HYDROGRAPH CLEAN POWER INC.

Annual Information Form

For the year ended September 30, 2025

Dated as of June 22, 2026

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PRELIMINARY NOTES

This Annual Information Form ("**AIF**") of HydroGraph Clean Power Inc. is prepared in the form prescribed by National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**") of the Canadian Securities Administrators. All amounts are expressed in United States Dollars ($) except where otherwise noted as Canadian Dollars (CAD$). All information in this AIF is provided as of September 30, 2025, unless otherwise indicated. In this AIF, unless otherwise stated or the context otherwise requires, references to "HydroGraph," the "Company," "we," "us," "our," or similar references mean HydroGraph Clean Power Inc. on a consolidated basis.

FORWARD-LOOKING INFORMATION

This AIF and the documents incorporated into this AIF contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (forward-looking information and forward-looking statements being collectively hereinafter referred to as "**forward-looking statements**"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this AIF or the dates of the documents incorporated herein, as applicable. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases, or stating that certain actions, events or results "may" or "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: our history of losses and our ability to continue as a going concern; our ability to obtain additional financing and fund our operations; our market opportunity; the effects of increased competition and innovations by new and existing competitors in our market and our ability to adapt to and anticipate changes in technology; our ability to grow the business and effectively manage or sustain our growth; our ability to increase graphene production in the future; the successful construction of a production facility; future revenue, hiring plans, expenses and capital expenditures; our ability to comply with new or modified laws and regulations that currently apply or may become applicable to our business or the business of our customers; our ability to recruit and retain key employees and management personnel; our ability to maintain, protect and enhance our intellectual property; and the potential lack of liquidity and trading of our securities.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties, and other factors that could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation, those risks outlined under the heading *Risk Factors* in this AIF.

The list of risk factors set out in this AIF is not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference

in this AIF generally and certain economic and business factors, some of which may be beyond the control of the Company, including, among other things, potential direct or indirect operational impacts resulting from infectious diseases or pandemics, from international or domestic conflicts or political crises, and other factors not currently viewed as material that could cause actual results to differ materially from those described in the forward-looking statements. In addition, recent events in the world economy and global financial and credit markets as a consequence of the above-noted conflicts and tariffs imposed by the United States and other nations have resulted in high market and commodity volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental, and unpredictable effect on forward-looking statements. The Company does not intend and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

CORPORATE STRUCTURE

Name, Address, and Incorporation

HydroGraph was incorporated under the laws of the Province of British Columbia on June 26, 2017. The address of the Company's corporate office and principal place of business is 1100 - 1199 West Hastings Street, Vancouver, BC, Canada, and the Company's registered and records office address is 2700 - 1133 Melville Street, Vancouver, BC, Canada.

The Company is a reporting issuer in the Provinces of British Columbia and Ontario.

The common shares of the Company are listed and posted for trading on the Canadian Securities Exchange ("**CSE**") under the symbol "HG" and on the OTCQB Venture Market ("**OTCQB**") under the symbol "HGRAF".

Inter-corporate Relationships

As of the date of this AIF, the details of the Company's subsidiaries are as follows:

	Incorporated in	Percentage owned
HydroGraph USA, Inc.	United States	100%
HydroGraph UK Ltd.	United Kingdom	100%

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Financial Year ended September 30, 2023

- On November 10, 2022, the Company announced that it had secured a CAD$90,000 grant in funding per year for two years for composite work at the Fraunhofer Innovation Platform for Composite Research at Western University.

- On November 22, 2022, the Company announced the appointment of Robert Wowk as Chief Financial Officer and the transition of Mathew Lee, former Chief Financial Officer, as Chief Accounting Officer.

- On December 7, 2022, the Company announced the appointment of Randall Zajac

as Director of Business Development for Resins and Composites.

- On January 19, 2023, the Company announced that the Company's common shares were approved for trading on the OTCQB with DTC certification, under the symbol "HGCPF".

- On February 16, 2023, the Company announced that a system for its proprietary detonation method used to produce graphene ("**Hyperion**"), designed for scaled-up production of the Company's high-purity graphene, had been fully assembled and had undergone successful testing at the individual reaction chamber level, with final testing as a complete production unit underway.

- On March 14, 2023, a letter of intent to form a partnership with Ceylon Graphene Technologies (PT) Ltd. via LOLC Advanced Technologies to commercialize a jointly developed graphene blend shown to significantly improve battery performance.

- On April 14, 2023, the Company completed the first tranche of a non-brokered private placement (the "**April 2023 Offering**"). Pursuant to the April 2023 Offering, the Company issued an aggregate of 20,087,666 units of the Company at an issue price of CAD$0.12 per unit for aggregate gross proceeds of CAD$2,410,520. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant.

- On May 4, 2023, the Company announced that it had commissioned its first commercial scale production unit that could produce a minimum of 10 tons of graphene per year. The Company also announced the closing of the second tranche of the April 2023 Offering.

- On June 7, 2023, the Company announced the signing of a commercial agreement with an advanced material supply chain firm.

- On September 11, 2023, the Company announced its collaboration with Kansas-based EMP Shield Inc. Under this collaboration, the Company and EMP Shield Inc. were engaged with developing advanced electromagnetic interference shielding using HydroGraph's high-purity graphene.

- On September 19, 2023, the Company announced the expansion of its application development capabilities to meet growing global demand by establishing a partnership with the University of Manchester's Graphene Engineering Innovation Center ("**GEIC**") commencing in October of 2023.

Financial Year ended September 30, 2024

- On December 1, 2023, the Company announced it had closed a financing raising gross proceeds of CAD$1,026,086.

- On December 6, 2023, the Company announced successful testing of its certified pure graphene's electrical and thermal conductivity in epoxy resins.

- On December 15, 2023, the Company announced its electromagnetic interference ("**EMI**") shielding results surpassed thresholds for consumer, automotive and aerospace applications. The Company announced successful testing of its flagship

product, Fractal Graphene™ ("**FGA-1**"), in EMI shielding as it related to consumer, electronics, automotive and aerospace applications.

- On January 3, 2024, the Company announced its graphene was selected by Hawkeye Bio for use in its early-stage lung cancer detection biosensor.

- On February 12, 2024, the Company announced that polyethylene terephthalate ("**PET**") test results showed improved plastic performance.

- On February 26, 2024, the Company announced it had closed a financing raising gross proceeds of CAD$962,600.

- On March 18, 2024, the Company announced that Stuart Jara, former Chief Executive Officer, left the Company and Kjirstin Breure, the President of HydroGraph, was appointed as interim Chief Executive Officer. David Williams was appointed as the new Chairman of the board of directors (the "**Board**").

- On April 8, 2024, the Company announced it had closed a financing raising gross proceeds of CAD$1,182,500.

- On April 15, 2024, the Company announced that Khalifa University's RIC2D and HydroGraph signed a memorandum of understanding to collaborate on research projects and expedite commercialization.

- On April 30, 2024, the Company announced that its flagship graphene product, FGA-1, had been chosen to supply Volfpack Energy Ltd., a hardware company focused on using supercapacitor technology to increase the adoption of renewable energy across Asia.

- On May 21, 2024, the Company announced that Gulf Cryo LLC ("**Gulf Cryo**") began initial steps to bring pristine graphene to the Middle East. The Company entered into a memorandum of understanding ("**MOU**") with Gulf Cryo, a leading provider of industrial, medical and specialty end-to-end gas solutions in the Middle East and Africa region, to collaborate in the production, distribution and selling of HydroGraph's pristine graphene.

- On June 11, 2024, the Company announced it had closed a financing raising gross proceeds of CAD$3,652,887.

- On June 17, 2024, the Company announced that the ACS Journal validated HydroGraph cement performance. Successful testing was conducted by Arizona State's School of Sustainable Engineering and the Built Environment.

- On August 7, 2024, the Company welcomed United States Senator for Kansas, Jerry Moran, to its graphene production facility.

- On August 22, 2024, the Company announced that Robert Wowk, former Chief Financial Officer, would be transitioning to a board advisory role and Matthew Anderson was appointed as Chief Financial Officer effective September 3, 2024.

- On September 4, 2024, the Company announced the filing of two new United States patent applications for graphene-coated hollow glass microsphere technology.

Financial Year ended September 30, 2025

- On October 2, 2024, the Company announced the appointment of Tom Eldridge to the role of Director of Business Development.

- On October 10, 2024, the Company announced that it was awarded the Business Innovation Award at the 2024 "To the Stars: Kansas Business Awards", hosted by the Kansas Department of Commerce.

- On October 30, 2024, the Company announced that the GEIC would be extending their research partnership with HydroGraph. This collaboration continued to focus on a range of projects and novel research focused on nanomaterials. The partnership was first announced on September 19, 2023.

- On November 7, 2024, the Company announced that the global PET packaging industry faced unprecedented regulatory pressure to reduce virgin plastic consumption, and HydroGraph discovered that its FGA-1 dramatically improves the performance and sustainability of PET bottles.

- On November 14, 2024, the Company announced the appointment of Kjirstin Breure as Chief Executive Officer, being an integral part of the Company's leadership and having served as a board member and President of the Company since January 2022, and as interim Chief Executive Officer since March 2024.

- On November 20, 2024, the Company announced that it had received a purchase order from a major global automotive company for research quantities of four additional graphene products.

- On November 21, 2024, the Company announced two new collaborations in battery materials with Volfpack Energy and NEI Corporation.

- On December 13, 2024, the Company announced it had closed a financing raising gross proceeds of CAD$3,833,600. Net proceeds of the financing were used to further commercial activity for the Company's differentiated graphene products via application development at the GEIC and other direct customer relationships, production upscaling, business development and general working capital purposes.

- On January 22, 2025, the Company announced its second research study in partnership with Arizona State University ("**ASU**") highlighting the advancements in extending the use of HydroGraph's FGA-1 into cement and concrete applications.

- On February 5, 2025, the Company announced that it achieved ISO 9001:2015 certification. The ISO 9001:2015 certification is one of the most recognized international standards for quality management. Earning this certification demonstrated that HydroGraph had established robust processes to implement, maintain, and continuously improve its quality management practices.

- On February 25, 2025, the Company announced a technical collaboration with one of the world's largest synthetic fiber manufacturers. The initiative aimed to assess the potential of graphene technology in high-performance fiber applications.

- On March 18, 2025, the Company announced the launch of NANOMYTE® FGA-1AD and NANOMYTE® FGA-1ND, a new line of advanced graphene dispersions. These

innovative dispersions integrated seamlessly into existing electrode slurries, replacing or supplementing traditional conductive carbons to enhance electrode performance. The outcome led to improved electrical conductivity, enabling the development of better electrodes and expanded possibilities for high-performance energy storage solutions.

- On April 9, 2025, the Company announced new testing results demonstrating the performance benefits of its FGA-1 as an additive in polyurethane coatings. Conducted at the GEIC in Manchester, England, the study validated how HydroGraph's graphene improves mechanical durability, UV resistance, and anti-corrosion properties – key factors in extending the lifespan of protective coatings used in harsh environments.

- On April 22, 2025, the Company announced that it had raised over $2,200,000 through the exercise of warrants. The warrants, priced at CAD$0.20 and expiring on April 13, 2025, supported the Company's accelerated production scale-up efforts in response to growing commercial demand.

- On April 30, 2025, the Company announced two major growth milestones: a strategic relationship with a leading North American industrial gas supplier and the initiation of the first stages of planning for a new production facility in Texas, as outlined in a letter of intent signed on April 24, 2025.

- On May 7, 2025, the Company announced two key events underscoring the Company's growing role in both the global policy and investment communities. HydroGraph's President and Chief Executive Officer, Kjirstin Breure, was formally invited to speak on May 12, 2025 at the 10th Annual Hemispheric Security Conference, hosted by Florida International University's Jack D. Gordon Institute for Public Policy. In addition, HydroGraph hosted an Investor Roundtable on May 20, 2025, at the National Club in Toronto, providing a comprehensive update on HydroGraph's commercial progress, customer pipeline, and anticipated facility expansion.

- On June 6, 2025, the Company announced the appointment of Tom Wilkinson and Grant Duthie to the Board of Directors. Paul Cox and David Williams resigned as directors.

- On June 17, 2025, the Company appointed Kjirstin Breure as the chair of the Board.

- On July 8, 2025, the Company announced that it would present its FGA-1 and its capabilities at the 2025 Advanced Materials Show in Birmingham, United Kingdom.

- On July 21, 2025, the Company announced the launch of its Compounding Partner Program aimed at accelerating the adoption of its high-performance FGA-1 in thermoplastics. The initiative establishes a qualified network of plastic compounders with demonstrated expertise in processing graphene-enhanced thermoplastic materials, with early partners already piloting new formulations across automotive and packaging sectors.

- On August 8, 2025, the Company entered into a lease for a new 20,000-square-foot headquarters facility in Austin, Texas, which would replace its previous space and represented an increase of nearly 100% in size. The new headquarters was to serve as the Company's central hub for graphene production and commercialization in the

United States. The expansion reflected the Company's plan to strengthen its presence in the United States manufacturing corridor, with considerations including access to talent and proximity to partners. The Austin headquarters was to serve as the base for United States operations and customer collaborations in industries such as aerospace, defense, energy storage, and advanced materials.

- On August 14, 2025, the Company announced its contribution in a new lung cancer screening product underpinning a collaboration between Hawkeye Bio (Torrance, California) and Ease Healthcare (Pasadena, California). Under a new commercialization agreement, Ease Healthcare agreed to market the Lung Enzyme Activity Profile ("**LEAP**") early detection test that incorporates HydroGraph's patented fractal graphene.

- On August 15, 2025, the Company announced the appointment of technology executive, military veteran and leadership coach Cordell Bennigson to its Board.

- On September 3, 2025, the Company announced the publication of a peer-reviewed study that demonstrated the potential of using HydroGraph's graphene as a scalable solution for industrial wastewater treatment. The study, published in FlatChem (Elsevier), confirmed that HydroGraph's graphene could remove 100% of six organic dyes from wastewater within 10 minutes.

- On September 16, 2025, the Company announced that a new peer-reviewed study showed that aerogel ink made with HydroGraph's graphene could increase the heat transfer coefficient of copper by 152%. The study's results demonstrated the viability of using graphene for high-performance, scalable thermal management coatings in microelectronics.

- On September 17, 2025, the Company announced the appointment of nuclear industry expert and HydroGraph shareholder Kerry D. Landis to its Board. The Company also announced that David Morris resigned as a director effective September 5, 2025.

- On September 19, 2025, the Company and SEADAR Technologies, developers of the first subsea radar systems, signed a letter of intent to integrate HydroGraph's graphene materials and coating technologies into SEADAR's current and future undersea products.

- On September 29, 2025, the Company announced that the Board approved the adoption of a Shareholder Rights Plan. The Shareholder Rights Plan has been adopted to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any unsolicited take-over bid or other acquisition of control of the Company (including by way of a "creeping" take-over bid) and to provide the Board with the opportunity to identify, solicit, develop and negotiate value-enhancing alternatives to any unsolicited take-over bid.

Subsequent to September 30, 2025:

- On October 8, 2025, the Company announced that it had been granted United States Patent No. 12,378,948 for a novel actuator technology that uses electrically conductive porous carbon materials, including HydroGraph's proprietary FGA-1, to generate controlled mechanical force.

- On October 16, 2025, the Company announced that it had been added to the CSE25 Index, which comprises of the 25 largest companies on the Canadian Securities Exchange.

- On October 28, 2025, the Company issued 750,000 shares pursuant to a settlement agreement and full and final release in connection with the settlement of a commercial dispute.

- On November 4, 2025, the Company completed a private placement pursuant to the listed issuer financing exemption (under Part 5A of NI 45-106 – Pros*pectus Exemptions*, as modified by Coordinated Blanket Order 45-935 - *Exemptions from Certain Conditions of the Listed Issuer Financing Exemption* (collectively, the "**LIFE Exemption**")) of 6,896,560 units at a price of CAD$2.90 per unit for gross proceeds of CAD$20,000,024. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of CAD$3.50 up to November 4, 2028. The Company issued 401,794 broker warrants in connection with such private placement, with each such broker warrant entitling the holder thereof to purchase one common share at a price of CAD$3.50 up to November 4, 2028.

- On December 9, 2025, the Company announced that James Baker has joined the Company's technical advisory board. For the past 12 years, Mr. Baker led business activities related to graphene and 2D materials at the University of Manchester, including service as Chief Executive Officer of the globally recognized GEIC.

- On January 6, 2026, the Company announced the expansion of its collaboration with the GEIC at the University of Manchester, moving from a Tier 2 to a Tier 1 member.

- On January 27, 2026, the Company announced the construction of two additional Hyperion graphene reactors to expand production capacity.

- On February 10, 2026, the Company announced the addition of Hubron International to its Compounding Partner Program, a qualified network of plastics compounders supporting the commercial adoption of HydroGraph's FGA-1 in thermoplastics.

- On February 23, 2026, the Company announced the appointment of John Neale as Chief Financial Officer, effective February 20, 2026.

- On February 24, 2026, the Company announced that it had received regulatory clearances from the United States Environmental Protection Agency ("**EPA**") and confirmation of its UK REACH and EU REACH registrations for commercial scale graphene sales activities.

- On March 5, 2026, the Company completed a private placement under the LIFE Exemption of 5,882,348 units at a price of CAD$5.10 per unit for gross proceeds of CAD$29,999,975. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of CAD$6.10 up to March 5, 2029. The Company issued 347,634 broker warrants in connection with such private placement, with each such broker warrant entitling the holder thereof to purchase one common share at a price of CAD$5.63 up to March 5, 2029.

- On March 17, 2026, the Company announced that Broadway Colours Ltd. earned

certification as a qualified HydroGraph Compounding Partner, further strengthening the Company's commercial presence across the UK and European plastics markets. The certification process evaluates dispersion capability, processing performance, quality control standards, and commercial readiness to support graphene-enhanced formulations at scale.

- On March 24, 2026, the Company announced that it entered into a LOI dated March 23, 2026 with Sparc Technologies Limited (ASX:SPN) (FRA:NLR) ("Sparc") to collaborate on the incorporation of the Company's FGA-1 into Sparc's ecosparc® additives for protective coatings. Subject to successful performance outcomes, the parties intend to negotiate a definitive commercial agreement within approximately 12 months, although such agreement is not guaranteed.

- On April 14, 2026, the Company announced the opening of its new Austin headquarters, having received its certificate of occupancy in March 2026. The Company plans to commence a second phase of construction to support integration of key equipment and resources, including scientific equipment, the detonation lab, Hyperion Reactors, and other assets plus new acetylene storage for its Hyperion units.

- On May 4, 2026, the Company announced the appointment of Matthew Anderson as interim Chief Financial Officer and Corporate Secretary.

- On June 3, 2026, the Company announced the promotion of Dr. Suhao Li to Chief Technology Officer.

- On June 10, 2026, the Company announced the appointment of Robert Yancey, Ph.D as Lead Business Development in New Government, Aerospace and Defense Division.

- On June 16, 2026, the Company announced that Modern Dispersions, Inc. had earned certification as a qualified HydroGraph Compounding Partner.

During the current financial year, the Company anticipates the following changes to its business operations:

- The Company expects to continue scaling its graphene production capacity, including the commissioning and integration of additional Hyperion reactors and the ongoing development of a larger-scale manufacturing footprint in the United States, with a view to supporting materially higher annual output.

- The Company expects to advance the build-out and operational ramp-up of its Austin, Texas headquarters, including the installation and integration of key production, laboratory and detonation equipment, and the initiation of a second construction phase to support expanded production and R&D capabilities.

- The Company expects to progress toward initial commercial sales and long-term offtake arrangements, building on its existing customer pipeline, compounding partner network, and ongoing product qualification programs across industries such as coatings, energy storage, composites, electronics and infrastructure.

- The Company expects to expand and deepen strategic partnerships and collaborations, including with research institutions, commercial partners and

industrial customers, in order to accelerate application development and commercialization of its graphene products.

- The Company expects to leverage recently obtained regulatory approvals (including EPA, UK REACH and EU REACH) to support the commercial supply of graphene in key international markets, enabling broader customer adoption and revenue generation activities.

- The Company expects to continue investing in product innovation and application development, including the advancement of new graphene formulations, dispersions and use-cases, supported by third-party validation, peer-reviewed research and internal R&D initiatives.

- • The Company expects to expand its organizational capabilities, including hiring across technical, operational, commercial and corporate functions to support its scale-up strategy and transition toward a more fully commercial operating model.

DESCRIPTION OF THE BUSINESS

We are engaged in developing and commercializing the production and sale of high-quality, consistent and pristine graphene for commercial applications using the detonation of hydrocarbon gases. The Company's Hyperion system, our proprietary detonation method used to produce graphene, has tonnage annual capacity and is a scalable process. The detonated graphene is considered synthetic graphene versus using conventional exfoliation of naturally occurring graphite to produce graphene.

The Company has received an exclusive global license from Kansas State University ("**KSU**"), where the invention was discovered, to commercialize its patented detonation process to produce graphene. Using KSU intellectual property and associated licensing agreement (the "**KSU License Agreement**"), the Company commissioned its first commercial scale production unit that can produce a minimum of 10 tons of graphene per year. The Company completed its EPA submission during 2024 and received clearance from the EPA on February 24, 2026, which is expected to allow the Company to sell high volumes of its fractal graphene within the United States.

At HydroGraph, we produce and sell graphene. We believe our value is in the intellectual property and working knowledge around detonation synthesis, and our mission is to become the leading global producer of high-quality graphene. Additionally, to continue to expand our pipeline, we have advanced our science and engineering capabilities, building what we believe might be one of the most comprehensive libraries of graphene applications in partnership with both our commercial counterparties and the GEIC. We believe HydroGraph and its partners have become well known as experts in how to actually deploy graphene into materials and innovative new applications – working through the chemistry and production intricacies needed to produce repeatable, effective and reliable outcomes. In doing so, we have also documented how purity and consistency play a critical role in success, further differentiating our batch consistent fractal aggregates.

The Hyperion system, designed for scaled-up production of the Company's high-purity graphene, achieved a key milestone in 2023 whereby Hyperion was able to produce commercial scale quantities at an annualized rate of 10 metric tons per year using the readily available commodities, acetylene and oxygen. As a result, the Company believes, based on information available to date,

the cost per metric ton of graphene produced using the Company's systems is one of the lowest in the industry.

During 2024, we made changes to our commercial strategy by moving towards a business development team with advanced materials expertise and moved away from an on-site production plan. These changes garnered significant interest from customers and investors and have resulted in a centralized production scale-up plan targeting access to the Company's primary feedstock at a location within the United States, and significant advancement with customers. Our newest location in Austin, Texas will serve as our new headquarters.

As we seek to implement strategies to increase production capabilities, we intend to add additional locations in the United States. In addition to our facilities in Austin, Texas and Manhattan, Kansas, we have initiated the first stages of planning for our first large-scale production facility based on a non-binding letter of intent signed on April 24, 2025. Under the non-binding letter of intent, a leading North American industrial gas supplier is expected to permit us to locate a new production facility adjacent to their facility and provide us access to its high-purity acetylene, a critical feedstock for our patented detonation synthesis process. This continuous, high-quality supply is expected to enable increased production volumes without compromising our product consistency. The site is expected to initially house 15 or more of HydroGraph's Hyperion reactors, with expected capacity to ultimately produce over 350 metric tons of graphene annually with the addition of further reactors. The facility is expected to scale with customer demand, including further increased capacity through additions, enabling closure of the Manhattan, KS facility. This new facility is expected to be located near Houston, Texas and will serve as our central hub for graphene production and commercialization in the United States.

About Graphene

Graphene is an allotrope of carbon isolated in 2004, chemically similar to graphite but with a distinct atomic structure.[1] It is two-dimensional, meaning each sheet is only one atom thick, yet its molecular bonding makes it as strong as some of the world's toughest metal alloys while remaining lightweight and flexible. It enhances strength, water resistance, flexibility, and electrical conductivity, among other properties.[2]

This combination of properties has captured the attention of scientists across numerous fields, driving research into next-generation electronics, advanced composites, protective industrial coatings, and emerging biomedical technologies.[3] Graphene is a semiconductor with exceptionally high charge-carrying capacity and thermal conductivity, and it conducts heat and electricity with remarkable efficiency along its plane. [4] Its impermeability and extraordinary tensile strength also make it well suited for nano-mechanical applications.

Conventional Graphene Product Production

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[1] Novoselov, K. & Geim, A. & Morozov, S. & Jiang, Da & Zhang, Yanshui & Dubonos, S. & Grigorieva, Irina & Firsov, Anatoly. (2004). Electric Field Effect in Atomically Thin Carbon Films. Nat. Mater.. 6.

[2] "Graphene Facts: The Complete Guide to the World's First 2D Material: https://www.acsmaterial.com/graphene-facts

[3] https://www.graphene.manchester.ac.uk/learn/applications/

[4] Cao, Y., Fatemi, V., Fang, S. *et al.* Unconventional superconductivity in magic-angle graphene superlattices. *Nature* **556**, 43–50 (2018). https://doi.org/10.1038/nature26160

Most companies still rely on older methods that produce bulk graphene by exfoliating layers from graphite including Chemical Vapour Depositions ("**CVD**"), Liquid Phase Exfoliation ("**LPE**"), and Microwave Plasma Synthesis ("**MPS**"). These approaches typically require high heat and toxic solvents and involve multiple processing steps. These methods commonly suffer from defects that have limited the adoption of graphene in the marketplace to date, including uncertain, limited or inconsistent yield, impurities, high energy demand or high cost, among others.[5]

Chemical Vapour Deposition (CVD)[6]

CVD produces graphene monolayers by depositing gaseous reactants onto a substrate. In this method, gases enter a reactor chamber at ambient temperature, and when they contact a heated substrate, they react to form a thin film on its surface. Waste gases are then pumped out of the chamber. Substrate temperature and chamber pressure are critical: process consistency and film uniformity are highly sensitive to chamber pressure, often process consistency and film uniformity are highly sensitive to chamber pressure, often requiring operation under reduced-pressure or vacuum conditions and tight control of gas flow, temperature, and residence time. These requirements increase equipment complexity and manufacturing costs.

However, conventional CVD graphene production relies on controlled hydrocarbon gas precursors, high-temperature reactor conditions, and continuous external energy input. The process typically involves substrate-based graphene growth followed by additional transfer and purification steps, which can increase manufacturing complexity and influence material quality. In contrast, our exothermic, single-step detonation synthesis enables direct graphene formation without the need for substrate growth or transfer processes.

Liquid Phase Exfoliation (LPE)

LPE is one of the principal methods used for producing graphene in larger quantities. It relies on ultrasound and solvents such as dimethyl sulfoxide, N,N-dimethylformamide ("**DMF**"), and perchloric acid ("**PA**") to exfoliate graphene from graphite. Both DMF and PA are toxic. A peer-reviewed article published in *Advanced Materials* on September 13, 2018 notes that this process often produces fine graphite rather than true graphene, with no producer consistently achieving more than 50% graphene content.[7]

A PubMed Central article described LPE -the method used by most competitors -as suffering from "high energy-extensive consumption and low efficiency," and concluded that it is "not feasible for the scalable production of high-quality few-layer graphene."[8]

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[5] Vestince B. Mbayachi, Euphrem Ndayiragije, Thirasara Sammani, Sunaina Taj, Elice R. Mbuta, Atta ullah khan, Graphene synthesis, characterization and its applications: A review, Results in Chemistry, Volume 3, 2021, 100163, ISSN 2211-7156, https://doi.org/10.1016/j.rechem.2021.100163.

[6] Aghaei, S., Monshi, M. M. & Calizo, I. (2020). Chemical Vapour Deposition of Graphene—Synthesis, Characterisation, and Applications: A Review. Molecules. 25(17), 3856. DOI: 10.3390/molecules25173856.

[7] Kauling, A. P., Seefeldt, A. T., Pisoni, D. S., Pradeep, R. C., Bentini, R., Oliveira, R. V. B., Novoselov, K. S., Castro Neto, A. H., & Basso, N. R. S. (2018). The Worldwide Graphene Flake Production. Advanced Materials, 30, 1803784. DOI: 10.1002/adma.201803784.

[8] Xu, Y., Cao, H., Xue, Y., Li, B., & Cai, W. (2018). Liquid-Phase Exfoliation of Graphene: An Overview on Exfoliation Media, Techniques, and Challenges. Nanomaterials, 8(11), 942. DOI: 10.3390/nano8110942.

Microwave Plasma Synthesis (MPS)[9] [10]

Microwave plasma methods generate graphene by using microwave energy to ionize a gaseous carbon precursor into a plasma state, where highly energetic electrons dissociate the gas into reactive carbon species. These species then nucleate and grow into graphene or graphene-like structures, either in the gas phase or on a substrate, depending on reactor design.

In this process, a carbon-containing gas (typically methane or another hydrocarbon) is introduced into a reactor chamber and exposed to a microwave electromagnetic field. The microwave energy excites free electrons, creating a plasma at relatively low bulk gas temperatures compared to thermal plasma systems. Reactor pressure, microwave power, gas composition, and residence time are tightly controlled to influence particle size, layer number, and morphology.

MPS can operate without solid substrates and at lower temperatures than conventional CVD, which reduces some thermal constraints and enables continuous operation. However, the process remains energy-intensive due to sustained microwave power requirements, and precise control over uniformity, layer count, and defect density is challenging. Products often consist of few-layer graphene, graphene flakes, or turbostratic carbon rather than consistent monolayer graphene.

Additionally, downstream handling is required to collect, purify, and classify the material, and variations in plasma conditions can lead to batch-to-batch inconsistency. While microwave plasma offers higher throughput than substrate-based CVD and avoids harsh liquid solvents used in LPE, it remains a multi-parameter, endothermic process that depends on continuous external energy input and complex plasma control to achieve reproducible, high-quality graphene.

Our Graphene Product Production

Unlike conventional processes, our technology synthesizes graphene directly from gases in a single, exothermic step. We begin with feedstocks of acetylene and oxygen, mixed in precise ratios and injected into a detonation chamber of our Hyperion system shown below. A single spark from internal electrodes detonates the mixture, releasing only the energy inherent in the gases to create temperatures high enough—within milliseconds—to form graphene.[11]

This controlled detonation produces gram-scale amounts of highly pure (up to 100% carbon content), few-layer graphene with exceptional consistency. No solvents are used, and the process requires minimal external energy. The chamber can then be rapidly evacuated and prepared for the next detonation cycle within seconds, and multiple chambers can be combined into one unit to allow for sequential detonation cycles.

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[9] Zafar, M. A. & Jacob, M. V. (2022).

Plasma-Based Synthesis of Graphene and Applications: A Focused Review. Reviews of Modern Plasma Physics, 6, 37. DOI: 10.1007/s41614-022-00102-3.

[10] Bundaleska, N., Henriques, J., Silva, T., et al. (2018). Microwave Plasma Enabled Synthesis of Free Standing Carbon Nanostructures at Atmospheric Pressure Conditions. Physical Chemistry Chemical Physics, 20, 13810–13824. DOI: 10.1039/C8CP01896K.

[11] https://hydrograph.com/technology/

The primary feedstock for the Hyperion system is acetylene, which is a colorless, highly flammable gas. Our Hyperion system requires large quantities of this feedstock and maintaining an adequate supply subjects us to compliance with various local, state and federal regulations related to handling and storage of this material.

Our Market Opportunity

The global market for graphene is estimated to grow from $1.0 billion in 2024 to reach $3.58 billion by the end of 2030, according to a market report on the graphene market from marketsandmarkets.com, in part due to the significant number of applications that can benefit from graphene.[12]

The number of applications that can benefit from graphene is significant

Graphene is a two-dimensional carbon material composed of a single layer of atoms arranged in a hexagonal lattice. Its structure gives rise to a combination of mechanical, thermal, and electrical properties that are not typically achievable in conventional materials. Graphene has been shown in academic and industry research to exhibit high tensile strength, exceptional thermal conductivity, and high electron mobility, while also being lightweight and nearly transparent at a single-atom thickness. These characteristics have led to broad interest in graphene as a potential performance-enhancing additive across multiple industries. However, adoption to date has been limited, in part because high-quality graphene produced through conventional methods is expensive and difficult to scale.

We believe that our detonation-based production technology has the potential to provide graphene with consistent quality at a cost structure that may enable broader commercial use. Although we cannot guarantee market adoption, we expect that more accessible pricing, combined with improved material consistency, may support increased utilization of graphene in industrial, consumer, and defense applications.

Graphene has been studied for use in a wide range of applications, including thermoplastics, composites, resins, coatings, lubricants, concrete and cement, energy storage systems, elastomers, printed electronics, and certain biosensing technologies. Performance enhancements may include improved mechanical reinforcement, thermal and electrical conductivity, barrier properties, and durability, depending on formulation and use case.

Thermoplastics

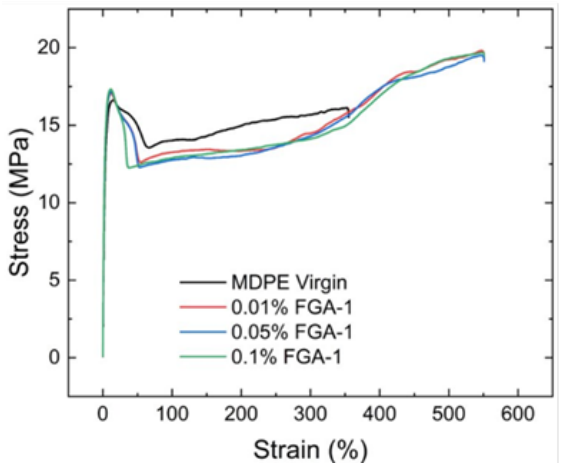
Thermoplastics are polymer materials that can be melted, reshaped, and processed repeatedly, and they represent a significant global market across industries such as automotive, electronics, packaging, medical devices, construction, aerospace, and industrial equipment. Thermoplastics are commonly compounded with additives, fillers, or reinforcements to achieve targeted performance characteristics.

Graphene can be incorporated into thermoplastics through standard compounding processes to modify mechanical strength, thermal and electrical conductivity, and moisture or gas barrier performance. These enhancements may be beneficial in applications involving injection molding, extrusion, fiber spinning, blow molding, thermoforming, and additive manufacturing. The extent of

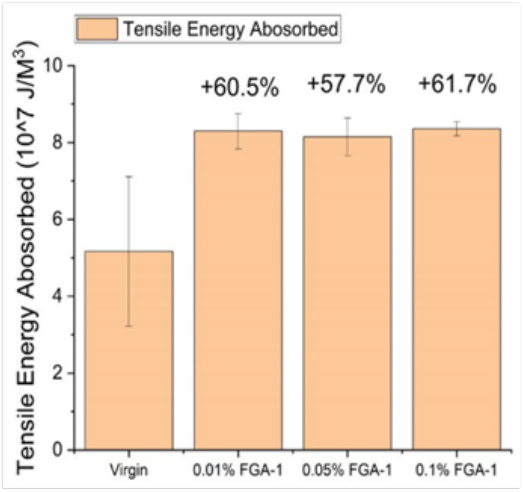
[12] https://www.marketsandmarkets.com/PressReleases/graphene.asp

performance improvement depends on the formulation, dispersion quality, and the specific requirements of the end-use application.

30% Increase in Strength at Break



60% Increase in Toughness

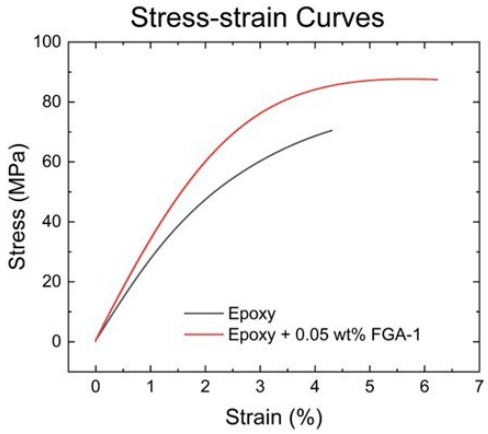


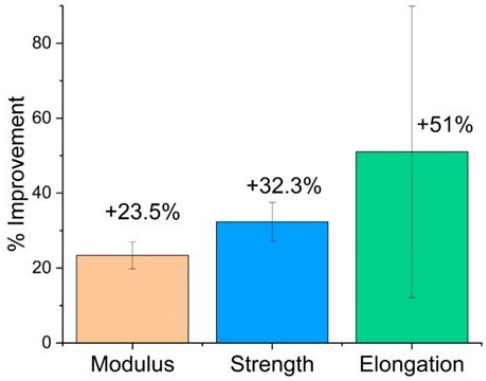
Composites & Resins

Composite materials are typically constructed by combining reinforcement fibers—such as carbon fiber, glass fiber, or aramid fiber—with a matrix material, often a polymer resin. This structure enables the production of components that can be lighter, stronger, or more durable than materials made from the individual constituents alone. The global composites market serves a wide range of end-use sectors, including aerospace, automotive, construction, infrastructure, alternative energy, marine, sports equipment, and consumer products.

Graphene has been evaluated as an additive in both composites and resins due to its mechanical, thermal, and electrical characteristics. When incorporated into these systems, graphene may contribute to improved strength, stiffness, fatigue resistance, barrier performance, or durability, depending on the formulation and application requirements. Potential environmental benefits may also arise from opportunities to reduce material usage or extend product lifespan, though such performance outcomes depend on specific use cases, compounding methods, and customer adoption.

Increase in Stiffness, Strength, and Toughness in Epoxy Resin





Coatings

Coatings are used to protect surfaces from wear, corrosion, weathering, and other forms of degradation. The global coatings market includes applications across automotive, industrial equipment, infrastructure, marine, wood products, and consumer goods, and is influenced by factors such as economic conditions, industrial activity, regulatory requirements, and technological developments.

Graphene has been studied as an additive for coatings due to its mechanical, barrier, and conductive properties. When incorporated into coating formulations, graphene may contribute to improved corrosion resistance, durability, scratch resistance, ultraviolet stability, or electrical conductivity, depending on the formulation and intended use. The degree of enhancement varies based on dispersion quality, loading level, binder chemistry, and application method.

Lubricants

Lubricants, including greases, are used in mechanical systems to reduce friction, wear, heat generation, and energy loss. They are essential to a broad range of applications such as engines, hydraulic systems, gear assemblies, turbines, bearings, and industrial machinery. Lubricant formulations typically consist of base oils combined with additives intended to address specific operating conditions, such as temperature stability, oxidation resistance, load-bearing capability, and anti-wear performance.

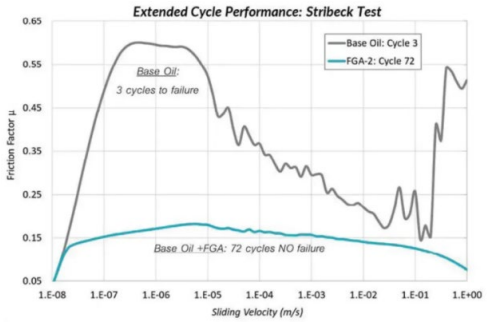
Graphene has been evaluated as an additive in lubricants and greases because of its potential to influence friction, heat distribution, and wear characteristics. When properly dispersed, graphene may contribute to reduced friction coefficients, improved thermal management, or extended lubricant lifespan in certain applications. Actual performance outcomes depend on the formulation, operating conditions, concentration, and compatibility with the base oil and additive package.

Reduce wear by 70%
Lubricity Test Results: Wear Scars

Base Oil
(no Graphene)

Base Oil +
0.01 mg/ml Graphene

Extend life by over 24X



Concrete and Cement

Concrete is one of the most widely used construction materials globally and is composed primarily of cement, aggregates such as sand and gravel, water, and various admixtures. Its widespread use is driven by its versatility, cost effectiveness, and compressive strength. Demand for concrete is influenced by population growth, infrastructure development, and the replacement or rehabilitation of aging structures in both developed and emerging markets.

Graphene has been evaluated as an additive in cement and concrete formulations due to its mechanical and microstructural properties. Research and early-stage testing suggest that graphene may contribute to improvements in strength, durability, or resistance to environmental degradation by influencing hydration processes or enhancing the internal matrix structure. In some formulations, these enhancements may create opportunities for reducing cement content or extending service life, which could have environmental or economic benefits. Actual performance outcomes depend on the specific formulation, mixing method, dosage, dispersion quality, and end-use application, and results may vary across customers and projects.

Our Products

Our production process is designed to manufacture graphene in a modular, scalable manner using a detonation-based synthesis method. This approach is intended to allow consistent batch-to-batch material characteristics while operating with a comparatively small environmental footprint relative to certain traditional production methods. We currently produce two primary categories of graphene materials: Fractal Graphene and Reactive Graphene.

Fractal Graphene

“Fractal Graphene” refers to our high-purity graphene material that can be supplied as dry powder, dispersions, or in customized morphologies. It is produced without intentional oxidation and is characterized by nanoscale lateral dimensions and low defect density based on third-party analytical testing. Fractal Graphene is intended for applications that may benefit from lightweight reinforcement, conductivity, or enhanced surface area.

Reactive Graphene

Reactive Graphene incorporates surface functional groups introduced through a proprietary process designed to modify surface chemistry while maintaining a high-purity graphene core. These functional groups may improve compatibility with polymers, resins, composites, dispersions, and other matrices, enabling more efficient integration into customer formulations. Reactive Graphene may be tailored for specific chemical interactions depending on customer requirements.

We continue to evaluate additional graphene derivatives and processing methods to support customer development programs and emerging application needs.

	Fractal Graphene	Reactive Graphene
Turbostratic aggregated nanoplatelets	✓	✓
Functionalized	-	COOH functional groups
Carbon content	99.8%, pure	96.3%
Layers	3-9	3-9
Lateral size	20-50nm	20-50nm
Specific Surface Area	200m^2/g	-
Zeta potential	+60mV	-25mV
Identical batches	✓	✓
Lowest environmental footprint	✓	✓
Tonnage capacity	✓	✓
Modular, scalable design	✓	✓

Recent Product and Manufacturing Advancements

Our activities have focused on developing processes to manufacture pristine graphene, and in creating a robust application development data set for target customers. Over the past two

years, we made significant progress in furthering customer application development including comprehensive testing that confirmed the benefits of the use of our graphene in EMI shielding, lubricants, cement/concrete, conductive resins, and bio sensors. Additional advancements include:

- On February 12, 2024, we announced that positive test results from our research in combining our proprietary graphene with PET improves plastic's performance and could reduce material in plastic bottles by 10% to 15%. Testing was done at the GEIC. By having 10% to 15% less material in plastic bottles, manufacturers will also save on energy from not having to heat and cool the material, which we believe would create considerable savings.

- On June 17, 2024, we announced the publication in the *ACS Sustainable Chemistry and Engineering* journal of our joint findings with the School of Sustainable Energy and the Built Environment at ASU. The findings validate the superior technical and commercial performance of our pristine graphene, demonstrating its effectiveness in cement, with compressive strength improved by up to 70% in the early curing period and stabilizes after 28 days to a 15% increase. Tests also showed a reduction in Global Warming Potential. This study further confirms our graphene's positive effect on cement performance.

- On November 7, 2024, we announced a breakthrough in sustainable plastic packaging research, revealing that our FGA-1 powder greatly enhanced the strength, durability, and sustainability of PET bottles, which could lead to lightweighting and an overall reduction in plastic use. As manufacturers struggle with the challenge of increasing recycled content while managing costs and maintaining performance, this research demonstrates that our technology offers a solution which we believe addresses these needs simultaneously by enabling significant material reduction while improving performance with recycled content.

- On January 22, 2025, we announced results from a new research study with ASU demonstrating that our Fractal Graphene product significantly improved cement and concrete performance. The report validates what we believe is the potential of our graphene to revolutionize the construction industry, with graphene-enhanced concretes offering practical and sustainable options for high-performance applications, from ultra-strong construction materials to cutting-edge 3D printing techniques.

- On February 5, 2025, we announced that we had achieved ISO 9001:2015 certification, a globally recognized standard for quality management systems. Earning this certification demonstrates that we have established robust processes to implement, maintain, and continuously improve our quality management practices.

- On April 9, 2025, our Fractal Graphene achieved major performance improvements in polyurethane coatings, showing enhanced abrasion resistance, UV stability, and corrosion protection. These results confirm that even at ultra-low dosages, our graphene improves coatings' durability, reducing maintenance needs and offering a compelling value proposition for industries requiring long-lasting protection.

- On September 3, 2025, a peer-reviewed study published in *FlatChem (Elsevier)* found that our ultrapure graphene could remove 100% of six toxic industrial dyes from wastewater within 10 minutes. This study demonstrates the potential of using our graphene as a scalable solution for industrial wastewater treatment. We believe using graphene for wastewater purification is more sustainable than other

coagulation/flocculation techniques, with a lower chemical footprint. This new study shows that graphene is extremely effective in removing toxins from industrial organic dyes.

- On September 16, 2025, a peer-reviewed study in *Graphene and 2D Materials (Springer)* found that the Company's oxygenated graphene ink coatings dramatically enhanced cooling for high-powered microelectronics. Using a scalable aerosol process, graphene coatings achieved over one and a half times the heat transfer of bare copper and a 40% increase in critical heat flux. The graphene ink coatings not only represent superior heat conductivity but also an engineered surface texture that accelerates cooling due to bubble formation and evaporation.

- On October 8, 2025, we were granted United States Patent No. 12,378,948 for a novel actuator technology that uses electrically conductive porous carbon materials, including our Fractal Graphene, to generate controlled mechanical force. This marks the first United States patent granted for an invention developed in our laboratories, which is a part of our advancement strategy to expand our intellectual property beyond the foundational patents covered in the KSU License Agreement.

Strategy and Target Market

Our strategy is to develop a centralized production model. We have the capacity to produce the highest quality graphene at industrial scale in identical batches. To secure intellectual property and boost margins, we plan to build a centralized facility near an acetylene production plant to allow for large scale supply. Additionally, as customer demand grows, we plan to build additional centralized facilities to guarantee supplies. We will also include formulation and masterbatch offerings to increase market penetration, so that customers can easily integrate our graphene into their products.

Our primary target markets are composites, coatings and batteries and we have partnered with the GEIC to explore new application areas and unlock new business development opportunities. We are pursuing additional partnerships and advanced research and development to unlock development opportunities in our secondary target markets, such as concrete and lubricants.

Pipeline

Full industrial-scale validation is underway which is expected to further reinforce our ability to scale aggressively. Our commercial sales pipeline is robust and continues to expand. These range from small but critical applications of graphene such as medical devices to very large and diverse end markets that could consume hundreds of tons at full scale, such as composites and coatings. We are working closely with multiple counterparties to commercialize these applications at scale.

The development cycle of a contract opportunity takes an average of two years and consists of (1) generating application development data, (2) collaborating with customers, (3) product development, which if successful, moves to an industrial trial, leading to (4) signed customer contracts and (5) scaled production. We expect many of our current projects in development to close within 2026. We are carefully monitoring our pipeline and our ability to deliver higher volumes, which are only anticipated once a large-scale facility is opened. Most testing quantities are in the kilos, we try to have more than 500 kilos in inventory at any time and are now running a reactor full-time (with expected production at a rate of one ton per month). With the

commissioning of two additional reactors in process as of January 2026, we expect our inventory to continue to grow.

Under the non-binding letter of intent signed on April 24, 2025, a leading North American industrial gas supplier is expected to permit us to locate a new production facility adjacent to their facility and provide us access to its high-purity acetylene which is a critical feedstock for the Company's patented detonation synthesis process. This continuous, high-quality supply is expected to enable increased production volumes without compromising our product consistency. In connection with this supply, we are in the process of finalizing a new production facility near Houston Texas. The site is expected to initially house 15 of HydroGraph's next-generation Hyperion reactors, with expected capacity to ultimately produce over 350 metric tons of graphene annually with the addition of further reactors. The facility is expected to scale in step with customer demand.

Strategic Partnership

In 2023 we began working with our strategic partner and leading graphene research and development center, the GEIC at the University of Manchester. The GEIC contains all relevant industrial prototyping machines and characterization devices needed to commercialize graphene materials, which will help expedite the path to market. As a university-affiliated institution, GEIC staff must maintain impartiality when selecting graphene for customer projects, however our partnership with GEIC is a cost-effective gateway that can facilitate customer engagement for the Company. We collaborate on application development with both the GEIC and our own team onsite, gaining access to customers through the GEIC network. To date we have been involved with numerous GEIC customer projects and have begun discussions with multiple customers which we expect will generate both larger purchase orders and long-term supply agreements.

On January 6, 2026, we announced the expansion of our collaboration with GEIC with the move from a Tier 2 to a Tier 1 GEIC member. The move to Tier 1 status will establish a dedicated HydroGraph laboratory within the GEIC and secure broader access to the center's facilities and technical expertise. This will allow more joint projects to move from laboratory validation to industrial trials, help reduce time to market, and integrate the university's capabilities with our expanding production footprint. The expanded relationship will also support deeper collaboration with strategic partners such as the United States Army Research Laboratory, building on initial engagements with the university to explore new opportunities in North America.

Customers

As industries are becoming more aware of the benefits of graphene, we have seen an increase in demand and interest. We also have a strong connection with GEIC, which continuously provides us with new customer opportunities.

- On September 24, 2025, we announced a new strategic alliance with SEADAR Technologies, developers of the world's first subsea radar systems. Together, we plan to integrate our pure graphene into SEADAR's platforms to extend mission life in the harshest marine environments. Applications include graphene coatings to prevent corrosion on node boxes and connectors, graphene-reinforced tethers and survey lines for greater strength and lighter weight, and graphene composites to protect electronics and dissipate heat. This collaboration opens new opportunities in maritime defense, offshore energy, and subsea resource discovery.

- On August 14, 2025, we announced our partnership with Hawkeye Bio and Ease Healthcare to provide graphene for a new cancer screening product, LEAP. LEAP is a non-invasive, radiation-free, and highly sensitive blood test designed to detect early signs of lung cancer, even in asymptomatic patients, and across all subtypes. Initially targeting high-risk populations including older smokers, military personnel, firefighters, and first responders, the test has demonstrated a 99.8% negative predictive value, significantly improving early detection outcomes. HydroGraph's explosion synthesis technology produces ultra-pure graphene that forms the foundation of Hawkeye Bio's patented biosensor which measures enzymatic activity associated with inflammatory disease which is a key biomarker in early-stage cancer detection. Additional biosensors are in development targeting 14 different diseases, and we expect production ramp up to begin in 2026.

- On March 18, 2025, we announced with NEI Corporation ("**NEI**"), an established supplier of specialty materials to the battery industry, the launch of NANOMYTE® FGA-1AD and NANOMYTE® FGA-1ND, a new line of graphene dispersions designed to enhance electrode conductivity in batteries. As demand for high-performance energy storage increases, we are poised to support the rapidly growing demand through the collaboration with NEI. By leveraging our novel graphene technology and NEI's expertise in battery materials, we are creating a strong foundation for future innovations and market expansion in the energy storage space.

- On February 25, 2025, we announced a technical collaboration and purchase order from one of the world's largest synthetic fiber manufacturers. The initiative aims to assess the potential of our graphene technology in high-performance fiber applications with the global textile and technical fiber market, and the initiative is a significant step forward with one of the largest customers in our pipeline. This program will systematically evaluate the impact of our graphene on critical fiber performance attributes, including mechanical durability and energy absorption capabilities. These enhancements align with our broader strategic focus on advanced material solutions that enable lightweighting and downgauging of components, building upon our proven success in similar applications across diverse industries.

- On November 21, 2024, we announced our partnership with NEI. The partnership will focus on accelerating the development and commercialization of advanced graphene-enhanced battery materials, with NEI serving as a key distribution partner for our products. The partnership will feature co-branded products, combining NEI and HydroGraph's technical expertise and market presence to accelerate adoption of graphene additives in the battery industry.

- On November 21, 2024, we also announced our partnership with Volfpack Energy, a hardware company focused on using supercapacitor technology to increase the adoption of renewable energy. This partnership will focus on creating next-generation supercapacitors, utilizing our Fractal Graphene technology. Additionally, we previously announced on April 30, 2024 that Volfpack had selected our Fractal Graphene to be the base material of the supercapacitor design after Volfpack's engineers determined that it outperformed materials traditionally used in supercapacitors.

- On November 20, 2024, we received a purchase order from a major global automotive company for research quantities of four additional graphene products, an expansion of an ongoing automotive composite improvement program which began with the customer earlier in 2024.

- On May 21, 2024, we announced the entry into a MOU with Gulf Cryo, a leading provider of industrial medical and specialty end-to-end gas solutions in the Middle East and Africa regions, to collaborate in the production, distribution and sale of our pristine graphene to the Middle East region. Under the terms of the MOU, HydroGraph and Gulf Cryo will work together to assess the local market, as well as to identify placement and operation of a commercial-scale graphene production unit. We will contribute technical, operational and application expertise while Gulf Cryo will bring the essential business development and operating resources. Additionally, the partnership will cover key markets including United Arab Emirates, Bahrain, Kuwait, Oman, Qatar, Jordan, and Egypt.

- On April 15, 2024 we announced the entry into a MOU with Khalifa University of Science and Technology's Research and Innovation Center in Graphene and 2D Materials to identify and develop applications that accelerate the use of graphene in various markets – including cement, concrete, lubricants, and energy storage and composites – with a focus on commercializing these applications. This partnership is meant to facilitate knowledge exchange, joint research projects, and technology transfer in graphene production and supply.

- On January 3, 2024, we announced the successful trial of our graphene in Hawkeye Bio's medical sensor aimed at the early detection of lung cancer.

The scientific results and on-shore scalability of our graphene products is reaching not just commercial customers, but also federal interest in the United States, where increasing awareness of the need to shore up domestic supply of key resources is leading to proactive measures. We are engaged in a wide range of conversations with government and military contacts about how graphene is expected to play a role in national interests over the coming decades, including opportunities around research, development and domestic production.

Competitive Landscape

Roughly 300 companies worldwide claim to produce graphene. The following table shows the major competitors in the Graphene Industry:

Company	Ticker	Method of Production	Feedstock
Levidian Nanosystems	N/A	Plasma Synthetic Graphene	Natural Gas
Zentek Ltd.	TSXV: ZEN.V	LPE-Centralized	Graphite
NanoXplore Inc.	TSXV: GRA.TO OTCQX: NNXPF	LPE-Centralized	Graphite

Versarien PLC	LON: VRS	LPE-Centralized	Graphite
Directa Plus PLC	LON:DCTA	Plasma Expansion	Graphite
Talga Group Ltd.	ASX:TLG	LPE-Centralized	Graphite

We operate in an industry that is characterized by significant domestic and international competition across research, development, and commercial production of advanced carbon materials. Competitors include both established materials companies and emerging graphene producers, many of whom have greater financial, technical, and marketing resources than we do. Competitive factors in our markets include material performance, product consistency, pricing, delivery capabilities, technical support, and the ability to scale production reliably.

We believe that our products have been able to compete effectively in certain applications based on performance characteristics, material consistency, and process flexibility. However, the advanced materials industry continues to evolve, and new entrants, alternative technologies, or improvements in existing processes may increase competitive pressure over time.

Competitive Strengths

Academic literature has highlighted quality challenges in certain types of liquid-phase exfoliation (LPE) graphene available commercially:

- A peer-reviewed article published in *Advanced Materials* on September 13, 2018 (“The Worldwide Graphene Flake Production”) evaluated samples obtained from multiple LPE producers and reported that many exhibited low graphene content or high levels of impurities. The authors noted that, in some cases, commercially available materials were more consistent with fine graphite than graphene. We reference this study to illustrate broader industry challenges rather than to compare specific producers.

- In a 2024 open-access study “Synthesis and Structural Analysis of Multilayered Graphene via Microwave Atmospheric Pressure Plasma”, the authors noted the successful synthesis of multilayered graphene sheets via microwave atmospheric pressure plasma, but that while the approach streamlines and expedites graphene production and other carbon nanostructures, eliminating the need for catalysts, solvents, or complex processing conditions, the review of the graphene through Ramon spectroscopy and electron microscopy revealed defects and impurity in the produced graphene, highlighting important quality and consistency challenges and “the need for further optimization for enhanced graphene quality and purity.”

- Many commercially available graphene products are reported in public literature to have lateral dimensions in the micron range. Different particle sizes may influence application performance depending on the intended end use, formulation, and loading level.

We believe our production technology provides several competitive advantages in markets requiring high-quality graphene:

- In contrast to the challenges noted by the academic studies above, independent analysis performed by the Warsaw University of Technology on samples of our

material reported characteristics consistent with high-purity, non-oxidized graphene flakes with organized structure. These findings relate only to the tested samples and do not constitute a direct comparison to competitors.

- Our patented detonation-based Hyperion System is designed to produce graphene with consistent morphology and purity at modular, scalable output levels.
- Based on third-party analytical testing, our materials have demonstrated characteristics associated with high-quality graphene, including nanoscale lateral dimensions, low defect density, and high carbon purity.
- Our graphene materials exhibit lateral particle sizes generally in the tens of nanometers, according to third-party testing.

We believe that our ability to produce graphene with consistent nanoscale morphology, controlled chemistry, and reproducibility across production cycles positions us to compete in applications requiring precise material characteristics. However, performance outcomes vary by customer formulation and use case, and there is no assurance that these attributes will translate into commercial advantage in all markets.

Intellectual Property

The manufacturing method of the Hyperion System as well as the associated knowledge we have derived, are key to our future success. Protecting, developing, and commercializing these assets is of paramount importance to us.

KSU has granted the Company the exclusive worldwide license to commercialize their patented detonation process to produce Hydrogen gas and Graphene. Under the terms of the license agreement, KSU owns the rights to all licensed patents and applications, and the Company is responsible for producing, manufacturing, marketing, and selling the licensed products, as well as the costs associated with the commercialization and marketing of the patented products. The Company has obligations to notify KSU and obtain its approval before taking certain actions in relation to management of the patents. See "*KSU License Agreement*" below.

The table below sets forth the granted and pending patents that have been obtained, and patent applications which have been filed, in KSU's name for our licensed technologies under the KSU License Agreement:

Title	Patent/ Application No. and Country	Status	Expiration
Aerosol Gels	7,691,909 (US)	**Granted**	11/1/2026
Process for High-Yield Production of Graphene Via Detonation of Carbon-containing material	9,440,857 (US)	**Granted**	5/8/2034

Additive Manufacturing of Continuous Fiber Thermoplastic Composites	11,254,048 (US)	**Granted**	7/13/2038
Graphene/Graphene Oxide Core/Shell Particulates and Methods of Making and Using the Same	17/620,357 (US)	**Granted**	6/17/2040
	2020294684 (AU)	Published	
	3,143,502 (CA)	Pending	
	202080044355.4 (CN)	Published	
	20827703.8 (EPO)	Published	
	7,721,854 (JP)	**Granted**	
Nano-inks of Carbon Nanomaterials for Printing and Coating	17/621,762 (US)	Pending	6/25/2040
	2020308851 (AU)	Pending	
	3,144,085 (CA)	Pending	
	202080047356.4 (CN)	Pending	
	20833675.0 (EPO)	Pending	
	7,701,279 (JP)	**Granted**	
	2025-103337 (JP DIV)	Pending	
	19/357,790	Pending	

	PCT/US2021/037321 (US)	Expired	
	202180042783.8 (CN)	**Granted**	
	18/001,300 (US)	Pending	
Device and Process for Mass Production of Particulate Materials	2021308949 (AU)	Published	6/15/2041
	3182456 (CN)	Pending	
	21842880.3 (EP)	Published	
	2022-577241 (JP)	Published	
	PI2022007070 (MY)	Pending	
Additive Manufacturing Using Continuous-fiber Reinforced Composites with Graphene	18/291,705 (US)	Pending	

We co-own with KSU the patent application described in the table below which is directed to our methods for synthesizing syngas, a fuel gas mixture comprising primarily hydrogen and carbon monoxide with multiple industrial uses.

Title	Patent/ Application No. and Country	Status	Expiration
Process for Synthesis of Syngas Components	PCT/US2022/020544 (US)	Expired	
	2022237516 (AU)	Published	March 16, 2041
	3212060 (CA)	Pending	

202280022304 (CN)	Published
22772125.5 (EP)	Published
2023-557305 (JP)	Published
PI2023005493 (MY)	Pending
18/550,752 (US)	Pending

As shown in the table below, on August 5, 2025, we were granted U.S. Patent No. 12,378,948 for a breakthrough graphene-based actuator technology that uses our proprietary Fractal Graphene to deliver silent, scalable, high-force motion. This marks the first U.S. patent developed in HydroGraph's own laboratories, expanding our intellectual property portfolio beyond foundational graphene synthesis under the KSU License Agreement. The patented electrothermal actuator harnesses the fractal, highly porous structure of Fractal Graphene to generate motion when electrically heated. The result is lightweight, rapid, and silent force generation, opening possibilities in automotive and robotics, consumer appliances and HVAC systems, and aerospace and microfluidics. In addition we currently have two pending patent applications in our own name related to graphene coated hollow glass microspheres – tiny, lightweight, hollow spheres made from glass used as fillers in various materials to reduce density, lower costs, improve properties like thermal insulation, and enhance processability in industries like paints, coatings, adhesives, and composites.

Title	Patent/ Application No. and Country	Status	Expiration
Actuator Comprising Electrically Conductive Porous Material	12,378,948 (US)	**Granted**	7/19/2043
Hollow Glass Microspheres Coated from Pristine Graphene	18/424,068 (CN)	Pending	1/30/2043
Hollow Glass Microspheres Coated from Reactive Graphene	18/423,954 (CN)	Pending	1/30/2043

In addition, we have currently filed 10 provisional patent applications. A provisional patent application is a lower-cost, less formal U.S. filing that establishes an early "priority date" for an invention, acting as a placeholder for up to 12 months. Should we determine to pursue any of these provisional patents we will need to file a formal non-provisional patent application within those 12 months to receive the benefit of the earlier filing date.

In addition to patents, we rely on trade secrets and know-how to develop and maintain our competitive position. For example, for some aspects of our proprietary technology, trade secret protection may be more appropriate than patent protection. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary technologies, such as our manufacturing processes, via, among other things, confidentiality agreements and invention assignment agreements with our employees, consultants, scientific advisors, and commercial partners. We also seek to preserve the confidentiality of our trade secrets and know-how by implementing and maintaining security of our premises and information and limiting access to our trade secrets and know-how.

Our policy is to seek, maintain and enforce intellectual property rights for inventions, whether developed internally or in-licensed, and to protect technologies and improvements and trade secrets that may be important to the business. Under the terms of the KSU License Agreement, we have the right to pursue litigation against infringers of the technology licensed by KSU, subject to notifying KSU and obtaining KSU's prior consent before naming KSU as a party in such litigation.

There is no guarantee that we will be granted patents from our patent applications described above, or that if granted, that third parties will not initiate legal proceedings against us to enforce a patent covering the uses and methods or claiming that any patent granted to us is invalid and/or unenforceable, or that KSU will not claim such uses and methods are subject to the KSU License Agreement. We are subject to the intellectual property and patent risks discussed in the section entitled "Risk Factors".

KSU License Agreement

During the period from 2017 to 2021 the Company funded development programs at Kansas State University for the development of the technology. Effective July 15, 2021, the Company entered into the KSU License Agreement to license technology developed including Hydrogen and Graphene detonation technology and certain applications of Graphene technology (the "**Technology**"). The KSU License Agreement was amended on March 31, 2022, to adjust the timeline of the annual license maintenance fee to include a grace period for calendar year 2022. The KSU License Agreement includes rights to the patents and patent applications set forth in the first two tables in the section above.

Under the terms of the KSU License Agreement the Company holds the worldwide exclusive license to utilize the Technology including the right to sublicense. The consideration for the grant of the KSU License Agreement was the payment to KSU of $111,694 to reimburse third party expenses accumulated with the filing of patents embodying the Technology and an initiation fee of $25,000.

In order to maintain its rights under the KSU License Agreement the Company has been required to pay ongoing fees as follows:

a) annual maintenance fees of:

i. $10,000 per active patent application for calendar years 2020 to 2024;

ii. $25,000 per active patent application for calendar year 2025;

iii. $35,000 per active patent application for calendar year 2026; and

iv. $50,000 per active patent application for calendar year 2027 and subsequent years.

b) royalties (which will be credited against annual maintenance fees) of 4% of Net Sales, as defined in the KSU License Agreement, in each country commencing on the First Commercial Sale of Licensed Product in such country by the Company its affiliates or licensees, and:

c) Pay 20% of sublicensing or non-royalty fees for sublicensing of licensed products.

The KSU License Agreement is subject to a reservation by KSU to use the Technology for research and education purposes. Additionally, development of the US Issued Patent No. US7691909 related to Aerosol Gels was sponsored in part by the United States Government, and as such, the rights associated with that patent are subject to overriding obligations to the US Federal government, including a non-exclusive, irrevocable license to use that invention by or on behalf of the Government throughout the world, under 35 U.S.C. §§200-212.

Regulatory Compliance

The U.S. Environmental Protection Agency (the "EPA") requires all new chemicals to be reviewed and registered, with particular scrutiny applied to nano-sized materials. The EPA reviews new and nano-scale chemicals to ensure there is no adverse impact on human health or the environment. These requirements apply to all producers in the United States and to all graphene products used in the United States, regardless of where such products are manufactured. The Company completed its EPA submission during 2024 and engaged with the EPA throughout the review process to address any potential risks. On February 24, 2026, the Company received clearance from the EPA for its fractal graphene product. This clearance enables the Company to sell its fractal graphene in the United States, including at commercial scale. While ongoing regulatory compliance requirements may continue to evolve, the Company cannot quantify the potential financial impact of any future EPA or other regulatory developments.

In September 2023, the U.S. National Institute for Occupational Safety and Health conducted an audit of our operating facilities. Their final report indicated that HydroGraph's production is well within safe operating parameters.

We will also be subject to strict state laws when our operations move to Texas. Texas has multiple laws, including the Texas Hazardous Substances Act and the Texas Manufacturing Facility Community Right-To-Know Act which require that we register our products with the state and that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens

The Company may be subject to additional state and federal regulatory compliance in the United States, or other similar regulation in other jurisdictions, depending on the development and use of Graphene in our customer's products, as well as the industries and markets that we serve.

Employees

As of September 30, 2025, we had 19 total employees, of which all were full-time employees.

Properties

We currently lease a facility in Manhattan, Kansas. The facility is approximately 13,000 square feet and serves as an office space for research and development, as well as a production facility. The facility is located at 809 Levee Drive, Suite H, Manhattan, Kansas 66502, and currently

facilitates one Hyperion unit. We recently updated the acetylene storage systems at this facility and have two additional Hyperion units in production for this facility.

On August 8, 2025, we signed a lease for a new 20,000-square-foot facility in Austin, Texas, and represents an increase of nearly 100% in size. The facility, which will serve as our principal executive offices, is located at 2101 East St. Elmo Road. We expect this site will facilitate up to two Hyperion units. We also expect to employ approximately 30 people at the site by 2027, subject to business needs and market conditions.

In addition to our Austin facility, we have initiated the first stages of planning for our first production facility near Houston, Texas based on a non-binding letter of intent signed on April 24, 2025. Under the non-binding letter of intent, a leading North American industrial gas supplier is expected to permit us to locate a new production facility adjacent to their facility and provide us access to its high-purity acetylene —a critical feedstock for the Company's patented detonation synthesis process. This continuous, high-quality supply is expected to enable increased production volumes without compromising our product consistency. The site is expected to initially house 15 of HydroGraph's next-generation Hyperion reactors, with expected capacity to ultimately produce over 350 metric tons of graphene annually with the addition of further reactors. The facility is expected to scale in step with customer demand.

We believe these facilities are adequate for the current needs of our business.

RISK FACTORS

Investing in our securities is highly speculative and involves a significant degree of risk. You should carefully consider the risks described below and elsewhere in this AIF, which could materially and adversely affect our business, results of operations or financial condition. Our business faces significant risks and the risks described below may not be the only risks we face. The following disclosures reflect the Company's beliefs and opinions as to factors that could materially and adversely affect the Company and our future performance and the value of our common shares, or could cause actual results to differ materially from those expressed or implied in our forward-looking statements. Additional risks not presently known to us or that we currently believe are immaterial may materially affect our business, results of operations, or financial condition. If any of these risks occur, the trading price of our common shares could decline and you may lose all or part of your investment. Additionally, references to past events are provided by way of example only and are not intended to be a complete listing or a representation as to whether or not such factors have occurred in the past or their likelihood of occurring in the future.

Risks Related to Our Business

We have a history of losses, expect to continue to incur losses in the near term and may not achieve or sustain profitability in the future, and as a result, our management has identified and our auditors agreed that there is a substantial doubt about our ability to continue as a going concern.

We have incurred significant losses since our inception. We experienced net losses of approximately $8,149,292 and $5,331,986 during the years ended September 30, 2025 and 2024, respectively. We expect our capital expenses and operational expenses to increase in the future due to building out our new headquarters in Austin, Texas, the construction of our expected first production facility near Houston, Texas, and expected personnel costs related to staffing these facilities, investing in increasing our production capacity, and scaling our commercialization efforts and, therefore, our operating losses will continue or even increase at least through the near term. You should not rely upon our past results as indicative of future performance. We may not reach

profitability in the near future or at any specific time in the future. If and when our operations do become profitable, we may not sustain profitability.

The report of our independent registered public accounting firm that accompanies our audited consolidated financial statements as at September 30, 2025 contains a going concern qualification in which such firm expressed significant doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments that might result if we are unable to continue as a going concern. If we are unable to continue as a going concern, holders of our common shares might lose their entire investment.

We may need to raise additional capital, which may not be available or not available on favorable terms, and which may cause dilution to holders of our common shares, restrict our operations or adversely affect our ability to operate our business.

If we need to raise additional funds due to unforeseen circumstances or material expenditures or if our operating results are worse than expected, we cannot be certain that we will be able to obtain additional financing or obtain additional financing on favorable terms, and any additional financings could result in additional dilution to holders of our common shares. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, expending capital, or declaring dividends, or which impose financial covenants on us that limit our ability to achieve our business objectives. If we need additional capital and cannot raise it on acceptable terms, we may not be able to meet our business objectives, our share price may fall and you may lose some or all of your investment.

We have a relatively short operating history, which makes it difficult to evaluate our business and future prospects.

We have a relatively short operating history, which makes it difficult to evaluate our business and future prospects. Our business has been in existence since December 2019. We have encountered, and will continue to encounter, risks and difficulties frequently experienced by growing companies in rapidly changing industries, including those related to:

- market acceptance of our current and future products and services;
- our ability to compete with other companies offering similar products and services;
- our ability to effectively market our products and services and attract new customers;
- compliance with regulation and logistical challenges associated with storing and handling of the hazardous material needed for our manufacturing activities;
- our ability to control costs, including our expenses;
- our ability to manage organic growth;
- changing regulatory environments and costs associated with compliance; and
- general economic conditions and events.

If we do not manage these risks successfully, our business and financial performance will be adversely affected.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

Legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. A significant change in the legal and regulatory environment in which the Company currently carries on business could adversely affect the Company's operations. In particular, large volume production of graphene requires permits and approvals from various government authorities, and is subject to extensive federal, provincial, state, and local laws and regulations governing development, production, exports, taxes, labour standards, occupational health and safety, environment and other matters. As graphene is a new chemical substance, production and sale of graphene may be subject to specific occupational health and safety and environment regulatory approvals in different jurisdictions including, without limitations, under the Canadian Environmental Protection Act (Canada), the Food and Drug Act (Canada), the Toxic Substances Control Act (USA), and the Food Drug and Cosmetic Act (USA). Such laws and regulations are subject to change, can become more stringent, and compliance can be costly. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to produce or sell graphene, and such failures could have a material adverse effect on the Company.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations may involve the use of hazardous and flammable materials. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

For example, the United States EPA requires all new chemicals to be reviewed and registered under the Toxic Substances Control Act. The EPA reviews new chemicals and nano size chemicals to ensure there is no impact on people and the environment. This is a requirement for all producers in the United States and for all graphene products used in the United States regardless of where the product was produced. We have received EPA clearance for our current products, but if we are unable to receive approval from the EPA for other products, our production in the United States will be delayed on those products, and this could have a material adverse effect on our operations and financial performance.

We will also be subject to strict state laws when our operations move to Texas. Texas has multiple laws, including the Texas Hazardous Substances Act and the Texas Manufacturing Facility Community Right-To-Know Act which require that we register our products with the state and that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens.

We use hazardous materials in our business. Any claims relating to improper handling, storage or disposal of these materials could be time consuming and costly.

Our product manufacturing, research and development, and testing activities involve the controlled use of hazardous materials. We cannot eliminate the risks of accidental combustion or the accidental discharge of these materials, or any resulting injury from such an event. We may be subjected to litigation for any injury that results from our use or the use by third parties of these

materials, and our liability may exceed our insurance coverage and our total assets. Our use, manufacture, storage, handling and disposal of these hazardous materials and specified waste products, as well as the discharge of pollutants into the environment and human health and safety matters, are governed by federal, state, provincial and local legislation. We are also subject to various laws and regulations relating to safe working conditions, laboratory and manufacturing practices. Our operations may require that environmental permits and approvals be issued by applicable government agencies, which can be costly and time-consuming to attain. These regulations and legislation can change, or new ones may come into place, due to future legislative or administrative actions. These events could cause us to incur additional expense or restrict our operations. Compliance with environmental laws and regulations, current or future, may be expensive and prohibitive for our research, development or production efforts. Failure to comply could incur substantial costs and liabilities, including civil or criminal fines and penalties, clean-up costs or capital expenditures to achieve and maintain compliance.

The Company is dependent on third-party suppliers, and it expects to continue to rely on third parties to supply raw materials in the future.

While the Company obtains raw material, parts and components from multiple sources whenever possible, some of the raw material, parts and components are purchased from a single source. The Company seeks to obtain its raw material, parts and components from multiple sources whenever possible, and to further mitigate supply chain risk, the Company enters into long-term supply agreements with key manufacturers and suppliers where appropriate. While the Company believes that it may be able to establish alternate supply relationships and can obtain or potentially replace components for some of its single source components, it may be unable to do so in the short-term or at all, or at prices, volumes or quality levels that are acceptable to it. The inability of any of the Company's suppliers to deliver necessary raw material, parts and components, according to the Company's schedule and at prices, volumes or quality levels acceptable to the Company, the Company's inability to efficiently manage these parts and components, or the termination or interruption of any material supply arrangement could materially adversely affect the Company's business, results of operations or financial condition. Any disruption in the supply of raw material, parts and components, whether or not from a single source supplier, could temporarily disrupt manufacturing of the Company's products until an alternative supplier is able to supply the required material. Also, if any of the Company's suppliers become economically distressed or go bankrupt, the Company may be required to provide substantial financial support or take other measures to ensure supplies of components or materials, which could increase its costs, affect its liquidity or cause production disruptions, all of which could materially adversely affect the Company's business, results of operations or financial condition. Moreover, the Company's profitability is affected by significant fluctuations in the prices of the raw materials, parts and components it uses. The Company may not be able to pass along price increases in raw materials, parts or components to its customers. As a result, an increase in the cost of raw materials, parts and components used in the manufacturing of the Company's products could reduce its profitability and have a material adverse effect on its business, results of operations or financial condition.

We are subject to a number of risks and hazards, of which not all of them may be adequately insured for.

Our business will be subject to a number of risks and hazards generally, including general liability. Such occurrences could result in damage to property, inventory, facilities, personal injury or death to end-customers or operators, damage to our properties or the properties of others, monetary losses and possible legal liability. Although we maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all

the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. We might also become subject to liability which may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

If we lose key personnel, including members of our management team, or are unable to attract and retain personnel on a cost-effective basis, our business could be harmed.

Our performance is substantially dependent on the continued services and performance of our senior management and our highly qualified team of scientists and engineers, many of whom have numerous years of experience and specialized expertise in our business and technology. If we are not successful in hiring and retaining highly qualified scientists and engineers, we may not be able to extend or maintain our scientific, engineering and technological expertise and our future product and service development efforts could be adversely affected. Additionally, the process of attracting and retaining suitable replacements for any executive officers or any of our highly qualified scientists and engineers we lose in the future would result in transition costs and would divert the attention of other members of our senior management from our existing operations. Additionally, such a loss could be negatively perceived in the capital markets.

Our success depends, in large part, on the continued contributions of Kjirstin Breure, Suhao Li and Rob McMaster. Although we are party to employment agreements with Ms. Breure and Messrs. McMaster and Li, we cannot provide any assurance that each will remain with the Company for a specified period. Although we have additional personnel that contribute to our business, the loss of any of these executives could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate. If we lose members of our senior management, this may significantly delay or prevent the achievement of our strategic objectives and adversely affect our operating results.

Our future success also depends on our ability to identify, attract, hire, train, retain and motivate highly skilled managerial, operations, business development and marketing personnel, especially personnel that have experience in our business and industry. We do not know whether we will be able to hire sufficient personnel to support our business strategy. The loss of the services of one or more of our key employees, or our inability to attract, retain and motivate qualified personnel could have a material adverse effect on our business, financial condition and operating results.

The costs of our operations may exceed our estimates due to factors beyond our control, such as labor shortages, tariffs or increasing commodity prices for components used in our operations, and we may be unable to pass those costs to our customers, which would materially and adversely impact our financial results.

We rely on access to competitive, local labor supply, including skilled and unskilled positions, to operate our business consistently and reliably. We depend on our employees, scientists and engineers to create our products. Increased immigration enforcement may reduce the number of available workers for projects, increase costs or lead to delays in projects. Any labor shortage, and any disruption in our ability to hire workers would negatively affect our operations and financial condition. If we experience a sustained labor shortage, we may need to increase wages to attract workers, which would increase our costs, and our ability to grow our operating results and financial condition may be negatively impacted.

Recent actions by the U.S. administration have created increased uncertainty around trade policies, tariffs, and regulations affecting U.S. trade with other countries. Significant shifts, such as the possible renegotiation or termination of the Canada-United States-Mexico Agreement (CUSMA), the imposition of unilateral tariffs or other trade barriers on imports, could affect the availability and cost of materials, resources, services, and the pricing of our products. These developments may reduce our competitiveness and impact our operating results. The introduction or escalation of tariffs or trade disputes could disrupt our supply chain and hinder sales in affected markets, negatively affecting our operations and profitability.

Prices for key raw materials and commodities used in composite parts and graphene production, as well as energy prices, may be volatile at certain times. To the extent that the Company is unable to fully mitigate its exposure to price change of key raw materials and commodities, particularly through engineering products with reduced content, by passing price increases to customers, or otherwise, such additional costs could have a material adverse effect on profitability. Increased energy prices could also have an impact on production or transportation costs which in turn could affect competitiveness.

Damage to our reputation could negatively impact our business, financial condition and results of operations.

Our reputation and the quality of our brand are critical to our business and success with existing and future customers, and will be critical to our success as we seek to develop new business relationships. Any incident that erodes customer loyalty for our brand could significantly reduce its value and damage our business. We may be adversely affected by any negative publicity, regardless of its accuracy. Also, there has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact. Information posted may be adverse to our interests or may be inaccurate, each of which may harm our performance, prospects or business. The harm may be immediate and may disseminate rapidly and broadly, without affording us an opportunity for redress or correction.

Until and unless we increase our customer base, we will not be able to utilize our productions capabilities to its full potential, and we may see continued losses before we generate sufficient revenue to see a profit from our operations.

While we believe the market for graphene is rapidly increasing, and will continue to increase, it will take time and effort for us to expand our commercialization efforts and find additional customers. During 2024, we changed our business model by moving away from an on-site production plan and moved to a centralized production plan. On April 24, 2025, we signed a non-binding letter of intent for a new production facility near Houston, Texas where a leading North American industrial gas supplier is expected to permit us to locate a new production facility adjacent to their facility and provide us access to its high-purity acetylene which is a critical feedstock for the Company’s patented detonation synthesis process. The site is designed to initially house 15 of our next-generation Hyperion reactors, and expected to eventually produce over 350 metric tons of graphene annually with the addition of further reactors, with the ability to scale in step with customer demand. Even if we finalize and enter into an agreement for the Houston facility and are successful in implementing the planned capacity of graphene, our commercialization efforts will be limited by our ability to expand our customer base. The development cycle of a contract opportunity takes an average of two years and consists of (1)

generating application development data, (2) collaborating with customers, (3) product development, which if successful, moves to an industrial trial, leading to (4) signed customer contracts and (5) scaled production. Until and unless we increase our customer base, we will not be able to utilize our productions capabilities to its full potential, and we may see continued losses before we generate sufficient revenue to see a profit from our operations. We may not be able to reach agreements with customers on terms that are acceptable to the Company, and as a result, our business plans and projections may not come to fruition, which would materially adversely impact the Company, our business, and our financial position.

The majority of our current customers and potential customers in our pipeline have been developed through our partnership with a strategic partner. If this strategic partnership is terminated or is not as successful in developing contract opportunities as we expect, and if we are unable to develop additional means of obtaining customers, our results of operations and revenue growth could be materially and adversely affected.

In 2023 we began working with our strategic partner and leading graphene research and development center, the GEIC at The University of Manchester. The GEIC, contains all relevant industrial prototyping machines and characterization devices needed to commercialize graphene materials, which we believe will help expedite our path to market. As a university-affiliated institution, GEIC staff must maintain impartiality when selecting graphene for customer projects, however our partnership with GEIC is a cost-effective gateway that we believe can facilitate customer engagement for the Company. We collaborate on application development with both the GEIC and our own team onsite, gaining access to customers through the GEIC network. To date we have been involved with numerous GEIC customer projects and have begun discussion with multiple customers which we expect will generate both larger purchase orders and a long-term supply agreements.

On January 6, 2026, we announced the expansion of our collaboration with GEIC with the move from a Tier 2 to a Tier 1 GEIC member. The move to Tier 1 status will establish a dedicated HydroGraph laboratory within the GEIC and secure broader access to the center's facilities and technical expertise. We believe this will allow more joint projects to move from laboratory validation to industrial trials, help reduce time to market, and integrate the university's capabilities with our expanding production footprint. The expanded relationship will also support deeper collaboration with strategic partners such as the United States Army Research Laboratory, building on initial engagements with the university to explore new opportunities in North America.

To date, a majority of our current customers and our current pipeline of potential customers have been developed through our partnership with the GEIC. If this strategic partnership is terminated or is not as successful in developing contract opportunities as we expect, and if we are unable to develop additional means of obtaining customers, our results of operations and revenue growth could be materially and adversely affected.

We may or may not recoup expenditures associated with our growth.

To keep pace with increasing market demand, we need to invest in expanding our production capacity. Increasing the production of our graphene is capital-intensive, and equipment, once purchased, may break down or require costly maintenance or may become obsolete due to technological improvements or other factors. There can be no assurance that investments intended to increase production capacity will have the desired impact, which could materially and adversely affect our operating results and financial position.

The graphene industry is highly competitive. Our market share, the net sales or net income could decline due to vigorous price and other competition.

Competition in the graphene industry is based primarily on market acceptance, material differentiation and quality, delivery reliability and customer service. Competition with respect to new material is, and is expected to continue to be, based primarily on price, performance and cost effectiveness, customer service and product innovation. Competition could prevent implementation of price increases, require price reductions or require increased spending on research and development, marketing and sales that could adversely affect our business. In such a competitive market, changes in market conditions, including customer demand and technological development, could adversely affect our competitiveness, sales and/or profitability.

We must continuously invest in research and development and devote significant resources to commercializing new products in the graphene industry.

To remain competitive, we must continuously invest in research and development and our future growth depends on penetrating new markets, expansion in current markets, and introducing quality graphene that achieves market acceptance. Much of our technology and intellectual property portfolio is at an early stage of development, and we may not be able to continue to identify, develop, exploit, market and, in certain cases, secure regulatory approval for, innovative graphene in a timely manner or at all. Further, our graphene may not achieve market acceptance, create any additional revenue or become profitable, which could materially harm our business, prospects, financial results and liquidity.

Because we have limited capital, inherent manufacturing risks pose a significant threat to us compared with our larger competitors.

Because we have limited capital, we may be unable to withstand significant losses that can result from inherent risks associated with manufacturing graphene, including environmental hazards, industrial accidents, flooding, earthquake, interruptions due to weather conditions and other acts of nature which larger competitors could withstand. Such risks could result in damage to or destruction of our infrastructure and production facilities, as well as to adjacent properties, personal injury, environmental damage and processing and production delays, causing monetary losses and possible legal liability.

Any malfunction or system failure on the plant and machinery may interrupt the business operations of the Company, result in unavailability of our services and hinder the ability to manage the processing of graphene to meet our customers' orders and expose us to other operational inefficiencies and risk that could materially and adversely affect the business, financial condition and results of operations.

If we are successful in obtaining United States government contracts, efforts to reduce large United States federal budget deficits could result in government cutbacks or shifts in focus in Department of War spending or in reduced incentives to pursue alternative energy projects, resulting in reduced demand for our products, which could harm our business and results of operations.

Our business strategy calls for us to pursue projects with the United States government, in particular the Department of War ("**DOW**"). In recent years, the United States federal government has incurred large budget deficits. In the event that United States federal government spending is reduced or alternative energy related incentives are reduced or eliminated in an effort to reduce

federal budget deficits, our strategy to obtain DOW contracts may be less successful or fail. The impact of such reductions could have a material adverse effect on our business and results of operations, as well as our growth opportunities.

If we are successful in obtaining United States government contracts, the size of these contracts with the DOW industry could produce volatility in short term financial results.

We believe our strategy to obtain DOW related opportunities, which could be much larger contracts than our commercial contracts, can, on occasion, be delayed before or during the revenue recognition cycle. If we are successful in obtaining DOW contracts and if we are unable to reallocate resources to other projects, we may see an increase in volatility in our near-term financial results that may impact our ability to effectively provide accurate investor guidance.

DOW orders are subject to annual United States government funding. If we are successful in obtaining government contracts, a disruption in funding or a lapse in funding could materially and adversely impact our business.

One of our growth strategies is to obtain DOW opportunities. Projects for DOW generally have a much longer order-to-shipment time period than any commercial orders. The time between the awarding of an order and the completion of shipment can take three to seven years. Annual government funding is required to continue production. If we are successful in obtaining government contracts, disruption of government funding, short or long term, could impact the ability for us to continue our production activity on these orders. If we are successful in obtaining government contracts, we expect this business would become significant as a percentage of our overall business, and such a disruption, should it occur, could adversely impact the sales and profitability of our business.

In addition, the United States has previously experienced lapses in federal appropriations (each, a "**Government Shutdown**"). Government contracts may require federal government personnel to conduct routine inspections on the contracted products. If we are successful in obtaining contracts with the DOW, we would likely be required to rely on government personnel, who may not able to perform their duties during a Government Shutdown, to conduct these inspections, and a delay could prevent us from timely delivering products related to government contracts, which could have a material adverse impact on our results of operations and business.

Contract liabilities for large DOW contracts may be beyond our normal insurance coverage and a claim could have an adverse impact on our financial results.

We are diligent at managing ongoing risks related to projects and the requirements of our customers. In addition, we secure business insurance coverage to minimize the impact of a major failure or liability related to our customers. Should we be successful in obtaining government contracts, due to certain United States government procurement policies, we may take on the risk of a liability for large United States DOW projects in excess of our insurance coverage and at a level which is higher than our commercial projects. A claim related to one of these projects could have an adverse impact on our financial results.

Should we be successful in obtaining United States government contracts, zero defect and other unfavorable provisions in United States government contracts, some of which are customary, may subject our business to material limitations, restrictions and uncertainties and may have a material adverse impact on our financial condition and operating results.

Government contracts contain provisions that provide the United States government with substantial rights and remedies, many of which are not typically found in commercial contracts. If we are successful in obtaining contracts with the DOW, these contracts could include provisions that allow the United States government to inspect our products and unilaterally determine whether additional work is required to be completed to remedy any deemed deficiencies; to terminate existing contracts, in whole or in part, for any reason or no reason; unilaterally reduce or modify the government's obligations under such contracts without our consent; decline to exercise an option to continue a contract or exercise an option to purchase only the minimum amount, if any, specified in a contract; take actions that result in a longer development timeline than expected; and change the course of a program in a manner that differs from the contract's original terms or from our desired plan.

Generally, government contracts contain provisions permitting unilateral termination or modification, in whole or in part, at the United States government's convenience. Under general principles of government contracting law, if the United States government terminates a contract for convenience, the government contractor generally may recover only its incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the United States government terminates a contract for default, the government contractor is generally only entitled to recover costs incurred and associated profits on accepted items only and may be liable for excess costs incurred by the government in procuring undelivered items from another source. In addition, if we are successful in obtaining contracts with the DOW, these contracts could contain additional requirements that may increase our costs of doing business, reduce our profits, and expose us to liability for failure to comply with these terms and conditions. These requirements could include, for example, unilateral inspection rights and the requirement that we complete additional work to remedy any deemed deficiency; specialized accounting systems unique to government contracts; mandatory financial audits and potential liability for price adjustments or recoupment of government funds after such funds have been spent; mandatory internal control systems and policies; and mandatory socioeconomic compliance requirements, including labor standards, non-discrimination and affirmative action programs, and environmental compliance requirements. If we are successful in obtaining government contracts and fail to maintain compliance with these requirements, we could be subject to potential contract liability and to termination of our government contracts, which could have a material adverse effect on our business and financial position.

Furthermore, any agreements and subcontracts with third parties, including suppliers, consultants, and other third-party contractors that we may enter if needed to satisfy our contractual obligations pursuant to any potential agreements with the United States government would need to be compliant with the terms of our potential government contract. Negotiating and entering into such arrangements can be time-consuming and we may not be able to reach agreement with such third parties. If we are successful in obtaining government contracts, any delay or inability to enter into such arrangements or entering into such arrangements in a manner that is non-compliant with the terms of our potential government contract could result in violations of our contract, which would lead to termination of such contracts and legal liability.

United States government contracts are subject to extensive regulation and failure to comply with such regulations may have a material adverse impact on our financial condition and operating results, should we be successful in obtaining these contracts.

United States government contracts are subject to extensive regulations such as the Federal Acquisition Regulation ("**FAR**"), the Truth in Negotiations Act, the Cost Accounting Standards ("**CAS**"), the Service Contract Act and DOW security regulations. Failure to comply with any of these regulations and other government requirements may result in contract price adjustments,

financial penalties or contract termination. United States government contracts are also subject to audits, cost reviews and investigations by United States government oversight agencies such as the United States Defense Contract Audit Agency (the "**DCAA**"). The DCAA reviews the adequacy of, and compliance with, a contractor's internal controls and policies (including labor, billing, accounting, purchasing, estimating, compensation and management information systems). The DCAA also has the ability to review whether contractors have accounted for costs under the FAR and CAS. The DCAA presents its findings to the Defense Contract Management Agency ("**DCMA**"). Should the DCMA determine that a contractor has not complied with the terms of their contract and applicable statutes and regulations, or if they believe that the contractor has engaged in inappropriate accounting or other activities, payments to the contractor may be disallowed or the contractor could be required to refund previously collected payments. Additionally, the contractor could be subject to criminal and civil penalties, suspension or debarment from future government contracts, and qui tam litigation brought by private individuals on behalf of the United States government under the False Claims Act, which could include claims for treble damages. These suits may remain under seal (and hence, unbeknownst to the contractor) for some time while the government decides whether to intervene on behalf of the qui tam plaintiff. If we are successful in obtaining government contracts, any failure to comply with regulations applicable to government contracts could have a material adverse impact on our financial condition and operating results.

The United States government has a non-exclusive, irrevocable license to use the technology related to Aerosol Gels licensed to us through the KSU License Agreement and may choose to use this right directly instead of entering into contracts with us.

Our business strategy includes entering into contracts with the United States government. However, the development of United States Issued Patent No. US7691909 related to Aerosol Gels, which is a patent licensed to us through the KSU License Agreement, was sponsored in part by the United States government, and as such, under 35 U.S.C. §§200-212, the rights associated with that patent are subject to overriding obligations to the government, including a non-exclusive, irrevocable license to use that invention by or on behalf of the government throughout the world. As a result, the United States government could choose to use the licensed technology related to that patent itself under this provision, as opposed to entering into contracts with our company. If the United States government chooses to do this, it could have a significant impact on our business strategy and projected operations.

Risks Related to Intellectual Property

If we are unable to protect our intellectual property rights, our business could suffer.

Our success depends, in part, on our ability to maintain as trade secrets our proprietary products, technologies and inventions and to maintain the confidentiality of our trade secrets and know-how, operate without infringing upon the proprietary rights of others and prevent others from infringing upon our business proprietary rights. Despite our efforts to protect our proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, inventions, processes or improvements. We cannot assure you that any of our intellectual property rights will be enforceable, will not be challenged, invalidated or circumvented, or will otherwise provide us with meaningful protection or any competitive advantage. Our competitors may also be able to develop similar technology independently, or through the disclosure of trade secrets, and we may not be able to detect the unauthorized use of our proprietary technology or take appropriate steps to prevent such use. We may need to enter into intellectual property license agreements in the future, and if we are unable to obtain these licenses, our business could be harmed. Any of the foregoing events would lead to increased

competition and lower revenues or gross margins, which could adversely affect our operating results.

Additionally, our success depends on the status of our patents. Patents have a limited lifespan. In most countries, including the United States and Canada, the expiration of a patent is typically 20 years from the date that the application for the patent is filed. Various extensions of patent term may be available in particular countries; however, in all circumstances the life of a patent, and the protection it affords, has a limited term. If we encounter delays in obtaining regulatory approvals, the period during which we could market a product under patent protection could be reduced. We may seek extensions of patent terms where these are available in any countries where we are prosecuting patents. Such possible extensions include those permitted under the Drug Price Competition and Patent Term Restoration Act of 1984 in the United States, which permits a patent term extension of up to five years to cover a United States Food and Drug Administration ("**FDA**") approved product. The actual length of the extension will depend on the amount of patent term lost while the product was in clinical trials. However, the applicable authorities, including the United States Patent and Trademark Office ("**USPTO**") and the FDA in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. If this occurs, our competitors may be able to take advantage of our investment in research development by referencing our data, and then may be able to launch their product earlier than might otherwise be the case, which could have a material adverse effect on our operating results.

We depend on intellectual property licensed from third parties and termination of any of these licenses could result in the loss of significant rights, which would harm our business.

We are dependent on patents, know-how and proprietary technology that is either owned by us or licensed to us from others. We have an exclusive license agreement with KSU that allows us to utilize and exploit, including the right to sublicense the detonation technology subject to a reservation by KSU for research and education purposes and United States government statutory reservations. The KSU License Agreement may be terminated under certain conditions, including our failure to make payments as required under the agreement. The KSU License Agreement also imposes multiple obligations and covenants on us, including but not limited to annual, royalty and milestone payments, and commercialization and marketing duties. A breach of that agreement would therefore materially adversely affect our ability to commercialize all our products as currently planned. Termination of that agreement, or the reduction or elimination of our rights under it or any other agreement, would result in our having to negotiate new or reinstated arrangements on less favorable terms, or our not having sufficient intellectual property rights to operate our business. The occurrence of such events could materially harm our business and financial condition.

Additionally, we may enter into future license agreements, which we expect will provide third parties with the right to terminate such agreements if we fail to comply with the terms thereof, in which event we may not be able to develop and market any product that is covered by such agreements. Any termination of these licenses could result in the loss of significant rights and could harm our ability to commercialize our product candidates.

Disputes may also arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;

- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;

- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations; and

- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors, us, and our partners.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may be unable to successfully develop and commercialize the affected product candidates.

If we are unable to obtain or protect intellectual property rights related to our methods and processes of producing graphene, we may not be able to compete effectively in our markets.

We regard our patents, trademarks, domain names, know-how, proprietary technologies and similar intellectual property as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality agreements with our employees and others to protect our proprietary rights. Thus, we cannot be certain that any of our intellectual property rights would not be challenged, invalidated, circumvented or misappropriated, or such intellectual property will be sufficient to provide us with competitive advantages.

Additionally, the patent applications relating to our licensed technologies may fail to result in issued patents with claims that cover our methods and processes of our technology in the United States or in other countries where applications have been filed. There is no assurance that all the potentially relevant prior art relating to the patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our methods and processes, third parties may challenge their validity, enforceability, or scope, which may result in such patents being narrowed or invalidated. Furthermore, even if they are unchallenged, the patents and patent applications may not adequately protect our intellectual property, provide exclusivity for our methods and processes, or prevent others from designing around our claims. Also, even if the patents are valid our ability to make, use or sell products related thereto may be an infringement of a third party's intellectual property rights. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

If the patent applications we hold fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for our methods and processes, it could dissuade companies from collaborating with us to develop these processes and threaten our ability to commercialize graphene. We have been issued patents relating to our production in the United States, China, Japan, and Europe, and we have patents pending in the United States Australia, Canada, China, and Europe. We cannot offer any assurances about which, if any, pending patents will issue, the breadth of any such patent, or whether any granted patents will be found invalid and unenforceable or will be threatened by third parties in some way. Any successful opposition to these patents or any other patents owned by us or licensed to us could deprive us

of rights necessary for the successful commercialization of any methods and processes that we may develop. Further, if we encounter delays in regulatory approvals, such as if we succeed in obtaining government contracts, the period during which we could market our products under patent protection could be reduced. Since patent applications in the United States and most other countries are confidential for a period after filing, and some remain so until issued, we cannot be certain that we were the first to file any patent application related to a product candidate. Furthermore, if third parties have filed such patent applications, derivation proceeding in the United States can be initiated to determine whether (i) an inventor named in an earlier application derived the claimed invention from an inventor named in the petitioner's application, and (ii) the earlier application claiming such inventions was filed without authorization.

In addition, patents have a limited lifespan. In most countries, including the United States and Canada, the expiration of a patent is typically 20 years from the date that the application for the patent is filed. The patents that are subject to the KSU License Agreement will expire between 2026 and 2042. Various extensions may be available; however, the applicable authorities, including the USPTO and the FDA in the United States, and any equivalent regulatory authority in other countries, may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. The life of a patent, and the protection it affords, is limited. Even if patents covering our methods and processes are obtained, once the patent life has expired for a product, we may be open to competition from other manufacturers.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect proprietary know-how that is either not patentable or that we elect not to patent, processes for which patents are difficult to enforce and any other elements of our research and development processes that involve proprietary know-how, information or technology that is not covered by patents. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. While we have confidence in these individuals, organizations and systems, agreements or security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors.

Although we require all of our employees and consultants to assign their inventions to us, and all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to enter into confidentiality agreements, we cannot provide any assurances that our trade secrets and other confidential proprietary information will not be disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of our trade secrets could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our trade secrets and proprietary information.

Further, the laws of some foreign countries do not protect intellectual property to the same extent or in the same manner as the laws of the United States and Canada. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the non-patented

intellectual property related to our technologies and methods to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in the markets in which we operate, which could materially adversely affect our business, results of operations, and financial condition.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by third parties. From time to time in the future we may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. Holders of such intellectual property rights may seek to enforce such intellectual property rights against us. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits, which may have a material adverse effect on our business and operations.

If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. As a result, our business and results of operations may be materially and adversely affected.

We may be involved in lawsuits to protect or enforce our patents, which could be expensive, time-consuming, and unsuccessful.

Competitors may infringe any patents regarding our licensed technology. To counter infringement or unauthorized use, we may be required to file infringement proceedings, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that such a patent is not valid, is unenforceable and/or has not been infringed, or may refuse to stop the other party from using the technology at issue on the grounds that the patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of these patents at risk of being invalidated or interpreted narrowly and could put patent applications at risk of not issuing.

If we initiate legal proceedings against a third party to enforce a patent covering one of our methods and processes, the defendant could counterclaim that the patent covering our product candidate is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post grant review, and equivalent proceedings in foreign jurisdictions (*e.g.*, opposition proceedings). Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover our methods and processes. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art of which we and the patent examiner were unaware during prosecution.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on our product candidates. Such a loss of patent protection would have a material adverse impact on our business. A defendant could also challenge our ownership of patents assigned to us. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments, which could have a material adverse effect on our business.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to be paid to the USPTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and/or applications. We are required to reimburse KSU for their payment of such fees under the terms of the KSU License Agreement, otherwise we may lose rights to the patents. The USPTO and various non-United States governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We have systems in place to remind us to pay these fees, and we employ reputable law firms and other professionals to help us comply with such requirement, but an inadvertent lapse, in many cases, can be cured by payment of a late fee or by other means in accordance with the applicable rules. However, there are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, our competitors might be able to enter the market and this circumstance would have a material adverse effect on our business.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting, and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States and Canada may be less extensive than those in the United States and Canada. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as applicable laws in the United States and Canada. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States and Canada, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States and Canada. These products may compete with our products and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our

efforts and attention from other aspects of our business, put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and provoke third parties to assert claims against us. We may not prevail in any lawsuit that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Risks Related to Our Industry

If we are unable to accomplish engineering improvements necessary to implement our commercialization strategy, our production may be limited, and this may adversely affect our business and results of operations

Our production plan anticipates achieving an annual output based on demand for hundreds of tons per year. Reaching this scale requires continued investment in process equipment, system upgrades, and the refinement of production components exposed to highly reactive environments. While the underlying technology has been demonstrated, there is no guarantee that all engineering improvements will perform as expected at commercial scale or that we will achieve its targeted throughput. If we are unable to accomplish the engineering improvements necessary to implement our commercialization strategy, our production may be limited, and this may adversely affect our business and results of operations.

Increasing production output will place additional stress on our production systems which may affect operating efficiency or system longevity.

Increasing production output requires raising the operational frequency of the manufacturing cycle. Higher cycling rates can place additional stress on pumps, valves, ignition systems, and other mechanical components. Even with upgraded systems, increased duty cycles may introduce reliability risks, maintenance costs, or unanticipated engineering constraints. There is no assurance that targeted throughput levels can be achieved without affecting operating efficiency or system longevity.

Delays in achieving automation could increase production costs or reduce near-term operating margins.

While portions of the production process have been successfully automated, full end-to-end automation, including downstream collection, handling, and post-processing, has not yet been fully implemented. These steps represent conventional manufacturing challenges but may require additional development, capital investment, or temporary reliance on manual procedures. Delays in achieving automation could increase production costs or reduce near-term operating margins.

Compliance with applicable health, safety and environmental laws and regulations may require specialized filtration, monitoring, or personal protective equipment, potentially increasing operational costs or affecting production timelines.

Advanced carbon materials, including nano-scale graphene, require rigorous safety protocols to mitigate potential exposure risks. Although there are currently no graphene-specific regulatory mandates, all facilities must comply with applicable health, safety, and environmental standards. Compliance may require specialized filtration, monitoring, or personal protective equipment, potentially increasing operational costs or affecting production timelines.

Market adoption of graphene remains in its early-stage. Customer onboarding cycles can be lengthy, and broader market penetration may take more time than expected, which could affect future revenue growth.

While we believe the long-term market for graphene is significant, the current commercial market remains early-stage. Adoption often depends on price competitiveness, proven performance benefits, and integration into existing manufacturing systems. Customer onboarding cycles can be lengthy, and broader market penetration may take more time than expected, which could affect future revenue growth.

Developing graphene-enabled solutions often requires substantial technical support, customer collaboration, and application engineering which can increase costs, delaying revenue generation and impacting near-term sales visibility.

Graphene is not yet a standardized commodity. Most customers require technical testing, application-specific optimization, and in many cases, functionalization tailored to their materials or processes. Additionally, integrating graphene into existing production lines can require procedural modifications. These multi-step qualification cycles can be protracted, delaying revenue generation and impacting near-term sales visibility.

If we are unable to streamline the process of obtaining customers or reduce associated costs, our margins and sales conversion rates may be negatively affected.

Developing graphene-enabled solutions often requires substantial technical support, customer collaboration, and application engineering. These efforts can increase customer acquisition costs, particularly when projects involve extensive testing, iterative development, or long integration timelines. If we are unable to streamline this process or reduce associated costs, our margins and sales conversion rates may be negatively affected.

We have not and do not expect to declare any dividends to our shareholders in the foreseeable future.

We have not to date and do not anticipate declaring any cash dividends to holders of our common shares in the foreseeable future. Consequently, investors may need to rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase our common shares.

We may seek to raise additional funds, finance acquisitions or develop strategic relationships by issuing securities that would dilute your ownership and may negatively impact the trading price of our shares.

Any additional financing that we secure may require the granting of rights, preferences or privileges senior to, or *pari passu* with, those of our common shares. Any issuances by us of equity securities may be at or below the prevailing market price of our common shares and may have a dilutive impact on your ownership interest, which could cause the market price of our common shares to decline. We may also raise additional funds through the incurrence of debt or the issuance or sale of other securities or instruments senior to our common shares, which may be highly dilutive. The holders of any securities or instruments we may issue may have rights superior to the rights of our shareholders. If we experience dilution from the issuance of additional securities and we grant superior rights to new securities over holders of our common shares, it may negatively impact the trading price of our shares and you may lose all or part of your investment.

General Risk Factors

Litigation may adversely affect our business, financial condition and results of operations.

From time to time in the normal course of our business operations, we may become subject to litigation involving intellectual property, data privacy and security, consumer protection, service disruption or failure, and commercial disputes and other matters that may negatively affect our operating results if changes to our business operations are required. The cost to defend such litigation may be significant and may require a diversion of our resources. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations. In addition, insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, thereby adversely affecting our results of operations and resulting in a reduction in the trading price of our shares.

If we are unable to complete the construction of our Texas facilities in a timely manner or within our anticipated cost estimates, our business and results of operations could be adversely affected.

Our business strategy depends upon the construction of our new facilities in Texas. While we have a lease in Austin, our plan for a production facility near Houston remains under a non-binding letter of intent with the landlord. Until a lease is finalized, we are unable to begin building this production facility. Until we complete construction of all of the facilities, we will not realize the full amount of projected revenue. We cannot guarantee we will complete construction (or any future strategic growth initiatives) on time or within our cost estimates, if at all, due in part to the ongoing challenges to the global supply chain, the implementation of new tariffs and more restrictive trade policies, increased inflation and changing conditions within the United States labor market. If there is a delay in construction, our expected production capabilities will be delayed, which may have an impact on our ability to satisfy customer orders. Additionally, if a lease agreement for the Houston facility is not finalized, we will need to identify a new location to build our planned production facility, which will take additional time and effort. This would also cause a delay that may impact customer orders and could adversely affect our operations.

Our business is exposed to construction risks.

Construction of our Texas facilities exposes us to significant construction risks, including risks related to: construction delays; lack of availability of parts and/or labor, and increased prices as a result, in part, of inflation; labor disputes and work stoppages, including interruptions in work due to pandemics, epidemics, and other health risks; unanticipated environmental issues and geological problems; delays related to permitting and approvals to commence operations from public agencies and utility companies; and delays in site readiness leading to our failure to meet commitments made in connection with such expansion. All construction-related projects depend on the skill, experience, and attentiveness of construction personnel throughout the design and construction process. Should a designer, general contractor, significant subcontractor or key supplier experience financial difficulties or other problems during the design or construction process, we could experience significant delays and increased costs to complete the projects, and our business and financial condition may suffer as a result.

The construction of our facilities may also be subject to legal claims and proceedings commenced by contractors, workers and other parties involved in such project from time to time. Such claims and proceedings may include claims in respect of personal injuries and labor

compensation in relation to the construction project. The construction of a factory is also subject to risks related to health and safety incidents and site accidents and any non-compliance with building codes and other local regulations. If any of the aforementioned incidents or accidents were to occur, it could have a substantial negative impact on our success and result in a material adverse effect on our financial condition or results of operations.

Our production facility near Houston, Texas is dependent on a lease with the owner of the land, a leading North American industrial gas supplier, who is expected to provide us access to its high-purity acetylene from their adjacent acetylene facility

Our business plan includes expanding our production capabilities by building a location next to an acetylene plant. The owner of the land is a leading North American industrial gas supplier, who is expected to permit us to locate a new production facility adjacent to their facility and provide us access to its high-purity acetylene (the "**Lessor**"). This property currently remains subject to a non-binding letter of intent between the Company and the Lessor. Once the lease is finalized, in order to fully realize the benefits of the facility and its access to acetylene, we will rely on the Lessor's approval and our ability to comply with the lease. Before the lease commences, we must obtain all necessary permits. Additionally, we must submit all of our construction and production plans to the Lessor for review and approval. If we are unable to receive the Lessor's approval, or we fail to comply with the lease in any material respect, we may lose access to the premises, including our production facility and access to acetylene, which future business plans and obligations will rely on. This could cause a delay in production and a failure to meet customer demands, which would have a material adverse effect on our business and operations.

An active, liquid and orderly trading market for our common shares may not develop, the price of our shares may be volatile, and you could lose all or part of your investment.

The trading price of our common shares may be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. Our share price could be subject to wide fluctuations in response to a variety of factors, which include:

- whether we achieve our anticipated corporate objectives;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in our financial or operational estimates;
- our ability to implement our operational plans;
- changes in the economic performance or market valuations of companies similar to ours; and
- general economic or political conditions in the United States, Canada or elsewhere.

In addition, the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of companies' stock, including ours, regardless of actual operating performance. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Our failure to meet the continuing listing requirements of the CSE could result in a delisting of our securities.

If we fail to satisfy the continuing listing requirements of the CSE including, as applicable, the corporate governance, shareholders' equity or minimum closing bid price requirements, the CSE may take steps to delist our common shares. Such a delisting would likely have a negative effect on the price of our common shares and would impair your ability to sell or purchase our common shares when you wish to do so. In the event of a delisting, we would likely take actions to restore our compliance with the listing requirements of the CSE but we can provide no assurance that any such action taken by us would allow our common shares to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our common shares from dropping below the minimum bid price requirements or prevent future non-compliance with the CSE's listing requirements. We cannot assure you that we will be able to maintain compliance with the continued listing standards of the CSE in the future. If we voluntarily delist from the CSE, we and our shareholders could face similar material adverse consequences.

We incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our operating results.

As a public company, we incur significant legal, accounting and other expenses that we would not ordinarily incur as a private company, including costs associated with public company reporting and corporate governance requirements. In Canada, these requirements include compliance with NI 51-102 and applicable CSE policies, such as CSE Policy 4 - *Corporate Governance, Security Holder Approvals And Miscellaneous Provisions*. In the United States, these requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act, as well as rules implemented by the United States Securities and Exchange Commission ("**SEC**"). In addition, our management team also has to adapt to the requirements of being a public company. We expect complying with these rules and regulations will substantially increase our legal and financial compliance costs and to make some activities more time-consuming and costly.

The increased costs associated with operating as a public company will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business or increase the prices of our services. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our business, financial condition and operating results.

As a public company, we also expect that it may be more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our Board or as our executive officers.

As a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting. We may not complete our analysis of our internal control over financial reporting in a timely manner, or these internal controls may not be determined to be effective, which may adversely affect investor confidence in our company and, as a result, the value of our common shares.

In Canada, the Company is required to maintain and evaluate the effectiveness of our internal control over financial reporting ("**ICFR**") under National Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*. Effective internal controls are required for the Company to accurately and reliably report financial results and other financial information. There is no assurance that the Company will be able to achieve and maintain the adequacy of its ICFR as such standards are modified, supplemented, or amended from time to time, and the Company may not be able to ensure that the Company can conclude on an ongoing basis that our ICFR is effective. The Company's failure to establish and maintain effective ICFR could result in the Company's inability to meet our reporting obligations, inability to prevent fraud and inability to detect material misstatements. As a result, any failure to maintain effective ICFR may result in investors losing confidence in the Company's ability to report timely, accurate and reliable financial and other information, may expose the Company to legal or regulatory actions and may adversely impact the market value of the Company's common shares.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to remediate our previously identified material weaknesses or any future material weaknesses, or to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our ICFR, we will be unable to assert that our internal controls are effective. If we are unable to assert that our ICFR is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would have a material adverse effect on the price of our common shares.

If our common shares become subject to the United States penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not retain a listing on Nasdaq and if the price of our common shares is less than $5.00, our common shares will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for our common shares, and therefore stockholders may have difficulty selling their shares.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business or our market, or if they change their recommendations regarding our shares adversely, our share price and trading volume could decline.

The trading market for our common shares will be influenced by the research and reports that industry or securities analysts may publish about us, our business, our market or our competitors. If any of the analysts who may cover us change their recommendation regarding our shares

adversely, or provide more favorable relative recommendations about our competitors, our share price would likely decline. If any analyst who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline.

We are required to comply with Canadian securities regulations and are subject to additional regulatory scrutiny in Canada.

We are a "reporting issuer" in Canada. As a result, we are subject to Canadian securities law requirements that differ from those applicable under United States securities laws. We are also subject to increased regulatory scrutiny and costs associated with complying with securities legislation in Canada. For example, we are subject to civil liability for misrepresentations in written disclosure and oral statements. Legislation has been enacted in these provinces which creates a right of action for damages against a reporting issuer, its directors and certain of its officers in the event that the reporting issuer or a person with actual, implied, or apparent authority to act or speak on behalf of the reporting issuer releases a document or makes a public oral statement that contains a misrepresentation or the reporting issuer fails to make timely disclosure of a material change. We do not anticipate any particular regulation that would be difficult to comply with. However, failure to comply with regulations may result in civil awards, fines, penalties, and orders that could have an adverse effect on us.

DIVIDENDS AND DISTRIBUTIONS

The Company relies primarily on equity financing to fund its working capital needs. The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its common shares in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

The authorized share capital of the Company consists of an unlimited number of common shares, of which 324,893,094 common shares were issued and outstanding as fully paid and non-assessable as at September 30, 2025. As at the date hereof, 350,176,398 common shares are issued and outstanding.

The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board of the Company may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of Shares of the Company, the remaining property and assets of the Company. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Warrants

As of the date hereof, the Company had an aggregate of 8,340,144 warrants and broker warrants outstanding. Each warrant entitles the holder, upon payment of the applicable exercise price, to acquire one common share of the Company at exercise prices ranging from CAD$0.16 to CAD$6.10 per common share, with expiry dates ranging from June 11, 2027 to March 5, 2029.

As at September 30, 2025, the Company had an aggregate of 11,730,658 warrants and broker warrants outstanding. Each warrant entitles the holder, upon payment of the applicable exercise price, to acquire one common share of the Company at exercise prices ranging from CAD$0.16 to CAD$0.27 per common share, with expiry dates ranging from December 1, 2025 to December 12, 2027.

The warrants were issued in connection with private placement financings and other transactions and are subject to customary anti-dilution and adjustment provisions. As at the date hereof, if all outstanding warrants were exercised, the Company would receive aggregate gross proceeds of approximately CAD$25,557,260.

Stock Options and RSUs

The Company's share compensation plan (the "**Plan**") was approved by the Board on August 1, 2025 and replaces the Company's previous stock option plan. On March 25, 2026, shareholders of the Company voted to approve the Plan at the Company's annual general and special meeting of shareholders.

The Plan provides for the grant of stock options ("**Options**") and restricted share units ("**Restricted Share Units**" or "**RSUs**") to Eligible Persons (as defined in the Plan). "**Security Based Compensation**" means, collectively, Options and RSUs granted under the Plan. Other than the Plan, the Company does not currently maintain any other equity compensation arrangement under which new equity awards may be granted. Certain stock options granted under the Company's previous stock option plan remain outstanding.

Under no circumstances shall the Restricted Share Units or Options be considered common shares nor shall they entitle any Participant (as defined in the Plan) to exercise voting rights or any other rights attaching to the ownership of common shares (including, but not limited to, the right to dividend equivalent payments).

Capitalized terms used in this section not herein defined have the meanings ascribed to them in the Plan. A copy of the Plan can be found under the Company's System for Electronic Data Analysis and Retrieval + ("**SEDAR+**") profile at www.sedarplus.ca.

Key Features of the Plan

- **Rolling 15% Limit.** The total number of common shares issuable under all Security Based Compensation outstanding at any time shall not exceed 15% of the issued and outstanding common shares as of each award/grant date, together with any common shares issuable under any other share compensation arrangement. RSUs that must be settled solely in cash in accordance with the applicable agreement do not count toward this maximum.

- **Individual and Insider Limits.** Unless disinterested shareholder approval is obtained as required by CSE policies:

    - the maximum number of common shares issuable to any one Participant under all Security Based Compensation in any 12-month period is 5% of the issued and outstanding common shares;

    - the maximum number issuable to any one Consultant in any 12-month period is 2%; and

    - the maximum number issuable to Insider Participants as a group at any point in time is 15% of the issued and outstanding common shares and, in the aggregate, 15% in any 12-month period (in each case, together with any common shares issuable under any other share compensation arrangement).

- **Investor Relations Restrictions.** Individuals performing Investor Relations Activities are not "Consultants" or "Eligible Persons" under the Plan and are therefore not eligible for Security Based Compensation. Investor Relations Service Providers who are Eligible Persons may only receive Options, and the aggregate number of common shares issuable pursuant to all Options granted to Investor Relations Service Providers in any 12-month period may not exceed 2% of the issued and outstanding common shares.

- **Option Term and Exercise Price.** Options have a term determined by the Administrators, not to exceed 10 years from the Grant Date. The exercise price may not be less than the Discounted Market Price on the Grant Date, in accordance with CSE rules. For United States Participants, the exercise price will be at least the closing price on the applicable Exchange on the Grant Date (or, if not listed, fair market value determined in accordance with Section 409A of the United States Internal Revenue Code).

- **Vesting.** Vesting of Security Based Compensation is determined by the Administrators. RSUs may not vest earlier than 12 months after the date of grant or issue (as applicable), and all vesting and settlement (cash and/or shares) of RSUs must occur no later than December 15 of the third calendar year commencing after the Award Date, subject to the Plan's terms and applicable law.

- **Dividend-Equivalent RSUs.** When cash or other dividends are paid on the Company's common shares, additional RSUs are automatically credited to Participants holding RSUs, subject to the Plan's overall share limits. If issuing such RSUs would exceed the Plan maximum, the Administrators may pay a cash amount in lieu thereof.

- **Blackout Periods.** If an Option would expire, or an RSU would vest, during a Blackout Period formally imposed by the Company or within nine Business Days thereafter, the expiry/vesting is automatically extended to the tenth Business Day following the end of the Blackout Period (subject to certain limitations for United States Participants).

- **Cashless and Net Exercise (Options).** The Plan permits cashless exercise (broker-assisted sale of sufficient shares to fund exercise price and applicable withholdings) and, subject to Administrators' approval, net exercise, under which a Participant surrenders vested Options for cancellation in exchange for issuance of a reduced number of shares calculated by formula (using VWAP and the exercise price).

- **Termination of Employment/Service.** Upon an Event of Termination:

    - Unvested Options are cancelled (unless the Administrators determine otherwise). Vested Options remain exercisable until their stated expiry, except that if termination is for just cause, vested Options may be exercised only before the earlier of (i) the Option's expiry date and (ii) 120 days after the Event of Termination. In the event of death, the Participant's heirs/administrators must claim such Options within one year of death. In all cases, Security Based Compensation must expire within 12 months after a Participant ceases to be an Eligible Person.

    - Vested RSUs are settled as soon as practicable after the Event of Termination (subject to any applicable United States tax timing rules). Unvested RSUs are forfeited and cancelled unless the Administrators determine otherwise. If a Participant retires in accordance with the Company's retirement policy, unvested performance-based RSUs may continue to be eligible to vest on the earlier of (i) 12 months from termination and (ii) the last day of the applicable performance period, provided the performance criteria are achieved.

- **Change of Control.** Upon a Change of Control, and subject to certain exceptions, all unvested RSUs and any or all Options (whether or not then exercisable) automatically vest or become exercisable, as applicable, to enable Participants to participate in the transaction, including by surrender or exchange for cash and/or securities, as determined by the Administrators and subject to prior Exchange acceptance. For RSUs, the Plan's outside settlement deadline continues to apply.

- **Adjustments; Amendments; Suspension/Termination.** The Administrators may make equitable adjustments to outstanding Security Based Compensation in connection with stock splits, consolidations, stock dividends, recapitalizations, reclassifications or similar corporate actions, subject to applicable approvals. The Board may amend, suspend or terminate the Plan, subject to required regulatory and, where applicable, shareholder approvals, provided that no amendment adversely impairs previously granted Security Based Compensation except as permitted by the Plan or required by law. Certain amendments (e.g., reducing exercise price for an Insider Participant or extending an Option term) require disinterested shareholder approval.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The common shares are posted and listed for trading on the CSE under the trading symbol "HG". The following table sets out the high and low closing market prices and the volume traded of the common shares on the CSE for each month since the beginning of the Company's financial year ended September 30, 2025:

2024	HIGH (CAD$)	LOW (CAD$)	VOLUME
October	0.195	0.105	4,989,724
November	0.195	0.105	6,639,045
December	0.205	0.155	4,202,561

2025	HIGH (CAD$)	LOW (CAD$)	VOLUME
January	0.345	0.19	12,090,869
February	0.37	0.26	10,361,244
March	0.355	0.265	6,774,069
April	0.285	0.205	11,392,922
May	0.275	0.225	6,897,394
June	0.26	0.20	11,180,113
July	1.77	0.21	111,473,909
August	3.72	1.00	110,602,392
September	2.98	1.40	35,019,835

The common shares are also posted and listed for trading on the OTCQB under the trading symbol “HGRAF”. The following table sets out the high and low closing market prices and the volume traded of the common shares on the OTCQB for each month since the beginning of the Company’s financial year ended September 30, 2025:

2024	HIGH (USD$)	LOW (USD$)	VOLUME
October	0.1200	0.0795	2,525,150
November	0.1500	0.0783	7,071,946
December	0.1472	0.1135	4,464,666

2025	HIGH (USD$)	LOW (USD$)	VOLUME
January	0.2500	0.1319	9,849,146
February	0.2849	0.1790	11,584,191
March	0.284	0.1515	7,204,891
April	0.2264	0.1486	9,271,788
May	0.2100	0.1600	6,652,696
June	0.1900	0.1500	8,842,318
July	1.2900	0.1550	68,973,683
August	2.7000	0.7200	133,285,488
September	2.1600	1.0000	44,565,276

Prior Sales

During the year ended September 30, 2025, the Company issued the following securities, which are convertible into Common Shares but are not listed or quoted on a marketplace:

Options

As at the date of this AIF, the Company had Options exercisable for an aggregate of 20,753,210 common shares outstanding. As at September 30, 2025, a total of 20,999,330 Options were outstanding with a weighted average exercise price of CAD$0.54.

During the year ended September 30, 2025, the Company granted a total of 9,630,030 Options to directors, employees and officers of the Company. 900,000 options vest as follows: 1/4 on grant date, 1/4 on each of the 9, 18 and 27 month anniversaries following the grant date, 5,293,000 Options vest as follows: 1/3 on each anniversary of the grant date and 3,437,030 options vest upon the Company achieving cumulative revenue of US$50,000,000 for the period from January 1, 2025 to December 31, 2027.

Grant date	Options #
December 18, 2024	500,000
February 27, 2025	200,000
March 7, 2025	100,000
April 16, 2025	3,437,030
April 28, 2025	100,000
August 1, 2025	4,143,000
August 12, 2025	1,000,000
August 18, 2025	150,000
Balance, September 30, 2025	9,630,030

The fair value of each Option granted was estimated on the date of grant with the following weighted average assumptions:

	September 30, 2025	September 30, 2024
Risk-free interest rate (%)	2.85	3.38
Dividend yield (%)	-	-
Expected volatility (%)	91	84
Expected life (years)	5	5
Forfeiture rate (%)	-	-

The weighted average fair value of Options at the grant date for the year ended September 30, 2025 was CAD$0.67 per Option (2024 – CAD$0.09). The total share-based compensation expense recognized during the year ended September 30, 2025 for Options was $791,194 (2024 - $396,788).

The changes in Options during the year ended September 30, 2025 and 2024 are as follows:

	Number of options	Weighted average exercise price CAD$
Balance, September 30, 2023	16,340,000	0.25
Granted	7,600,000	0.19
Forfeited	(2,829,767)	0.25
Balance, September 30, 2024	21,110,233	0.23
Granted	9,630,030	0.91
Exercised	(9,065,933)	0.24
Forfeited	(675,000)	0.22
Balance, September 30, 2025	20,999,330	0.54

Options issued and outstanding as of September 30, 2025 is as follows:

Number of outstanding options	Number of exercisable options	Exercise price (CAD$)	Expiry date	Weighted average remaining life (years)
1,000,000	1,000,000	0.25	14-Jun-26	0.70
[1] 6,112,500	2,800,000	0.19	21-Jun-29	3.73
[3] 500,000	250,000	0.19	18-Dec-29	4.22
200,000	50,000	0.31	27-Feb-30	4.41
100,000	25,000	0.33	07-Mar-30	4.44
3,437,030	-	0.26	16-Apr-30	4.55
[6]100,000	25,000	0.24	28-Apr-30	4.58
4,143,000	-	1.25	01-Aug-30	4.84
[4] 1,000,000	-	2.16	12-Aug-30	4.87
150,000	-	2.43	18-Aug-30	4.88
1,500,000	1,500,000	0.25	28-Feb-32	6.42
1,300,000	975,000	0.25	20-Apr-32	6.56
[5] 631,800	631,800	0.25	21-Nov-32	7.15
700,000	490,000	0.25	12-Jan-33	7.29
[2]125,000	62,500	0.25	06-Apr-33	7.52
[7]20,999,330	7,809,300			4.64

(1) Subsequent to September 30, 2025, 800,000 of these Options were exercised for gross proceeds of CAD$152,000.
(2) Subsequent to September 30, 2025, these Options were exercised for gross proceeds of CAD$31,250.
(3) Subsequent to September 30, 2025, 250,000 of these Options were exercised for gross proceeds of CAD$47,500.
(4) Subsequent to September 30, 2025, 50,000 of these Options were exercised for gross proceeds of CAD$108,000.
(5) Subsequent to September 30, 2025, these Options were forfeited.
(6) Subsequent to September 30, 2025, 50,000 of these Options were forfeited.
(7) Subsequent to September 30, 2025, the Company granted an aggregate of 2,599,218 Options, of which 938,538 were subsequently forfeited.

RSUs

As at the date of this AIF, the Company had 615,851 RSUs outstanding. As at September 30, 2025, a total of 561,667 RSUs were outstanding.

During the year ended September 30, 2025, the Company granted 625,000 RSUs to directors, officers and a consultant of the Company. 63,333 of the RSUs were forfeited prior to September 30, 2025. The RSUs vest as follows: 1/3 on each anniversary of the date of the grant.

Grant date	RSUs #
August 1, 2025	446,667
August 13, 2025	40,000
August 18, 2025	75,000
Balance, September 30, 2025	561,667

A summary of RSUs outstanding as at September 30, 2025 and 2024 and the changes for the years then ended is presented below:

	RSUs #
Balance, September 30, 2024 and 2023	-
Granted	625,000
Forfeited	(63,333)
Balance outstanding, September 30, 2025	561,667
Balance outstanding and exercisable, September 30, 2025	-

The total share-based compensation expense recognized during the year ended September 30, 2025 for RSUs was $56,960 (2024 - $nil).

Warrants

On December 12, 2024, the Company closed a private placement pursuant to which the Company issued 23,960,003 units at a price of CAD$0.16 per unit for gross proceeds of CAD$3,833,600. Each unit consisted of one common share and one-half of one common share purchase warrant, for a total of 11,980,001 warrants. Each warrant entitles the holder thereof to purchase one common share at a price of CAD$0.24 up to expiry on December 12, 2027. The warrants were valued at $668,252 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%. In connection with the private placement, the Company issued 1,113,350 finders' warrants and incurred $125,550 in cash finders' fees and $32,134 in other issuance costs. Each finders' warrant is exercisable into a finders' unit, consisting of one common share and one-half of one common share purchase warrant (each whole warrant, a "**Finder Unit Warrant**"), at a price of CAD$0.16 up to expiry on December 12, 2027. Each Finder Unit Warrant is exercisable into one common share at a price of CAD$0.24 per common share up to December 12, 2027. The Finder Unit Warrants were valued at $62,103 using the Black-Scholes Option Pricing model with the following weighted-average assumptions: expected life – 3 years; volatility – 82.84%, risk-free rate – 2.94%, dividend yield – 0%.

The changes in warrants during the year ended September 30, 2025 and 2024 are as follows:

	Number of warrants	Weighted average exercise price CAD$
Balance, September 30, 2023	58,094,582	0.51

Issued	29,656,951	0.21
Exercised	(1,492,750)	0.05
Expired	(27,962,033)	0.71
Balance, September 30, 2024	58,296,750	0.20
Issued	15,352,527	0.23
Exercised	(61,056,787)	0.21
Expired	(861,832)	0.20
Balance, September 30, 2025	11,730,658	0.23

Details of the warrants issued and outstanding as of September 30, 2025 are as follows:

Number of outstanding warrants	Exercise price (CAD$)	Expiry date	Weighted average remaining life (years)
[2]2,837,185	0.18	1-Dec-25	0.17
[2]125,000	0.18	23-Feb-26	0.40
[2]600,000	0.18	5-Apr-26	0.51
3,645,210	0.27	11-Jun-27	1.70
4,521,251	0.24	12-Dec-27	2.20
1,137	0.24	12-Dec-27	2.20
[1]875	0.16	12-Dec-27	2.20
[3] 11,730,658			1.45

(1) Exercisable into a finders' unit, consisting of one common share and one-half of one Finder Unit Warrant, at a price of CAD$0.16 up to December 12, 2027. Each Finder Unit Warrant is exercisable into one common share at a price of CAD$0.24 per common share.

(2) Subsequent to September 30, 2025, these warrants were exercised for gross proceeds to the Company of CAD$641,193.12.

(3) Subsequent to September 30, 2025, and including the warrant exercises indicated in Note 2 immediately above, an aggregate of 10,529,396 warrants were exercised for gross proceeds to the Company of CAD$10,527,253.

ESCROWED SECURITIES

As of the date hereof, there are no securities of the Company subject to escrow provisions.

DIRECTORS AND OFFICERS

Name, Occupation, and Security Holdings

The following table sets forth all current directors and executive officers of the Company as at the date hereof, their principal occupations or employment, the period or periods of service, and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, Province and Country of Residence, Position	Director Since[2]	Number of Common Shares Beneficially Owned[1]	Principal Occupation During Past Five Years
Kjirstin Breure *Texas, United States*	January 19, 2022	655,500	Director since January 19, 2022, President since January 19, 2022, CEO since

Name, Province and Country of Residence, Position	Director Since[2]	Number of Common Shares Beneficially Owned[1]	Principal Occupation During Past Five Years
Chief Executive Officer, President, Director and Chair			November 14, 2024, Chair of the Board since June 17, 2025
Cordell Bennigson[4] [5] *California, United States* *Director*	August 19, 2025	Nil	CEO of R2 Wireless U.S.
Grant Duthie[3] [5] *Ontario, Canada* *Director*	June 6, 2025	9,000	Corporate and Securities Partner at Garfinkle Biderman LLP
Kerry Landis[3] [4] *Georgia, United States* *Director*	September 17, 2025	9,328,000	President at Landis Consulting, LLC
Tom Wilkinson[3] [4] [5] *Texas, United States* Director	June 6, 2025	Nil	Managing Partner at Coleridge Advisors, LLC
Matthew Anderson *British Columbia, Canada* *Chief Financial Officer*	N/A	Nil	Managing Director of Malaspina Consultants Inc.
Rob McMaster *Texas, United States* *Senior Vice President of Operations and Supply Chain*	N/A	Nil	VP Operations and Supply Chain with Innovonics since April 2022 VP Operations Capco (June 2020 – April 2022)
Suhao Li *Manchester, UK* Chief Technology Officer	N/A	Nil	Versarien PLC Application Scientist since August 2018 Versarien PLC Senior Scientist since May 2023 HydroGraph Laboratory Director since March 2024 HydroGraph Chief Technology Officer since June 2026

Notes:

(1) The Board currently consists of five (5) directors to be elected annually. The Company does not set expiry dates for the terms of office of directors. Each director holds office as long as they are elected annually by shareholders at each annual general meeting, unless their office is earlier vacated in accordance with the Articles of the Company.

(2) The information as to voting securities beneficially owned, controlled, or directed, not being within the knowledge of the Company, has been obtained from the System for Electronic Disclosure by Insiders or furnished by the respective directors individually. Based on this information, as at the date of this AIF, the directors and executive officers of the Company, as a group, beneficially own, control or direct, directly or indirectly, 9,992,500 common shares, representing approximately 2.85% of the outstanding common shares of the Company.

(3) Member of the Audit Committee.
(4) Member of the Nomination and Compensation Committee. Mr. Wilkinson is the Chair of the Audit Committee and the Nomination and Compensation Committee.
(5) Member of the Corporate Governance Committee. Mr. Duthie is the Chair of the Corporate Governance Committee.

The following includes a brief biography for each of our directors and executive officers, with each director biography including information regarding the experiences, qualifications, attributes, or skills that caused our board of directors to determine that each member of our board of directors should serve as a director as of the date of this prospectus. There are no arrangements or understanding between any of our directors or officers and any other persons pursuant to which our directors and officers were selected as a director or officer.

Executive Officers

Kjirstin Breure. Ms. Breure has served as our President and Chief Executive Officer since November 2024. Prior to her appointment as CEO, Ms. Breure served as a board director and president since January 2022, and as interim CEO from March to November 2024. Ms. Breure has also served as Chair of the Board since June 2025. Ms. Breure was previously our company's Chief Operations Officer, where she designed the company's strategic direction and managed the advancement of its graphene production since lab scale. As president, Ms. Breure manages production, research and development, intellectual property and media. She has served on the Board since 2021. Prior to HydroGraph, she consulted for or held director and executive level positions within the Canadian start-up space, including Theorem Synthetic Intelligence, Omada Technologies and Macht10. Ms. Breure has more than ten years' experience in emerging technologies involving machine learning, data analytics and blockchain. Ms. Breure is qualified and was chosen to serve as a director because of her extensive knowledge and leadership experience with our Company. She additionally holds an MSc in Materials Science and Engineering from Arizona State University

Matthew Anderson. Mr. Anderson is a Managing Director and shareholder of Malaspina Consultants Inc. which provides accounting and other services for our company. Mr. Anderson has worked at Malaspina Consultants Inc. since 2009, and has over 15 years of CFO experience with various private and public companies. Mr. Anderson has served as our Chief Financial Officer from September 3, 2024 to February 20, 2026 and from May 4, 2026 to the present . Mr. Anderson completed his Bachelor of Commerce degree at McGill University in Montreal, and he earned his CPA, CA accreditation in 2008.

Rob McMaster. Mr. McMaster has served as our Senior Vice President Operations and Supply Chain since November 2025. Mr. McMaster brings with him 30+ years' experience in a variety of industries (Automotive, Electrical, DoD, Oil and Gas, and Electronics). Prior to joining Hydrograph, Rob was the VP Operations and Supply Chain with Innovonics from 2022 to 2025, where he led teams to develop and deploy manufacturing strategy, he restructures the Supply Chain and Operations group, and interacted with multiple teams from engineering, operations, supply chain and finance. Prior to Mr. McMaster's role at Inovonics, Mr. McMaster was the Vice President of Operations at Capco LLC from 2020 to 2022, where he restructured the operations group to include engineering and quality functions, he drove 200% improvement in EBITDA year over year through deployment of various tools and strategy, and he realized $250,000 in annual savings on key products through operational improvements and supply chain negotiations. From 2018-2019, Mr. McMaster served as the General Manager at Accudyne Industries, where he was responsible for the design and manufacturing of engineered-to-order pumps and compressors for oil, gas, and petrochemical industries. Early in his career from 2005-2018, Mr. McMaster worked at Eaton

Corporation, where he served various roles including program manager, integration manager, senior manager and plant manager, and prior to this experience he worked in various manufacturing roles in electronics and vehicle manufacturing at Ford Motor Company and Visteon Corporation from 1991 to 2005. Mr. McMaster holds an M.S.E. in Technology Management from the University of Pennsylvania & Wharton and a B.S. in Mechanical Engineering from the University of Maryland.

Suhao Li. Dr. Li has over 12 years of experience in graphene and nanomaterials, including 7 years dedicated to industrial applications. He has a track record of delivered projects and commercialized graphene technologies across various industries. Dr. Li joined HydroGraph as Laboratory Director in 2024, leading an application R&D team based at the Graphene Engineering and Innovation Centre (GEIC), where HydroGraph collaborates to accelerate the development of graphene applications. In this role, he oversees application R&D, advancing graphene innovation into scalable, high-performance solutions. Previously Dr. Li was a Senior Scientist at Versarien plc, a graphene and advanced materials company. Dr. Li holds a PhD in Materials Science from the University of Manchester, an MSc in Polymer Materials Science and Engineering from The University of Manchester, and a Bachelor of Science in Biofunctional Materials from Beijing University of Chemical Technology.

Directors

Tom Wilkinson. Mr. Wilkinson has served on our board of directors since June 2025. Mr. Wilkinson is a professional advisor and consultant through his business, Coleridge Advisors, which he founded to provide M&A, cost efficiency strategies, capital acquisition and business growth advisory services. He has been a business leader and advisor for over thirty years working with a wide diversity of businesses. Recently, Mr. Wilkinson served as Chief Financial Officer for Amelia Holdings, a privately held artificial intelligence company sold to SoundHound (Nasdaq:SOUN) in 2024. He has served as the Chief Executive Officer of Sonim Technologies (Nasdaq:SONM) and Cipherloc Corporation (OTCQB:CLOK). He was also the Chief Executive Officer of Xplore Technologies Corp. (Nasdaq:XPLR) which was sold to Zebra Technologies. Prior to becoming the CEO of Xplore, Mr. Wilkinson served as the Chief Financial Officer of this international rugged tablet company. Prior to his tenure at Xplore, he served as Chief Financial Officer for private companies and was the co-founder and Managing Partner of PMB Helin Donovan, a multi-office regional accounting firm where he led the growth of the firm both organically and through acquisition to one of the top 200 firms in the United States. His clients included a large number of US Public Companies and international businesses. He has both Master's and Bachelor's degrees from the University of Texas and is a Certified Public Accountant, meeting the qualification guidelines as "financially literate" for the Canadian Stock Exchange and "audit committee financial expert" as defined by the SEC rules. Mr. Wilkinson is qualified to serve as a director because of his extensive experience in the financial reporting and accounting industry.

Grant Duthie. Mr. Duthie has served on our board of directors since June 2025. Mr. Duthie is a Securities/Corporate lawyer and Partner at Garfinkle Biderman LLP, with over 10 years of experience, whose practice focuses on securities, corporate finance and mergers and acquisitions. He has significant experience representing both private and publicly traded companies, underwriters and dealers in both private and public offerings of debt and equity securities, mergers, and acquisitions. Mr. Duthie has been counsel for numerous private placements and M&A transactions, including the establishment of joint ventures, asset/share purchase and sale transactions, reverse takeovers, takeover bids, plans of arrangement and other corporate reorganizations. Mr. Duthie is qualified to serve as a director because of corporate and financial experience, which we believe will be important as we continue to look to expand operations.

Cordell Bennigson. Mr. Bennigson has served on our board of directors since August 2025. Mr. Bennigson is currently CEO of R2 Wireless U.S., where he has served since 2025, leading the expansion of spectrum sensing and electromagnetic dominance solutions for defense and critical infrastructure needs. He is also a leadership instructor, executive coach and operating advisor with Echelon Front, which trains and advises Fortune 100 and leading global company teams to grow, adapt and perform at their best. Mr. Bennigson, a retired US Marine Corps AV-8B Harrier pilot and Forward Air Controller, served in combat and achieved the rank of Major. He brings over 25 years of senior leadership experience in diverse roles across public and private companies, startups, nonprofits, and the military. His expertise includes leading US-based organizations through complex transformations, scale-ups, and successful acquisitions. Bennigson previously served as CEO of multiple private equity-backed engineering and manufacturing companies, as well as in the defense sector, selling directly to the US Department of Defense (DoD). Additionally, Mr. Bennigson is a founding board member of the Austin Regional Manufacturers Association, a board member of the Taylor Economic Development Corporation, and a member of the Young Presidents' Organization (YPO).He holds a BA in Political Science from the University of California, Berkeley, and an MBA from Harvard Business School. He also completed executive education at the MIT Sloan School of Management. Mr. Bennigson is qualified to serve as a director because of his business development experience in the technology sector along with his expertise as an advisor who has led multiple companies through growth and transformation, and his experience in the defense sector, which will be invaluable as we look to develop client relations with the U.S. Department of War.

Kerry Landis. Mr. Landis has served on our board of directors since September 2025. Mr. Landis specializes in nuclear safety consulting for the power industry, and has over 40 years of experience as an industry expert and team leader. Mr. Landis currently serves as the President at Landis Consulting, LLC, where he has served as a nuclear safety consultant since 2007. Mr. Landis has previously served as Chairman of the Virgil C. Summer Nuclear Safety Review Committee, as member of the San Onofre Nuclear Generating Station Nuclear Oversight Board and the Fort Calhoun Station Safety and Review Committee, and as a senior manager and inspection team leader at the US Nuclear Regulatory Commission. Mr. Landis earned a Bachelor of Science in Chemistry from Western Illinois University and served as a Qualified Naval Nuclear Engineer Officer with deployments under NATO and U.S. Navy nuclear submarine operations, retiring at the rank of Commander in 2010. Mr. Landis is qualified to serve as a director because of his background in operational excellence, regulatory requirements, risk assessment and safety protocol, all of which will be important as we continue to scale the commercialization of our products.

The disclosure relating to executive compensation of the Company's named executive officers and directors, as well as the Company's corporate governance practices, is contained in the Company's management information circular dated February 10, 2026 (the "**Circular**") prepared in connection with the Company's most recent annual meeting of shareholders. The Circular is available under the Company's profile on SEDAR+ at www.sedarplus.ca. Such disclosure is incorporated herein by reference. There have been no material changes to the information relating to executive compensation or corporate governance since the date of the Circular.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

For the purposes of this section "Order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 days.

No director or executive officer of the Company, within 10 years before the date of this AIF, has been a director, chief executive officer or chief financial officer of any company that was subject to an Order that was issued:

(a) while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or shareholders holding a sufficient number of securities to materially affect control of the Company has:

(a) as at the date of this AIF, or within 10 years before the date of this AIF, been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

No director or executive officer of the Company or a shareholder holding a sufficient number of securities to materially affect control of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

There are no known existing or potential conflicts of interest among the Company, or any of its subsidiaries, and the directors and officers of the Company as a result of their outside business interests except that certain of the directors and officers may serve as directors, officers, promoters and members of management of other companies and therefore it is possible that a conflict may arise between their duties as a director and officer of the Company and their duties as a director, officer, promoter or member of management of such other companies.

The directors and officers of the Company have been advised of the existence of laws governing accountability of directors and officers regarding corporate opportunity and requiring disclosures by directors of conflicts of interest, and the Company will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of the

directors or officers. All such conflicts shall be disclosed by such directors or officers and treated in accordance with the applicable laws of British Columbia and the Company's constating documents.

PROMOTERS

No person or company has been, within the two most recently completed financial years or during the current financial year, a promoter of the Company or any subsidiary of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company was not subject to any material legal proceedings during its most recently completed financial year, nor is the Company or any of its properties a party to or the subject of any such proceedings, and no such proceedings are known to be contemplated. The Company may be involved in routine, non-material litigation arising in the ordinary course of business, from time to time.

There were no penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority during its most recently completed financial year, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company, and the Company has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no director or executive officer of the Company, person or company that beneficially owns, controls or directs, directly or indirectly, more than 10% of the common shares, or any associate or affiliate of any such persons, has or had any material interest, direct or indirect, in any transaction within the Company's three most recently completed financial years which has materially affected or will materially affect the Company or any of its subsidiaries other than as set out herein.

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent of the Company is Endeavor Trust Corporation, having an address of 777 Hornby Street, Suite 702, Vancouver, BC V6Z 1S4.

MATERIAL CONTRACTS

Except for the KSU License Agreement and contracts entered into in the ordinary course of business, the Company has not entered into any material contracts during the most recently completed financial year or which are still in force and effect, and which may reasonably be regarded as presently material.

EXPERTS AND INTERESTS OF EXPERTS

The auditor of the Company is MNP LLP, Chartered Professional Accountants ("**MNP**"). MNP is independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation. MNP was first appointed as the Company's auditor on November 17, 2021.

To the knowledge of the Company, the aforementioned firm, and designated professionals within such firm, held either less than 1% or no securities of the Company or of any associate or affiliate

of the Company when they rendered services, or following the rendering of services or preparation of such reports or data, as applicable, during, or relating to the Company's most recently completed financial year, and either did not receive any or received less than 1% direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the rendering of such services or preparation of such reports or data.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter and Disclosure

The directors of the Company have adopted a charter (the "**Charter**") for the audit committee (the "**Audit Committee**"), which sets out the Audit Committee's mandate, organization, powers and responsibilities. The charter of the Audit Committee and other information required to be disclosed by Form 52-110F2 is attached hereto as Schedule "A" to this AIF.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found through a database search at SEDAR+ at www.sedarplus.ca. Additional information on the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is contained in the Company's management information circular dated February 10, 2026, which may be found on SEDAR+.

Additional financial information regarding the Company is provided in the Company's audited annual financial statements and management's discussion and analysis for the year ended September 30, 2025, which may be found on SEDAR+.

SCHEDULE A
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE
(VENTURE ISSUERS)

General

Under National Instrument 52-110 – Audit Committees ("**NI 52-110**") of the Canadian Securities Administrators, a reporting issuer is required to provide disclosure annually with respect to its audit committee, including the text of its audit committee charter, information regarding the composition of the audit committee, and information regarding fees paid to its external auditor. The Company provides the following disclosure with respect to the audit committee (the "**Audit Committee**").

Item 1: Audit Committee Charter

The full text of the Audit Committee charter (the "**Audit Committee Charter**") is attached hereto as Appendix "A".

The Audit Committee is responsible for review of both interim and annual financial statements for the Company. For the purposes of performing their duties, the members of the Audit Committee have the right at all times, to inspect all the books and financial records of the Company and any subsidiaries, and to discuss with management and the external auditors of the Company any accounts, records and matters relating to the financial statements of the Company. The Audit Committee members meet periodically with management and annually with the external auditors.

Item 2: Composition of Audit Committee

The Company's Audit Committee is currently comprised of three members of the board of directors (the "**Board**"), consisting of Tom Wilkinson, Kerry Landis and Grant Duthie. All of the Audit Committee members are "independent" as defined in NI 52-110 as of the date the financial statements for the most recently completed financial year of the Company were filed.

All of the Audit Committee members are "financially literate", as defined in NI 52-110, as all have the industry experience necessary to understand and analyze financial statements of the Company, as well as an understanding of internal controls and procedures necessary for financial reporting.

Item 3: Relevant Education and Experience

All of the members of the Audit Committee are able to understand and interpret information related to financial statement analysis. Each of the members of the Audit Committee has a general understanding of the accounting principles used by the Company to prepare its financial statements and will seek clarification from the Company's auditors, where required. Each of the members of the Audit Committee also has direct experience in understanding accounting principles for private and reporting companies. The relevant experience of the current members of the Audit Committee is as follows:

Tom Wilkinson

Mr. Wilkinson, 56, has brought to our Board significant financial experience, as well as mergers and acquisitions, international business and executive compensation expertise since becoming a Director in 2025. Mr. Wilkinson is a professional advisor and consultant through his businesses Coleridge Advisors, LLC founded in 2024 and Wilkinson & Company, founded in 2014, which provide turn around, M&A, financial restructuring and business growth advisory services. He currently serves as Lead Independent Director for Astrotech Corporation (Nasdaq: ASTC). Through his consultancy, he recently served as Chief Financial Officer for Amelia Holdings, Inc., which was sold to SoundHound, Inc. (Nasdaq:SOUN) in August 2024. Mr. Wilkinson served as Chairman of the Board of Directors at SideChannel, Inc. (OTCQB:SDCH) from August 2019 until he retired in December 2022. He served as CEO of Sonim Technologies (Nasdaq:SONM) from October 2019 to May 2021. Mr. Wilkinson was the Chief Executive Officer of Xplore Technologies Corp. (Nasdaq:XPLR), an international rugged tablet company, leading up to the sale of the company to Zebra Technologies in August 2018. Prior to his tenure at Xplore, he served as Chief Financial Officer for Amherst Holdings, a financial services company focused on real estate and real estate financing. In this role, Mr. Wilkinson took part in the successful sale of Amherst's broker dealer subsidiary, significant capital generation for new strategies and the spin-off of one of the largest single-family equity businesses in the United States. Mr. Wilkinson was the co-founder and Managing Partner of PMB Helin Donovan, a multi-office regional accounting firm where he led the growth of the firm both organically and through acquisition to one of the top 200 firms in the United States. His clients at PMB Helin Donovan included a large number of domestic public companies and international businesses. He has both master's and bachelor's degrees from the University of Texas and is a Certified Public Accountant in Texas.

Kerry Landis

Mr. Landis has served on our board of directors since September 2025. Mr. Landis specializes in nuclear safety consulting for the power industry, and has over 40 years of experience as an industry expert and team leader. Mr. Landis currently serves as the President at Landis Consulting, LLC, where he has served as a nuclear safety consultant since 2007. Mr. Landis has previously served as Chairman of the Virgil C. Summer Nuclear Safety Review Committee, as member of the San Onofre Nuclear Generating Station Nuclear Oversight Board and the Fort Calhoun Station Safety and Review Committee, and as a senior manager and inspection team leader at the United States Nuclear Regulatory Commission. Mr. Landis earned a Bachelor of Science in Chemistry from Western Illinois University and served as a Qualified Naval Nuclear Engineer Officer with deployments under NATO and United States Navy nuclear submarine operations, retiring at the rank of Commander in 2010. Mr. Landis is qualified to serve as a director because of his background in operational excellence, regulatory requirements, risk assessment and safety protocol, all of which will be important as we continue to scale the commercialization of our products.

Grant Duthie

Mr. Duthie has served on our board of directors since June 2025. Mr. Duthie is a securities and corporate lawyer and Partner at Garfinkle Biderman LLP whose practice focuses on securities, corporate finance and mergers and acquisitions, including advising private and publicly traded companies and investment dealers on governance and securities regulatory compliance. He has prepared audit committee governance and disclosure materials relating to financial reporting oversight and auditor engagement matters and holds a Juris Doctor from the University of Western Ontario.

Item 4: Audit Committee Oversight

Since the commencement of the financial year ended September 30, 2025, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Item 5: Reliance on Certain Exemptions

Since the commencement of the financial year ended September 30, 2025, the Company has not relied on the exemptions in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Subsection 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), Subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Item 6: Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter.

Item 7: External Auditor Service Fees

The aggregate fees billed by the Company's external auditors, MNP LLP, in each of the last two fiscal years for audit fees are as follows:

Financial Year Ended	Audit Fees[(1)]	Audit Related Fees[(2)]	Tax Fees[(3)]	All Other Fees[(4)]
September 30, 2025	CAD$71,690	$Nil	CAD$11,610	$Nil
September 30, 2024	CAD$79,680	$Nil	CAD$18,155	$Nil

Notes:

(1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.

(2) "Audited Related Fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees" above.

(3) "Tax Fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning.

(4) "All Other Fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit Fees", "Audit Related Fees" and "Tax Fees" above.

Item 8: Exemption

The Company is relying on the exemption provided by Section 6.1 of NI 52-110, which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

APPENDIX A

CHARTER OF THE AUDIT COMMITTEE

(THE "CHARTER")

1. MEMBERSHIP.

1.1 The audit committee (the "**Committee**") of the board of directors (the "**Board**") of HydroGraph Clean Power Inc. (the "**Company**") shall consist of three or more directors. A majority of the Committee shall be independent in accordance with all applicable corporate and securities laws and stock exchange listing standards and policies.

1.2 Each member of the Committee must be financially literate, as this term is defined under National Instrument 52-110 - *Audit Committees* (the "**Instrument**").

1.3 The Board shall appoint members to the Committee based on the recommendations of the Nomination and Compensation Committee. The members of the Committee shall be appointed for one-year terms or such other terms as the Board may determine and shall serve until a successor is duly appointed by the Board or until the member's earlier death, resignation, disqualification or removal. The Board may remove any member from the Committee at any time with or without cause. The Board shall fill Committee member vacancies by appointing a member from the Board. If a vacancy on the Committee exists, the remaining members shall exercise all the Committee's powers so long as a quorum exists.

1.4 New Committee members shall be provided with an orientation program to educate them on the Company, their roles and responsibilities on the Committee and the Company's financial reporting and accounting practices. Committee members shall also receive training, as necessary, to increase their understanding of financial, accounting, auditing and industry issues applicable to the Company.

1.5 The Board shall appoint the chair of the Committee (the "**Chair**") from the Committee members. The Chair must be a non-executive Director. Subject to Section 1.3, the Board shall determine the Chair's term of office.

1.6 A quorum for decisions of the Committee shall be two members.

2. COMMITTEE MEETINGS.

2.1 The Committee shall meet at least quarterly at such times and places as determined by the Committee. The Committee is governed by the same rules regarding meetings (including the procedure used to call meetings, and conducting meetings electronically, in person or by telephone), notice of meetings and waiver of notice by committee members, written resolutions in lieu of a meeting and voting at meetings that apply to the Board.

2.2 Notice of the time and place of a Committee meeting shall be given by the Committee to the Company's external auditor (the "**Auditor**") in the same manner notice is provided to Committee members. The Committee shall provide the Auditor with all meeting materials in advance of the meeting.

2.3 The Chair shall seek input from Committee members, the Company's management, the Auditor and Board members when setting each Committee meeting's agenda.

2.4 Any written material to be provided to Committee members for a meeting must be distributed in advance of the meeting to give Committee members time to review and understand the information.

2.5 The Chair of the Board, the chief executive officer of the Company ("**CEO**") and chief financial officer of the Company ("**CFO**") and any other member of senior management may, if invited by the Chair, attend, give presentations relating to their responsibilities and otherwise participate at Committee meetings. Other Board members may also, if invited by the Chair, attend and participate at Committee meetings.

2.6 The Committee may appoint a Committee member or any other attendee to be the secretary of a meeting. The Chair shall circulate minutes of all Committee meetings to the Company's Board members and its Auditor. The Committee shall report its decisions and recommendations to the Board promptly after each Committee meeting.

2.7 The Committee may meet for a private session, excluding management or other third parties, following each Committee meeting or as otherwise determined by the Committee.

3. PURPOSE, ROLE AND AUTHORITY.

3.1 The purpose of the Committee is to oversee the Company's accounting and financial reporting processes and the preparation and auditing of the Company's financial statements.

3.2 The Committee is authorized by the Board to investigate any matter set out in this Charter or otherwise delegated to the Committee by the Board.

4. DUTIES AND RESPONSIBILITIES.

The Committee has the duties and responsibilities set out in Section 5 to Section 14 of this Charter, as may be amended, supplemented or restated from time to time.

5. EXTERNAL AUDITOR - APPOINTMENT AND REMOVAL.

The Committee shall:

5.1 Consider and recommend to the Board, to put forward for shareholder approval at the annual meeting, an Auditor that will be appointed or reappointed to prepare or issue an auditor's report and perform audit, review, attest or other services for the Company in compliance with the Instrument and, if necessary, recommend to the Board the Auditor's removal.

5.2 Recommend to the Board the Auditor's compensation and otherwise setting the terms of the Auditor's engagement (including reviewing and negotiating the Auditor's engagement letter).

5.3 Review and monitor the independence of the Auditor.

5.4 At least once per fiscal year, review the qualifications and performance of the Auditor and the Auditor's lead partners and consider and decide if the Company should adopt or maintain a policy of rotating the accounting firm serving as the Company's Auditor.

6. AUDITOR OVERSIGHT - AUDIT SERVICES.

The Committee shall:

6.1 Require the Auditor to report directly to the Committee.

6.2 Discuss with the Auditor: (a) before an audit commences, the nature and scope of the audit, the Auditor's responsibilities in relation to the audit, the overall audit strategy, the timing of the audit, the processes used by the Auditor to identify risks and reporting such risks to the Committee; and (b) any other matters relevant to the audit.

6.3 Review and discuss with the Auditor all critical accounting policies and practices to be used in the audit, all alternative treatments of financial information within generally accepted accounting principles as set out in the CPA Canada Handbook – Accounting (International Financial Reporting Standards), as amended from time to time ("**GAAP**") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the Auditor.

6.4 Review any major issues regarding accounting principles, including GAAP, and financial statement presentation with the Auditor and Company's management, including any significant changes in the Company's selection or application of accounting principles; any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

6.5 Review and discuss with the Auditor and management any problems or difficulties encountered during the audit, including restrictions on the scope of activities or access to information, and any significant disagreements between the Auditor and management in relation to financial reporting. The Committee may meet with the Auditor and management (together or separately) to discuss and resolve such disagreements.

6.6 Review all material communications between management and the Auditor, including reviewing the Auditor's management letter and management's response.

6.7 Create (if required), review and approve the Company's policies respecting the Company's hiring of any (former or current) Auditor's past or present employees or past or present partners that participated in any capacity in any Company audit.

6.8 Oversee any other matters relating to the Auditor and the performance of audit services on the Company's behalf.

7. AUDITOR OVERSIGHT - NON-AUDIT SERVICES.

The Committee shall:

7.1 Pre-approve all non-audit services to be provided by the Auditor to the Company or its subsidiaries in accordance with the Instrument.

7.2 Notwithstanding Section 7.1, delegate the pre-approval of non-audit services to a member or certain members of the Committee. These member or members shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

8. INTERNAL CONTROLS.

The Committee shall:

8.1 Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors (the "**Internal Auditors**") have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no Internal Auditors, consider, on an annual basis, whether the Company requires Internal Auditors and make related recommendations to the Board.

8.2 Oversee an effective system of internal controls and procedures for the Company relating to the financial reporting process and disclosure of the financial results ("**Internal Controls**").

8.3 Review with management and the Internal Auditors (with each privately or together) the adequacy and effectiveness of the Company's Internal Controls, including any significant deficiencies or material weaknesses in the design or operation of the Internal Controls and determine if any special steps must be adopted by the Auditor during its audit in light of any such deficiencies or weaknesses.

8.4 Review management's roles, responsibilities and performance in relation to the Internal Controls.

8.5 Review, discuss and investigate: (a) any alleged fraud involving the Company's management or employees in relation to the Internal Controls, including management's response to any allegations of fraud; (b) implement corrective and disciplinary action in cases of proven fraud; and (c) determine if any special steps must be adopted by the Auditor during its audit in light of any proven fraud or any allegations of fraud.

8.6 Establish and monitor the procedures for:

(a) the receipt, retention and treatment of complaints that the Company receives relating to its Internal Controls;

(b) the anonymous submission of employees' concerns relating to questionable accounting or audit matters engaged in by the Company; and

(c) the independent investigation of the matters set out in Section 8.6(a) and Section 8.6(b), including appropriate follow up actions.

8.7 Review and discuss with the CEO and CFO, or those officers who perform the duties similar to a CEO or CFO, the steps taken to complete the required certifications of the annual and interim filings with applicable securities commissions.

9. FINANCIAL STATEMENTS.

The Committee shall:

9.1 Review and discuss with the Auditor and management the Company's annual audited financial statements and the accompanying Auditor's report and management discussion and analysis ("**MD&A**"). The Committee's review of the annual audited financial statements will include a review of the notes contained in the financial statements, in particular the notes on: (a) significant accounting policies, including any changes made to them and the effect this may have on the Company; (b) significant estimates and

assumptions; (c) significant adjustments resulting from the an audit; (d) the going concern assumption; (e) compliance with accounting standards; (f) investigations and litigation undertaken by regulatory authorities; (g) the impact of unusual transactions; and (h) off-balance sheet and contingent asset and liabilities, and related disclosures.

9.2 Assess (a) the quality of the accounting principles applied to the financial statements; (b) the clarity of disclosure in the financial statements; and (c) whether the audited annual financial statements present fairly, in all material respects, in accordance with GAAP, the Company's financial condition, operational results and cash flows.

9.3 Upon satisfactory completion of its review, recommend the annual audited financial statements, Auditor's report and annual MD&A for Board approval.

9.4 Review the interim financial statements and related MD&A with the Auditor and management, and if satisfied that the interim financial statements meet the criteria set out in Section 9.2 to recommend to the Board that it approve the interim financial statements and accompanying MD&A.

10. DISCLOSURE OF OTHER FINANCIAL INFORMATION.

The Committee shall:

10.1 Review and discuss with management the design, implementation and maintenance of effective procedures relating to the Committee's prior review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements ("**Disclosure Procedures**"); ensure that the Disclosure Procedures put in place are followed by the Company's management and employees; and periodically assess the adequacy of the Disclosure Procedures.

10.2 Review the Company's profit and loss press releases and other related press releases before they are released to the public, including the Company's annual information form, earnings press releases and any other public disclosure documents required by applicable securities commissions; and review the nature of any financial information and ratings information provided to agencies and analysts in accordance with the Company's disclosure policy.

10.3 Monitor and review the Company's policy on confidentiality and disclosure on a yearly basis.

11. RISK MANAGEMENT.

The Committee shall:

11.1 Review and discuss with management and the Internal Auditors (each privately or together) policies and guidelines to govern the processes by which management assesses and manages the Company's risks, including the Company's major financial risk exposures and fraud, and the steps management has taken to monitor and control such exposures.

11.2 Review the periodic reports delivered to the Committee by the Internal Auditors; and oversee the processes by which major Company risks are reviewed by either the Committee, another Board committee or the full Board.

12. LEGAL COMPLIANCE.

The Committee shall review with legal counsel any legal matters, including inquiries received from regulators and governmental agencies, that may have a significant effect on the Company's financial statements, cash flows or operations, and review and oversee any policies, procedures and programs designed by the Company to promote legal compliance.

13. RELATED PARTY TRANSACTIONS.

The Committee shall review all proposed material related party transactions, other than those reviewed by a special committee of disinterested directors in accordance with Canadian corporate or securities laws.

14. OTHER DUTIES AND RESPONSIBILITIES.

The Committee shall complete any other duties and responsibilities delegated by the Board to the Committee from time to time.

15. MEETINGS WITH THE AUDITOR.

Notwithstanding anything set out in this Charter to the contrary, the Committee may meet privately with the Auditor or Internal Auditors as frequently as the Committee deems appropriate for the Committee to fulfil its responsibilities and to discuss any concerns of the Committee or Auditor in relation to the matters covered by the Committee's Charter, including the effectiveness of the Company's financial recording procedures and systems and management's cooperation and responsiveness to matters arising from the audit and non-audit services performed by the Auditor.

16. MEETINGS WITH MANAGEMENT.

The Committee may meet privately with management and the Company's Internal Auditors (together or separately) as frequently as the Committee deems appropriate for the Committee to fulfil its responsibilities to discuss any concerns of the Committee, management or the Internal Auditors.

17. OUTSIDE ADVISORS.

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of any outside counsel and other advisors to be paid by the Company.

18. REPORTING.

The Committee shall report to the Board on all matters set out in this Charter and other matters assigned to the Committee by the Board, including: (a) the Auditor's independence; (b) the Auditor's performance and the Committee's recommendation to reappoint or terminate the Auditor; (c) the Internal Auditors' performance; (d) the adequacy of the Internal Controls; (e) the Committee's review of the Company's annual and interim financial statements, and any GAAP reconciliation, including any issues respecting the quality and integrity of financial statements, along with the MD&A; (f) the Company's compliance with legal and regulatory matters and such matters affect the financial statements; and (g) the Company's risk management programs and any risks identified in accordance with this program.

19. CHARTER REVIEW.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

20. PERFORMANCE EVALUATION.

The Committee shall conduct an annual evaluation of the performance of its duties and responsibilities under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

21. NO RIGHTS CREATED.

This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable laws, regulations and listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company.