GRAPHITE ONE INC.

Consolidated Financial Statements

December 31, 2024

Independent auditor's report

To the Shareholders of Graphite One Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Graphite One Inc. and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Material uncertainty related to going concern

We draw attention to note 2 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment indicators of exploration and evaluation property *Refer to note 3 – Summary of material accounting policies, note 4 – Significant judgements in applying accounting policies and note 9 – Exploration and evaluation property to the consolidated financial statements.* The total book value of exploration and evaluation property amounted to $61.0 million as at December 31, 2024. At each reporting period, management is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to	Our approach to addressing the matter included the following procedures, among others: • Evaluated management's judgment in assessing the impairment indicators, which included the following: – Obtained, for a sample of claims, by reference to government registries, evidence to support (i) the right to explore the area and (ii) claim expiration dates. – Read the Board of Directors' minutes and obtained a budget for the year ending December 31, 2025 to evidence continued and planned exploration and evaluation expenditure. • Assessed whether sufficient data existed to support that extracting the resources will not be technically feasible or commercially viable, and development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs, based on evidence obtained in other areas of the audit.

Key audit matter	How our audit addressed the key audit matter
recover existing exploration and evaluation property costs. No impairment indicators were identified by management as at December 31, 2024. We considered this a key audit matter due to the significance of the exploration and evaluation property and the judgments by management in its assessment of indicators of impairment related to exploration and evaluation property, and these have resulted in a high degree of subjectivity in performing procedures related to these judgments applied by management.	

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of

the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lana Kirk.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 10, 2025

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

	Note		December 31, 2024		December 31, 2023
ASSETS					
Current Assets					
Cash and cash equivalents	5	$	**4,117,974**	$	1,824,331
Receivables	6		**680,641**		744,845
Prepaids and deposits	7		**202,509**		110,309
Total current assets			**5,001,124**		2,679,485
Property and equipment	8		**530,990**		866,853
Exploration and evaluation property	9		**61,080,089**		57,683,886
Non-current advances and deposits			**162,335**		118,429
Restricted cash	9		**180,435**		100,040
Intangible assets	10		**423,522**		61,959
Total assets			**67,378,496**	$	61,510,652
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	11	$	**4,856,703**	$	2,548,819
Lease obligations			**-**		56,167
Total liabilities			**4,856,703**		2,604,986
SHAREHOLDERS' EQUITY					
Share capital	12		**95,269,649**		87,765,603
Reserves			**18,445,752**		15,558,464
Cumulative translation adjustment			**3,534,570**		3,513,254
Deficit			**(54,728,178)**		(47,931,655)
Total shareholders' equity			**62,521,793**		58,905,666
Total liabilities and shareholders' equity		$	**67,378,496**	$	61,510,652
Going concern	2				

Approved by the Board of Directors:

«Anthony Huston»
Director

«Douglas Smith»
Director

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

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

	Note	Years ended December 31, 2024	2023
Expenses			
Project development, net of grant	14	$ **282,543**	$ 90,270
Management fees, salaries and benefits	13	**1,400,656**	1,808,990
Marketing and investor relations		**782,715**	1,585,664
Consulting and advisory fees		**282,569**	234,430
Office and administration		**420,057**	491,801
Professional fees		**439,918**	399,697
Share-based payments		**3,150,712**	3,650,560
		6,759,170	**8,261,412**
Other (income) expenses			
Foreign exchange loss (gain)		**43,971**	(13,207)
Interest income		**(8,023)**	(3,225)
Interest expense		**1,405**	235,641
Other Income		**-**	(28,654)
		37,353	190,555
Net loss for the year		**6,796,523**	**8,451,967**
Other comprehensive loss			
Foreign currency translation		**(21,316)**	(44,167)
Net loss and comprehensive loss for the year		$ **6,775,207**	$ 8,407,800
Basic and diluted loss per common share		$ **0.05**	$ 0.07
Weighted average number of common shares outstanding		**137,089,738**	125,780,861

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

GRAPHITE ONE INC.
Consolidated Statements of Shareholders' Equity
(Expressed in United States dollars)

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
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 pursuant to private placement	6,374,200	2,909,480	447,612	-	-	3,357,092
Shares issued on option exercises	200,000	79,759	(35,874)	-	-	43,885
Shares issued on vesting of share units	1,586,617	1,462,428	(2,125,635)	-	-	(663,206)
Share issue costs	-	(141,595)	13,224	-	-	(128,371)
Share-based payments	-	-	3,987,585	-	-	3,987,585
Changes in cumulative translation adjustment	-	-	-	21,316	-	21,316
Net loss for the year	-	-	-	-	(6,796,523)	(6,796,523)
Balance, December 31, 2024	**145,575,038**	**95,269,649**	**18,445,752**	**3,534,570**	**(54,728,178)**	**62,521,793**

	Common Shares			Cumulative Translation		
		Amount	Reserves	Adjustment	Deficit	Total
	Number	$	$	$	$	$
Balance, January 1, 2023	**109,476,879**	**71,490,803**	**12,029,896**	**3,469,087**	**(39,479,688)**	**47,510,098**
Shares issued on warrant exercises	18,851,943	13,106,474	-	-	-	13,106,474
Shares issued pursuant to private placement	2,802,690	2,000,000	-	-	-	2,000,000
Shares issued on broker warrant exercises	262,965	341,448	(184,671)	-	-	156,777
Shares issued on buy back of NSR royalty	456,500	446,612	-	-	-	446,612
Shares issued on vesting of share units	432,371	396,529	(558,718)	-	-	(162,190)
Share issue costs	-	(16,262)	-	-	-	(16,262)
Share-based payments	-	-	4,271,957	-	-	4,271,957
Changes in cumulative translation adjustment	-	-	-	44,167	-	44,167
Net loss for the year	-	-	-	-	(8,451,967)	(8,451,967)
Balance, December 31, 2023	**132,283,348**	**87,765,603**	**15,558,464**	**3,513,254**	**(47,931,655)**	**58,905,666**

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

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

	Years ended December 31, 2024	2023
OPERATING ACTIVITIES		
Net loss for the year	**$ (6,796,523)**	$ (8,451,967)
Items not involving cash:		
Share-based payments	**3,150,712**	3,650,560
Unrealized foreign exchange loss	**60,169**	35,005
Depreciation and amortization	**16,188**	17,027
Interest on loan payable	**-**	220,274
Interest on leases payable	**1,405**	15,367
Changes in non-cash working capital items		
Receivables	**(63,717)**	(2,179)
Prepaids and deposits	**(92,200)**	218,507
Accounts payable and accrued liabilities	**739,645**	746,908
Withholding tax payments on vested share units	**(663,206)**	(162,190)
Cash used in operating activities	**(3,647,529)**	(3,712,688)
FINANCING ACTIVITIES		
Proceeds from common shares issued	**7,195,325**	15,263,251
Proceeds from loan	**-**	5,000,000
Share issue costs	**(128,371)**	(16,262)
Lease payments	**(57,572)**	(192,600)
Cash provided by financing activities	**7,009,382**	20,054,389
INVESTING ACTIVITIES		
Exploration and evaluation property expenditures	**(25,334,896)**	(23,971,855)
Changes in restricted cash	**(80,395)**	(100,040)
Purchase of intangible assets	**(400,000)**	-
Grant proceeds	**24,791,759**	9,210,866
Purchase of equipment	**(5,756)**	(169,643)
Cash used in investing activities	**(1,029,288)**	(15,030,672)
Effect of foreign exchange on cash and cash equivalents	**(38,922)**	11,597
Increase in cash and cash equivalents during the year	**2,293,643**	1,322,627
Cash and cash equivalents at beginning of the year	**1,824,331**	501,704
Cash and cash equivalents at end of the year	**$ 4,117,974**	$ 1,824,331
Supplemental cash flow information:		
Non-cash Investing and financing activities		
Depreciation capitalized to property	**$ 304,650**	$ 447,374
Settlement of loan against NSR	**-**	5,220,274
Shares issued for buy back of NSR royalty	**-**	450,163
Right of use assets	**-**	76,863
Changes to accounts payable related to investing activities	**1,568,239**	(2,518,763)
Share-based payments capitalized to property	**838,574**	416,751
	$ 2,711,463	$ 4,092,662

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

1. NATURE OF OPERATIONS

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

The Company is focused on developing its Graphite One Project (the "**Project**") with a plan to mine graphite from the Company's Graphite Creek Property, process the graphite into concentrate at a mineral processing plant located adjacent to the proposed mine, and ship the concentrate to the Company's proposed manufacturing plant in Ohio where anode materials and other value-added graphite products would be produced.

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

2. GOING CONCERN

These 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 December 31, 2024, the Company had a cash balance of $4,117,974 (December 31, 2023: $1,824,331), a working capital balance of $144,421 (December 31, 2023: $74,499), and an accumulated deficit of $54,728,178 (December 31, 2023: $47,931,655). The Company has incurred losses since inception and does not generate any cash inflows from operations. For the year ended December 31, 2024, cash used in operating activities totaled $3,647,529 (December 31, 2023: $3,550,498) and $25,821,047 (December 31, 2023: $24,241,538) were spent on project related expenditures, excluding grant proceeds.

The Company's ability to continue to meet its administrative expenses and progress the design and engineering of the proposed synthetic graphite manufacturing facility in Ohio is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. Based on projected administrative and project expenditures for 2025, the Company will require additional financings to continue to operate. There can be no assurance that the Company will be successful in securing adequate funding through additional financings, which gives rise to material uncertainty that may cast significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"), effective as of December 31, 2024.

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

The functional currency of the Company is Canadian dollars (CA$) and for its wholly owned subsidiary, Graphite One (Alaska) Inc. ("G1 Alaska") is United States dollars ($). The presentation currency of the Company is the United States dollar. Transactions in currencies other than the functional currency are recorded at rates approximating those in effect at the time of the transactions. Monetary items are translated at the exchange rate in effect at the balance sheet date and non-monetary items are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of loss and comprehensive loss for the period.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

These consolidated financial statements include the accounts of the Company and G1 Alaska "control" is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when we have existing rights that give us the ability to direct the activities that significantly affect the investee's returns. The financial statements of subsidiaries are included in the consolidated financial statement from the date that control commences until the date that control ceases.

These consolidated financial statements were approved for issuance by the Board of Directors of the Company on April 10, 2025.

a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within three months of purchase.

b) Property and equipment

Property consists of right-of-use assets which is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses and is adjusted for certain remeasurements of lease liability. Equipment is recorded at cost and carried net of accumulated depreciation and accumulated impairment losses. The cost of additions and improvements are capitalized. An item of equipment is derecognized upon disposal, or impaired when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss on disposal of the asset, determined as the difference between the proceeds and the carrying amount of the asset is recognized in profit or loss.

Depreciation Rate	
Right of Use Assets	Term of the lease
Computer equipment	3 years straight line
Analytical equipment	20%
Mobile equipment	5 years straight line
Preparation lab	50%

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

b) Property and equipment (Cont'd)

The Company provides for depreciation using the straight-line method at rates designed to depreciate the cost of individual items over their estimated useful lives, less any residual value. Depreciation on operating assets is included in the statements of net loss as a component of office and administrative expenses. Depreciation of assets utilized in mineral exploration activities is capitalized as a cost of mineral properties.

c) Exploration and Evaluation Properties

i) Pre-license costs

Costs incurred before the Company has obtained the legal right to explore are expensed, as incurred.

ii) Exploration and evaluation costs

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes the costs of acquiring, maintaining its interest in, exploring and evaluating mineral properties until such time as the lease expires, the property is abandoned, sold or considered impaired in value, on a property-by-property basis. Exploration and evaluation properties are not amortized during the exploration and evaluation stage.

Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, the related expenditures are assessed for impairment and are then reclassified to mineral property development costs.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, including:

- the extent to which mineral reserves or mineral resources as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") have been identified through a feasibility study or a similar document;
- the results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study; and
- the status of environmental and mining permits and mining leases.

Although the Company has taken steps to verify title to exploration and evaluation properties in which it has an interest, these procedures do not guarantee the Company's legal right of ownership. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects or changes in applicable law.

The sale of net smelter royalties is generally charged against the exploration and evaluation asset; however, each transaction will be evaluated for the appropriate accounting treatment based on the royalty agreement.

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTIG POLICIES (Cont'd)

d) Government Grants

The Company recognizes government grants at fair value when there is reasonable assurance the Company will comply with the conditions of any grant assistance, the funding for the government grant will be received, and the expenditures have been incurred. Government grants related to exploration and evaluation assets are recorded against the carrying value of related exploration and evaluation asset and recorded to the statement of loss against certain expenses, as applicable.

e) Impairment

The carrying values of the Company's long-lived assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "**cash-generating unit**" or "**CGU**"). The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying value of a long-lived asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The amount of the impairment loss is reversed only to the extent of the net carrying value of the impairment loss, net of reversal of any amortization. A reversal of an impairment loss is recognized immediately in profit or loss.

f) Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, such as, patents, trademarks, copyrights, customer relationships, software and technology licenses. The Company recognizes these assets at cost, which includes the acquisition price and directly attributable costs required to prepare the asset for its intended use. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if applicable. The intangible asset will be amortized from the date when it is available for use. The amortization method and useful life are determined based on the pattern in which the asset's economic benefits are consumed.

Finite-life intangible assets are reviewed for impairment indicators at each reporting date. If impairment is indicated, the recoverable amount is assessed, and any excess carrying amount is recognized as an impairment loss. Indefinite-life intangible assets are tested annually for impairment or when an indicator of impairment exists. Currently, the Company does not have any indefinite-life intangible assets.

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

g) Research and Development Costs

The Company engages in research and development in the development of fire-fighting foam suppressant (note 14). R&D costs are accounted for in accordance with IAS 38 Intangible Assets and are classified as follows:

i) Research Costs

Expenditures related to original investigations undertaken to gain new scientific or technical knowledge are expensed as incurred. These costs include employee salaries, materials, subcontractor costs, and overhead expenses directly related to research activities.

ii) Development Costs

Costs incurred in the application of research findings to develop new or improved products, processes, or services are capitalized if all the following conditions are met:

1. Technical feasibility of completing the asset is demonstrated.
2. Intention to complete and use or sell the asset is established.
3. Ability to generate future economic benefits is probable.
4. Availability of adequate technical, financial, and other resources to complete the development is confirmed.
5. Reliable measurement of costs is possible.

Development costs that do not meet the above criteria are expensed as incurred. Capitalized development costs are initially recorded at cost and subsequently amortized over their estimated useful life based on the pattern in which the asset's economic benefits are consumed.

h) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

i) Share-based Payments

The Company grants share-based awards, including stock options ("**Options**"), restricted share units ("**RSUs**") and performance share units ("**PSUs**") issued to certain employees, directors and consultants of the Company.

Share-based payment arrangements in which the Company has received goods or services from consultants are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received are not determinable, then the fair value of the share-based payment is used.

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value for all Options granted to directors, employees and consultants. For directors, employees and consultants, the fair value of the Options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the Options is measured on the date the services are received by the Company.

The fair value of share-based payments is charged either to profit or loss, or to the exploration and evaluation property, with the offsetting credit to reserves. The fair value of the Options is recognized over the vesting period based on the best available estimate of the number of Options expected to vest. Estimates are subsequently revised if there is any indication that the number of Options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. If options vest immediately, the expense is recognized when the Options are granted. Options granted that relate to the receipt of goods or services from certain consultants are recognized over the related service period. When Options are exercised, the amounts previously recognized in reserves are transferred to share capital.

In the event Options are forfeited prior to vesting, the associated stock-based compensation recorded to date is reversed in the period of forfeiture. The fair value of any vested Options that expire remain in reserves.

For equity-settled RSUs and PSUs, the fair value is determined based on the quoted market price of the Company's common shares on the TSXV at the date of grant, and the fair value is recognized as a share-base payment expense or is capitalized to exploration and evaluation property over the vesting period with a corresponding amount recorded in reserves.

j) Share capital

When the Company issues units through a private placement offering, the common shares and common share purchase warrants are measured using the residual method. This method allocates value first to the more easily measurable component based on fair value and the residual to the less easily measurable component. The Company considers the fair value of its common shares to be the more easily measurable component and is valued with reference to the market price. The residual value is attributed to the common share purchase warrants, if any, is recorded as a separate component of equity.

k) Loss per Share

Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding Options, warrants and other convertible securities. When diluted earnings per share is calculated, only those Options and other convertible securities with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

In the periods when the Company reports a net loss, the effect of potential issuances of common shares under Options and other convertible securities is anti-dilutive, therefore, basic and diluted loss per share is the same.

3. BASIS OF PRESENTATION AND SUMMARY OF MATERIAL ACCOUNTING POLICIES (Cont'd)

l) Financial Instruments - Recognition and Measurement

The Company classifies its financial assets in the following measurement categories:

i) Those to be subsequently measured at amortized cost, or
ii) Those to be subsequently measured at fair value (either through other comprehensive income or through profit or loss ("**FVPL**"))

The classification is driven by the business model for managing the financial assets and their contractual cash flow characteristics.

The Company classifies cash and cash equivalents, deposits, trade and other payables and loans as subsequently measured at amortized cost.

At initial recognition, financial assets and financial liabilities are measured at fair value less transaction costs except for financial assets classified as FVPL, where transaction costs are expensed directly to profit or loss.

m) Related party transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities and include key management personnel of the Company. A transaction is a related party transaction when there is a transfer of resources or obligations between related parties.

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.

In preparing these consolidated financial statements for the year ended December 31, 2024, the Company applied the critical estimates, assumptions and judgements as disclosed below:

<u>Leases</u>

The Company follows IFRS 16 in accounting for leases. A lessee recognises a right-of-use asset and a corresponding lease liability for almost all lease contracts greater than 12 months and the contract is enforceable. A lease contract is the acquisition of a right to use an underlying asset, with the purchase price paid in installments. The lessee recognises the right-of-use asset and the lease liability initially at the commencement date or at the start of the non-cancellable period of the lease.

The Company exercises judgement in defining the lease term for a 50-year lease signed on March 15, 2024 that includes termination rights. The Company has a right to terminate the lease during the first 18 months of the lease term, which is in addition to termination rights for certain triggering events.

4. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES (Cont'd)

As at December 31, 2024, management is reasonably uncertain whether the Company will not terminate the lease due to the risk of certain triggering events which may result in the Company exercising its termination right. As a result of these uncertainties, management will recognize the lease on a month-to-month basis. Management will reassess the accounting for the lease as circumstances change.

Exploration and evaluation property

The Company is required to make significant judgments in assessing whether there are any indicators of impairment relating to exploration and evaluation property. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) the period for which the entity has the right to explore in the specific area has expired during the year or will expire; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) sufficient data exists to support that extracting the resources will not be technically feasible or commercially viable; and (iv) development or sale of a specific area is unlikely to recover existing exploration and evaluation property costs. If any of these indicators are present, management would need to assess whether the exploration and evaluation property should be impaired. There are no indicators of impairment as at December 31, 2024.

Intangible assets

The Company is required to make significant judgments in assessing whether there are any indicators of impairment relating to intangible assets. If any such indicator exists, then an impairment test is performed by management. Indicators of impairment may include (i) significant adverse changes in geopolitical environment (ii) significant reductions in expected future cash flows of the asset compared to forecasts; and (iii) development or sale of the product associated with the intangible asset is unlikely to recover existing costs. If any of these indicators are present, management would need to assess whether the intangible asset should be impaired. There are no indicators of impairment as at December 31, 2024.

Grant Reimbursement

The Company exercises judgement and makes certain assumptions on whether certain feasibility study expenditures may qualify for reimbursement under the Department of Defense ("**DoD**") Technology Investment Agreement ("**TIA**"), which may impact the carrying value of the exploration and evaluation asset.

The Company also exercises judgement and makes certain assumptions on whether certain research and development expenditures may qualify as expenditures associated with the Defense Logistic Agency ("**DLA**") contract, which may impact the profit or loss statement.

NEW STANDARD ADOPTED ON JANUARY 1, 2024

Presentation of Financial Statements (Amendment to IAS 1)

The amendments to IAS 1, clarifies the presentation of liabilities. The classification of liabilities as current or noncurrent is based on contractual rights that are in existence at the end of the reporting period and is affected by expectations about whether an entity will exercise its right to defer settlement. A liability not due over the next twelve months is classified as non-current even if management intends or expects to settle the liability within twelve months. The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date.

The Company adopted the amendments effective January 1, 2024, with no material impact to the consolidated financial statements for 2024.

(Expressed in United States dollars, unless otherwise indicated)

NEW STANDARDS NOT YET ADOPTED

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

In April 2024, the IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 – Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into three defined categories (operating, investing, and financing) and by specifying certain defined total and subtotals. Where company-specific measures related to the income statement are provided ("management-defined performance measures"), IFRS 18 requires disclosure of the explanations around those measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and notes. IFRS 18 will not impact the recognition and measurement of items in the financial statements, nor will it impact which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

<u>IFRS 9 – Financial Instruments and IFRS 7 – Financial Instruments: Disclosures</u>

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.

5. CASH AND CASH EQUIVALENTS

	December 31, 2024	December 31, 2023
Cash	**$ 4,111,024**	$ 1,816,770
Cash equivalents	**6,950**	7,561
	$ 4,117,974	$ 1,824,331

(Expressed in United States dollars, unless otherwise indicated)

6. RECEIVABLES

		December 31, 2024		December 31, 2023
GST receivable	$	39,399	$	70,580
Government grant receivable		632,726		667,424
Other receivables		8,517		6,841
	$	680,641	$	744,845

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

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

During the year ended December 31, 2024, the Company drew down $25,977,765 (Cumulative to date: $34,765,055) from the Grant. As at December 31, 2024, $563,730 was outstanding from the DoD and $68,996 was outstanding from the DLA (Note 14). Subsequent to December 31, 2024, the outstanding balance was received.

7. PREPAIDS AND DEPOSITS

		December 31, 2024		December 31, 2023
Deposits and advances	$	65,911	$	7,432
Prepaid marketing		136,598		29,304
Prepaid expenses		-		73,573
	$	202,509	$	110,309

(Expressed in United States dollars, unless otherwise indicated)

8. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

Cost ($)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2022	1,209,977	25,911	283,390	1,519,278
Additions	168,073	25,090	76,863	270,026
Disposals	-	-	(237,750)	(237,750)
Transfer to exploration & evaluation assets	(23,520)			(23,520)
Effect on changes in foreign exchange rate	-	159	-	159
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**

Accumulated depreciation ($)	Field Equipment	Computers	ROU Assets	Total
As at December 31, 2022	333,857	8,752	129,134	471,743
Depreciation	235,589	13,361	35,626	284,576
Disposals	-	-	(95,100)	(95,100)
Effect on changes in foreign exchange rate	-	122	-	122
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**

Net book value ($)	Field Equipment $	Computers $	ROU Assets $	Total $
As at December 31, 2023	785,084	28,925	52,844	866,853
As at December 31, 2024	**517,133**	**13,857**	**0**	**530,990**

(Expressed in United States dollars, unless otherwise indicated)

9. EXPLORATION AND EVALUATION PROPERTY

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

Balance, December 31, 2022	**50,133,500**
Land management and advanced royalties	613,818
Assays and metallurgy	431,848
Geological consulting	590,552
Site preparation, drilling and camp operations	14,682,910
Engineering and technical assessments	734,852
Community consultation and meetings	168,356
Environmental studies	1,898,260
Capitalized depreciation	447,374
Capitalized share-based payments	416,751
Project management and administration	1,934,137
Secondary treatment plant project and other costs	730,094
Settlement of loan against NSR	(5,220,274)
Government grant - Note 6	(9,878,290)
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 6	(24,662,582)
Balance, December 31, 2024	**$ 61,080,089**

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.

(Expressed in United States dollars, unless otherwise indicated)

9. EXPLORATION AND EVALUATION PROPERTY (Cont'd)

On July 17, 2023, G1 Alaska was awarded the DoD Grant to cover up to $37.5 million or 50% of the estimated $75.0 million costs to accelerate the completion of its Graphite Creek feasibility study. On May 10, 2024, the Company signed a revised cost share agreement with the DoD to adjust the DoD's share of expenditures associated with the feasibility study from 50% to 75% based on a revised contract value of $49.8 million. The DoD's maximum share of the expenditures is $37.3 million. The technical work on the Graphite Creek feasibility study through to May 31, 2025 is eligible for reimbursement under the DoD Grant and the expenditures are subject to audit. During the year ended December 31, 2024, the Company drew down $24,977,765, of which $127,500 is included in project development expenses and $96,683 is included in management salaries.

On December 18, 2023, the Company established two $50,000 deposits ("**Restricted Cash**") which are reserved for the communities of Brevig Mission, Alaska and Teller, Alaska, through an agreement with Bering Straits Native Corporation. The purpose of the Restricted Cash is to provide financial assistance for projects that benefit the communities as a whole and provide ongoing training in those communities. On August 20, 2024, the Company contributed the second and final $50,000 deposit to each community, of which Teller has utilized $20,195 of their funds.

10. INTANGIBLE ASSETS

For the year ended December 31, 2024, the Company recognized an intangible asset relating to a $400,000 milestone payment to Hunan Chenyu Fuji New Energy Technology Co. Ltd ("**Chenyu**") pursuant to the Chenyu Technology Licensing Agreement and the Consulting Agreement (collectively, the "**Agreements**").

The Agreements include a termination clause and provide compensation to Chenyu in the form of royalty payments applied to net revenue and compensation in the form of eleven milestone payments related to the development of an anode active material (**"AAM"**) plant proposed in Ohio. The first milestone payment of $400,000 was due on the execution of the Agreements as consideration in exchange for the exclusive license to certain AAM technologies.

This asset will be amortized over the asset's economic life, which management has determined to be ten years from the date the Agreements were executed.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	December 31, 2023
Accounts payable - Trade	**$ 542,076**	$ 348,906
Accounts payable - Project	**1,694,056**	390,197
Payroll	**2,403,191**	1,650,004
Accruals - Project	**196,542**	79,996
Accruals - Other	**20,838**	79,716
	$ 4,856,703	$ 2,548,819

(Expressed in United States dollars, unless otherwise indicated)

12. SHARE CAPITAL

a) Authorized

Unlimited number of common shares with no par value.

b) Shares Issued

The following share transactions occurred during the year ended December 31, 2024:

On April 1, 2024, the Company issued 5,130,873 common shares for gross proceeds of $3,794,348 (CA$5,130,873) pursuant to the exercise of outstanding common share purchase warrants at a reduced exercise price of $0.74 (CA$1.00) per share.

On December 24, 2024, the Company issued 6,374,200 common shares for gross proceeds of CA$4,780,650 (US$3,357,092) pursuant to a non-brokered private placement offering at CA$0.75 per unit. Each unit consisted of one common share and one common share purchase warrant, with each common share purchase warrant entitling the holder to acquire one additional common share at a price of CA$1.00 per share and expires two years from the issue date. Each Warrant was assigned a fair value of CA$0.10.

The following share transactions occurred during the year ended December 31, 2023:

The Company issued 18,851,943 common shares in connection with the exercise of warrants at an average exercise price of CA$0.94 ($0.70) per share.

The Company issued 262,965 common shares in connection with the exercise of broker warrants at an average exercise price of CA$0.81 ($0.60) per share.

The Company issued 456,500 common shares at a price of CA$1.30 for total consideration of CA$593,450 ($446,612) in connection with the buy back of a 1% NSR on certain mining claims.

The Company issued 2,802,690 common shares pursuant to a non-brokered private placement at a price of CA$0.97 per unit for gross proceeds of CA$2,718,609 ($2,000,000).

c) Share-based Compensation

The following table summarizes the amount of share-based compensation recognized during the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Capitalized	Expensed	Total	Capitalized	Expensed	Total
Stock options	$ 471,938	$ 749,805	$ 1,221,743	$ 214,599	$ 964,100	$ 1,178,699
Restriced share units	321,477	2,244,220	2,565,697	201,714	2,684,387	2,886,101
Performance share units	45,159	156,687	201,846	438	2,073	2,511
	$ 838,574	**$ 3,150,712**	**$ 3,989,286**	**$ 416,751**	**$ 3,650,560**	**$ 4,067,311**

(Expressed in United States dollars, unless otherwise indicated)

c) Share-based Compensation (cont'd)

Stock Options

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

	Number of Options		Weighted Average Exercise Price (CA$)
Balance, December 31, 2022	**7,960,586**	**$**	**1.03**
Granted	1,564,994		0.99
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**

During the year ended December 31, 2024, the Company granted or amended the following Options:

On March 19, 2024, the Company granted 2,905,158 Options to its employees, officers, and consultants with an exercise price of CA$0.93 per common share and expire five years from the date of grant. One third of the Options vest on the first, second and third anniversary from the date of grant.

On May 17, 2024, the Company granted 900,000 Options to two individuals, who are both directors and officers of the Company (the "**Optionees**"). Each Option is exercisable into one common share of the Company at an exercise price of CA$0.85 and expires five years from the date of grant. The Options are subject to a three-year vesting period with 300,000 Options vesting on the first, second and third anniversary from the grant date.

These Options were granted to replace 900,000 Options, exercisable at CA$0.30 per common share, which expired on May 16, 2024 (the "**Expired Options**"). The Optionees have agreed to forego the exercise of the Expired Options due to the cash impact to both the Optionees and the Company on a cashless exercise of the Expired Options.

On May 31, 2024, the Company repriced 1,269,379 outstanding Options issued to certain officers on January 19, 2023. The exercise price for these Options was repriced from CA$1.00 to CA$1.08 per common share to reflect the market price on the date of the grant and to qualify for a Option deduction under paragraph 110(1)(d) of the Income Tax Act (Canada). There were no amendments to the other terms of the Options and no incremental fair value to amortize over the remaining vesting period.

(Expressed in United States dollars, unless otherwise indicated)

Stock Options (Cont'd)

The fair value of the Options granted during the years ended December 31, 2024 and 2023 were estimated on the date of grant using the Black-Scholes Option Pricing Model with the following assumptions:

	December 31, 2024	December 31, 2023
Exercise price (CA$)	$0.85 - $0.93	$0.83 - $1.08
Share price (CA$)	$0.85 - $0.93	$0.83 - $1.08
Risk-free interest rate	3.5% - 3.64%	2.8% - 3.3%
Expected life	5 years	5 years
Expected stock price volatility	86.1% - 86.44%	87.99% - 92.72%
Dividend payments	Nil	Nil
Expected forfeiture rate	Nil	Nil
Fair value per option (CA$)	$0.59 - $0.64	$0.58 - $0.79

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

The following table summarizes Options outstanding as at December 31, 2024:

As at December 31, 2024				As at December 31, 2023			
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)
-	-	-	-	1,100,000	1,100,000	0.30	0.4
455,000	455,000	0.35	0.5	455,000	455,000	0.35	1.5
2,005,000	2,005,000	1.02	1.1	2,005,000	2,005,000	1.02	2.1
2,937,429	2,937,429	1.39	2.0	2,937,429	2,937,429	1.39	3.0
1,463,157	487,719	1.08	3.0	1,463,157	-	1.08	4.0
248,365	82,788	1.00	3.0	1,517,743	-	1.00	4.1
1,269,379	423,126	1.08	3.0	-	-	-	-
47,250	-	0.83	4.0	47,250	-	0.83	5.0
2,905,158	-	0.93	4.2	-	-	-	-
900,000	-	0.85	4.4	-	-	-	-
12,230,738	6,391,062	1.06	2.8	9,525,579	6,497,429	1.02	2.8

(Expressed in United States dollars, unless otherwise indicated)

Omnibus Incentive Plan

Security-based awards under the Omnibus Incentive Plan (the "**Omnibus Plan**") consist of RSUs and PSUs. On June 28, 2024, at the Company's annual general and special meeting of the shareholders, the shareholders approved an increase of 1,300,000 common shares issuable under the Omnibus Plan. The maximum number of security-based awards to be granted under the Omnibus Plan is 13,800,000 and any adjustments are subject to approval by the TSXV and the shareholders of the Company. As of December 31, 2024, the Company has 2,043,380 common shares available under the Omnibus Plan for future grants.

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

Grants	RSU	PSU	Total Outstanding
Balance, December 31, 2022	3,769,266	-	3,769,266
Issued	3,625,740	768,880	4,394,620
Vested	(694,823)	-	(694,823)
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**

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

During the year ended December 31, 2024, 2,854,396 RSUs vested, of which 1,269,779 common shares were withheld to settle the recipient's estimated tax liability.

The following table summarizes the outstanding number of security-based awards issued under the Omnibus Plan as at December 31, 2024:

Awarded to:	Grant Date	Security Based Award	Number of Awards	Vesting Schedule
Officers	October 21, 2024	PSU	1,215,778	Note 1
Officers	March 19, 2024	PSU	1,215,778	Note 2
Officers	March 19, 2024	RSU	1,215,778	Note 3
Directors	March 19, 2024	RSU	1,161,178	Note 4
Officers	December 27, 2023	RSU	724,109	Note 5
Officers	December 27, 2023	PSU	768,880	Note 6
Officers	January 19, 2023	RSU	1,069,943	Note 7
Officers	December 27, 2022	RSU	2,051,735	Note 8
			9,423,179	

[1] The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
[2] The PSUs vest between 0% to 100% on March 19, 2027, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
[3] The 1,215,778 RSUs vest one-third on the first, second and third anniversary dates.
[4] The 1,161,178 RSUs vest one-quarter on March 19 and 31, 2025, June 30, 2025 and September 30, 2025.
[5] 182,530 RSUs vest on January 19, 2025 and 541,579 RSUs vest on January 19, 2026.
[6] The PSUs vest between 0% to 100% on January 19, 2026, subject to the share price performance of the Company's common shares on the TSXV for ten consecutive days prior to the vesting date.
[7] 330,057 RSUs and 739,886 RSUs vest on the second and third anniversary of grant date, respectively.
[8] 2,051,735 RSUs vest on December 27, 2025.

(Expressed in United States dollars, unless otherwise indicated)

Warrants

The following table summarizes the continuity of outstanding warrants:

	Number of Warrants		Weighted Average Exercise Price (CA$)
Balance, December 31, 2022	36,012,071	$	1.20
Issued	2,802,690		1.21
Exercised	(18,851,943)		0.94
Expired	(8,007,141)		1.48
Balance, December 31, 2023	11,955,677		1.43
Exercised	(5,130,873)		1.00
Expired	(4,022,114)		1.50
Issued	11,505,073		1.00
Balance, December 31, 2024	14,307,763	$	1.04

The following table summarizes the outstanding Warrants as at December 31, 2024:

As at December 31, 2024			As at December 31, 2023		
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
-	-	-	8,762,071	1.50	0.7
-	-	-	390,916	1.50	0.9
2,802,690	1.21	0.7	2,802,690	1.21	0.7
5,130,873	1.00	2.2	-	-	-
6,374,200	1.00	2.0	-	-	-
14,307,763	1.04	1.8	11,955,677	1.43	0.7

On February 20, 2024, the Company amended an aggregate 11,955,677 outstanding common share purchase warrants under a warrant incentive program (the "**Warrant Incentive Program**") whereby the exercise prices of the warrants were reduced to CA$1.00 per common share commencing on the date of TSXV approval for 30 days (the "**Reduced Term**"). The exercise price for any warrants not exercised during the Reduced Term reverted to the original exercise price.

For each warrant exercised during the Reduced Term, the Company offered to issue, at no additional cost, one common share purchase warrant (the "**Sweetener Warrant**") with an exercise price of CA$1.00 per common share. The Sweetener Warrant has an exercise price of CA$1.00 per common share and expires at the earlier of: (i) three (3) years from the date of issuance; and (ii) 30 days, at the Company's option, if for any ten (10) consecutive trading days the closing price of the Company's common shares on the TSXV equals or exceeds CA$1.20.

(Expressed in United States dollars, unless otherwise indicated)

Warrants (Cont'd)

On April 1, 2024, the Company closed its Warrant Incentive Program receiving aggregate gross proceeds of $3,794,348 (CA$5,130,873), from the exercise of 5,130,873 outstanding warrants, and included Taiga's exercise of 2,258,873 warrants. The fair value of the Sweetener Warrants was $600,375 (CA$820,940). The exercise price on the remaining 6,824,804 warrants that were not exercised during the Reduced Term reverted to the original terms as they existed prior to the Warrant Incentive Program and had subsequently expired unexercised.

On September 16, 2024, the Company extended the expiry date of an aggregate 2,802,690 outstanding common share purchase warrants that were due to expire on September 17, 2024 for one additional year to September 17, 2025. These warrants were issued in connection with a private placement with Bering Straits Native Corporation, that closed on September 17, 2023 with each warrant exercisable into one common share of the Company at a price of CA$1.21 per common share. All other terms of the warrants remain the same.

On December 24, 2024, the Company issued 6,374,200 common shares for gross proceeds of $2,909,480 (CA$4,143,230) pursuant to the non-brokered private placement offering at CA$0.75 per unit. Each Unit consisted of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of CDN$1.00 per share and expires at the earlier of: (i) two (2) years from the closing date; or (ii) at the Company's option, 30 days from the date of announcement to accelerate the expiry date, if for any ten (10) consecutive trading days the closing price of the common shares on the TSXV is at or exceeds CA$1.50.

Broker Warrants

On December 24, 2024, the Company issued 153,749 broker warrants in connection with the closing of the Offering. Each broker warrant is exercisable into one common share at CA$1.00 per common share and expires at the earlier of: (i) two (2) years from the closing date; or (ii) at the Company's option, 30 days from the date of announcement to accelerate the expiry date, if for any ten (10) consecutive trading days the closing price of the common shares on the TSXV is at or exceeds CA$1.50.

The following table summarizes the outstanding broker warrants as at December 31, 2024:

	Number of Warrants		Weighted Average Exercise Price (CA$)
Balance, December 31, 2022	620,623	$	1.21
Exercised	(262,965)		0.72
Expired	(1,636)		0.72
Balance, December 31, 2023	356,022		1.50
Expired	(356,022)		1.50
Issued	153,749		1.00
Balance, December 31, 2024	153,749	$	1.00

(Expressed in United States dollars, unless otherwise indicated)

Broker Warrants (cont'd)

Broker warrants outstanding:

As at December 31, 2024				As at December 31, 2023			
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)
-		-	-	316,758		1.50	0.7
-		-	-	39,264		1.50	0.9
153,749		1.00	2.0	-		-	-
153,749	$	1.00	2.0	356,022	$	1.50	0.7

13. 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	Years ended December 31, 2024	2023
Huston & Huston Holdings Corp.	Management fees	**$ 1,020,000**	$ 877,500
Rockford Resources LLC	Director fees	**30,000**	30,000
SSP Partners LLC	Director fees	**30,000**	30,000
Taiga Mining Company, Inc.	Loan interest	-	220,274
		$ 1,080,000	$ 1,157,774

Amounts owing to other related parties are non-interest bearing and unsecured, primarily for payroll obligations. As at December 31, 2024, the Company owed $1,147,500 (December 31, 2023 - $690,000) to related parties.

(Expressed in United States dollars, unless otherwise indicated)

a) Related party transactions (cont'd)

During the year ended December 31, 2024, Taiga completed the following transactions with the Company:

i) exercised all of its 2,258,957 warrants under the Warrant Incentive Program at a reduced exercise price of CA$1.00 for gross proceeds of CA$2,258,957 and received 2,258,957 Sweetener Warrants. Each Sweetener Warrant is exercisable at CA$1.00 per share and expires three years from date of issue.

ii) purchased 1,880,000 units of a non-brokered private placement offering that closed on December 24, 2024 at CA$0.75 per unit for gross proceeds of CA$1,410,000. Each unit consists of one common share of the Company and one common share purchase warrant exercisable at CA$1.00 per share and expires two years from date of issue.

As at December 31, 2024, Taiga holds approximately 28% of the Company's outstanding common shares.

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, four (4) Vice-Presidents and the directors of the Company. During the years ended December 31, 2024 and 2023, the Company charged $1.9 million and $0.1 million of key management compensation to exploration and evaluation property and to the fire-fighting foam suppressant project, respectively.

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

	Years ended December 31,	
	2024	2023
Management fees	**$ 1,020,000**	$ 877,500
Director fees	**120,000**	120,000
Salaries	**2,482,750**	2,027,277
Share-based payments	**3,701,474**	4,067,310
	$ 7,324,224	$ 7,092,087

14. 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 as an alternative to incumbent polyfluorinated substances fire-suppressant materials. This is being accounted for as a government grant and is anticipated to be cost neutral to the Company. The $4.7 million contract was based on an estimate of all costs the Company will incur. The project is executed in partnership with Vorbeck Materials Corp. (**"Vorbeck"**) to meet the requirements of the DLA agreement. Costs incurred by the Company, including contractual payments to Vorbeck, are recorded as development expenses, net of receipts from the DLA. Any difference in receipts and expenses is adjusted to working capital for the reporting period and will be reflected in the income statement at the end of the contract in 2025.

For the year ended December 31, 2024, the Company invoiced the DLA $3,413,851 ($787,593 in 2023) which was applied against the expenditures for the development of the graphite and graphene-based foam fire suppressant.

14. PROJECT DEVELOPMENT (Cont'd)

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 year ended December 31, 2024, the Company recognized $282,543 (December 31, 2023: $nil) of development expenses, which is primarily related to expenses associated with the Ohio lease.

15. 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.

b) Liquidity risk (Note 2)

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due.

As at December 31, 2024, the Company had a working capital balance of $144,421 (December 31, 2023: $74,499). On July 17, 2023, the Company was awarded a Grant of up to $37.5 million from the DoD to accelerate the completion of its feasibility study on the Project. 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 now $37.3 million and as of December 31, 2024, the Company had received $34.2 million of this amount.

There can be no assurance that the Company can obtain additional financing on terms acceptable to the Company or at all.

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 $4,117,974 in cash and cash equivalents as at December 31, 2024, 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 December 31, 2024, 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 $145,262 (December 31, 2023: $24,594).

(Expressed in United States dollars, unless otherwise indicated)

15. Financial Risk Management (Cont'd)

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.

16. INCOME TAXES

The income tax provision differs from the amount computed by applying the statutory rates to loss before income taxes. These differences result from the following:

Years ended		December 31, 2024		December 31, 2023
Loss before income taxes	$	6,796,523	$	8,451,967
Statutory rate		27%		27%
Expected tax recovery		1,835,061		2,282,031
Effect of tax rate changes and tax rates in foreign jurisdictions		(58,439)		(30,130)
Non-deductible expenses		(393,094)		(1,178,020)
Tax benefits not recognised		(2,267,287)		(1,079,302)
Share issue costs		169,628		162,195
Foreign exchange and other		714,131		(156,774)
Income tax recovery (expense)	$	-	$	-

Unrecognized deferred tax asset is comprised of the following tax affected temporary differences:

Years ended		December 31, 2024		December 31, 2023
Mineral properties	$	(230,609)	$	96,210
Equipment		(17,067)		20,948
Non-capital losses carried forward		9,890,420		8,163,508
Capital loss carried forward		392,095		237,319
Share issuance costs		216,902		349,797
Unrecognized deferred tax asset	$	10,251,741	$	8,867,782

As at December 31, 2024, the Company had tax loss carry forwards available:

Canada	$	28,623,124 (expire between 2026 and 2044)
United States	$	10,296,081 (expire between 2030 and 2044)

The ability to use U.S. loss carry-forwards in the future is subject to certain limitations under provisions of the Internal Revenue Code, including Section 382, which relates to a 50% change in control of ultimate shareholders over a three-year period, and is further dependent upon the Company attaining profitable operations. Ownership changes, as defined, may have occurred in prior years for Graphite One Inc. and the U.S. tax losses related to G1 Alaska may be subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited or such losses may expire un-utilized. Losses incurred to date may be further limited if a subsequent change in control occurs.

17. Segment Reporting

The Company operates in one reportable operating segment, being the exploration and development of exploration and evaluation assets in the United States.