

FIRST HYDROGEN CORP. (formerly Pure Extraction Corp.)

Management's Discussion and Analysis

For the Three and Six Months Ended September 30, 2022 and 2021

Form 51-102F1

The following discussion is management's assessment and analysis of the results of operations and financial conditions of First Hydrogen Corp. (formerly Pure Extraction Corp.) (the "Company") and should be read in conjunction with the Company's unaudited consolidated financial statements for the three and six months ended September 30, 2022, and audited annual financial statements and related notes thereto for the year ended March 31, 2022. These unaudited financial statements have been prepared in accordance with International Financial Reports Standards ("IFRS") as issued by the International Accounting Standards Board and can be found on SEDAR at www.sedar.com.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is November 28, 2022.

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Overview

Description of the Business

The Company is in the business of engineering, research & development, production, manufacturing and selling equipment.

On June 12, 2020, the Company changed its name to Pure Extraction Corp., and through its subsidiaries Pure Extraction Inc. and Pure Extraction Ltd. which are in the business of engineering, research & development, manufacturing and selling CO₂ extraction equipment in the botanical oil industry. Botanical oils, also called volatile oils, are natural oils extracted from plants. Historically, they have been used in medicine, cosmetics, perfumes, food and more recently, aromatherapy. Botanical oils are "essential" because they contain the "essence" of the plant, meaning the taste or odor.

On June 11, 2021, the Company entered into definitive agreements with AVL Powertrain UK Limited and Ballard Power Systems Inc. to assist in the design and development of a fuel-cell powered vehicle that the Company will own the commercial rights for the vehicle design.

To better define the Company's zero-emission initiative, the Company changed its name to First Hydrogen Corp., the Company's trading symbol is FHYD.

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Highlights from April 1, 2022 to November 28, 2022

On April 11, 2022, the Company released its strategy and road map for the advancement of its Energy Division. First Hydrogen Energy is engaged in developing green hydrogen production projects initially in the United Kingdom and Canada. We are pleased to report that First Hydrogen Energy has identified four industrial sites in the United Kingdom and is advancing discussions with landowners to secure land rights and working with engineering consultants Ove Arup & Partners Limited (ARUP) for the engineering studies and designs.

The sites are all in prime industrial areas spread strategically across the North and South of the United Kingdom and will each accommodate both a large refueling station – for light, medium and heavy commercial vehicles with on-site hydrogen production, to serve the urban areas of Greater Liverpool, Greater Manchester, the London area, and the Thames Estuary - and a larger hydrogen production site of between 20 and 40 MW, for a total for the 4 sites of between 80 MW and 160 MW.

It is anticipated that the target sites will qualify for United Kingdom government financial support for both the development and construction phases to deliver vital capacity pursuant to the 10 GW of domestic hydrogen production ambition, of which 5 GW will be Green, as recently announced in the government's UK Energy Security Strategy.

The production facilities, once built, will serve customers of the Company's Automotive Division. First Hydrogen's green hydrogen van is to begin demonstrator testing in June with final delivery for road use in September 2022. First Hydrogen's strategy is to secure a domestic supply of fixed-price long-term green hydrogen fuel and distribution arrangements, with such customers. This will form part of the Company's offering to fleet operators of a full hydrogen mobility service for light commercial vehicles and supply First Hydrogen's mobile Hydrogen refueling stations with green Hydrogen.

On April 11, 2022, the Company announced the hiring of Stephen Pendrey as Chief Engineer – Vehicle Program for its Automotive division. His appointment to the company's UK-based technical team signifies further growth and commitment to delivering the brand's first hydrogen-fuelled, zero-emissions utility vehicles. With 35 years of experience in cutting-edge product development for the automotive sector, Stephen has previously worked on projects for Jaguar Land Rover, Daimler Trucks and Volvo.

On April 29, 2022, the Company announced it completed an over-subscribed non-brokered private placement of units consisting of 2,245,222 units at \$2.270 per unit for gross proceeds of \$6,062,099. Each unit will consist of one common share and a non-transferrable common share purchase warrant. Each warrant is exercisable at \$3.70 into one common share, for a period of two years from the date of closing. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$484,968 cash and issued 179,618 finder's warrants. Each finder's warrant is exercisable at \$2.70 into one common share for a period of two years.

On May 18, 2022, the Company announced that First Hydrogen Automotive extended its consulting relationship with FEV Group of Aachen Germany ("FEV") to define the technology leadership strategy for the Company's fleet of bespoke hydrogen fuel cell-powered light commercial vehicles ("LCV") and other potential vehicles based on our proprietary designs. This will enable First Hydrogen Automotive to plan the definitive designs and production facilities of its vehicles. More specifically FEV will advise on target product specifications, software led functionality, including advanced driver-assistance systems/autonomous driving systems (ADAS/AD)/connectivity functionality and electrics & electronics architecture, and assessment of the product concept hardware options in terms of design, layout, materials, manufacturing and platform modularity.

In April 2022, the UK government announced plans to double hydrogen production to 10 GW by 2030, with at least 5 GW to come from green hydrogen (produced in electrolyzers which split water into hydrogen and oxygen using electricity generated by wind and other renewables). First Hydrogen plans to contribute to

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these targets with up to four production sites, with each site having a refuelling station for commercial vehicles and passenger cars. Initial production capacity estimates are between 80 MW to 160 MW for the four sites.

Nicholas Wrigley, Chairman First Hydrogen Limited said, "We are very excited as First Hydrogen Automotive takes another step forward to decarbonization and providing a sustainable energy-powered vehicle. We are utilizing MAN eTGE vans for our demonstrators to build customer following and bespoke design references and this new phase of development will define First Hydrogen's own vehicle design interior and exterior, optimised for hydrogen and fuel cell powertrains. Our Energy Division is working to develop refuelling and green hydrogen production sites in Liverpool, Manchester, London and the Thames Estuary, which will serve our customers' fleet of vehicles and other users of hydrogen fuel cell vehicles. I believe the Company's strategy, from vehicles to hydrogen production will contribute to the world's climate change initiatives."

On June 10, 2022, the Company announced the appointment of Carlo Albert D'Amicis as chief financial officer of First Hydrogen Limited to support the automotive and energy divisions' growth. Mr. D'Amicis joins First Hydrogen from RHI Magnesita N.V., a global leader in refractories with annual revenues of €2.5 billion, listed on the London Stock Exchange, where he led a 120-person global finance team situated in over 15 countries as a Senior Finance Executive. Mr. D'Amicis held the position of CFO Americas for RHI Magnesita; his responsibilities included integration of the business post-merger between RHI and Magnesita, which provided him with valuable experience in restructuring their business and developing shared service centers while helping to drive consistent gross margin expansion.

Prior to RHI Magnesita, Mr. D'Amicis was a Senior Finance Executive for Magnesita where he helped the business toward the successful merger with RHI and the subsequent IPO on the London Stock Exchange. Mr. D'Amicis has also held senior management positions at PwC and KPMG; and is a Certified Accountant and a Certified Public Auditor in the Italian Public Register.

On June 27, 2022, the Company announced the addition of Manuel Tolosa as Head of Powertrain Engineering to support its development of hydrogen fuel cell-powered light commercial vehicles (LCV). For the last 16 years, Manuel has been responsible for hydrogen vehicle development projects at BMW Group (BMW), including the development of the unique BMW iX5 Hydrogen small series. With First Hydrogen, Manuel will provide leadership and direction in all areas of powertrain technology, innovation and engineering application through to production and post-production. He is responsible for implementing the technology, product and business strategy.

In his most recent role, Program Manager Fuel Cell System and Hydrogen Storage at BMW, Manuel directed the main development strategies for the next generation of vehicles. He also led BMW's long-term cooperation with Toyota Motor Corporation from a technical perspective and helped to align battery electric vehicle (BEV) and fuel cell electric vehicle (FCEV) platforms for their common use.

During his time at BMW, Manuel developed the core power train components for passenger cars, led the technical development of the primary parts in all demonstrator projects, redesigned the liquid hydrogen tank integrated into the Hydrogen 7 fleet and first introduced fuel cell systems and compressed gas tanks into a number of vehicles, including the BMW 5 Series GT FCEV hydrogen fuel cell prototypes.

On July 5, 2022, the Company announced it has applied for two Green Hydrogen production projects for the initial round of funding thru the UK Government's Net Zero Hydrogen Fund (NZHF) Strand 1 program. The program is funded by the Ministry of Business, Energy and Industrial Strategy (BEIS) for £240 million. The NZHF is part of the UK Government's initiatives to promote the production of home-grown green hydrogen and is a means to achieving the ambitious 10 GW of domestic production by 2030, or which 'at least' 5GW will need to be from electrolytic sources.

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The Company's two projects will have an initial capacity of 40 MW each and are to be situated in Carrington, in Greater Manchester, and in the Thames Estuary area. The sites are in two regions with hydrogen growth strategies, with letters of support received for both projects from leading strategic stakeholders and the landowners for the projects in such regions.

The Thames Estuary Growth Board (TEGB) issued a letter supporting our application for Strand 1 funding, highlighting the regional demand across the Estuary for green hydrogen, endorsed in the TEGB Hydrogen Route Map document. First Hydrogen has also received a letter of support for its projects from INOVYN, a subsidiary of INEOS, one of the key hydrogen producers in the EU.

The Greater Manchester Combined Authority has approved and adopted a regional Hydrogen and Fuel Cell Strategy in the pursuit of net-zero by 2038, supported by Manchester Metropolitan University and the Fuel Cell Innovation Centre, creating a Greater Manchester Hydrogen Partnership.

These Strand 1 submissions are the first stage in obtaining financial support from the UK Government, providing grant funding to undertake Front-End Engineering and Design work, planning, and will progress the projects to the pre-construction phase. Additional Strands will provide support for construction and business model support.

The two projects in Carrington and the Thames Estuary will, once operational, provide the Company's automotive customers with a substantial part of their green hydrogen needs to operate their fleets of First Hydrogen Fuel Cell Light Commercial Vehicles, and in combination will produce an excess of 7,100 tonnes of green hydrogen per year.

On July 11, 2022, the Company appointed Allan Rushforth as Chief Commercial Officer for its automotive division. Allan was the former Vice President of Global Sales & Performance at Nissan and Chief Operating Officer at Hyundai Motor Europe, Group Services Director at Volkswagen Group UK and Head of Retail Operations at Audi UK. Allan has also held commercial leadership roles with Land Rover and BMW Korea, and was Managing Director at Lookers, Europe's fourth-largest automotive retailer, where he was responsible for a turnover of more than €5 bn.

Mr. Rushforth's most recent role was European Managing Director for the Marque Group, an Australian private equity-backed collective of auto technology businesses, where he was responsible for leading the group in European markets. Alongside this role, he also supported the online electric vehicle marketplace, zeVie Cars, as Non-Executive Director.

Allan will bring the Company's cutting-edge hydrogen fleet vehicles to market and steer them to commercial success. An expert in harnessing data-led insights to improve customer experience, Allan will build brand value, partnerships and, when First Hydrogen's demonstrator vehicles launch later this year, foster customer relationships. Responsible for scaling up First Hydrogen's operations in Europe, he will also help to establish a world-class team that reflects the business' entrepreneurial and progressive spirit.

On July 18, 2022, the Company appointed Afkenel Schipstra as Chief Operational Officer to grow the Energy division. Ms. Schipstra joins First Hydrogen from the multinational utility company ENGIE, where she held the role of Senior Vice President of Hydrogen Business Development. She was responsible for large-scale hydrogen projects in the Netherlands, including HyNetherlands, a 1.85 GW green hydrogen value chain, which covers the production, transportation and usage of green hydrogen. She is also a Non-Executive Director and Chair of the Audit & Risk Committee of HydrogenOne Capital Growth plc., the first hydrogen fund to list on the London Stock Exchange.

Prior to ENGIE, Afkenel was Hydrogen Program Manager at TSO Gasunie N.V., where she developed a roadmap for the company's hydrogen activity and, in her previous role of Senior Business Development Manager, she worked on carbon capture, usage and storage (CCUS) and District heating projects. Passionate about bringing more women into the industry she is an active member of Women in Hydrogen and a founding

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member of VIEN, a community of energy leaders committed to bridging the diversity gap to create a sustainable and inclusive future for the sector.

Afkenel holds a Masters degree from the Rotterdam School of Management, is a Registered Controller and has more than 15 years of extensive experience in business leadership and finance management for the Energy sector. At First Hydrogen, she will assist the Company to establish environmentally sustainable green hydrogen production sites and deliver its refuelling solutions, a key part of First Hydrogen's ambition to guarantee a supply of green hydrogen for its customers.

On July 22, 2022, the Company announced it had been welcomed into the UK Aggregated Hydrogen Freight Consortium (AHFC). The consortium brings together operators of the largest UK fleets of vans and trucks and predominant members of the hydrogen industry, including hydrogen producers, hydrogen state suppliers and vehicle manufacturers. The AHFC is led by Element Energy and includes members: Air Products, Anglo American, Hyundai, Toyota and BOC (a member of The Linde Group). The consortium works together with large UK fleet operators to accelerate the commercial rollout of fuel cell vans and trucks and hydrogen refuelling infrastructure.

First Hydrogen has already received expressed interest from ten (10) fleet operators to trial the company's two demonstrator hydrogen fuel cell-powered light commercial vehicles (LCV). The fleet operators include telecoms, express delivery, national utilities and national infrastructure companies, a national UK supermarket chain, a national vehicle breakdown and recovery association, an ambulance fleet, a national fleet leasing group and a zero-carbon technology group. The fleet trials will operate across multiple UK locations from West London, Birmingham and Sheffield to Tees Valley and Aberdeen. The fleet trials will allow operators to access the real-world operations, experience range and operational flexibility benefits of hydrogen.

The announcement coincides with confirmation that First Hydrogen's two demonstrator hydrogen fuel cell light commercial vehicles (LCV) are scheduled for testing and on-road commissioning starting later this month in the UK. The commissioning integrates two MAN eTGE vehicles with Ballard Power System's Fcgen-LCS hydrogen fuel cell. The vehicles are expected to be road-ready in Q4 2022, allowing for customer real-world usage trials to start in early 2023.

On August 2, 2022, First Hydrogen welcomed Rob Campbell as Chief Executive Officer Energy to lead the Company's development of green hydrogen production and hydrogen refuelling technology. Mr. Campbell was previously Senior Vice President and Chief Commercial Officer at Ballard Power Systems (Ballard), the world's leading provider of fuel cells and clean energy solutions for sustainable transit systems.

For more than two decades Mr. Campbell has championed the use of renewable energy, hydrogen and fuel cells to positively address the challenges of climate change, pollution and energy security. His role at Ballard covered global business development, sales and marketing, product line management and after-sales service for its key power product markets – Heavy Duty Vehicles, Material Handling and Stationary Power. Prior to joining Ballard, Mr. Campbell was President and CEO of SoloPower Systems Inc. and has previously held Vice President roles at Energy Conversion Devices and Solar Integrated Technologies, and at Hydrogenics, a manufacturer of hydrogen fuel cell and electrolyser products.

Having taken on a director role at First Hydrogen in January this year, Mr. Campbell now joins the Company as Energy CEO. He will be responsible for developing green hydrogen production sites and fuel distribution systems, critical elements within First Hydrogen's total hydrogen mobility solution. The company's "Hydrogen-as-a-Service" model will provide customers with clean green hydrogen fuel, refuelling technology and zero-emission commercial vehicles in order to accelerate the creation of zero-emission ecosystem solutions.

A licensed professional engineer with the Professional Engineers Association of Ontario, Mr. Campbell holds the ICD.D designation from the Institute of Corporate Directors. He gained a Bachelor of Science degree in

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Engineering from Queen's University and an MBA in Finance and Marketing from York University's Schulich School of Business. Together with his extensive knowledge of high-growth markets and engineering-based capital equipment sales, Rob's experience will lead the delivery of the company's first green hydrogen production sites and hydrogen refuelling stations, which are in development with FEV Consulting Group. Later this year, First Hydrogen Automotive will launch two hydrogen-powered demonstrator Light Commercial Vehicles (LCVs) featuring Ballard fuel cells. Mr. Campbell will help to establish the necessary infrastructure to enable fleet operators to adopt zero-emission, hydrogen-powered vehicles.

On August 9, 2022, the Company announced the expansion of its Green Hydrogen production plans to the North American market. The initial focus will be on Canada with its enormous resources of renewable energy (hydropower, solar and wind) that can be used to produce green hydrogen yielding no carbon emissions. The Government of Canada announced, on July 11th, its first incentive funding for Medium-and-Heavy-Duty Zero-Emission Vehicles (the iMHZEV program will provide \$547.5M of funding over four years). This new policy commitment will aid in creating new demand for commercial vehicles using green hydrogen.

First Hydrogen is working on plans to provide customers with a "Hydrogen as-a-Service" model consisting of clean green hydrogen fuel, technologically advanced refueling stations and zero-emission commercial vehicles in order to accelerate the creation of zero-emission eco-system solutions.

The North American expansion is part of First Hydrogen's strategy to develop green hydrogen production in regions with strong policy support for green hydrogen and/or abundant renewable energy sources. The green hydrogen produced will be distributed nearby the production sites thereby minimizing distribution costs and also providing climate change, pollution reduction and energy resiliency benefits within the green hydrogen site's region.

The Company has retained ARUP to provide engineering consulting services in relation to projects the Company is developing in Canada. Arup is a global, independent sustainable development consulting firm of designers, planners, engineers, and technical specialists with over 17,000 employees across 33 countries. Arup brings deep knowledge and experience regarding hydrogen studies and projects and is also the engineering consultant for First Hydrogen's UK projects.

On August 22, 2022, the Company announced its two demonstrator vehicles have successfully completed initial commissioning trials. The Company's demonstrator vehicles have passed the important vehicle control system tests as part of the commissioning trials. The fuel cell systems, including the stack supplied by Ballard Power Systems, have undergone extensive calibration and testing in Graz, Austria. The testing is run by First Hydrogen's automotive build partner, AVL, one of the world's leading mobility technology companies for development, simulation and testing in the automotive industry and beyond.

The commissioning process ensures that the vehicles meet the highest possible safety standards for hydrogen and high voltage electrical safety systems. As part of the commission, Essex County Fire and Rescue Service inspected the vehicles at AVL's facility in Basildon, UK and were satisfied the control measures put in place have supported the application for use on the county's roads. This important step enables the vehicles to be tested in mixed road and driving conditions and to confirm performance ahead of First Hydrogen's real-world operational trials with major fleet operators in early 2023.

Since announcing the trials, which are coordinated through Element Energy and the UK Aggregated Hydrogen Freight Consortium (AFHC), a further two fleets have expressed interest in participating in the demonstration program. A total of 12 fleet operators working across a range of industries including telecoms, utilities, infrastructure, delivery, grocery and healthcare have now signed up to participate. They will be able to technically evaluate First Hydrogen's fuel cell vehicles in terms of payload, range and ease of refuelling and compare ease of use with battery electric alternatives. It is expected that First Hydrogen will be able to secure indications of interest for future vehicle orders as a result of these trials.

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On August 25, 2022, the Company congratulated Prime Minister Justin Trudeau and German Chancellor Olaf Scholz on the monumental hydrogen alliance formed between Canada and Germany. The joint declaration of intent to invest in hydrogen and establish a transatlantic Canada-Germany supply corridor will be the start of establishing Canada as a significant hydrogen producer and advancing on its decarbonization path. Natural Resources Canada projects the global hydrogen market to be more than \$2.5 trillion by 2050 with Canada as a leading supplier. Canada has identified the domestic deployment of hydrogen as a key to meeting its climate change commitments. On July 6, 2022, the Canadian government released its Clean Fuel Standard, which will aim to reduce greenhouse gas emissions and accelerate the use of clean technologies and fuels. It was followed up with an announcement of funding for Medium-and-Heavy-Duty Zero-Emission Vehicles (the iMHZEV program will provide \$547.5M of funding over four years). This new policy commitment will aid in creating new demand for commercial vehicles using green hydrogen.

On September 6, 2022, the Company announced the acceleration its green hydrogen plans for the US market given the new and significant support for renewable energy, green hydrogen and zero-emission mobility. The Company established First Hydrogen Energy (USA) Inc. and First Hydrogen Automotive (USA) Inc. in response to the recent passing of the historic Inflation Reduction Act (the "Act"). The Act authorizes US\$369 billion in spending on energy and climate change. The Company will begin to offer its hydrogen-fuel-cell powered vehicles to fleet customers in the United States.

The Inflation Reduction Act is seen as pivotal policy support that will result in the significant expansion of renewable energy as well as the industrialization of a number of key enabling technologies including the generation of green hydrogen. Green hydrogen is a clean energy source that only emits water vapour and leaves no residue in the air. It is produced when an electric current is passed through water separating hydrogen from oxygen. The production of hydrogen is green or zero emission when the electricity used is obtained from a renewable source (hydropower, wind, solar).

On October 11, 2022, the Company commented on the European Parliament's transport and tourism committee voting in of significant changes relating to hydrogen mobility and transport. As part of the Alternative Fuels Infrastructure Regulation (AFIR), the committee agreed on targets of one hydrogen refueling station (HRS) every 100km along the Trans-European Transport Network (TEN-T) Core and Comprehensive Network, which connect all of Europe. Recently, the European Union announced funding of €5.12 billion to co-fund 135 transport infrastructure projects that will form part of the TEN-T. European association, Hydrogen Europe, estimates the number of HRS to be 1,500 by 2030 far greater than the European Commission's original proposal, where HRS would be installed every 150km in the Ten-T Core Network leading to 200 HRS.

First Hydrogen recently announced its expansion to Germany, Benelux, Eastern Europe, France, Spain, Portugal and Italy to identify and sign-up fleets for European trials of the Company's light commercial vans (LCV). Green hydrogen facilities production opportunities will also be identified and developed to support the TEN-T Core and Comprehensive Networks. The Company's hydrogen-as-a-service model will be a zero-emission ecosystem solution that will benefit from the EU's move to decarbonize.

Afkenel Schipstra, First Hydrogen Energy COO, stated: "We welcome the European Parliament further strengthening the case for carbon reduction enabling infrastructure. This proposal will lead to approximately 1,500 HRS by 2030, which is a significant increase on previous figures. This commitment strengthens our own European expansion strategy, which we announced last week. First Hydrogen's activities now include development in Germany, France, Benelux, Spain Italy, Portugal and Eastern Europe. The EU market represents some 35% of the global Light Commercial Vehicle market, and so the European Commission's new plans for greater hydrogen infrastructure investment will support us in identifying and signing up fleet operators to our hydrogen vehicle trials."

On October 12, 2022 announced that its two light commercial vehicles (LCVs) have been certified legal on United Kingdom (UK), excluding Northern Ireland, roads by the Vehicle Certification Authority. The vehicles will be able to undertake customer trials on public roads commencing January 2023 for a period of

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24 months during which the Company expects to collect significant proprietary data from fleet owners and to capture high-level interest for future orders. The vans will be trialled in real-world conditions with major fleet operators initially in the UK and enable the Company to publicly showcase its leading design and accelerate the adoption by light commercial vehicle owners of fuel cell-powered vehicles to replace aging diesel fleets. A total of 13 UK fleet operators in various industries including telecoms, utilities, infrastructure, delivery, grocery and healthcare have signed up to participate in the trials.

The two LCVs will showcase the advantages fuel cell electric vehicles have over battery electric vehicles in terms of range and refuelling speed. First Hydrogen vehicles offer 400-600km of range on a single refuelling, which takes a matter of minutes. The certification is a significant milestone for the Company and will help with further approvals required as First Hydrogen scales up its vehicle demonstrator program to trial the vehicles in the European Union, United States and Canada. The global light commercial vehicle market is projected to reach \$786.5 billion by 2030 (according to Allied Research) and First Hydrogen's vehicles will help the sector meet zero emission targets.

On November 4, 2022, the Company applauded Canada's Finance Minister Chrystia Freeland's fall economic announcement to keep pace with United State's Inflation Reduction Act ("IRA") which authorizes \$369 billion (U.S.) in spending on energy and climate change.

The Canadian Government will be implementing two new tax credits to promote investment. The first incentive will be a refundable tax credit equal to 30 percent of the capital cost of investments in clean energy technology including zero-emission industrial vehicles. The second incentive will be an investment tax credit to support investments in clean hydrogen production.

On November 7, 2022, the Company announced that its first zero emission LCVs will shortly undergo test runs at the HORIBA MIRA Proving Ground and test track located near Birmingham.

This week, the first of the Company's demonstrator vehicles has completed hydrogen fuelling at 700 bar pressure at the ITM/MOTIVE site in Rainham, Essex, close to the AVL facility in Basildon. The 700-bar fill is a key performance parameter as it is the pressure rate that supplies enough energy to give the vehicle a 400-600km range within a few minutes. When commissioned, drivers will be able to see the energy storage and power flow within the vehicle on the van's dashboard display.

On November 21, 2022 the Company completed a successful track runs at the HORIBA MIRA Proving Ground, located near Birmingham, UK. The following link shows the LCVs in operation during its initial test runs, one in fuel-cell and one in battery electric mode ([FH Track Run](#)). The vehicles are certified for road use in the United Kingdom (UK), excluding Northern Ireland. Fleet trials with major UK operators are scheduled for January 2023. A total of 14 fleet operators in various industries are engaged to participate in the trials through the UK Aggregated Hydrogen Freight Consortium (AHFC).

On November 28, 2022, the Company announced that it has selected the City of Shawinigan, Quebec, Canada to develop its first green hydrogen eco-system. The Company has conducted site evaluations and has formally commenced the process to secure and develop respective sites for the local production of green hydrogen and the assembly of First Hydrogen zero-emission commercial vehicles.

First Hydrogen's project plan is to produce up to 50MW of green hydrogen using advanced electrolysis technology and distribute the hydrogen within the Montreal-Quebec City corridor for use with First Hydrogen's light commercial vehicles (LCV) as well as supporting other hydrogen-fuelled vehicles and applications in the region.

First Hydrogen LCVs are planned to be assembled in Shawinigan for distribution throughout North America in combination with the Company's Hydrogen as a Service product offering. The assembly factory will be designed for an annual capacity of 25,000 vehicles per year when at full capacity and will represent a major boost to green technology jobs in the region.

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The Company's strategy is a close match with the Province of Quebec's "Plan for a Green Economy¹" and the "2030 Quebec Green Hydrogen and BioEnergy Strategy¹" both targeting reduced dependence on fossil fuels, energy autonomy and green prosperity through the use of green hydrogen to decarbonize and strengthen its economy. Further, the Province of Quebec provides a stable and supportive environment for First Hydrogen's project through its economic, innovation and energy policies and programs aimed at accelerating the pace of the green energy transition.

The project is also consistent with recent federal government announcements supporting green hydrogen and low-carbon fuels initiatives.

Selected Financial Information

The following financial data is derived from the Company's audited annual financial statements for the years ended March 31, 2022, 2021 and 2020 respectively.

Years Ended March 31,	2022	2021	2020
	\$	\$	\$
Net revenues	-	302,110	-
Net loss	(8,868,094)	(2,461,014)	(597,047)
Total assets	5,148,508	2,480,619	587,378
Loss per Share	(0.18)	(0.06)	(0.04)
Cash dividends per share	0.00	0.00	0.00

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021
Revenues	\$nil	\$160,060	\$nil	\$nil
Net loss	(5,125,791)	(2,953,773)	(2,013,410)	(4,185,718)
Net comprehensive loss	(4,858,262)	(3,3245,238)	(1,957,340)	(4,220,375)
Loss per share (basic and diluted)	(0.09)	(0.06)	(0.04)	(0.08)
Total assets	5,514,756	7,117,143	5,148,508	7,887,722
Equity (deficiency)	1,360,997	4,537,379	1,120,679	3,802,837
	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Revenues	\$nil	\$nil	\$nil	\$302,110
Net loss	(931,146)	(1,737,820)	(1,925,626)	(102,229)
Net comprehensive loss	(930,438)	(1,739,680)	(1,925,626)	(102,229)
Income (Loss) per share (basic and diluted)	(0.02)	(0.04)	(0.05)	(0.00)
Total assets	9,786,352	7,725,787	2,621,965	4,301,557
Equity (deficiency)	6,992,570	4,920,153	1,166,288	2,873,914

Results of Operations for the Three Months ended September 30, 2022 and 2021

For the three months ended September 30, 2022, the Company incurred an operating loss of \$5,125,791 (2021 - \$931,146).

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Major expenses and their prior comparative period amount as follow:

- Accounting, audit and legal \$17,664(2021 – \$49,949)
- Advertising and marketing \$646,569 (2021 – \$131,917)
- Consulting and management fees \$285,545 (2021 – \$162,250)
- Depreciation \$49,556 (2021 - \$nil)
- General and administrative of \$145,257 (2021 – \$63,603)
- Interest expense \$18,119 (2021 - \$42,248)
- Research and development \$2,544,476 (2021 - \$286,638)
- Salaries and benefits \$1,028,799 (2021 - \$nil)
- Stock-based compensation \$236,467 (2021 - \$98,000)
- Travel \$54,350 (2021 - \$nil)

Increased expenses during the three-month period ended September 30, 2022, compared to September 30, 2021, were due to costs related to the hydrogen fuel-cell powered vehicle, green hydrogen production and extractor development, advertising and marketing costs. The Company's demonstrator vehicles neared completion during the quarter.

Results of Operations for the Six Months ended September 30, 2022 and 2021

For the six months ended September 30, 2022, the Company incurred an operating loss of \$8,079,564 (2021 - \$2,668,966) due to costs relating to the development of our two demonstrator vehicles.

- Accounting, audit and legal \$97,946 (2021 – \$118,094)
- Advertising and marketing \$1,304,471 (2021 – \$241,718)
- Consulting and management fees \$447,307 (2021 – \$214,750)
- Depreciation \$49,556 (2021 - \$nil)
- General and administrative of \$291,005 (2021 – \$169,247)
- Insurance expense \$60,012 (2021 - \$25,066)
- Interest expense \$44,311 (2021 - \$69,426)
- Research and development \$3,614,913 (2021 - \$353,395)
- Salaries and benefits \$1,541,625 (2021 - \$nil)
- Stock-based compensation \$438,402 (2021 - \$1,353,000)
- Travel \$94,858 (2021 - \$nil)

Increased expenses during the six-month period ended September 30, 2022, compared to September 30, 2021, were due to developed costs related to the hydrogen fuel-cell powered vehicle, green hydrogen production and extractor development, advertising and marketing costs.

Liquidity

As at September 30, 2022, the Company had net working capital of \$448,780 (March 31, 2022 - \$1,270,688). The Company has a cash balance of \$3,671,935 (March 31, 2021 - \$1,637,380).

Contractual Obligations

On October 1, 2021, First Hydrogen Limited and AVL Powertrain Limited entered in an agreement to proceed with the development and build of two hydrogen fuel cell powered light commercial demonstrator vans at AVL's facilities in the UK. The development and build phase are payable over the completion of certain milestones.

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Share Capital

The following tables summarize the Company's common share, warrants and stock option transactions for the six ended September 30, 2022, years ended March 31, 2022 and 2021 and November 29, 2022:

Common Shares:

Balance, March 31, 2021	38,101,239
Issued for cash	9,900,000
Issued for acquisition	3,000,000
Issued for finders' fee	249,590
Warrants exercised	18,750
Convertible debenture conversion	1,250,000
Finders' warrants exercised	1,081,980
Broker's options exercised	1,736,296
Balance, March 31, 2022	55,337,855
Convertible debenture conversion	1,250,000
Stock options exercised	150,000
Issued for cash	2,245,222
Warrants exercised	1,028,750
Finders' warrants exercised	289,638
Balance, September 30, 2022	60,301,465
Stock options exercised	100,000
Warrants exercised	462,500
Convertible debenture conversion	187,500
Balance, November 29, 2022	61,051,465

During the six-month period ended September 30, 2022, the Company completed a non-brokered private placement of units for gross proceeds of 6,062,099. The private placement consisted of 2,245,222 units at \$2.70 per unit, where each unit consists of one common share and one common share purchase warrant. Each full warrant is exercisable at \$3.70 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$484,968 cash and issued 179,618 finder's warrants. Each finder's warrant is exercisable at \$2.70 into one common share for a period of two years.

During the year ended March 31, 2022,

- the Company completed a non-brokered private placement of units for gross proceeds of \$3,000,000. The private placement consisted of 7,500,00 units at \$0.40 per unit, where each unit consists of one common share and a half of a common share purchase warrant. Each full warrant is exercisable at \$0.90 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$240,000 cash and issued 600,000 finder's warrants. Each finder's warrant is exercisable at \$0.40 into one common share for a period of two years.
- the Company completed a non-brokered private placement of units for gross proceeds of \$3,000,000. The private placement consisted of 2,400,00 units at \$1.25 per unit, where each unit consists of one common share and a common share purchase warrant. Each warrant is exercisable at \$2.00 into one common share, for a period of two years. In connection with the financing, the Company paid finder's fees to arm's length third parties consisting of \$240,000 cash and issued 192,000 finder's warrants. Each finder's warrant is exercisable at \$1.25 into one common share for a period of two years.
- issued 3,000,000 shares for the assignment of two non-binding letters of intent (Note 6) with AVL Powertrain UK Limited and Ballard Power Systems Inc. The letters of intent were ratified into

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definite agreements.

- issued a finder's fee of 249,590 common shares of the Company to an arm's length party (Note 6).
- issued 18,750 common shares from the exercise of share purchase warrants.
- issued 1,250,000 common shares upon the conversion of \$500,000 in debentures.
- issued 1,081,980 common shares from the exercise of finders' warrants.
- issued 1,736,296 common shares from the exercise of brokers' options.

In addition, the Company issued unsecured convertible debentures for gross proceeds of up to \$2.0 million. Each convertible debenture will bear interest from their issue date at 8 per cent per annum and mature on the date that is 24 months. The principal amount of the debenture will be convertible into units of the Company at the option of the holder at any time prior to the close of business on the last business day immediately preceding the maturity date. The conversion price per unit will be \$0.40 per unit. The unit is comprised of a share and a half of a common share purchase warrant, each full warrant is exercisable at \$0.90 into one common share, for a period of two years. The Company paid finder's fees to arm's length third parties consisting of \$160,000 cash and issued 4000,000 finder's warrants. Each finder's warrant is exercisable at \$0.40 into one common share for a period of two years.

Subsequent to the period ended September 30, 2022, the Company:

- issued 100,000 common shares from the exercise of stock options.
- Issued 462,500 common shares from the exercise of warrants.
- Issued 1875,000 common shares from the conversion of convertible debentures.

Warrants:

During the six-month period ended September 30, 2022, the Company issued:

- 625,000 share purchase warrants exercisable at \$0.90 per warrant, expiring April 30, 2023.
- 2,245,222 share purchase warrants exercisable at \$3.70 per warrant, expiring April 29, 2024.
- 1,028,750 share purchase warrants were exercised.

During the year ended March 31, 2022, the Company issued:

- 3,750,000 share purchase warrants exercisable at \$0.90 per warrant, expiring in two years.
- 2,400,000 share purchase warrants exercisable at \$2.00 per warrant, expiring in two years.

Warrant activity as follows:

	Number of Warrants	Weighted Average Exercise Price	Years to Expiry
Balance, March 31, 2021	-	\$ -	-
Issued	4,375,000	0.90	2.00
Issued	2,400,000	2.00	2.00
Exercised	(18,750)	0.90	-
Balance at March 31, 2022	6,756,250	\$ 1.29	1.20
Issued	625,000	0.90	0.83
Issued	2,245,222	3.70	1.83
Exercised	(1,028,750)	1.13	-
Balance at September 30, 2022	8,597,722	\$ 1.91	0.93

As at September 30, 2022, the following share purchase warrants were outstanding:

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<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiring</u>
4,167,500	\$ 0.90	April 30, 2023
2,185,000	2.00	August 30, 2023
2,245,222	3.70	April 29, 2024
<u>8,597,722</u>		

Subsequent to the period ended September 30, 2022:

- 462,500 warrants with an exercise of \$0.90 were exercised, and
- issued 93,750 warrants, exercisable at a price of \$0.90, from the conversion of \$75,000 in
- convertible debentures.

As of the date of this report, the following share purchase warrants were outstanding:

<u>Number of Warrants</u>	<u>Exercise Price</u>	<u>Expiring</u>
3,798,750	\$ 0.90	April 30, 2023
2,185,000	2.00	August 30, 2023
2,245,222	3.70	April 29, 2024
<u>8,228,972</u>		

Finders' warrants:

During the six-month period ended September 30, 2022, the Company issued 179,618 finder's warrants as finders' fees. The finder's warrants allowed the holder to acquire for \$2.70 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$372,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 2.63% risk-free interest rate, expected life of 2 years, 136% annualized volatility and 0% dividend rate.

During the year ended March 31, 2022, the Company issued:

- 1,000,000 finder's warrants as finders' fees for the unit financing of \$3,000,000 at \$0.40 per unit and \$2,000,000 of convertible debentures. The finder's warrants allowed the holder to acquire for \$0.40 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$606,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.31% risk-free interest rate, expected life of 2 years, 121% annualized volatility and 0% dividend rate.
- 192,000 finder's warrants as finders' fees. The finder's warrants allowed the holder to acquire for \$1.25 per finder warrant, one common share for a period of 24 months. The fair value of these finder's warrants was calculated at \$209,000 and was determined on the date of issuance using the Black-Scholes Option Pricing Model with the following assumptions: 0.71% risk-free interest rate, expected life of 2 years, 128% annualized volatility and 0% dividend rate.

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During the six-month period ended September 30, 2022, finder’s warrants activity was as follows:

	Number	Weighted Average Price
Number outstanding at March 31, 2021	-	-
Issued	1,000,000	\$ 0.40
Issued	192,000	\$ 1.25
Exercised	(1,000,000)	\$ 0.40
Exercised	(81,980)	\$ 1.25
Number outstanding at March 31, 2022	110,020	\$ 1.25
Issued	179,618	\$ 3.70
Exercised	(289,638)	\$ 2.15
Number outstanding at September 30, 2022	-	-

As at September 30, 2022 and the date of this report, there were no finders’ warrants were outstanding.

Long-Term Incentive Plan (“LTIP”):

The Company has a LTIP that provides for the issuance of restricted share units (“RSUs”), performance share units (“PSUs”), deferred share units (“DSUs”) and stock options (“Options”) (collectively the “Awards”) to its directors, officers, employees and consultants. The aggregate maximum number of outstanding Awards is 10% of the issued and outstanding common shares at any point in time. The exercise price of each Award equals the market price of the Company’s shares on the date of the grant. The maximum term of the stock options is ten years. The fair value of each Award granted is estimated on the date of grant using the Black-Scholes option pricing model.

During the six-month period ended September 30, 2022, the Company did not issue any RSUs, PSUs or DSUs.

During the six-month period ended September, the Company granted 250,000 stock options to employees of the Company and the recognized stock-based compensation of \$438,402 (2021 -\$1,353,000). These stock options vest over a three-year period. The fair value of each option granted during the period was estimated using the Black-Scholes Option Pricing Model based on the following assumptions:

	For the six-month period ended September 30,	
	2022	2021
Risk-free interest rate	2.70 – 3.16%	0.12 - .025%
Expected life	5 years	5 years
Volatility	103 – 105%	132 – 172%
Expected dividend yield	0.00%	0.00%

During the six months ended September 30, 2022, stock option activity was as follows:

	Number of Options	Weighted Average Exercise Price
Balance at March 31, 2020	1,260,000	\$ 0.165
Granted	600,000	0.320
Balance at March 31, 2021	1,860,000	\$ 0.210
Granted	1,755,000	2.068
Expired	(150,000)	0.165
Balance at March 31, 2022	3,465,000	\$ 1.144
Granted	250,000	3.018
Exercised	(150,000)	1.883
Balance at September 30, 2022	3,565,000	\$ 1.255

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As at September 30, 2022, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,110,000	1.80
July 23, 2025	\$ 0.300	500,000	2.81
March 3, 2026	\$ 0.400	100,000	3.42
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	3.70
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	4.14
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	4.22
January 11, 2027	\$ 2.250	30,000 ⁽³⁾	4.28
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	4.42
March 7, 2027	\$ 2.550	40,000 ⁽³⁾	4.44
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	4.55
June 6, 2027	\$ 3.000	90,000 ⁽³⁾	4.68
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	4.75
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	4.78
July 18, 2027	\$ 3.000	40,000 ⁽³⁾	4.80
		3,565,000	3.19

⁽¹⁾ 500,000 stock options vest over a three-year period.

⁽²⁾ 350,000 stock options vest over a three-year period.

⁽³⁾ stock options vest over a three-year period.

Subsequent to the six-month period ended September 30, 2022, the Company:

- issued 100,000 common shares from the exercise options at \$0.30.

As at the date of this report, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,110,000	1.64
July 23, 2025	\$ 0.300	400,000	2.65
March 3, 2026	\$ 0.400	100,000	3.26
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	3.53
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	3.97
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	4.05
January 11, 2027	\$ 2.250	30,000 ⁽³⁾	4.12
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	4.25
March 11, 2027	\$ 2.550	40,000 ⁽³⁾	4.27
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	4.39
June 6, 2027	\$ 3.000	90,000 ⁽³⁾	4.52
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	4.59
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	4.62
July 18, 2027	\$ 3.000	40,000 ⁽³⁾	4.64
	\$ 1.255	3,465,000	3.04

⁽¹⁾ 500,000 stock options vest over a three-year period.

⁽²⁾ 350,000 stock options vest over a three-year period.

⁽³⁾ stock options vest over a three-year period.

As at the date of this report, the Company had 61,051,465 common shares, 8,228,972 warrants, and 3,465,000 incentive stock options outstanding. The Company would have an additional 2,312,500 common shares and 1,156,250 warrants outstanding upon conversion of the remaining convertible debentures. If the convertible debentures, warrants, finders' warrants, and incentive stocks options were exercised, the Company would have 76,214,187 common shares outstanding.

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The Company incurred the following fees and expenses charged by directors and officers of the Company or by entities controlled by them for the six months ended September 30, 2022, and 2021:

	September 30, 2022	September 30, 2021
CEO	\$ 240,000	\$ 147,500
CFO	21,000	15,000
Salaries	92,426	-
Directors' fees	18,000	-
Rent	36,000	36,000
	\$ 389,426	\$ 198,500

These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

Risk and Uncertainties

The Company's business, results of operations, financial condition, and the trading price of its common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to the development of its light commercial vehicle, green hydrogen production and distribution, and refueling stations, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

Critical Accounting Estimates

The financial statements were prepared in accordance with IFRS which requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Significant areas requiring the use of management estimates relate to determination of impairment of assets, exploration and evaluation assets' carrying values, useful lives for depreciation and amortization, and the value of deferred income tax assets and liabilities. Actual results could differ from these estimates.

Off-Balance-Sheet Arrangements

The Company does not have any off-balance sheet transactions.

Subsequent Events

- a) On October 17, 2022, the Company received \$171,000 from the exercise of 190,000 warrants.
- b) On October 25, 2022, the Company received \$30,000 from the exercise of 100,000 stock options.
- c) On November 21, 2022, the Company received \$245,250 from the exercise of 272,500 warrants.
- d) On November 22, 2022, the Company issued 187,500 common shares and 93,750 warrants, exercisable at \$0.90 per warrant, from the conversion of \$75,000 in convertible debentures.

Financial Instruments and Related Risks

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

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The Company's financial instruments include cash and cash equivalents, receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash and cash equivalents are measured based on level 1 input of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com.

List of Directors and Officers

Balraj Mann CEO, and Director

Nancy Zhao, CFO

Alicia Milne, Director

Barry Hartley, Director

Nicholas Wrigley, Director