



FIRST HYDROGEN CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended September 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FIRST HYDROGEN CORP.

CONTENTS

Condensed Consolidated Interim Statements of Financial Position	3
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss	4
Condensed Consolidated Interim Statements of Cash Flows	5
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	6
Notes to the Consolidated Financial Statements	7 – 18

**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

FIRST HYDROGEN CORP.
Condensed Consolidated Interim Statements Of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2023	March 31, 2023
ASSETS			
Current Assets			
Cash		\$ 526,881	\$ 394,816
Other receivables	3	1,348,701	2,560,461
Prepaid expenses		233,706	142,020
Inventory	4	210,637	242,375
		2,319,925	3,339,672
Property, plant and equipment	5	106,113	8,444
Intangible assets	6	842,457	892,013
TOTAL ASSETS		\$ 3,268,495	\$ 4,240,129
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable & accrued liabilities	10	1,609,771	2,997,026
Income taxes payable		25,000	25,000
Interest payable		98,035	98,035
Loan payable	7	30,798	30,798
		1,763,604	3,150,859
Shareholders' Equity			
Share capital	8	30,506,233	24,720,831
Other comprehensive income		(225,104)	(118,473)
Contributed surplus		3,716,320	2,871,666
Deficit		(32,492,558)	(26,384,754)
		1,504,891	1,089,270
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 3,268,495	\$ 5,148,508

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

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Subsequent Events – Note 15

APPROVED BY THE DIRECTORS:

“Balraj Mann” Director
Balraj Mann

“Alicia Milne” Director
Alicia Milne

FIRST HYDROGEN CORP.**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss****For the Six Months Ended September 30, 2023 and 2022****(Unaudited – Expressed in Canadian Dollars)**

	Note	Three Months Ended September 30,		Six Months Ended September 30,	
		2023	2022	2023	2022
Revenue					
Sales		\$ -	\$ -	\$ -	\$ 160,060
Cost of Sales		-	-	-	154,511
Gross Profit		-	-	-	5,549
Expenses					
Accretion		-	41,422	-	99,465
Advertising and marketing		1,096,568	646,569	1,614,303	1,304,471
Amortization	5,6	25,823	49,556	51,636	49,556
Consulting and management fees	9	331,732	285,545	759,094	447,307
Foreign exchange (gain)		486	-	(7,819)	1,242
General and administrative	9,13	165,482	202,824	290,800	351,017
Interest expense		-	18,119	-	44,311
Professional fees		7,377	17,664	34,892	97,946
Research and development		389,357	2,544,476	575,549	3,614,913
Salaries and benefits		1,300,408	1,028,799	2,256,374	1,541,625
Stock-based compensation		264,692	236,467	494,437	438,402
Travel		13,766	54,350	41,731	94,858
		3,595,691	5,125,791	6,110,997	8,085,113
Loss before other items		(3,595,691)	(5,125,791)	(6,110,997)	(8,079,564)
Other income (expense)					
Interest income (expense)		14	-	3,193	-
		14	-	3,193	-
Net loss for the period		\$ (3,595,677)	\$ (5,125,791)	\$ (6,107,804)	\$ (8,079,564)
Other comprehensive loss					
Foreign currency transaction adjustment		115,394	267,529	(106,631)	(23,936)
Net loss and comprehensive loss for the period		\$ (3,451,675)	\$ (4,858,262)	\$ (6,214,435)	\$ (8,103,500)
Basic and diluted loss per share		\$ (0.05)	\$ (0.09)	\$ (0.09)	\$ (0.14)
Weighted average number of shares outstanding		70,622,804	59,136,741	69,685,762	58,417,106

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

FIRST HYDROGEN CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended September 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	For the Six Months Ended September 30,	
	2023	2022
Cash Flows Used in Operating Activities		
Net loss for the period	\$ (6,107,804)	\$ (8,079,564)
Items not affecting cash		
Stock-based compensation	494,437	438,402
Accretion	-	99,465
Amortization	51,636	49,556
Changes in non-cash working capital		
Items related to operations:		
Interest payable	-	2,996
Other receivables	1,211,760	578,074
Customer deposit	-	(179,267)
Inventory	31,738	154,511
Prepaid expenses	(91,686)	(75,831)
Accounts payable and accrued liabilities	(1,387,255)	439,716
	(5,797,174)	(6,571,942)
Cash Flows Used in investing Activity		
Deposit on purchase of land	(100,000)	-
	(100,000)	-
Cash Flows Provided by Financing Activity		
Shares issued for cash, net of issuance costs	3,582,444	5,577,131
Exercise of warrants, net of issuance costs	2,553,175	1,162,375
Exercise of stock options	-	282,500
Exercise of brokers' options	-	622,494
	6,135,619	7,644,500
Effect of exchange rate of on cash	(106,380)	-
Increase in cash during the period	238,445	1,072,558
Cash, beginning of the period	394,816	2,599,377
Cash, end of the period	\$ 526,881	\$ 3,671,935

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

FIRST HYDROGEN CORP.
Condensed Consolidated Interim Statements Of Shareholders' Equity
For the Six Months Ended September 30, 2023 and 2022
(Unaudited - Expressed in Canadian Dollars)

	Note	Number of Shares	Common Shares	Contributed Surplus	Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, March 31, 2023		67,526,165	\$ 24,720,831	\$ 2,871,666	\$ (118,473)	\$ (26,384,754)	\$ 1,089,270
Shares issued for cash	8 (b)	1,680,300	4,032,720	-	-	-	4,032,720
Warrants exercised	8 (c)	1,715,350	2,553,175	-	-	-	2,553,175
Shares issuance costs - cash	8 (b)(i)	-	(450,276)	-	-	-	(450,276)
Shares issuance costs – broker’s warrants	8(i)	-	(350,217)	350,217	-	-	-
Stock-based compensation	8 (h)	-	-	494,437	-	-	494,437
Other comprehensive loss		-	-	-	(106,631)	-	(106,631)
Net loss for the period		-	-	-	-	(6,107,804)	(6,107,804)
Balance, September 30, 2023		70,921,815	\$ 30,506,233	\$ 3,716,320	\$ (225,104)	\$ (32,492,558)	\$ 1,504,891
Balance, March 31, 2022		55,337,855	\$ 12,070,510	\$ 1,698,967	\$ 20,261	\$ (12,669,059)	\$ 1,120,679
Shares issued for cash		2,245,222	6,062,099	-	-	-	6,062,099
Shares issuance costs - cash		-	(637,587)	-	-	-	(637,587)
Shares issuance costs – broker’s warrants		-	(372,000)	372,000	-	-	-
Finder’s warrants exercised		289,638	622,494	-	-	-	622,494
Stock options exercised		150,000	282,500	-	-	-	282,500
Warrants exercised		1,028,750	1,162,375	-	-	-	1,162,375
Conversion of convertible debenture		1,250,000	470,435	(56,900)	-	-	413,535
Transfer due to exercise of broker’s options		-	647,700	(647,700)	-	-	-
Stock-based compensation		-	-	438,402	-	-	438,402
Other comprehensive loss		-	-	-	(23,936)	-	(23,936)
Net loss for the period		-	-	-	-	(8,079,564)	(8,079,564)
Balance, September 30, 2022		60,301,465	\$ 20,308,526	\$ 1,804,769	\$ (3,675)	\$ (20,748,623)	\$ 1,360,997

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

FIRST HYDROGEN CORP.

Notes to Condensed Consolidated Interim Financial Statements

For Six Months Ended September 30, 2023 and 2022

(Unaudited - Expressed in Canadian Dollars)

Note 1 Nature of Operations

First Hydrogen Corp. (the "Company") is a publicly listed company incorporated under the Business Corporations Act of British Columbia on June 20, 2007, as "Fitch Street Capital Corp". On June 13, 2008, the Company was classified and listed as a Capital Pool Company as defined by Policy 2.4 (the "CPC Policy") of the TSX Venture Exchange (the "Exchange"). On June 12, 2020, the Company changed its name to Pure Extraction Corp., and again on October 7, 2021, to First Hydrogen Corp. The Company's trading symbol is "FHYD" trading on the Exchange. The address of the Company's corporate office and principal place of business is Suite 440 – 755 Burrard Street, Vancouver, British Columbia V6Z 1X6.

The Company is a Vancouver Canada and London UK-based company focused on zero-emission vehicles, green hydrogen production, and distribution and supercritical carbon dioxide extractor systems in in UK, EU, and North America.

Going Concern

While the Company's condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the six months ended September 30, 2023, the Company reported a net loss of \$6,107,804 (2022 - \$8,079,564) and as at that date had an accumulated deficit of \$32,492,558 (March 31, 2023 - \$26,384,754). As of September 30, 2023, the Company has a working capital of \$556,321 (March 31, 2023 - \$188,813). The Company expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent on its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they become due.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material. The directors of the Company have approved these consolidated financial statements.

Note 2 Significant Accounting Policies and Basis of Preparation

(a) Statement of Compliance to International Financial Reporting Standards

These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted and these unaudited interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2023.

These condensed consolidated interim financial statements were authorized for issue on November 27, 2023 by the directors of the Company.

(b) Basis of Preparation and Consolidation

These condensed consolidated interim financial statements have been prepared on a historical cost basis using the accrual basis accounting, except for cash flow information.

These condensed consolidated interim financial statements include the accounts the Company and its wholly owned and controlled subsidiaries, 1300492 BC Ltd. (formerly First Hydrogen Corp.), First Hydrogen Limited (a UK corporation), 1063136 BC Ltd. (formerly Pure Extraction Inc.), Pure Extraction Ltd., First Hydrogen Energy (USA) Inc., First Hydrogen Automotive (USA) Inc., First Hydrogene (Quebec) S.A., NetzeroH2 Inc. and Zeroneth2 Inc.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 2 Significant Accounting Policies and Basis of Preparation (continued)

(b) Basis of Preparation and Consolidation (continued)

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The interim financial statements of the subsidiaries are including the condensed consolidated interim financial statements from the date of the control commences until the date that control ceases. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary. Intercompany balances and transactions, and unrealized gains arising from intercompany transactions are eliminated in preparing the consolidated financial statements.

(c) Critical Accounting Estimates, Judgments and Uncertainties

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Critical Accounting Estimates and Assumptions

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

(d) Future accounting pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as at the date of issuing these statements and have not been applied in preparing these financial statements. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Note 3 Other Receivables

	September 30, 2023	March 31, 2023
HST/GST receivable	\$ 97,737	\$ 135,251
Value-Added Tax ("VAT")	52,483	91,774
R&D tax credit (a)	1,198,481	2,333,436
	\$ 1,348,701	\$ 2,560,461

(a) It includes an estimated Research & Development (R&D) Tax Credit claim of GBP725,912 for year ended March 31, 2023.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 4 Inventories

Inventories comprised the following items:

	September 30, 2023		March 31, 2023	
Parts inventory	\$	210,637	\$	242,375

Note 5 Property, plant and equipment

During the six months ended September 30, 2023, the Company, through First Hydrogene (Quebec) S.A., a wholly owned subsidiary, entered into an agreement with the City of Shawinigan for the purchase of two plots of land. The Company's plan is to produce up to 35MW of green hydrogen production facility and vehicle assembly factory on these two plots of land. The Company made a non-refundable deposit of \$100,000 for two plots of land.

		Land	Equipment	Total
Cost				
Balance, March 31, 2022	\$	-	\$ -	\$ -
Additions		-	12,353	12,353
Balance, March 31, 2023		-	12,353	12,353
Additions		100,000	-	100,000
Foreign exchange effect		-	(160)	(160)
Balance, September 30, 2023	\$	100,000	\$ 12,193	\$ 112,193
Accumulated amortization				
Balance, March 31, 2022	\$	-	\$ -	\$ -
Additions		-	3,909	3,909
Balance, March 31, 2023	\$	-	\$ 3,909	\$ 3,909
Additions		-	2,080	2,080
Foreign exchange effect		-	91	91
Balance, September 30, 2023	\$	-	\$ 6,080	\$ 6,080
Carrying amounts				
As at March 31, 2022	\$	-	\$ -	\$ -
As at March 31, 2023		-	8,444	8,444
As at September 30, 2023	\$	100,000	\$ 6,113	\$ 106,113

Note 6 Intangible Assets

On June 11, 2021, the Company entered into definitive agreements with AVL Powertrain UK Limited and Ballard Power Systems Inc. The definitive agreements, with the Company's wholly owned subsidiaries 1300492 BC Ltd. and First Hydrogen Limited will assist in the design and development of a fuel-cell powered vehicle that the Company will own the commercial rights for the vehicle design.

The Company was assigned two non-binding letters of intent from Nova Light Capital Limited ("Nova Light"), an arm's length company, which have been ratified into the definitive agreements. Nova Light was issued 3,000,000 shares of the Company for the assignment of the two non-binding letters of intent. These shares are subject to a voluntary escrow and pooling agreement released over a 36-month period. Finder's fees of 249,590 shares of the Company were issued to an arm's length party. The Company has recorded the fair value of the shares at a price of \$0.305 per share.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 6 Intangible Assets (continued)

	September 30, 2023	
Balance, March 31, 2021	\$	-
Issuance of 3,000,000 common shares at a fair value of \$0.305		915,000
Issuance of 249,590 common shares at a fair value of \$0.305		76,125
Balance, March 31, 2022	\$	991,125
Amortization		(99,112)
Balance, March 31, 2023	\$	892,013
Amortization		(49,556)
Balance, September 30, 2023	\$	842,457

Note 7 Loan Payable and Government Grants

On April 20, 2020, the Company obtained a Canada Emergency Business Account (the “CEBA”) loan from the TD Canada Trust bank, guaranteed by the Canadian government, in the principal amount of \$40,000. This loan bears no interest until December 31, 2023. Repayment of the loan is due by January 18, 2024. The Company intends to pay off the loan principal \$30,000 before December 31, 2023.

Initially, the CEBA loan was evaluated at fair value using a discount rate of 10%. The assessment resulted in a measurement of \$25,277, and the variance of \$16,997 was acknowledged as a government grant in the consolidated statement of loss for the fiscal year concluded on March 31, 2021.

At September 30, 2023, the balance of the loan is \$30,798 (March 31, 2023 - \$30,798).

Note 8 Share Capital

a) Authorized, Issued and Outstanding

Unlimited number of common voting shares without par value.

A summary of changes in share capital is contained in the statement of changes in shareholders’ equity for the six months ended September 30, 2023 and 2022.

b) Share Issuance - Private Placement

Six Months Ended September 30, 2023

The Company completed a non-brokered private placement of units for gross proceeds of \$3,012,720. The private placement consisted of 1,255,300 units at \$2.40 per unit, where each unit consisted of one common share and one common share purchase warrant. Each full warrant is exercisable at \$2.85 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 \$241,018 cash and issued 100,424 broker’s warrants. Each broker’s warrant is exercisable at \$2.85 into one common share for a period of two years on May 26, 2025.

The Company completed a non-brokered private placement of units for gross proceeds of \$1,020,000. The private placement consisted of 425,000 units at \$2.40 per unit, where each unit consisted of one common share and one common share purchase warrant. Each full warrant is exercisable at \$2.85 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 \$81,600 cash and issued 34,000 broker’s warrants. Each broker’s warrant is exercisable at \$2.85 into one common share for a period of two years on June 22, 2025.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

Six Months 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 consisted 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 on April 30, 2024.

c) Share Issuance – Warrants exercised

Six Months Ended September 30, 2023

- 797,750 share purchase warrants exercised at \$0.90 per share, for the proceeds of \$717,975.
- 917,600 share purchase warrants exercised at \$2.00 per share, for proceeds of 1,835,200.

d) Share Issuance – Stock Options exercised

Six Months Ended September 30, 2022

- 50,000 stock options exercised at \$2.45 per share, for the proceeds of \$122,500.
- 100,000 stock options exercised at \$1.60 per share, for proceeds of \$160,000.

e) Share Issuance - Finder's Warrants Exercised

Six Months Ended September 30, 2022

- 110,020 finder's warrants exercised at \$1.25 per share, for the proceeds of \$137,525.
- 179,618 finder's warrants exercised at \$2.70 per share, for proceeds of \$484,969.

f) Share Issuance – Convertible Debenture Conversion

Six Months Ended September 30, 2022

- \$500,000 convertible debenture principal were converted to 1,250,000 common shares at a price \$0.40.

g) Share Purchase Warrants

Six Months Ended September 30, 2023

- 1,255,300 share purchase warrants were issued, exercisable at \$2.85 per warrant, expiring on May 26, 2025 (Note 8(b)).
- 425,000 share purchase warrants were issued, exercisable at \$2.85 per warrant, expiring on June 22, 2025 (Note 8(b)).

Six Months Ended September 30, 2022

- 625,000 share purchase warrants were issued at an exercisable at \$0.90 per warrant, expiring on April 30, 2023.
- 2,245,224 share purchase warrants were issued at an exercisable at \$3.70 per warrant, expiring on April 30, 2024.

As at September 30, 2023, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiring
2,245,222	\$ 3.70	April 29, 2024
1,255,300	\$ 2.85	May 26, 2025
425,000	\$ 2.85	June 22, 2025
3,925,522		

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

g) Share Purchase Warrants (continued)

During the six months ended September 30, 2023, warrant transactions were summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	Years to Expiry
Balance at March 31, 2022	6,756,250	\$ 1.29	1.20
Issued	4,120,222	\$ 0.90	0.62
Exercised	(5,427,250)	\$ 0.90	-
Exercised	(226,200)	\$ 2.00	-
Balance at March 31, 2023	5,223,022	\$ 2.56	0.65
Issued	1,680,300	\$ 2.85	1.93
Exercised	(797,750)	\$ 0.90	-
Exercised	(917,600)	\$ 2.00	-
Expired	(1,262,450)	\$ 1.99	-
Balance at September 30, 2023	3,925,522	\$ 3.34	1.05

h) 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. Stock options granted to consultants engaged in investor activities will vest in stages over a minimum period of twelve months. No RSUs, PSUs or DSUs were outstanding at September 30, 2023.

Six Months Ended September 30, 2023

- 295,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years on June 1, 2028.

Six Months Ended September 30, 2022

- 90,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years on June 6, 2027.
- 15,000 stock options were granted, exercisable at \$3.30 per share, with an expiry of 5 years, on April 19, 2027.
- 15,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years, on July 1, 2027.
- 90,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years, on July 11, 2027.
- 40,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years, on July 18, 2027.

During the six months ended September 30, 2023, the Company recorded the share-based compensation of \$494,437 (2022 - \$438,402). The fair value of each option granted during the current year was estimated using the Black-Scholes Option Pricing Model based on the assumptions in the table below.

	September 30, 2023	September 30, 2022
Risk-free interest rate	3.28%	2.7% - 3.16%
Expected life	5 years	5 years
Volatility	92.72%	103% - 105%
Expected dividend yield	Nil	Nil

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

h) Long-term Incentive Plan ("LTIP") (continued)

During the six months ended September 30, 2023, the stock option transactions are summarized as below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance at March 31, 2022	3,465,000	1.144
Granted	250,000	2.068
Exercised	(250,000)	0.165
Balance at March 31, 2023	3,465,000	1.290
Granted	295,000	3.000
Cancelled	(130,000)	-
Balance at September 30, 2023	3,630,000	1.363

As at September 30, 2023, the following stock options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Years
July 19, 2024	\$ 0.165	1,110,000	1,110,000	0.80
July 23, 2025	\$ 0.300	400,000	400,000	1.81
March 3, 2026	\$ 0.400	100,000	100,000	2.42
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	453,333	2.70
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	381,667	3.14
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	50,000	3.22
January 11, 2027	\$ 2.500	30,000 ⁽³⁾	10,000	3.28
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	50,000	3.42
March 7, 2027	\$ 2.550	40,000 ⁽³⁾	13,333	3.44
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	5,000	3.55
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	5,000	3.75
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	30,000	3.783
June 1, 2028	\$ 3.000	295,000 ⁽³⁾	-	4.67
	\$ 1.363	3,630,000	2,608,333	2.35

(1) Granted a total 620,000 stock options, of which, 500,000 stock options vest over a three-year period and 120,000 stock options vest immediately.

(2) Granted a total 615,000 stock options, of which, 350,000 stock options vest over a three-year period and 265,000 stock options vest immediately.

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

i) Finder's fee – cash and warrants

Six Months Ended September 30, 2023

Issued Finder's fee - Early Warrant Exercise Program

The Company entered into several agreements with Canaccord Genuity Corp. ("CGC") for the Early Warrant Exercise Program to facilitate the exercise of the Company's outstanding share purchase warrants during the last fiscal year. Under the term of agreements, CGC will receive a cash fee equal to 5% of the total gross proceeds raised from the exercise of the share purchase warrants, as well as an agent's warrant that is exercisable at \$4.50 into one common share for a period of two years from issuance. During the six months ended September 30, 2023, CGC assisted the Company in exercising a total of 1,715,350 warrants.

The Company incurred a cash fee of \$127,658 and issued 132,126 finder's warrants at an exercisable price of \$4.50 relating to the Early Warrant Exercise Program (Note 8 (c)).

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

j) Finder's fee – cash and warrants (continued)

The Company incurred a cash fee of \$322,618 and issued 134,424 finder's warrants at an exercisable price of \$2.85 relating to private placement (Note 8 (b)).

During the six months ended September 30, 2023, the Company recorded the fair value of 266,550 finder's warrant of \$350,217 (2022 - \$372,000). The fair value of each finder's warrant is estimated on the date of issuance using the Black-Scholes option pricing model in the table below:

	September 30, 2023	September 30, 2022
Risk-free interest rate	4.24% - 4.63%	2.63%
Expected life	24 months	24 months
Volatility	82% - 116.18%	136%
Expected dividend yield	Nil	Nil

During the six months ended September 30, 2023, finder's warrants transactions were summarized as follows:

	Number of Finder's Warrants Outstanding	Weighted Average Price
Number outstanding at March 31, 2022	110,020	\$ 1.25
Issued	266,123	\$ 4.50
Issued	179,618	\$ 2.70
Exercised	(110,020)	\$ 1.25
Exercised	(179,618)	\$ 2.70
Number outstanding at March 31, 2023	266,123	\$ 4.50
Issued	134,424	\$ 2.85
Issued	132,126	\$ 4.50
Number outstanding at September 30, 2023	532,673	\$ 4.08

As at September 30, 2023, the following finder's warrants were outstanding and exercisable:

Expiry Date	Exercise Price	Number of Finder's Warrants Outstanding	Weighted Average Remaining Years
December 19, 2024	\$ 4.50	60,688	1.09
December 30, 2024	\$ 4.50	120,250	1.25
March 27, 2025	\$ 4.50	85,185	1.49
May 26, 2025	\$ 2.85	100,424	1.65
June 14, 2025	\$ 4.50	45,764	1.71
June 22, 2025	\$ 2.85	34,000	1.73
September 22, 2025	\$ 4.50	86,362	1.98
		532,673	1.54

g) Escrow Shares

As at September 30, 2023, no common shares (March 31, 2023 – 653,749) were subject to an escrow agreement to be released in accordance with the CPC policy guidelines. Under the escrow agreement, 10% of the shares were released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the Qualifying Transaction) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

g) Escrow Shares (continued)

As at September 30, 2023, 900,000 common shares (March 31, 2023 – 1,350,000) were subject to a voluntary escrow and pooling agreement, with the shares being released over a 36-month period.

Note 9 Related Party Transactions

During the six months ended September 30, 2023, the Company recorded \$36,000 (2022 - \$36,000) in rent to a company owned by a director and senior officer. These transactions have been recorded at a fair value, which is the amount of consideration established and agreed to by the related parties.

During the six months ended September 30, 2023, the Company paid a total of \$18,000 in directors' fees (2022 – \$18,000).

Key management personnel are responsible for planning, directing and controlling the activities of an entity and include executive and non-executive directors. Key management personnel compensation disclosed above comprised the following:

Key Management Compensation

	September 30, 2023		September 30, 2022	
CEO	\$	240,000	\$	240,000
CFO		21,500		18,000
Director fees		18,000		18,000
Salaries		136,032		92,426
Rent		36,000		36,000
	\$	451,532	\$	404,426

Note 10 Financial Instruments and Risk

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Capital Risk

The Company's policy is, if permitted by market conditions, to ensure that there are adequate capital resources to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists primarily of cash and equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high creditworthiness. As at September 30, 2023, the Company is not exposed to any significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Company may seek additional financing through equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 10 Financial Instruments and Risk (continued)

d) Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities.

i) Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At September 30, 2023, the Company was not subject to significant interest rate risk.

ii) Foreign Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in its functional currency. The Company does not manage currency risk through hedging or other currency management tools.

As at September 30, 2023, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2023	Canadian dollar equivalent
Cash	GBP 69,914	115,428
Other receivables	GBP 757,701	1,250,964
Accounts payable and accrued liabilities	GBP (623,497)	(1,029,393)
	March 31, 2023	Canadian dollar equivalent
Cash	GBP 17,458	29,200
Other receivables	GBP 1,449,964	2,438,404
Accounts payable and accrued liabilities	GBP (1,302,918)	(2,105,914)

A 10% change in the British Pound against the Canadian dollar at September 30, 2023 would not have a material impact to the Company's comprehensive loss.

iii) Price Risk

The Company is not exposed to price risk with respect to commodity pricing.

The Company provides information about financial instruments that are measured at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
and

Level 3 – Inputs that are not based on observable market data.

The following table presents the financial instruments recorded at fair value in the statement of financial position, classified using the fair value hierarchy:

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 10 Financial Instruments and Risk (continued)

	Level 1	Level 2	Level 3	Total – September 30, 2023
Financial Assets				
Cash	\$ 526,881	\$ -	\$ -	\$ 526,881

iii) Price Risk (continued)

	Level 1	Level 2	Level 3	Total – March 31, 2023
Financial Assets				
Cash	\$ 394,186	\$ -	\$ -	\$ 394,186

Note 11 Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to any externally imposed capital requirements.

Note 12 Commitment

On October 1, 2021, First Hydrogen Limited and AVL Powertrain Limited entered into 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.

Note 13 General and Administrative

	For Three Months Ended		For Six Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Office and administration	\$ 74,011	\$ 78,818	\$ 88,307	\$ 110,721
Computer and internet	862	18,886	9,819	40,692
Rent	69,599	84,234	137,158	133,475
Transfer agent and regulatory fees	21,010	20,886	55,516	66,129
	\$ 165,482	\$ 202,824	\$ 290,800	\$ 351,017

Note 14 Segmented Information

	Assets		Expenditures	
	September 30, 2023	March 31, 2023	September 30, 2023	September 30, 2022
U.K.	\$ 2,480,784	\$ 3,723,533	\$ 2,708,753	\$ 5,537,677
Canada	787,711	516,596	3,402,244	2,677,880
	\$ 3,268,495	\$ 4,240,129	\$ 6,110,997	\$ 8,035,557

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 14 Segmented Information (continued)

The Company operates in one segment, being the engineering, research & development, manufacturing and selling equipment, in two geological areas, the U.K. and Canada.

Note 15 Subsequent Events

On November 24, 2023, the Company closed its private placement (the "Offering") of convertible debenture units (each a "Debenture") for gross proceeds of \$2,673,800. Each Debenture consists of \$1,000 in principal and is convertible into 689.65 common shares and 689.65 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise of \$3.00 per warrant for a period of two years from the closing date of the Offering.

The Debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 9.00% per annum, commencing on the date of issuance. The Debenture Units are unsecured. The Company intends to use the proceeds of the Offering for general corporate purposes. The Debentures will not be listed or posted for trading on any stock exchange. All securities issued in connection with the Offering will be subject to a statutory resale restriction for four months and one day from the closing date of the Offering.

In connection with the Offering, the Company paid Canaccord Genuity Corp. (the "Finder") a fee of \$213,904 and issued 147,520 warrants (the "Finder's Warrants"). Each Finder's Warrant provides that such Finder may acquire common shares of the Company (each a "Finder's Warrant Share") at a price of \$1.45 per Finder's Warrant Share until two years from the closing date of the Offering.