



FIRST HYDROGEN CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended September 30, 2024 and 2023

(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
As at September 30, 2024 and March 31, 2024
(Unaudited – Expressed in Canadian Dollars)

	Note	September 30, 2024	March 31, 2024
ASSETS			
Current Assets			
Cash		\$ 66,200	\$ 87,475
Other receivables	3	605,797	641,157
Prepaid expenses		97,171	287,037
Inventories	4	219,648	188,298
		988,816	1,203,967
Deposit on land purchase	5	100,000	100,000
Equipment	5	46,300	55,678
Acquired-in-progress Research & Development	7	743,345	792,901
TOTAL ASSETS		\$ 1,878,461	\$ 2,152,546
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable & accrued liabilities	11	2,644,411	1,844,561
Income taxes payable		25,000	25,000
Accrued interest		312,338	182,261
Short-term loans	11	365,000	-
		3,346,749	2,051,822
Non-current Liabilities			
CEBA loan	9	41,116	40,102
Convertible debentures	8	2,752,043	2,192,472
		5,656,686	4,284,396
Shareholders' Equity			
Share capital	10	31,159,383	30,883,383
Contributed surplus		5,126,927	4,397,863
Accumulated other comprehensive income (AOCI)		20,261	20,261
Deficit		(40,568,018)	(37,433,357)
		(4,261,147)	(2,131,850)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 1,878,461	\$ 4,240,129

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

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Subsequent Events – Note 16

APPROVED BY THE DIRECTORS:

<u>“Balraj Mann”</u> Balraj Mann	Director	<u>“Nancy Zhao”</u> Nancy Zhao	Director
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FIRST HYDROGEN CORP.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

	Note	Three Months Ended September 30,		Six Months Ended September 30,	
		2024	2023	2024	2023
Expenses					
Advertising and marketing		62,387	1,095,949	248,910	1,613,584
Amortization	5,17	29,289	25,823	58,628	51,636
Consulting and management fees	11	173,982	325,732	381,460	720,094
General and administrative	11,14	56,552	152,285	109,477	268,098
Insurance		6,504	-	16,259	-
Professional fees		27,500	7,377	77,500	34,892
Research and development		64,657	388,221	130,351	573,264
Salaries and benefits		250,702	1,300,408	943,340	2,256,374
Stock-based compensation	10	570,921	264,692	808,810	494,437
Travel		138	13,766	2,181	41,731
		1,242,632	3,574,253	2,776,916	6,054,110
Loss before other items		(1,242,632)	(3,574,253)	(2,776,916)	(6,054,110)
Other income (expense)					
Accretion	8	(76,797)	-	(139,025)	-
Foreign exchange		(11,211)	115,190	(9,951)	(102,272)
Interest expense		(69,916)	-	(130,077)	-
Interest income		19	14	41	3,193
		(157,905)	115,204	(279,012)	(99,079)
Net loss for the period		\$ (1,400,537)	\$ (3,459,049)	\$ (3,055,928)	\$ (6,153,189)
Net loss from discontinued operations	6	(44,642)	(21,234)	(78,733)	(61,246)
Net loss and comprehensive loss for the period		\$ (1,445,179)	\$ (3,480,283)	(3,134,661)	\$ (6,214,435)
Basic and diluted loss per share		\$ (0.02)	\$ (0.05)	\$ (0.04)	\$ (0.09)
Weighted average number of shares outstanding		72,431,815	70,622,804	72,368,427	69,685,762

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

FIRST HYDROGEN CORP.
Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

	For the Six months ended September 30,	
	2024	2023
Cash Flows Used in Operating Activities		
Net loss for the period	\$ (3,134,661)	\$ (6,214,435)
Items not affecting cash		
Stock-based compensation	808,810	494,437
Accretion	140,039	-
Amortization	58,934	51,887
Changes in non-cash working capital		
Items related to operations:		
Interest payable	130,077	-
Other receivables	35,360	1,211,760
Inventory	(31,350)	31,738
Prepaid expenses	189,866	(91,686)
Accounts payable and accrued liabilities	799,850	(1,387,255)
	(1,003,075)	(5,903,554)
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
Net proceeds, convertible debenture	496,800	-
Exercise of warrants, net of issuance costs	-	2,553,175
Exercise of stock options	120,000	-
Short-term loans	365,000	-
	981,800	6,1335,619
Increase (decrease) in cash during the period	(21,275)	132,065
Cash, beginning of the period	87,475	394,816
Cash, end of the period	\$ 66,200	\$ 526,881

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

FIRST HYDROGEN CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

	Note	Number of Shares	Common Shares	Contributed Surplus	AOCI	Deficit	Total Shareholders' Equity
Balance, March 31, 2024		72,031,815	\$ 30,883,383	\$ 4,397,863	\$ 20,261	\$ (37,433,357)	\$ (2,131,850)
Stock options exercised	10 (d)	400,000	276,000	(156,000)	-	-	120,000
Stock-based compensation	10 (h)	-	-	808,810	-	-	808,810
Convertible debentures – equity portion		-	-	57,515	-	-	57,515
Convertible debentures –broker warrants		-	-	18,739	-	-	18,739
Net loss for the period		-	-	-	-	(3,134,661)	(3,134,661)
Balance, September 30, 2024		72,431,815	\$ 31,159,383	\$ 5,126,927	\$ 20,261	\$ (40,568,018)	\$ (4,261,447)
Balance, March 31, 2023		67,526,165	\$ 24,720,831	\$ 2,871,666	\$ 20,261	\$ (26,523,488)	\$ 1,089,270
Shares issued for cash	10 (b)	1,680,300	4,032,720	-	-	-	4,032,720
Warrants exercised	10 (c)	1,715,350	2,553,175	-	-	-	2,553,175
Shares issuance costs - cash	10 (i)	-	(450,276)	-	-	-	(450,276)
Shares issuance costs – broker's warrants	10(i)	-	(350,217)	350,217	-	-	-
Stock-based compensation	10 (h)	-	-	494,437	-	-	494,437
Net loss for the period		-	-	-	-	(6,214,435)	(6,214,435)
Balance, September 30, 2023		70,921,815	\$ 30,506,233	\$ 3,716,320	\$ 20,261	\$ (32,492,558)	\$ 1,504,891

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

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(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 1540 – 1100 Melville Street, Vancouver, British Columbia V6E 4A6.

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 consolidated 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, 2024, the Company reported a net loss of \$3,134,661 (2023 - \$6,214,435) and as at that date had an accumulated deficit of \$40,568,018 (March 31, 2024- \$37,433,357). As of September 30, 2024, the Company has a working capital deficit of \$2,357,933 (March 31, 2024 - \$847,855). 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 Basis of Presentation

(a) Statement of Compliance

These condensed unaudited consolidated interim financial statements 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 International Financial Reporting Standards (“IFRS”) as issued by the IASB been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company’s consolidated audited financial statements for the year ended March 31, 2024.

(b) Basis of Measurement 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., NetzeroH2 Inc., ZeronetH2 Inc. First Hydrogen Energy (USA) Inc., First Hydrogen Automotive (USA) Inc., both in the State of Delaware, USA and First Hydrogen (Quebec) Corp. in the province of Quebec, Canada. All inter-company transactions and balances have been eliminated upon consolidation.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 2 Basis of Presentation *(continued)*

(b) Basis of Measurement 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 consolidated financial statements of the subsidiaries are including the consolidated 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.

(c) Functional and presentation currency

The Company’s functional currency is the Canadian Dollar (“CAD”). The condensed consolidated interim financial statements are presented in CAD which is the Company’s presentation currency, unless otherwise noted.

All amounts in these condensed consolidated interim financial statements are round to the nearest dollar.

(d) Approval of financial statements

The condensed consolidated interim financial statements of the Company for the six-month period ended September 30, 2024 were reviewed and approved by the Board of Directors on November 28, 2024.

(d) 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.

Note 3 Other Receivables

	September 30, 2024		March 31, 2024	
HST/GST receivable	\$	19,914	\$	33,659
Value-Added Tax (“VAT”)		5,781		33,116
R&D tax credit (a)		580,102		574,382
	\$	605,797	\$	641,157

(a) The Company has filed a RDT claim to the UK government for GBP335,300 (\$574,382) for the UK tax year ended March 31, 2024. As at September 30, 2024, GBP335,300(\$580,102) remains outstanding.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 4 Inventories

The inventory consists of spare parts for the Company's hydrogen-powered-fuel-cell vehicles:

	September 30, 2024	March 31, 2024
Parts inventory	\$ 219,648	\$ 188,298

Note 5 Property and Equipment

		Equipment
Cost		
Balance, March 31, 2024	\$	77,831
Additions – Office equipment		-
Balance, September 30, 2024		77,831
Accumulated amortization		
Balance, March 31, 2024		22,153
Amortization - 2024	\$	9,378
Balance, September 30, 2024		31,531
Carrying amounts		
As at March 31, 2024	\$	55,678
As at September 30, 2024	\$	46,300

Deposit on land purchase

Pursuant to a Promise to Purchase dated May 10, 2023, the Company, through First Hydrogene (Québec) S.A., a wholly owned subsidiary, paid a non-refundable deposit of \$100,000 on two plots of land for a total purchase price of \$2,442,591 to the City of Shawinigan. The Company's plan is to produce up to 35MW of green hydrogen in a production facility and vehicle assembly factory on these two plots of land.

Note 6 Discontinued operations

On June 12, 2020, the Company completed its Qualifying Transaction (the "Transaction") with Pure Extraction Inc. and Pure Extraction Ltd. (collectively, "Pure Extraction"). The Company acquired all of the issued and outstanding Pure Extraction shares from the shareholders of Pure Extraction for the following consideration.

During the year ended March 31, 2024, the Company decided to exit the CO₂ extraction equipment business and effectively closed the operation. No further write-downs were required.

Net loss from discontinued operations for the six months ended September 30, 2024 and 2023 is comprised of the following:

	2024	2023
Expenses		
Advertising and marketing	\$ 682	\$ 719
Consulting and management fees	39,000	39,000
General and administrative	35,936	22,702
Research and development	2,102	2,285
	77,720	64,706
Other income (expense)		
Accretion	(1,013)	(3,460)
	(1,013)	(3,460)
Net loss from discontinued operations	\$ 78,733	\$ 61,246

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 6 Discontinued operations (continued)

Net loss from discontinued operations for the six months ended September 30, 2024 and 2023 is comprised of the following:

	2024	2023
Cash used in operating activities	\$ (12,021)	\$ (50,335)
Cash used in discontinued operations	\$ -	\$ (63)

Note 7 Acquired-in-progress Research & Development

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 currently does not own any patents.

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.

	Acquired-in-progress Research & Development	
Cost		
Balance, March 31, 2023	\$	892,013
Depreciation		(99,112)
Balance, March 31, 2024	\$	792,901
Depreciation		(49,556)
Balance, September 30, 2024	\$	743,345

Note 8 Convertible Debentures

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 (the "Principal"). 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 (November 24, 2025) and bear interest at a rate of 9.00% per annum, commencing on the date of issuance. The Debenture Units are unsecured. On initial recognition, the Company bifurcated \$275,725 to equity and \$2,398,075 to the carrying value of the debentures.

In quarter ended September 30, 2024, the Company amended the conversion rate from 689.85 common shares to 1,851.85 common shares per \$1,000 in principal and no longer comprise of the warrant component.

The Company incurred transaction costs of \$320,238. Transactions costs consisted of the following:

- broker's fees to arm's length third parties consisting of \$213,904 cash;
- issued 147,520 finder's warrants. Each finder's warrant is exercisable at \$1.45 into one common share for a period of two years. The finders' warrants are fair valued at \$106,334 based on Black-Scholes Option Pricing Model valuation using the following assumptions: 0.31% risk-free interest rate, expected life of 2 years, 121% annualized volatility and 0% dividend rate.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 8 Convertible Debentures (continued)

On July 9, 2024, the Company closed its private placement (the “Offering”) of convertible debenture units (each a “Debenture”) for gross proceeds of \$540,000 (the “Principal”). Each Debenture consists of \$1,000 in principal and is convertible into 1,851.85 common shares and 1,851.85 share purchase warrants, with each share purchase warrant exercisable to acquire one common share at an exercise of \$0.80 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 (July 9, 2026) and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The Debenture Units are unsecured. On initial recognition, the Company bifurcated \$57,515 to equity and \$482,485 to the carrying value of the debentures.

The Company incurred transaction costs of \$61,939. Transactions costs consisted of the following:

- broker’s fees to arm’s length third parties consisting of \$43,200 cash;
- issued 80,000 finder’s warrants. Each finder’s warrant is exercisable at \$0.54 into one common share for a period of two years. The finders’ warrants are fair valued at \$18,739 based on Black-Scholes Option Pricing Model valuation using the following assumptions: 3.74% risk-free interest rate, expected life of 2 years, 121% annualized volatility and 0% dividend rate.

	September 30, 2024	March 31, 2024
Opening balance	\$ 2,192,472	\$ -
Additions from Principal amounts	540,000	2,673,800
Fair value of Finder’s Warrants (Note 10(i))	(18,739)	(106,334)
Equity component	(57,515)	(242,702)
Transaction costs	(43,200)	(213,904)
Accretion	139,025	81,612
	\$ 2,752,043	\$ 2,192,472
Current portion	\$ -	\$ -
Non-current portion	2,752,043	2,192,472
	\$ 2,752,043	\$ 2,192,472

Note 9 Loan Payable and Government Grants

On April 20, 2020, a subsidiary of the Company obtained a Canada Emergency Business Account (the “CEBA”) loan in the amount of \$40,000 (face value) from the TD Canada Trust bank guaranteed by the Canadian government. This loan is non-interest bearing until December 31, 2023 and repayment of the loan prior to December 31, 2023 will result on loan forgiveness of 25% or \$10,000.

On January 12, 2022, the Department of Finance Canada announced the repayment deadline for the CEBA loans to qualify for partial loan forgiveness is being extended to January 11, 2024 (new date) from December 31, 2022 (original date), for all eligible borrowers in good standing. The Company did not make the loan repayment by January 18, 2024 to be eligible for loan forgiveness, and were required to follow the Notable Loan Term as below:

- Interest:** at a rate of 5% per annum with an interest payment frequency determined by the financial institution.
- Term Loan Maturity Date:** non-amortizing, with the full principal amount due on December 31, 2026. After January 11, 2024, the full amount of the original loan if not repaid is converted into a 3-year term loan at a fixed annual interest rate of 5%

At September 30, 2024, the balance of the loan is \$41,116 (March 31, 2024 - \$40,102).

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 10 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 on the statement of changes in shareholders' equity for the six months ended September 30, 2024 and 2023.

b) Share Issuance - Private Placement

Six Months Ended September 30, 2024

- No shares were issued.

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.

c) Share Issuance – Warrants exercised

Six Months Ended September 30, 2024

- No warrants were 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, 2024

- 400,000 stock options were exercised at \$0.30 per share, for proceeds of \$120,000.

Six Months Ended September 30, 2023

No stock options were exercised.

e) Share Issuance - Finder's Warrants Exercised

Six Months Ended September 30, 2024

- No finder's warrants were exercised.

Six Months Ended September 30, 2023

- No finder's warrants were exercised.

FIRST HYDROGEN CORP.
Notes to Condensed Consolidated Interim Financial Statements
For the Six Months Ended September 30, 2024
(Unaudited – Expressed in Canadian Dollars)

Note 10 *Share Capital (continued)*

f) Share Issuance – Convertible Debenture Conversion

Six Months Ended September 30, 2024

- No convertible debenture conversions.

Six Months Ended September 30, 2023

- No convertible debenture conversions.

g) Issuance - Share Purchase Warrants

Six Months Ended September 30, 2024

- No share purchase warrants were issued.
- Share purchase warrants expiring April 29, 2024 were extended to April 29, 2025, and the exercise price of these shares warrants were lowered to \$1.10.

Six Months Ended September 30, 2023

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

During the six months ended September 30, 2024, warrant transactions were summarized as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)	Years to Expiry
Balance at March 31, 2023	5,223,022	2.56	0.65
Issued	1,255,300	2.85	2.00
Issued	425,000	2.85	2.00
Exercised	(797,750)	0.90	-
Expired	(6,250)	0.90	-
Exercised	(917,600)	2.00	-
Expired	(1,256,200)	2.00	-
Balance at March 31, 2024	3,925,522	3.34	0.55
Balance at September 30, 2024	3,925,522	1.85	0.62

As at September 30, 2024, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price (\$)	Expiring
2,245,222	1.10	April 29, 2025
1,255,300	2.85	May 26, 2025
425,000	2.85	June 22, 2025
3,925,522		

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, 2024 (March 31, 2024 – nil).

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Note 10 *Share Capital (continued)*

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

During the six months ended September 30, 2024, the Company granted 2,050,000 incentive stock options exercisable at \$0.40 per share, with an expiry of 5 years.

During the six months ended September 30, 2023, the Company granted 295,000 stock options exercisable at an exercisable price of \$3.00 per share, with an expiry of 5 years, from June 9, 2027 to July 18, 2027.

During the six months September 30, 2024, the Company recorded the share-based compensation of \$808,810 (2023 - \$494,437) for stock options vested during the period. The fair value of each option granted during the current period was estimated using the Black-Scholes Option Pricing Model based on the assumptions in the table below.

	September 30, 2024	September 30, 2023
Risk-free interest rate	2.75%	3.28%
Expected life	5 years	5 years
Volatility	95%	92.72%
Expected dividend yield	Nil	Nil

For the six months ended September 30, 2024, the stock option transactions are summarized as below:

	Number of Options	Weighted Average Exercise Price (\$)
Balance at March 31, 2023	3,465,000	1.29
Granted	295,000	3.00
Cancelled	(130,000)	3.00
Exercised	(1,100,000)	0.165
Balance at March 31, 2024	2,520,000	1.89
Granted	2,050,000	0.40
Cancelled	(425,000)	2.91
Exercised	(400,000)	0.30
Balance at September 30, 2024	3,745,000	1.13

As at September 30, 2024, 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
March 3, 2026	\$ 0.40	100,000	100,000	1.42
June 11, 2026	\$ 2.35	620,000	620,000	1.70
November 18, 2026	\$ 1.70	615,000 ⁽¹⁾	498,333	2.13
December 17, 2026	\$ 1.70	150,000 ⁽²⁾	100,000	2.21
January 11, 2027	\$ 2.50	15,000 ⁽²⁾	10,000	2.28
April 19, 2027	\$ 3.30	15,000 ⁽²⁾	10,000	2.55
July 1, 2027	\$ 3.00	15,000 ⁽²⁾	10,000	2.78
June 1, 2028	\$ 3.00	165,000 ⁽²⁾	98,333	3.67
September 9, 2029	\$ 0.40	2,050,000 ⁽³⁾	1,500,000	4.95
	\$ 1.13	3,745,000	2,903,333	3.66

(1) 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.

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

(3) Granted a total 2,050,000 stock options, of which, 550,000 stock options vest over a three-year period and 1,500,000 stock options vest immediately.

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Note 10 *Share Capital (continued)*

i) Finder's fee – cash and warrants

Six Months Ended September 30, 2024

- The Company incurred a cash fee of \$43,200 and issued 80,000 finder's warrants at an exercisable price of \$0.54 relating to the convertible debentures issued on July 9, 2024 (Note 8).

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.
- 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 10 (b)).

During the six-month ended September 30, 2024, the Company recorded the fair value of 80,000 finder's warrant of \$18,739 (2023 - \$350,217). 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, 2024	September 30, 2023
Risk-free interest rate	3.74%	4.24% - 4.63%
Expected life	24 months	24 months
Volatility	85.53	82% - 116.18%
Expected dividend yield	Nil	Nil

During the six months ended September 30, 2024, finder's warrants transactions were summarized as follows:

	Number of Finder's warrants outstanding	Weighted Average Price
Number outstanding at March 31, 2023	266,123	\$ 4.50
Issued	100,424	\$ 2.85
Issued	45,764	\$ 4.50
Issued	34,000	\$ 2.85
Issued	86,362	\$ 4.50
Issued	147,520	\$ 1.45
Number outstanding at March 31, 2024	680,193	\$ 3.51
Issued	80,000	\$ 0.54
Number outstanding at September 30, 2024	760,193	\$ 3.20

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Note 10 Share Capital (continued)

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

As at September 30, 2024, the following stock 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	0.34
December 30, 2024	\$ 4.50	120,250	0.50
March 27, 2025	\$ 4.50	85,185	0.74
May 26, 2025	\$ 2.85	100,424	0.90
June 14, 2025	\$ 4.50	45,764	0.96
June 22, 2025	\$ 2.85	34,000	0.98
September 22, 2025	\$ 4.50	86,362	1.23
November 23, 2025	\$ 1.45	147,520	1.10
July 9, 2026	\$ 0.54	80,000	1.77
		760,193	0.78

j) Escrow Shares

As at September 30, 2024, no common shares (March 31, 2024 – 450,000) were subject to a voluntary escrow and pooling agreement release over a 36-month period (see Note 7).

Note 11 Related Party Transactions

During the six months ended September 30, 2024, the Company recorded \$36,000 (2023 - \$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.

As at September 30, 2024, the Company has \$261,050 (March 31, 2024 - \$40,000) owing to a company owned by a director and CEO of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024, the Company has \$153,900 (March 31, 2024 - \$27,000) owing to company owned by an officer of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024, the Company has \$16,950 (March 31, 2024 - \$4,725) owing directors of the Company. The balance has no set terms of repayment and does not bear interest.

As at September 30, 2024 the Company incurred a total of \$18,000 in directors' fees (2023 – \$18,000).

As at September 30, 2024, the Company has received from officers and director short-term loans of \$365,000 (March 31, 2024 – nil). The balance has no set terms of repayment and does not bear interest.

Key management personnel are persons 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:

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Note 11 Related Party Transactions (continued)

Key Management Compensation

	September 30, 2024	September 30, 2024
CEO	\$ 240,000	\$ 240,000
Former CFO	-	21,000
Interim CFO	81,000	-
Director fees	18,000	18,000
Consulting	42,500	-
Salaries	-	136,032
Rent	36,000	36,000
Stock-based compensation	234,531	-
	\$ 652,031	\$ 451,532

Note 12 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, 2024, 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 September 30, 2024, the Company was not subject to significant interest rate risk.

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Note 12 Financial Instruments and 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 September 30, 2024, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	September 30, 2024		Canadian dollar equivalent
Cash	GBP	5,518	9,547
Accounts payable and accrued liabilities	GBP	(576,119)	(996,743)

A 10% change in the British Pound against the Canadian dollar at September 30, 2024 would not have a material impact to the Company's foreign exchange 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 – Sep. 30, 2024
Financial Assets							
Cash	\$	66,200	\$	-	\$	-	\$ 66,200
Financial Assets							
Cash	\$	87,475	\$	-	\$	-	\$ 87,475

Note 13 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.

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Note 13 Capital Risk Management (continued)

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.

These losses are unconfirmed subject to assessment of the Company's annual tax return by the tax authorities.

Note 14 General and administrative

	For the Three Months ended		For the Six Months ended	
	Sep. 30,		Sep. 30,	
	2024	2023	2024	2023
Office and administration	\$ 6,424	\$ 71,746	\$ 9,842	\$ 84,477
Computer and internet	12,198	862	29,616	9,819
Rent	18,030	58,667	38,361	118,286
Transfer agent and regulatory fees	19,900	21,010	31,658	55,516
	\$ 56,552	\$ 152,285	\$ 109,477	\$ 268,098

Note 15 Segmented information

	Assets		Expenditures	
	September 30,	March 31,	For the Six Months Ended Sep 30,	
	2024	2024	2024	2023
U.K.	\$ 917,195	\$ 1,044,007	\$ 1,277,810	\$ 2,708,753
Canada	961,266	1,108,539	1,778,118	3,444,436
	\$ 1,878,461	\$ 2,152,546	\$ 3,055,928	\$ 6,153,189

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

Note 16 Subsequent Events

- On October 2, 2024, the Company cancelled 15,000 incentive stock options.
- On November 1, 2024, the Company cancelled 150,000 incentive stock options.
- The company has received \$80,000 in short-term loans from officers and director.