



FIRST HYDROGEN CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended June 30, 2023 and 2022

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

FIRST HYDROGEN CORP.

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**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	June 30, 2023	March 31, 2023
ASSETS			
Current Assets			
Cash		\$ 1,553,807	\$ 394,816
Other receivables	3	1,652,511	2,560,461
Prepaid expenses		381,334	142,020
Inventory	4	386,958	242,375
		3,974,610	3,339,672
Office equipment	5	7,409	8,444
Intangible assets	6	867,235	892,013
TOTAL ASSETS		\$ 4,849,254	\$ 4,240,129
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable & accrued liabilities	13	1,718,379	2,997,026
Income taxes payable		25,000	25,000
Interest payable		98,035	98,035
Loan payable	7	30,798	30,798
		1,872,212	3,150,859
Shareholders' Equity			
Share capital	8	28,877,010	24,720,831
Other comprehensive income		(340,498)	(118,473)
Contributed surplus		3,337,411	2,871,666
Deficit		(28,896,881)	(26,384,754)
		2,977,042	1,089,270
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 4,849,254	\$ 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 Three Months Ended June 30, 2023 and 2022****(Unaudited – Expressed in Canadian Dollars)**

	Note	For the Three Months Ended June 30,	
		2023	2022
Revenue			
Sales		\$ -	\$ 160,060
Cost of Sales		-	154,511
Gross Profit		-	5,549
Expenses			
Accounting and legal		27,515	80,282
Accretion		-	58,043
Advertising and marketing		517,735	657,902
Amortization	5,6	25,813	-
Consulting and management fees	9	427,362	161,762
Foreign exchange (gain)		(8,305)	1,242
General and administrative	9,13	125,318	148,193
Interest expense		-	26,192
Research and development		186,192	1,070,437
Salaries and benefits		955,966	512,826
Stock-based compensation		229,745	201,935
Travel		27,965	40,508
		2,515,306	2,959,322
Loss before other items		(2,515,306)	(2,953,773)
Other income (expense)			
Interest income		3,107	-
		3,107	-
Net loss for the period		\$ (2,512,127)	\$ (2,953,773)
Other comprehensive loss			
Translation of subsidiary to presentation currency loss		(222,025)	(291,465)
Net loss and comprehensive loss for the period		\$ (2,734,152)	\$ (3,245,238)
Basic and diluted loss per share		\$ (0.04)	\$ (0.06)
Weighted average number of shares outstanding		68,738,423	57,689,563

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 Three Months Ended June 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

	For the Three Months Ended June 30,	
	2023	2022
Cash Flows Used in Operating Activities		
Net loss for the period	\$ (2,512,127)	\$ (2,953,773)
Items not affecting cash		
Stock-based compensation	229,745	201,935
Accretion	-	58,043
Amortization	25,813	-
Changes in non-cash working capital		
Items related to operations:		
Interest payable	-	(15,123)
Other receivables	907,950	716,455
Customer deposit	-	(179,267)
Inventory	(144,583)	154,511
Prepaid expenses	(239,314)	(154,001)
Accounts payable and accrued liabilities	(1278,647)	(980,336)
	(3,011,163)	(3,151,556)
Cash Flows Provided by Financing Activity		
Shares issued for cash, net of issuance costs	3,710,102	5,577,131
Exercise of warrants, net of issuance costs	682,077	-
Exercise of stock options	-	122,500
Exercise of brokers' options	-	137,525
	4,392,179	5,837,156
Effect of exchange rate of on cash	(222,025)	-
Increase in cash during the period	1,381,016	2,685,600
Cash, beginning of the period	394,816	2,599,377
Cash, end of the period	\$ 1,553,807	\$ 5,284,977

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 Three Months Ended June 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)	797,750	717,975	-	-	-	717,975
Shares issuance costs - cash	8 (b)(i)	-	(358,516)	-	-	-	(358,516)
Shares issuance costs – broker’s warrants	8(i)	-	(236,000)	236,000	-	-	-
Stock-based compensation	8 (h)	-	-	229,745	-	-	229,745
Other comprehensive loss		-	-	-	(222,025)	-	(222,025)
Net loss for the period		-	-	-	-	(2,512,127)	(2,512,127)
Balance, June 30, 2023		70,004,215	\$ 28,877,010	\$ 3,337,411	\$ (340,498)	\$ (28,896,881)	\$ 2,977,042
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		-	(484,968)	-	-	-	(484,968)
Shares issuance costs – broker’s warrants		-	(372,000)	372,000	-	-	-
Finder’s warrants exercised		110,020	137,525	-	-	-	137,525
Stock options exercised		50,000	122,500	-	-	-	122,500
Conversion of convertible debenture		1,250,000	470,435	(56,900)	-	-	413,535
Transfer due to exercise of broker’s options		-	177,700	(177,700)	-	-	-
Stock-based compensation		-	-	201,935	-	-	201,935
Other comprehensive loss		-	-	-	(82,153)	-	(82,153)
Net loss for the period		-	-	-	-	(2,953,773)	(2,953,773)
Balance, June 30, 2022		58,993,097	\$ 18,183,801	\$ 2,038,302	\$ (61,892)	\$ (15,622,832)	\$ 4,537,379

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 Three Months Ended June 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 three months ended June 30, 2023, the Company reported a net loss of \$2,512,127 (2022 - \$2,953,773) and as at that date had an accumulated deficit of \$28,896,881 (March 31, 2023 - \$26,384,754). As of June 30, 2023, the Company has a working capital of \$2,102,398 (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 consolidated 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 August 28, 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 Hydrogen (Quebec) Corp. NetzeroH2 Inc. and Zeroneth2 Inc.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended June 30, 2023 and 2022
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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

	June 30, 2023	March 31, 2023
HST/GST receivable	\$ 75,570	\$ 135,251
Value-Added Tax ("VAT")	86,758	91,774
R&D tax credit (a)	1,490,183	2,333,436
	\$ 1,652,511	\$ 2,560,461

(a) Including an estimated Research & Development (R&D) Tax Credit claim of GBP886,117 for year ended March 31, 2023, to be submitted to the UK government.

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

Note 4 Inventories

Inventories comprised the following items:

	June 30, 2023	March 31, 2023
Parts inventory	\$ 386,958	\$ 242,375

Note 5 Office Equipment

		Equipment
Cost		
Balance, March 31, 2022	\$	-
Additions		12,353
Balance, March 31, 2023		12,353
Additions		-
Balance, June 30, 2023		12,353
Accumulated amortization		
Balance, March 31, 2022		-
Additions	\$	3,909
Balance, March 31, 2023		3,909
Additions		1,035
Balance, June 30, 2023		4,944
Carrying amounts		
As at March 31, 2022	\$	-
As at March 31, 2023		8,444
As at June 30, 2023		7,409

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.

		June 30, 2023
Cost		
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		(24,778)
Balance, June 30, 2023	\$	867,235

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
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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 before December 31, 2023, entitles a loan forgiveness of 25%, equivalent to \$10,000. As of December 31, 2023, the loan's new repayment principal is \$30,000. 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 June 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 three months ended June 30, 2023 and 2022.

b) Share Issuance - Private Placement

Three Months Ended June 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 consists 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 consists 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.

Three Months Ended June 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 on April 30, 2024.

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

Note 8 Share Capital (continued)

c) Share Issuance – Warrants exercised

Three Months Ended June 30, 2023

- 797,750 share purchase warrants exercised at \$0.90 per share, for the proceeds of \$717,975 (Note 8 (i)).

d) Share Issuance – Stock Options exercised

Three Months Ended June 30, 2023

No stock options exercised in Q1 2024.

Three Months Ended June 30, 2022

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

e) Share Issuance - Finder's Warrants Exercised

Three Months Ended June 30, 2023

No finder's s exercised in Q1 2024.

Three Months Ended June 30, 2022

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

f) Share Issuance – Convertible Debenture Conversion

Three Months Ended June 30, 2023

No convertible debenture conversion in Q1 2024.

Three Months Ended June 30, 2022

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

g) Share Purchase Warrants

During the three months ended June 30, 2023, the Company issued:

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

During the three months ended June 30, 2022, the Company issued:

- 250,000 share purchase warrants exercisable at \$0.90 per warrant, expiring on April 30, 2023.
- 2,245,224 share purchase warrants exercisable at \$3.70 per warrant, expiring on April 30, 2024.

During the three months ended June 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	-
Expired	(6,250)	\$ 0.90	-
Balance at June 30, 2023	6,099,322	\$ 2.07	0.90

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

Note 8 Share Capital (continued)

g) Share Purchase Warrants (continued)

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

Number of Warrants	Exercise Price	Expiring
2,173,800	\$ 2.00	August 30, 2023
2,245,222	\$ 3.70	April 29, 2024
1,255,300	\$ 2.85	May 26, 2025
425,000	\$ 2.85	June 22, 2025
6,099,322		

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, RSUs, PSUs or DSUs were outstanding at June 30, 2023.

During the three months ended June 30, 2023, the Company granted:

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

During the three months ended June 3, 2022, the Company granted:

- 90,000 stock options exercisable at \$3.00 per share, with an expiry of 5 years on June 9, 2027.
- 15,000 stock options exercisable at \$3.30 per share, with an expiry of 5 years, on April 19, 2027.

During the three months ended June 30, 2023, the Company recorded the share-based compensation of \$229,745 (2022 - \$201,935). 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.

	June 30, 2023	June 30, 2022
Risk-free interest rate	3.28%	2.7% - 3.09%
Expected life	5 years	5 years
Volatility	92.72%	103%
Expected dividend yield	Nil	Nil

During the three months ended June 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 June 30, 2023	3,630,000	1.363

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Notes to Condensed Consolidated Interim Financial Statements
For the Three Months Ended June 30, 2023 and 2022
(Expressed in Canadian Dollars)

Note 8 Share Capital (continued)

h) Long-term Incentive Plan (“LTIP”) (continued)

As at June 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	1.05
July 23, 2025	\$ 0.300	400,000	400,000	2.07
March 3, 2026	\$ 0.400	100,000	100,000	2.68
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	453,333	2.95
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	381,667	3.39
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	50,000	3.47
January 11, 2027	\$ 2.500	30,000 ⁽³⁾	10,000	3.54
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	50,000	3.67
March 7, 2027	\$ 2.550	40,000 ⁽³⁾	13,333	3.69
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	5,000	3.81
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	-	4.01
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	-	4.03
June 1, 2028	\$ 3.000	295,000 ⁽³⁾	-	4.93
	\$ 1.283	3,630,000	2,573,333	2.60

(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

Three Months Ended June 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 three months ended June 30, 2023, CGC assisted the Company in exercising a total of 797,750 warrants. The Company incurred a cash fee of \$35,898 and issued 45,764 finder’s warrants relating to the Early Warrant Exercise Program (Note 8 (c)).

During the three months ended June 30, 2023, the Company recorded the fair value of 180,188 finder’s warrant of \$236,000 (2022 - \$572,600). 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:

	June 30, 2023	June 30, 2022
Risk-free interest rate	4.31% - 4.63%	2.63%
Expected life	24 months	24 months
Volatility	82% - 85%	136%
Expected dividend yield	Nil	Nil

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Note 8 Share Capital (continued)

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

Three Months Ended June 30, 2022

During the three months ended June 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	45,764	\$ 4.50
Number outstanding at June 30, 2023	446,311	\$ 4.00

As at June 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	1.34
December 30, 2024	\$ 4.50	120,250	1.50
March 27, 2025	\$ 4.50	85,185	1.74
May 26, 2025	\$ 2.85	100,424	1.91
June 14, 2025	\$ 4.50	45,764	1.96
June 22, 2025	\$ 2.85	34,000	1.98
		446,311	1.70

g) Escrow Shares:

As at June 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 will be 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.

As at June 30, 2023, 1,350,000 common shares (March 31, 2023 – 1,350,000) were subject to a voluntary escrow and pooling agreement release over a 36-month period.

Note 9 Related Party Transactions

During the three months ended June 30, 2023, the Company recorded \$18,000 (2022 - \$18,000) 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 three months ended June 30, 2023, the Company paid a total of \$9,000 in directors' fees (2022 – \$9,000).

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Note 9 Related Party Transactions (continued)

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

	June 30, 2023		June 30, 2022	
CEO	\$	120,000	\$	105,000
CFO		10,500		7,500
Director fees		9,000		9,000
Salaries		136,032		-
Rent		18,000		18,000
	\$	293,532	\$	139,500

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 June 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.

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 June 30, 2023, the Company was not subject to significant interest rate risk.

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Note 10 Financial Instruments and risk (continued)

d) Market Risk (continued)

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

	June 30, 2023	Canadian dollar equivalent
Cash	GBP 36,456	61,308
Other receivables	GBP 937,706	1,576,823
Accounts payable and accrued liabilities	GBP (706,649)	(1,188,371)
	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 June 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:

	Level 1	Level 2	Level 3	Total – June 30, 2023
Financial Assets				
Cash	\$ 1,553,807	\$ -	\$ -	\$ 1,553,807
	Level 1	Level 2	Level 3	Total – March 31, 2023
Financial Assets				
Cash	\$ 394,186	\$ -	\$ -	\$ 394,816

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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

	June 30, 2023	June 30, 2022
Office and administration	\$ 84,494	\$ 31,903
Computer and internet	8,957	21,806
Rent	67,559	49,241
Transfer agent and regulatory fees	34,506	45,243
	\$ 195,516	\$ 148,193

Note 14 Segmented information

	Assets		Expenditures	
	June 30, 2023	March 31, 2023	June 30, 2023	June 30, 2022
U.K.	\$ 2,963,370	\$ 3,723,533	\$ 1,232,369	\$ 1,685,725
Canada	1,885,884	516,596	1,360,593	1,268,008
	\$ 4,849,254	\$ 4,240,129	\$ 2,592,962	\$ 2,953,733

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

Note 15 Subsequent Events

- a) The Company subsidiary, First Hydrogen Quebec, made a \$100,000 payment to the City of Shawinigan for sites proposed for hydrogen production and vehicle assembly.
- b) The Company has received \$1,414,600 from the exercise of 707,300 share purchase warrants.