



FIRST HYDROGEN CORP.

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

FIRST HYDROGEN CORP.

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INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of
First Hydrogen Corp.

Opinion

I have audited the consolidated financial statements of First Hydrogen Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and March 31, 2023, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated financial statements section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the consolidated financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$10,909,869 during the year ended March 31, 2024 and, as of that date, the Company had not yet achieved profitable operations, had accumulated losses of \$37,433,357 since its inception, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements for the year ended March 31, 2024. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of this report, I have determined the matter described below to be the key audit matter to be communicated in this report.

Assessment of Impairment Indicators of Acquired-in-progress Research & Development.

As described in Note 7 to the financial statements, the Acquired-in-progress Research & Development was \$792,901 as at March 31, 2024. As more fully described in Note 2 **Impairment of Long-lived Assets** to the financial statements, management assesses the asset impairment for indicators of impairment at each reporting period and many of the factors used in assessing fair value are outside the control of management and it is reasonably likely that assumptions and estimates will change from period to period.

The principal considerations for my determination that the assessment of impairment indicators of asset impairment is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to operate and hold these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the asset.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. My audit procedures included, among others:

- Evaluating management's assessment of impairment indicators;
- Evaluating the intent for the assets through discussion and communication with management;
- Reviewing the Company's recent R&D activity.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

The engagement practitioner on the audit resulting in this independent auditor's report is Sam S. Mah, CPA, CA.

"Sam S. Mah Inc."

Chartered Professional Accountant

Burnaby, BC, Canada
July 29, 2024

FIRST HYDROGEN CORP.
Consolidated Statements of Financial Position
As at March 31, 2024, and 2023

	Note	2024	2023 (restated-note 18)
ASSETS			
Current Assets			
Cash		\$ 87,475	\$ 394,816
Other receivables	3	641,157	2,560,461
Prepaid expenses		287,037	142,020
Inventories	4	188,298	242,375
		1,203,967	3,339,672
Deposit on land purchase	5	100,000	-
Equipment	5	55,678	8,444
Acquired-in-progress Research & Development	7	792,901	892,013
TOTAL ASSETS		\$ 2,152,546	\$ 4,240,129
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable & accrued liabilities	11	1,844,561	2,997,026
Income taxes payable		25,000	25,000
Accrued interest		182,261	98,035
CEBA loan	9	-	30,798
		2,051,822	3,150,859
Non-current Liabilities			
CEBA loan	9	40,102	-
Convertible debentures	8	2,192,472	-
		4,284,396	3,150,859
Shareholders' Equity			
Share capital	10	30,883,383	24,720,831
Contributed surplus		4,397,863	2,871,666
Accumulated other comprehensive income (AOCI)		20,261	20,261
Deficit		(37,433,357)	(26,523,448)
		(2,131,850)	1,089,270
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 2,152,546	\$ 4,240,129

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

Nature of Operations and Ability to Continue as a Going Concern – Note 1
Subsequent Events – Note 19

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.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2024 and 2023

	Note	For the year ended March 31,	
		2024	2023 (restated-note 18)
Expenses			
Accounting and legal		158,960	467,959
Advertising and marketing		2,595,334	2,716,677
Amortization	5,6	117,356	103,021
Consulting and management fees	11	1,301,460	1,106,970
General and administrative	11,16	330,973	486,142
Insurance		22,763	56,348
Research and development		1,028,554	5,098,322
Salaries and benefits		4,143,296	4,402,431
Stock-based compensation	10	1,020,944	897,063
Travel		66,291	249,663
		10,785,931	15,584,596
Loss before other items		(10,785,931)	(15,584,596)
Other income (expense)			
Finance cost	8,9	(81,612)	(111,350)
Foreign exchange loss		(107,116)	150,311
Government grant		322,172	2,230,309
Interest expense		(84,226)	(70,570)
		49,218	1,898,078
Net loss from continuing operations		\$ (10,736,713)	\$ (13,686,518)
Net loss from discontinued operations	6	(173,156)	(167,911)
Net loss and comprehensive loss for the year		\$ (10,909,869)	(13,854,429)
Basic and diluted gain (loss) per share		\$ (0.15)	\$ (0.23)
Weighted average number of shares outstanding		70,320,838	60,825,227

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

FIRST HYDROGEN CORP.
Consolidated Statements of Cash Flows
For the Years Ended March 31, 2024 and 2023

	For the Year Ended March 31,	
	2024	2023
		(restated-note 18)
Cash Flows Used in Operating Activities		
Net loss for the year	\$ (10,909,869)	\$ (13,854,429)
Items not affecting cash		
Stock-based compensation	1,020,944	897,063
Accretion	90,916	114,242
Amortization	117,356	103,021
Accrued government grant	-	(2,230,309)
Write-off of inventory	-	409,469
Write-off of customer deposits	-	(396,048)
Changes in non-cash working capital		
Items related to operations:		
Foreign exchange adjustment	-	(138,734)
Interest payable	84,226	(12,723)
Other receivables	1,919,304	557,115
Inventory	54,077	(257,864)
Prepaid expenses	(145,017)	(35,261)
Accounts payable and accrued liabilities	(1,152,464)	930,812
	(8,920,529)	(13,636,178)
Cash Flows Used in Investing Activities		
Deposit on Land Purchases	(100,000)	-
Equipment	(65,478)	(12,353)
	(165,478)	(12,353)
Cash Flows Provided by Financing Activity		
Shares issued for cash	4,032,720	6,062,099
Convertible debenture, net of issuance costs	2,459,896	-
Shares issuance cost	(450,277)	(751,314)
Exercise of warrants	2,553,175	5,336,925
Exercise of stock options	183,150	312,500
Exercise of brokers' options	-	622,494
	8,778,664	11,582,704
Increase (decrease) in cash during the year	(307,341)	(2,065,827)
Cash, beginning of the year	394,816	2,599,377
Cash, end of the year	\$ 87,475	\$ 394,816

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

FIRST HYDROGEN CORP.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the Years Ended March 31, 2024 and 2023
(Expressed in Canadian Dollars)

	Note	Number of Shares	Common Shares	Contributed Surplus	AOCI	Deficit	Total Shareholders' Equity
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
Shares issuance costs - cash	10 (b)	-	(450,276)	-	-	-	(450,276)
Shares issuance costs – broker’s warrants	10 (i)	-	(350,217)	350,217	-	-	-
Warrants exercised	10 (c)	1,715,350	2,553,175	-	-	-	2,553,175
Stock options exercised	10 (d)	1,110,000	377,150	(194,000)	-	-	183,150
Convertible debenture – equity portion	8	-	-	242,702	-	-	242,702
Convertible debentures – broker warrants	10 (i)	-	-	106,334	-	-	106,334
Stock-based compensation	10 (h)	-	-	1,020,944	-	-	1,020,944
Net loss for the year		-	-	-	-	(10,909,869)	(10,909,869)
Balance, March 31, 2024		72,031,815	\$ 30,883,383	\$ 4,397,863	\$ 20,261	\$ (37,433,357)	\$ (2,131,850)
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	10 (b)	2,245,222	6,062,099	-	-	-	6,062,099
Shares issuance costs - cash	10 (b)	-	(751,314)	-	-	-	(751,314)
Shares issuance costs – broker’s warrants	10 (i)	-	(1,133,005)	1,133,005	-	-	-
Warrants exercised	10 (c)	5,653,450	5,336,925	-	-	-	5,336,925
Finder’s warrants exercised	10 (e)	289,638	1,114,194	(491,700)	-	-	622,494
Stock options exercised	10 (d)	250,000	507,500	(195,000)	-	-	312,500
Conversion of convertible debenture	10 (f)	3,750,000	1,513,922	(170,669)	-	-	1,343,253
Stock-based compensation	10 (h)	-	-	897,063	-	-	897,063
Other comprehensive loss		-	-	-	-	-	(138,734)
Net loss for the year		-	-	-	-	(13,854,429)	(13,854,429)
Balance, March 31, 2023 (restated-note 18)		67,526,165	\$ 24,720,831	\$ 2,871,666	\$ 20,261	\$ (26,523,488)	\$ 1,089,270

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

FIRST HYDROGEN CORP.
Notes to Consolidated Financial Statements
March 31, 2024 and 2023
(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 year ended March 31, 2024, the Company reported a net loss of \$10,909,869 (2023 - \$13,854,429) and as at that date had an accumulated deficit of \$37,433,357 (March 31, 2023- \$26,523,488). As of March 31, 2024, the Company has a working capital deficit of \$847,855 (March 31, 2023 - \$188,813 working capital). 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

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue on July 29, 2024 by the directors of the Company.

(b) Basis of Measurement and Consolidation

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

These consolidated 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.

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

Note 2 *Significant Accounting Policies (continued)*

(b) Basis of Measurement and Consolidation (continued)

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.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

(d) Functional and Presentation Currency

The Company's functional currency is the Canadian Dollar ("CAD"). The consolidated financial statements are presented in CAD which is the Company's presentation currency, unless otherwise noted.

All amounts in these consolidated financial statements are rounded to the nearest dollar.

Note 2 Significant Accounting Policies (continued)

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term, highly liquid investments with original maturities of three months or less that is readily convertible to known amounts of cash and subject to insignificant risk of change in value.

(f) Revenue Recognition

FRS 15 – Revenues from contracts with customers

IFRS 15 was issued with the intent of significantly enhancing consistency and comparability of revenue recognition practices across entities and industries. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretation. The new standard establishes a single, principles-based five-step model to be applied to all contracts with customers and introduces new and enhanced disclosure requirements. Changes in accounting policies resulting from the adoption of IFRS 15 had no impact on the Company's consolidated financial statements or the reported amounts of revenues.

The Company's revenue is comprised of equipment sales. Revenue is recognized when the equipment has been commissioned as operational, systems control has been transferred to the purchaser and collectability is reasonably assured. This is generally when commissioning has been completed, which is also when the performance obligations have been fulfilled under the terms of the related sales contract. Revenues are recorded net of discounts and incentives but inclusive of freight in the sale of goods.

Customer deposits (i.e. contract liabilities) represent deposits received from customers on uncompleted contracts.

(g) Inventories

Inventories are recorded at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle. In the case of manufactured inventories and work in progress, cost includes materials and labor based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In establishing any impairment of inventory, management estimates the likelihood that inventory carrying values will be affected by changes in market demand, technology and design, which would impair the value of inventory on hand.

(h) Income Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date.

FIRST HYDROGEN CORP.
Notes to Consolidated Financial Statements
March 31, 2024 and 2023
(Expressed in Canadian Dollars)

Note 2 Significant Accounting Policies (continued)

(h) Income Taxes (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Property and Equipment

Equipment is stated at cost and is amortized on a straight-line basis over management's estimate of the useful life and residual value:

Asset	Basis	Rate
Right of use asset		determined by lease term
Machinery and equipment	Straight-line	5-10 years
Computer equipment and software	Straight-line	3 years

(j) Acquired-in-progress Research & Development

Acquired-in-progress Research & Development assets consist of the costs associated with the assignment of the two non-binding letters of intent acquired from an arm's length company which were ratified into definitive agreements to design and develop a hydrogen fuel-cell powered light commercial vehicle. Intangible assets with a finite life are state at cost less accumulated amortization and accumulated write-downs for impairment. Amortization is provided over the estimated useful lives of the assets using the following methods and annual rates:

Asset	Basis	Rate
Non-binding letter of intent	Straight-line	10 years

(k) Financial Instruments

The Company has adopted IFRS 9, Financial Instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI. The Company has classified its cash at fair value through profit or loss. The company's advances and receivables are held at amortized cost.

Note 2 Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are the measurement categories under which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through OCI ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Note 2 Significant Accounting Policies (continued)

(k) Financial Instruments (continued)

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable and due to related parties are classified as financial liabilities held at amortized cost.

(l) Leases

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company will apply the standard retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or deficit at that date, subject to permitted practical expedients. Therefore, the Company will not restate comparative information.

The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments.

The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019 and has been adopted without material effect to these consolidated financial statements.

(m) Impairment of Long-Lived Assets

The Company tests long-lived assets for recoverability when events or changes in circumstance indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset, significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and current expectation that asset will more likely than not be sold or disposed significantly before the end of its estimated useful life.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

Note 2 Significant Accounting Policies (continued)

(n) Government grants

Loans received from government are recognized initially at fair value, with the difference between the fair value of the loan based on prevailing market interest rates and the amount received, being recorded as government grant gain in the statements of loss and comprehensive loss.

(o) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The unwinding of the discount is recognized as a finance expense.

(p) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share purchase warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or warrants are shown in equity as a deduction, net of tax, from the proceeds.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the transaction.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the measurement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded in contributed surplus.

(q) Share-based Payments

The cost of incentive share options and other equity-settled share-based compensation and payment arrangements with employees, directors, officers and consultants are recorded based on the estimated fair-value at the grant date and charged to earnings over the vesting period. Where incentive share options are subject to vesting, each vesting tranche is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by a charge to earnings, with a corresponding increase to contributed surplus based on the number of awards expected to vest. The number of awards expected to vest is reviewed at least annually, with any impact being recognized immediately.

(r) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to common shareholders of the Company by weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per share is computed by adjusting the net income or loss attributable to common shareholders dividing by the sum of the weighted average number of common shares outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments such as warrants and options were exercised.

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Note 2 Significant Accounting Policies (continued)

(s) Research & Development

Research and Development (“R&D”) expenditures are expensed while the Company establishes its “proof of concept” with the hydrogen-powered-fuel-cell vehicles. Until probably economic benefits will flow to the Company and the costs of the asset can be measured reliably (IAS 38) costs will continue to be expensed.

(t) SR &ED Investment Tax Credits

The Company is eligible to claim federal and provincial (British Columbia) investment tax credits as a result of incurring scientific research and experimental development (“SR&ED”) expenditures. Federal and provincial SR&ED investment tax credits are recognized when the related expenditures are incurred and there is reasonable assurance of their realization.

Federal and provincial SR&ED investment tax credits are accounted for as a reduction of research and development expense on the statement of comprehensive loss. Management has made a number of estimates and assumptions in determining the expenditures eligible for the federal and provincial SR&ED investment tax credit claim. It is possible that the allowed amount of the federal and provincial SR&ED investment tax credit claim could be materially different from the recorded amount upon assessment by the Canada Revenue Agency.

First Hydrogen Limited, the Company’s wholly owned subsidiary, is eligible to claim the Research and Development Tax Credit (the “RDTDC”) for research and development activities in the United Kingdom. The government schemes are designed to boost innovation by supporting business.

(u) 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

	March 31, 2024	March 31, 2023
HST/GST receivable	\$ 33,659	\$ 135,251
Value-Added Tax (“VAT”)	33,116	91,774
R&D tax credit (a)	574,382	2,333,436
	\$ 641,157	\$ 2,560,461

(a) During the year ended March 31, 2024, the Company filed a RDTDC claim to the UK government for GBP335,300 (\$573,832) for the UK tax year ended March 31, 2024 (2023 – GBP886,117 (\$851,317)).

The Company Harmonized Sales Tax (HST) input tax credits, VAT and R&D tax credits may change pursuant to an audit by the taxation authorities.

Note 4 Inventories

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

	March 31, 2024	March 31, 2023
Parts inventory	\$ 188,298	\$ 242,375

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Note 5 Property and Equipment

		Equipment
Cost		
Balance, March 31, 2023	\$	12,355
Additions – Office equipment		65,176
Balance, March 31, 2024		77,831
Accumulated amortization		
Balance, March 31, 2023		3,909
Amortization - 2024	\$	18,244
Balance, March 31, 2024		22,153
Carrying amounts		
As at March 31, 2023	\$	8,444
As at March 31, 2024	\$	55,678

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.

The Company advanced \$221,957 to Pure Extraction which was eliminated on consolidation on the completion of the Transaction as an intercompany balance.

Consideration		
3,000,000 common shares issued at a fair value of \$0.18 per common share	\$	540,000
345,454 common shares issued at a fair value of \$0.18 per common share		62,000
		602,000
Fair value of assets acquired net of liabilities		
Cash		22,078
Amounts receivable		39,768
Inventory		923,057
Equipment		23,265
Liabilities		(1,888,225)
Net liabilities acquired		(880,057)
Listing fee expenses	\$	1,482,057

Subsequent to the acquisition, the Company re-evaluated its Pure Extraction business and wrote-down the value of its extraction parts inventory and unearned revenue during the year ended March 31, 2023. The Company wrote off \$409,469 of inventory and \$396,048 of unearned revenue.

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Note 6 Discontinued operations (continued)

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 years ended March 31, 2024 and 2023 is comprised of the following:

	March 31, 2024	March 31, 2023
Revenue	\$ -	\$ 556,108
Costs of Sales	-	(563,980)
Gross Profit	-	(7,872)
Expenses		
Accounting and legal	-	9,795
Advertising and marketing	1,009	912
Consulting and management fees	60,000	79,500
General and administrative	97,479	54,354
Insurance	583	7,478
Research and development	4,781	5,089
Travel	-	19
	163,852	157,147

	March 31, 2024	March 31, 2023
Other income (expense)		
Finance cost	(9,304)	(2,892)
	(9,304)	(2,892)
Net loss from discontinued operations	173,156	\$ 167,911

Net loss from discontinued operations for the years ended March 31, 2024 and 2023 is comprised of the following:

	March 31, 2024	March 31, 2023
Cash used in operating activities	\$ (120,366)	\$ (150,363)
Cash used in discontinued operations	\$ (135)	\$ (6,145)

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.

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Note 7 Acquired-in-progress Research & Development (continued)

The Company has recorded the fair value of the shares at a price of \$0.305 per share.

	March 31, 2024	
Cost		
Balance, March 31, 2022	\$	991,125
Depreciation		(99,112)
Balance, March 31, 2023	\$	892,013
Depreciation		(99,112)
Balance, March 31, 2024	\$	792,901

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.

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.

	March 31, 2024		March 31, 2023	
Opening balance	\$	-	\$	1,231,903
Additions from Principal amounts		2,673,800		-
Redeem convertible debenture loan		-		(1,513,922)
Fair value of Finder's Warrants (Note 10(i))		(106,334)		-
Equity component		(242,702)		170,669
Transaction costs		(213,904)		-
Accretion		81,612		111,350
	\$	2,192,472	\$	-
Current portion	\$	-	\$	-
Non-current portion		2,192,472		-
	\$	2,192,472	\$	-

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Note 9 Loan Payable and Government Grants

On April 20, 2020, 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. Per After January 11, 2024, the full amount of original loan if not repaid is converted into a 3-year term loan at a fixed annual interest rate of 5%

For the year ended March 31, 2024, the accretion expense of 9,304 (2023 - \$2,892) was recorded on the loan. At March 31, 2024, the balance of the loan is \$40,102 (March 31, 2023 - \$30,798).

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 years ended March 31, 2024 and 2023.

b) Share Issuance - Private Placement

Year Ended March 31, 2024

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.
- 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.

Year Ended March 31, 2023

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

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Note 10 Share Capital (continued)

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 broker's warrants. Each broker'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

Year Ended March 31, 2024

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

Year Ended March 31, 2023

- 5,427,250 share purchase warrants exercised at \$0.90 per share, for the proceeds of \$4,884,525.
- 226,200 share purchase warrants exercised at \$2.00 per share, for the proceeds of \$452,400.

d) Share Issuance – Stock Options exercised

Year Ended March 31, 2024

- 1,110,000 stock options exercised at \$0.165 per share, for the proceeds of \$183,150.

Year Ended March 31, 2023

- 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 the proceeds of \$160,000.
- 100,000 stock options exercised at \$0.30 per share, for the proceeds of \$30,000.

e) Share Issuance - Finder's Warrants Exercised

Year Ended March 31, 2024

- No finders' warrants were exercised.

Year Ended March 31, 2023

- 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 the proceeds of \$484,969.

f) Share Issuance – Convertible Debenture Conversion

Year Ended March 31, 2024

- There were no conversions of debenture principal in 2024.

Year Ended March 31, 2023

- \$1,500,000 convertible debenture principal were converted to 3,750,000 common shares at a price \$0.40 (Note 8).

g) Issuance - Share Purchase Warrants

During the year ended March 31, 2024, the Company issued:

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

During the year ended March 31, 2023, the Company issued:

- 1,875,000 share purchase warrants exercisable at \$0.90 per warrant, expiring on April 30, 2023 (Note 8).
- 2,245,224 share purchase warrants exercisable at \$3.70 per warrant, expiring on April 30, 2024 (Note 10 (b)).

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Note 10 *Share Capital (continued)*

g) Issuance - Share Purchase Warrants (continued)

During the year ended March 31, 2023 and 2022, 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	1,875,000	0.90	-
Issued	2,245,222	3.70	1.08
Exercised	(5,427,250)	0.90	-
Exercised	(226,200)	2.00	-
Balance at March 31, 2023	5,223,022	2.56	0.65
Issued	1,255,300	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

As at March 31, 2024, 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	3.70	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 March 31, 2024 (2023 – nil).

During the year ended March 31, 2024, the Company granted 295,000 stock options were granted, exercisable at \$3.00 per share, with an expiry of 5 years on June 1, 2028.

During the year ended March 31, 2023, the Company granted:

- 235,000 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.
- 15,000 stock options exercisable at \$3.30 per share, with an expiry of 5 years, on April 19, 2027.

During the year ended March 31, 2024, the Company recorded the share-based compensation of \$1,020,944 (2023 - \$897,063). 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.

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Note 10 Share Capital (continued)

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

	2024	2023
Risk-free interest rate	3.28%	2.7% - 3.16%
Expected life	5 years	5 years
Volatility	93%	103% - 105%
Expected dividend yield	Nil	Nil

During the year ended March 31, 2024, 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	1.29
Granted	295,000	3.00
Cancelled	(130,000)	3.00
Exercised	(1,100,000)	0.165
Balance at March 31, 2024	2,520,000	1.890

As at March 31, 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
July 23, 2025	\$ 0.300	400,000	400,000	1.31
March 3, 2026	\$ 0.400	100,000	100,000	1.92
June 11, 2026	\$ 2.350	620,000 ⁽¹⁾	453,333	2.20
November 18, 2026	\$ 1.700	615,000 ⁽²⁾	498,333	2.64
December 17, 2026	\$ 1.700	150,000 ⁽³⁾	100,000	2.72
January 11, 2027	\$ 2.450	30,000 ⁽³⁾	20,000	2.78
March 1, 2027	\$ 2.800	150,000 ⁽³⁾	100,000	2.92
March 7, 2027	\$ 2.550	40,000 ⁽³⁾	26,667	2.93
April 19, 2027	\$ 3.300	15,000 ⁽³⁾	5,000	3.05
July 1, 2027	\$ 3.000	15,000 ⁽³⁾	5,000	3.25
July 11, 2027	\$ 3.000	90,000 ⁽³⁾	30,000	3.28
June 1, 2028	\$ 3.000	295,000 ⁽³⁾	-	4.17
	\$ 1.890	2,520,000	1,738,333	1.29

(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

Year ended March 31, 2024

Issued Finder’s fee - Early Warrant Exercise Program

The Company entered into several agreements with Canaccord Genuity Corp. (“CGC”) to assist in the exercise of the Company’s outstanding share purchase warrants during the year ended March 31, 2024. Under the term of agreements,

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Note 10 Share Capital (continued)

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

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. The last of the agreements ended on August 30, 2023. As at March 31, 2024, CGC assisted the Company in exercising a total of 1,715,350 warrants. The Company has incurred a cash fee of \$127,658 and issued 132,126 finder's warrants relating to the Early Warrant Exercise Program.

Issued Finder's fee – Private Placement

During the year ended March 31, 2024, the Company made cash payments of \$322,618 and issued 134,424 finder's share purchase warrants exercisable at \$2.85 per warrant, with an expiry of 24 months (Note 10 (b)).

Issued Finder's fee – Convertible debenture

During the year ended March 31, 2024, the Company issued 147,520 finders' share purchase warrants exercisable at \$1.40 with an expiry of two years (Note 7) .

Year ended March 31, 2023

Issued Finder's fee - Early Warrant Exercise Program

During the year ended March 31, 2023, 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. 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. As at March 31, 2023, CGC assisted the Company in exercising a total of 5,648,450 warrants. The Company has incurred a cash fee of \$266,346 and issued 266,123 finder's warrants relating to the Early Warrant Exercise Program.

Issued Finder's fee – Private Placement

During the year ended March 31, 2023, the Company made cash payments of \$484,968 and issued 179,618 finder's share purchase warrants exercisable at \$2.70 per warrant, with an expiry of 24 months, on April 30, 2024 (Note 10 (b)).

During the years ended March 31, 2024, the Company recorded the fair value of finder's warrant of \$456,551 (2023 - \$1,133,005). 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:

	2024	2023
Risk-free interest rate	4.24% - 4.63%	2.63% - 3.68%
Expected life	24 months	24 months
Volatility	82% - 116.18%	108% - 136%
Expected dividend yield	Nil	Nil

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Note 10 Share Capital (continued)

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

During the year ended March 31, 2024, 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	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

As at March 31, 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	0.59
December 30, 2024	\$ 4.50	120,250	0.75
March 27, 2025	\$ 4.50	85,185	0.99
May 26, 2025	\$ 2.85	100,424	1.15
June 14, 2025	\$ 4.50	45,764	1.21
June 22, 2025	\$ 2.85	34,000	1.23
September 22, 2025	\$ 4.50	86,362	1.48
November 23, 2025	\$ 1.45	147,520	1.65
		680,193	1.17

j) Escrow Shares

As at March 31, 2024, no common shares (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 March 31, 2024, 450,000 common shares (2023 – 1,350,000) were subject to a voluntary escrow and pooling agreement release over a 36-month period (see Note 6).

Note 11 Related Party Transactions

During the year ended March 31, 2024, the Company incurred \$72,000 (2023 - \$72,000) in rent expense to a company owned by a director and CEO. These transactions have been recorded at the fair value which is the amount of consideration established and agreed to by the related parties.

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Note 11 Related Party Transactions-continued

As of March 31, 2024, the Company has \$40,000 (2023 - \$95,664) 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 of March 31, 2024, the Company has \$27,000 (2023 - \$nil) owing to company owned by an officer of the Company. The balance has no set terms of repayment and does not bear interest.

As of March 31, 2024, the Company has \$4,725 (2023 - \$nil) owing to company owned by the former CFO of the Company. The balance has no set terms of repayment and does not bear interest.

During the year ended March 31, 2023, the Company paid a total of \$33,000 in directors' fees (2023 – \$36,000).

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:

Key Management Compensation

	March 31, 2024		March 31, 2023	
CEO	\$	480,000	\$	480,000
Former CFO		28,000		42,000
Interim CFO		54,000		-
Director fees		33,000		36,000
Director		173,525		-
Salaries		250,029		565,489
Rent		72,000		72,000
Stock-based compensation		119,880		168,221
	\$	1,210,434	\$	1,363,710

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 March 31, 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

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Note 12 Financial Instruments and risk (continued)

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 March 31, 2024, 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 March 31, 2024, the Company's exposure to foreign currency risk on its financial instruments is as follows:

	March 31, 2024		Canadian dollar equivalent
Cash	GBP	4,760	8,146
Accounts payable and accrued liabilities	GBP	(393,503)	(673,441)

A 10% change in the British Pound against the Canadian dollar at March 31, 2024 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 – March 31, 2024	
Financial Assets								
Cash	\$	87,475	\$	-	\$	-	\$	87,475
	Level 1		Level 2		Level 3		Total – March 31, 2023	
Financial Assets								
Cash	\$	394,186	\$	-	\$	-	\$	394,816

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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.

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 14 Income Taxes

	First Hydrogen Canada	First Hydrogen UK	2024	(Restated) 2023
Income (Loss) for the year	\$ (5,905,866)	\$ (5,004,003)	\$ (10,909,869)	\$ (13,854,429)
Tax rate	27.0%	19.0%		
Tax based on statutory tax rate	(1,594,584)	(950,761)	(2,545,345)	(3,123,534)
Unrecognized benefit of non-capital losses	1,594,584	950,761	2,545,345	3,123,534
Total income taxes	\$ -	\$ -	\$ -	\$ -

First Hydrogen Corp. (Canada) has available non-capital losses of approximately \$14,478,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on varies dates up to 2044.

Pure Extraction Lid. (Canada) has available non-capital losses of approximately \$1,736,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on varies dates up to 2044.

Pure Extraction Inc. (Canada) has available non-capital losses of approximately \$10,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on varies dates up to 2044.

First Hydrogen (Quebec) Corp. has available non-capital losses of approximately \$294,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on varies dates up to 2044.

First Hydrogen Limited (UK) has available non-capital losses of approximately \$17,685,000 which may be carried forward to apply against future income for tax purposes. These losses will expire on 2044.

The Company's tax – effected deferred tax assets are estimated as follows:

	March 31, 2024	March 31, 2023
Potential future tax assets		
Non-capital losses carried forward	\$ 34,203,000	\$ 24,510,000
Tax value of equipment in excess of book value	-	-
	34,203,000	24,510,000
Potential tax recovery at substantially enacted		
Rate 19% - 27.0% (2024 – 27.0%)	7,884,000	5,688,000

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Note 14 Income Taxes (continued)

Net potential future income tax assets	7,884,000	5,688,000
Valuation allowance (100%)	(7,884,000)	(5,688,000)
Net future tax assets	\$ -	\$ -

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

Note 15 General and administrative

	For the Year ended March 31,	
	2024	2023
Office and administration	\$ 26,948	\$ 84,149
Computer and internet	11,100	66,147
Rent	209,979	214,573
Transfer agent and regulatory fees	82,946	120,973
	\$ 330,973	\$ 486,142

Note 16 Segmented information

	Assets		Expenditures	
	2024	2023	2024	2023
U.K.	\$ 1,044,007	\$ 3,723,533	\$ 4,809,024	\$ 9,672,682
Canada	1,108,539	516,596	6,100,245	4,181,747
	\$ 2,152,546	\$ 4,240,129	\$ 10,909,869	\$ 13,854,429

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

Note 17 Supplemental Cash Flow

	March 31, 2024	March 31, 2023
Share issued from convertible debenture conversion	\$ -	\$ 1,513,922
Unearned revenue transferred to earned revenue	-	179,267

Note 18 Restatement

During the year ended March 31, 2024, the Company discovered an accounting error made in the year ended March 31, 2023. The Company's functional currency is the Canadian dollar, and the parent company raises all its money in Canada; therefore, the translation of the foreign subsidiary's exchange loss of \$138,734 was recorded as a comprehensive loss in error and should have been recorded as an operating expense.

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Note 18 Restatement (continued)

The effect of the restatement is shown as follows:

For the year ended March 31, 2023

	As Previously Reported	Adjustment	As Restated
<u>Statement of Financial Position as at March 31, 2023</u>			
Foreign exchange	11,577	138,734	150,311
AOCI	118,473	(138,734)	(20,261)
Deficit	(26,384,754)	(138,734)	(26,523,488)
Total equity (deficiency)	1,089,270	138,734	1,228,004

	As Previously Reported	Adjustment	As Restated
<u>Statements of Loss, Comprehensive loss for the year ended March 31, 2023</u>			
Foreign exchange	11,577	138,734	150,311
Total comprehensive loss for the year	(13,715,695)	(138,734)	(13,854,429)
Deficit – end of the year	(26,384,754)	(138,734)	(26,523,488)
Basic and diluted loss per share	(0.23)	0.00	(0.23)

	As Previously Reported	Adjustment	As Restated
<u>Statements of Changes in Shareholders' Equity (Deficiency) for the year ended March 31, 2023</u>			
Net loss for the year	(13,715,695)	(138,734)	(13,854,429)
Deficit	(26,384,754)	(138,734)	(26,523,488)
Total equity (deficiency)	1,228,004	(138,734)	1,089,270

	As Previously Reported	Adjustment	As Restated
<u>Statements of Cash Flows for the year ended March 31, 2023</u>			
Net loss for the year	(13,715,695)	(138,734)	(13,854,429)
Foreign exchange adjustment	-	138,734	138,734

Note 19 Subsequent Events

- The Company amended the expiry and re-priced warrants expiring on April 29, 2024. The warrants now expire on April 29, 2025, and the exercise has changed from \$3.70 to \$1.10. The amended warrants will be subject to an accelerated expiry provision, such that, if for any 10 consecutive trading days during the unexpired term of the warrants, the closing price of the company's common shares exceeds \$1.232 per share, the exercise period of the warrants will be reduced to 30 days, starting seven days after the last trading day above \$1.32 per share.
- The Company received proceeds of \$120,000 from the exercise of 400,000 incentive stock options.
- The Company has received advances for directors and officers of the company in the amount of \$215,000.
- Subject to the regulatory approval, on June 28, 2024 the Company arranged a non-brokered financing of debenture units at a price of \$1,000 per unit for aggregate gross proceeds of up to \$2,700,000. Each debenture unit 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 price of \$0.80 per warrant for a period of two years from the closing date.

The debentures will mature on the second anniversary of the date of issuance and bear interest at a rate of 8.00% per annum, commencing on the date of issuance. The principal amount of each debenture will be convertible at the option of the holder into common shares in the capital of the company. The debentures are unsecured.

- Subject to the regulatory approval, the Company also announced the repricing of the conversion price of \$2,673,800 of convertible debentures in Note 8. Each \$1,000 in principal will now be convertible into 1,851.85 common shares. There will be no share purchase warrants issued upon conversion of the debentures. The maturity date of the debentures remains the same, November 22, 2025.
- The Company closed the first tranche of its non-brokered financing of debenture units at a price of \$1,000 per unit for gross proceeds of \$540,000. In connection with the 1st close, the Company paid Canaccord Genuity Corop. a cash fee of \$43,200 and issued 80,000 finder's warrants with an exercise price of \$0.54 and exercisable until July 9, 2026.