-term credit rating of at least A from Standard & Poor’s or an equivalent rating agency.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure. Further discussion on liquidity is outlined in note 2. The following table summarizes the maturity profile of the Company’s financial liabilities based on contractual undiscounted cash flows. These amounts may differ from the carrying amounts reported on the balance sheet due to the inclusion of interest in future lease payments.

	Leases	Trade Payables & Accruals	Payroll Obligations	Total Liabilities
Within 1 year	\$ 127,420	\$ 424,556	430,042	\$ 982,018
2 - 5 years	-	-	-	-
Beyond 5 years	-	-	-	-
	<u>\$ 127,420</u>	<u>\$ 424,556</u>	<u>\$ 430,042</u>	<u>\$ 982,018</u>

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 \$18,563,449 in cash and cash equivalents as at March 31, 2026, which earn variable rates of interest. Accordingly, the Company is exposed to interest rate risk; however, given the short-term nature of these holdings, management considers this exposure to be limited, with changes in interest rates primarily impacting interest income.

GRAPHITE ONE INC.

Notes to the condensed interim consolidated financial statements

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(Expressed in United States dollars, unless otherwise indicated)

18. Financial Risk Management (Cont'd)

d) Foreign currency risk

Foreign currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. At March 31, 2026 the Company has certain monetary items denominated in Canadian dollars. Based on these net exposures, a 10% appreciation or depreciation of the United States Dollar against the Canadian Dollar would result in an increase or decrease in the Company's net loss by \$228,666 (December 31, 2025: \$95,583).

e) Fair Values

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

19. SEGMENT REPORTING

The Company's Chief Executive Officer serves as the Chief Operating Decision Maker ("**CODM**"). The CODM evaluates performance and allocates resources based on consolidated financial information, and management has determined the Company operates as a single operating and reportable segment, being the exploration and development of exploration and evaluation assets in the United States.

20. SUBSEQUENT EVENTS

Subsequent to March 31, 2026, the Company:

- a) entered into a license of occupation agreement with Bessemer and Lake Erie Railroad Company, a subsidiary of Canadian National Railway, for a site located in Conneaut, Ashtabula County, Ohio. Subject to satisfactory completion of the Company's due diligence activities, the parties may proceed with formalizing a lease agreement for the site. Concurrent with entering into the agreement, the Company terminated its existing lease related to the Warren property. The terminated lease was cancellable and was not recognized on the Company's consolidated balance sheet.
- b) approved the annual grant of 926,589 RSUs to the directors pursuant to the terms of the Company's Omnibus Plan. Each RSU will convert into one common share of the Company upon vesting. The RSUs vest as follows: 50% vest on May 18, 2027, 25% vest on June 30, 2027, and 25% on September 30, 2027.