

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Hydrograph Clean Power Inc. (the “Issuer”).

Trading Symbol: **HG**

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements for the interim three-month period ended March 31, 2022 (“Financial Statements”) are attached to this Quarterly Listing Statement.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

See Note 8 to Financial Statements and Section 1.8 of the MD&A.

2. Summary of securities issued and options granted during the period.

See Note 9 to the Financial Statements and Section 2.4 to the MD&A.

3. Summary of securities as at the end of the reporting period.

See Note 9 to the Financial Statements and Section 2.4 to the MD&A.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Name	Director	Positions Held
Stuart Jara	Chairman	Chief Executive Officer
Kjirstin Breure	Director	President
David Morris	Director	Independent, former President
David Williams	Director	Independent
Mathew Lee		Chief Financial Officer
Ranjith Divigalpitiya		Chief Technology Officer
Dr. Christopher Sorensen		Vice President – Physics, R&D

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis for the interim three-month period ended March 31, 2022 (“MD&A”) are attached to this Quarterly Listing Statement.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **May 30, 2022**

Kjirstin Breure
Name of Director or Senior Officer

"Kjirstin Breure"
Signature

President
Official Capacity

Issuer Details Name of Issuer Hydrograph Clean Power Inc.		For Quarter Ended March 31, 2022	Date of Report YY/MM/D May 30, 2022
Issuer Address 1 King Street West, Suite 4800 – 118			
City/Province/Postal Code Toronto, Ontario, M5H 1A1	Issuer Fax No. () NA	Issuer Telephone No. (604) 220-3120	
Contact Name Kjirstin Breure	Contact Position President	Contact Telephone No. (604) 220-3120	
Contact Email Address Kjirstin@hydrograph.com	Web Site Address www.hydrograph.com		

HYDROGRAPH CLEAN POWER INC.

(formerly known as Carbon-2D Graphene Inc.)

(A Development Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six-month periods ended March 31, 2022 and 2021

(expressed in United States Dollars)

(unaudited)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim financial statements for the six months ended March 31, 2022.

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

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars)

(unaudited)

	Note	March 31, 2022	September 30, 2021
		\$	\$
ASSETS			
Current Assets			
Cash		2,600,201	276,809
Restricted cash	11	–	5,146,981
Deposits		506,781	3,112
GST receivable		80,264	28,929
Accounts receivable		5,000	5,000
		3,192,246	5,460,831
Non-Current Assets			
Technology and development costs	4	3,172,285	2,344,701
Right-of-use asset	5	315,693	345,289
Fixed assets, net	6	554,680	123,124
		4,042,658	2,813,114
TOTAL ASSETS		7,234,904	8,273,945
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	8	898,005	500,653
Subscriptions received	11	–	5,141,123
Current portion of lease liability	5	50,689	61,083
		948,694	5,702,859
Non-Current Liabilities			
Lease liability	5	272,973	298,823
CEBA loan	7	20,617	19,423
		293,590	318,246
TOTAL LIABILITIES		1,242,284	6,021,105
SHAREHOLDERS' EQUITY			
Share capital	9	8,576,708	3,857,765
Warrant reserve	10	110,500	47,500
Contributed surplus		619,000	253,000
Deficit		(3,313,588)	(1,905,425)
TOTAL SHAREHOLDERS' EQUITY		5,992,620	2,252,840
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,234,904	8,273,945
NATURE AND CONTINUANCE OF OPERATIONS	1		
COMMITMENTS	13		

Approved on behalf of the Board of Directors:

"Stuart Jara"

Stuart Jara, CEO, Director

"Kjirstin Breure"

Kjirstin Breure, President, Director

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

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars)

(unaudited)

		<u>Six Months Ended</u>		<u>Three Months Ended</u>	
	Note	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		\$	\$	\$	\$
REVENUE		—	—	—	—
EXPENSES					
Consulting	8	413,904	146,585	253,307	93,317
Stock-based compensation	9	366,000	39,000	366,000	—
Professional fees		159,856	45,112	78,798	45,112
Research		117,726	—	68,736	—
Travel and promotion		115,908	21,035	61,903	19,356
License maintenance fees		52,418	5,000	46,491	2,500
Office and miscellaneous		40,698	1,781	8,554	1,159
Software license		33,594	—	33,594	—
Exchange and filing fees		10,440	—	2,406	—
Directors' and officers' insurance		10,254	—	10,254	—
Rent and occupancy	8	9,999	2,559	4,733	2,559
Transfer agent		6,584	168	5,253	17
Foreign exchange loss (gain)		(9,697)	(34,048)	(57,440)	(34,048)
Lease accretion	5	13,590	—	6,593	—
Finance costs	7	1,194	1,059	606	282
Depreciation	5,6	65,695	12,140	36,301	4,856
		1,408,163	240,391	926,089	135,110
Net loss and comprehensive loss for the period		(1,408,163)	(240,391)	(926,089)	(135,110)
Net loss per share, basic and diluted		\$(0.01)	\$(0.00)*	\$(0.01)	\$(0.00)*
Weighted average common shares outstanding		110,578,187	60,347,561	119,535,892	66,025,043

* Denotes a loss of less than \$(0.01) per share.

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

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)****FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars)

(unaudited)

	Note	Shares Issued	Share Capital	Warrant Reserve	Contributed Surplus	Accumulated Deficit	Total
			\$	\$	\$	\$	\$
Balance, September 30, 2020		53,677,100	1,432,200	—	22,500	(396,434)	1,058,266
Shares issued for cash	9	8,056,292	402,815	—	—	—	402,815
Units issued for cash	9	21,325,000	969,250	97,000	—	—	1,066,250
Share issue costs		—	(39,000)	39,000	—	—	—
Stock-based compensation	9	—	—	—	39,000	—	(39,000)
Net loss		—	—	—	—	(240,392)	(240,392)
Balance, March 31, 2021		83,058,392	2,765,265	136,000	61,500	(636,826)	2,325,939
Units issued for cash	9	4,025,000	712,000	18,000	—	—	730,000
Penalty warrants converted	9	2,182,500	106,500	(106,500)	—	—	—
Warrants exercised	9	4,250,000	274,000	—	(61,500)	—	212,500
Stock-based compensation	9	—	—	—	253,000	—	253,000
Net loss		—	—	—	—	(1,268,599)	(1,268,599)
Balance, September 30, 2021		93,515,892	3,857,765	47,500	253,000	(1,905,425)	2,252,840
Shares issued for cash	9	26,020,000	5,078,123	63,000	—	—	5,141,123
Share issue costs	9	—	(359,180)	—	—	—	(359,180)
Stock-based compensation	9	—	—	—	366,000	—	366,000
Net loss		—	—	—	—	(1,408,163)	(1,408,163)
Balance, March 31, 2022		119,535,892	8,576,708	110,500	619,000	(3,313,588)	5,992,620

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

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars)

(unaudited)

	March 31, 2022	March 31, 2021
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(1,408,163)	(240,391)
Add back non-cash items:		
Stock-based compensation	366,000	39,000
Unrealized foreign exchange loss	(9,697)	(34,048)
Depreciation	65,695	12,140
Finance costs	14,784	1,227
Changes in non-cash working capital balances:		
GST receivable	(51,335)	(10,704)
Deposits	(503,669)	(3,277)
Accounts payable and accrued liabilities	397,352	46,179
Cash used in operating activities	(1,129,033)	(189,874)
INVESTING ACTIVITIES		
Technology and development costs	(827,584)	(425,000)
Acquisition of fixed assets	(431,556)	—
Cash used in investing activities	(1,259,140)	(425,000)
FINANCING ACTIVITIES		
Shares issued for cash, net	4,781,943	1,469,065
Subscriptions received	(5,141,123)	—
Repayments of lease liability	(85,933)	(12,796)
Cash provided by financing activities	(445,113)	1,456,269
Foreign currency translation differences on cash	9,697	34,048
Increase (decrease) in cash	(2,823,589)	875,443
Cash, beginning	5,423,790	47,727
Cash, ending	2,600,201	923,170

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

HYDROGRAPH CLEAN POWER INC.

(A Development Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

(Expressed in United States Dollars) (unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

HydroGraph Clean Power Inc. was incorporated under the Laws of the Province of British Columbia on June 26, 2017. On July 4, 2017, Carbon-2D Graphene Enterprises Inc. changed its name to Carbon-2D Graphene Inc. On March 3, 2021, Carbon-2D Graphene Inc. changed its name to HydroGraph Clean Power Inc. (the "Company"). The address of the Company's corporate office and its principal place of business is 1 King Street, Suite 4800-118, Toronto, Ontario, Canada.

The Company's principal business activity is the acquisition and development of graphene and hydrogen related products and services.

The Company has never generated profit or positive cash flows from operations. For the interim six-month period ended March 31, 2022, the Company reported a net loss of \$1,408,163 (2021 – \$240,391 negative cash flow from operating activities of \$1,129,033 (2021 – \$189,874), and an accumulated deficit of \$3,313,588 (September 30, 2021 – \$1,905,425). These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its development and operating costs.

In early March 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand of certain mineral and energy products. These changes, including a potential economic downturn and any potential resulting direct and indirect negative impact to the Company cannot be determined, but they could have a prospective material impact to the Company's project exploration activities, cash flows and liquidity.

These condensed consolidated interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed consolidated interim financial statements.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated interim financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended September 30, 2021

These condensed consolidated interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on May 30, 2022.

b) Measurement basis

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The Company measures the transactions using the currency of the primary economic environment in which it operates in. These condensed consolidated interim financial statements are presented in United States dollars which is the functional currency of the Company.

c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts on the Company and its wholly owned subsidiaries, Carbon-2D Graphene Corp., incorporated in the province of British Columbia and HydroGraph Clean Power Ontario Inc. incorporated in the province of Ontario.

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021***(Expressed in United States Dollars) (unaudited)*

As at March 31, 2022, the subsidiaries are inactive.

2. BASIS OF PRESENTATION (continued)**c) Basis of consolidation (continued)**

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealized gains or losses with the subsidiaries are eliminated. The financial statements of the subsidiaries are prepared using consistent accounting policies with that of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS in effect as of May 30, 2022, the date the Board of Directors approved the condensed consolidated interim financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual Financial Statements as at and for the year ended September 30, 2021.

4. TECHNOLOGY AND DEVELOPMENT COSTS

The Company has executed a license agreement with Kansas State University Research Foundation ("KSURF") which grants the Company access to the technology developed including hydrogen and graphene detonation technology and certain applications of graphene technology (the "License Agreement"). The License Agreement carries several future commitments as disclosed in Note 13.

The Company has incurred the following technology acquisition and development costs:

	\$
Balance, September 30, 2020	1,167,670
Additions	1,177,031
Balance, September 30, 2021	2,344,701
Additions	827,584
Balance, March 31, 2022	3,172,285

Technology and development costs will not commence being amortized until the assets are put into production. Accordingly, the Company performs an impairment test on an annual basis, or whenever there are indicators of impairment. As of March 31, 2022 and September 30, 2021, no write-down was necessary.

5. LEASE LIABILITY AND RIGHT OF USE ASSET**(a) Right of use asset**

	March 31, 2022	September 30, 2021
	\$	\$
Balance, beginning of period	345,289	12,140
Additions	—	355,154
Depreciation charge for the period	(29,596)	(22,005)
Balance, end of period	315,693	345,289

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021***(Expressed in United States Dollars) (unaudited)*

5. LEASE LIABILITY AND RIGHT OF USE ASSET (continued)**(a) Right of use asset (continued)**

During the year ended September 30, 2020, a lease addition related to the Vancouver office premises was capitalized under the IFRS 16 leasing standard.

During the year ended September 30, 2021, a lease addition related to the Kansas manufacturing premises was capitalized under the IFRS 16 leasing standard. A \$355,154 right-of-use asset and corresponding lease liability was recorded on July 1, 2021.

(b) Lease liability

	March 31, 2022	September 30, 2021
	\$	\$
Balance, beginning of the period	359,906	12,628
Additions	—	355,154
Lease payments	(49,834)	(12,796)
Interest	13,590	4,920
Balance, end of period	323,662	359,906
Current portion	50,589	61,083
Balance, end of period, non-current portion	273,073	298,823

6. FIXED ASSETS

	Manufacturing Equipment	Leasehold Improvements	Furniture	Total
	\$	\$	\$	\$
Balance, September 30, 2021	—	107,781	15,343	123,124
Additions	201,006	266,650	—	467,656
	201,006	374,431	15,343	590,780
Depreciation charge for the period	17,028	17,738	1,334	36,100
Balance, March 31, 2022	183,978	356,693	14,009	554,680

Leasehold improvements are amortized over the expected term of the lease, including the two renewal options.

Manufacturing equipment and furniture is depreciated on a straight-line basis over 6 years.

7. CEBA LOAN

On September 20, 2020, the Company received a \$30,068 Canada Emergency Business Account loan ("CEBA Loan"). The CEBA Loan bears 0% interest until December 31, 2022. If the balance is not paid by December 31, 2022, the remaining balance will be converted to a 3-year term loan at 5% annual interest paid monthly, commencing January 1, 2023. \$7,517 forgiveness is available, provided \$22,551 is paid back before December 31, 2022, which the Company intends to do. Accordingly, the Company has recorded the \$7,517 forgivable portion of the loan as a reduction of office expenses in 2020.

The loan was recognized at fair value on an estimated market interest rate of 12% and the expected repayment of \$22,551 before December 31, 2022. The Company made no interest payments during the interim six-month period ended March 31, 2022. The difference between the repayable portion of the loan of \$22,551 and the fair value of the repayable portion of the loan of \$20,011 will be recognized over the term of the loan. During the interim six-month period ended March 31, 2022, \$1,194 (2021 - \$1,059) of accretion related to the CEBA loan was recorded and included in finance costs in the condensed consolidated interim statement of loss and comprehensive loss.

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021***(Expressed in United States Dollars) (unaudited)*

8. RELATED PARTY TRANSACTIONS AND BALANCES

During the interim six-month period ended March 31, 2022, the Company incurred the following related party transactions:

- (i) The Company has identified its directors and executive officers as its key management personnel. No post-employment benefits, other long-term benefits and termination benefits were made during the interim six-month period ended March 31, 2022 and 2021.
- (ii) The Company incurred consulting fees and salaries in the amount of \$251,870 (2020 – \$32,360) to officers and directors of the Company.
- (iii) The Company incurred stock-based compensation in the amount of \$366,000 (2020 – \$32,000) to officers and directors of the Company.
- (iv) The Company incurred consulting fees in the amount of \$nil (2020 – \$3,524) to a company with common officers and directors.
- (v) The Company incurred rent in the amount of \$14,313 (2020 – \$2,559) to a company with a common director.
- (vi) The Company incurred legal fees in the amount of \$nil (2020 – \$24,556) to a company controlled by an officer of the Company.

As at March 31, 2022, \$36,821 (September 30, 2021 – \$36,882) was due to related parties of the Company and has been included in accounts payable and accrued liabilities on the condensed consolidated interim statement of financial position.

9. SHARE CAPITAL**(a) Authorized Share Capital**

The Company is authorized to issue an unlimited number of common shares without par value.

(b) Issued and Outstanding Common Shares

	Number of Common Shares	Amount \$
Balance, September 30, 2020	53,677,100	1,432,200
Issued for cash at \$0.05 per share (i)	8,056,292	402,815
Issued for cash at \$0.05 per unit (ii)	21,825,000	984,750
Issued for cash at \$0.20 per unit (iv)	3,525,000	696,500
Penalty warrants converted (ii)	2,182,500	106,500
Warrants exercised at \$0.05 per share 8(d)	4,250,000	212,500
Fair value of warrants exercised	–	61,500
Share issue costs (iii)	–	(39,000)
Balance, September 30, 2021	93,515,892	3,857,765
Subscription receipts converted (v)	26,020,000	4,718,943
Balance, March 31, 2022	119,535,892	8,576,708

- (i) During the year ended September 30, 2021, the Company issued 8,056,292 common shares at a price of \$0.05 per share for gross proceeds of \$402,815.
- (ii) During February 2021, the Company issued 21,825,000 units at a price of \$0.05 per unit for gross proceeds of \$1,091,250. Each unit consisted of one share and one Penalty Warrant. Each 10 Penalty Warrants automatically convert into one common share with no further consideration if the Company has not completed a Liquidity Event within 180 days from the date issued. The warrants were ascribed a value of \$106,500 using the Black Scholes pricing model with the following inputs: volatility of 84%, share price on grant date of \$0.05, interest rate of 0.74%, expected life of 0.5 years and 0% dividend yield. As the Company had not completed a Liquidity Event within 180 days, 2,182,500 common shares were issued pursuant to conversion of the penalty warrants.

HYDROGRAPH CLEAN POWER INC.

(A Development Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars) (unaudited)

9. SHARE CAPITAL (continued)**(b) Issued and Outstanding Common Shares (continued)**

- (iii) During the year ended September 30, 2021, the Company incurred share issue costs of \$39,000 from the issuance of 1,492,750 broker warrants (2020 – \$15,600 cash) related to the above private placements. The warrants have an exercise price of \$0.05 expiring on December 2, 2023. The fair value was calculated as \$39,000 using the Black Scholes pricing model with the following inputs: volatility of 84%, share price on grant date of \$0.05, interest rate of 0.74%, expected life of 2.00 years and 0% dividend yield.
- (iv) On September 10, 2021, the Company issued 3,525,000 units at a price of \$0.20 per unit for total proceeds of \$705,000. Each unit is comprised of one common share and one common share purchase warrant. Each full warrant will entitle the holder thereof to purchase one common share at a price of \$0.60 per common share. The warrants were ascribed a value of \$8,500 using the Black Scholes pricing model with the following inputs: volatility of 95%, share price on grant date of \$0.20 interest rate of 0.74%, expected life of two years and 0% dividend yield. The warrants expire two years from date of issuance.
- (v) On December 2, 2021, the Company converted 26,020,000 subscription receipts into units at a price of \$0.20 per unit. Each unit is comprised of one common share and common share purchase warrant. Each warrant will entitle the holder thereof to purchase one common share at a price of \$0.60 per common share. The warrants were ascribed a value of \$63,000 using the Black Scholes pricing model with the following inputs: volatility of 95%, share price on grant date of \$0.20 interest rate of 0.74%, expected life of two years and 0% dividend yield. The warrants expire two years from date of issuance. The Company incurred share issue costs of \$359,180 comprised of cash commission related to the issuance of the subscription receipts. See Note 11.

(c) Stock Options

The Company has a stock option plan (the “Plan”) under which it is authorized to grant options to its directors, officers, employees, management companies and consultants enabling them to acquire up to 15% of the issued and outstanding shares of the Company. Under the Plan, the exercise price of options granted is determined by the Board of Directors, provided that the exercise price is not less than the price permitted by an exchange or a quotation system on which the Company’s shares may be listed or quoted for trading. The term of any options granted under the Plan is fixed by the Board of Directors and may not exceed five years from the date of grant. Vesting, if any, and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company. Any options granted pursuant to the Plan will terminate generally within ninety days of the option holder ceasing to act as a director, officer, employees, or consultant.

On June 14, 2021 and June 30, 2021, the Company granted 8,700,000 and 4,350,000 stock options respectively. The stock options have an exercise price of \$0.20 and expire 5 years from the date of grant. The options were fully vested at the date of grant. The fair value was calculated as \$253,000 using the Black Scholes pricing model using the assumptions listed below. On January 14, 2022, 2,650,000 and 1,350,000 of the stock options were terminated per mutual agreement.

On January 14, 2022, the Company granted 1,000,000 options to a director and officer of the Company. The stock options have an exercise price of \$0.25 and expire 5 years from the date of grant. The options vest 25% on the date of grant and 25% at each of 6 months, 12 months and 18 months from the date of grant. The fair value was calculated as \$171,500 using the Black Scholes pricing model using the assumptions listed below.

On February 28, 2022, the Company granted 1,500,000 options to a director and officer of the Company. The stock options have an exercise price of \$0.20 and expire 5 years from the date of grant. The options vest 25% on the date of grant and 25% at each of 6 months, 12 months and 18 months from the date of grant. The fair value was calculated as \$194,500 using the Black Scholes pricing model using the assumptions listed below.

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars) (unaudited)

9. SHARE CAPITAL (continued)

(c) Stock Options (continued)

	June 14, 2021	June 30, 2021	January 14, 2022	February 28, 2022
Share price on grant date	\$0.05	\$0.05	\$0.25	\$0.20
Expected life (years)	5	5	5	5
Interest rate	0.74%	0.74%	0.74%	0.74%
Volatility	84%	84%	83%	83%
Dividend yield	0.00%	0.00%	0.00%	0.00%

As at March 31, 2022, the following stock options are outstanding:

	Options	Weighted average exercise price	Weighted average remaining contractual life (years)
Opening, September 30, 2020	—	—	—
Granted June 14, 2021	6,050,000	0.20	4.20
Granted June 30, 2021	3,000,000	0.20	4.25
Granted January 14, 2022	1,000,000	0.25	4.79
Granted February 28, 2022	1,500,000	0.20	4.92
Closing, March 31, 2022	11,550,000	0.20	4.36

(d) Warrants

The Company has issued warrants to management. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.05 per common share. The warrants have a weighted average term to expiry of 1.92 years.

The Company issued 250,000 warrants on October 1, 2020. The fair value was calculated as \$7,800 using the Black Scholes pricing model using the assumptions listed below.

The Company issued 1,000,000 warrants on November 13, 2020. The fair value was calculated as \$31,200 using the Black Scholes pricing model using the assumptions listed below.

	November 13, 2020	October 1, 2020
Share price on grant date	\$0.05	\$0.05
Expected life (years)	3	3
Interest rate	0.74%	0.74%
Volatility	80%	79%
Dividend yield	0.00%	0.00%

As at March 31, 2022, the following warrants are outstanding:

	Warrants	Weighted average exercise price	Weighted average remaining contractual life (years)
Balance, September 30, 2020	3,000,000	0.05	1.73
Granted	6,267,750	0.36	1.84
Exercised June 30, 2021	(4,250,000)	0.05	1.24
Balance, September 30, 2021	5,017,750	0.43	2.00
Granted	26,020,000	0.60	1.92
Closing, March 31, 2022	31,037,750	0.57	1.92

HYDROGRAPH CLEAN POWER INC.

(A Development Stage Company)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021

(Expressed in United States Dollars) (unaudited)

9. SHARE CAPITAL (continued)

(e) Shares held in Escrow

As at March 31, 2022 the Company has 77,064,758 common shares held in escrow (2020 –nil). These escrow shares are subject to escrow trading restrictions pursuant to the Escrow agreement and are released as follows: 17,425,678 6 months after the Company's securities are listed on a Canadian exchange ("Listing"), 15,708,178 9 months after Listing, 17,425,678 12 months after Listing, 19,635,223 15 months after Listing, 1,717,500 18 months after Listing, 1,717,500 24 months after Listing, 1,717,500 30 months after Listing and 1,717,500 36 months after Listing.

10. WARRANT RESERVE

The warrant reserve is used to record the fair value of warrants issued by the Company.

11. SUBSCRIPTION RECEIPTS

During the year ended September 30, 2021, the Company received \$5,141,123 in exchange for 26,020,000 subscription receipts to acquire units at a price of \$0.20 per unit. The cash received was restricted until they were converted into units on listing. Each unit was comprised of one common share and common share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of \$0.60 per common share. The shares and warrants were issued on December 2, 2021, on listing of the Company's shares on a Canadian stock exchange.

12. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these condensed consolidated interim financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

13. COMMITMENTS

On June 1, 2021, the Company signed an Amendment to the KSURF MOA for Sponsored Research to amend the statement of work milestone payments. The Company has the following remaining future funding requirements from this amendment:

Phase 3: \$1,517,376, due in 4 quarterly instalments of \$600,000 due June 1, 2021, \$305,792 due September 1, 2021, \$305,792 due December 1, 2021 and \$305,792 due March 1, 2022, plus a success fee of \$300,000 due on achieving defined milestones – The first three installments of \$600,000, \$305,792 and \$305,792 have been paid.

HYDROGRAPH CLEAN POWER INC.*(A Development Stage Company)***NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021***(Expressed in United States Dollars) (unaudited)*

13. COMMITMENTS (continued)

The commitments of the Company related to the License Agreement with KSURF are as follows:

- (i) The Company will pay annual maintenance fees of:
 - i. \$10,000 per active patent application for calendar years 2022 to 2024
 - ii. \$25,000 per active patent application for calendar years 2025
 - iii. \$35,000 per active patent application for calendar years 2026
 - iv. \$50,000 per active patent application for calendar years 2027 and subsequent years.The annual license maintenance fees in a given year will be credited against any running royalty payments due.
- (ii) the Company will pay a running royalty of 4% of net sales by the Company or its affiliates (reduced to 3.5% if royalties are paid to third parties to achieve sales),
- (iii) the Company will pay 20% of any non-royalty payments received by the Company from sub-licensed products,
- (iv) the Company may purchase the 4% running royalty on the hydrogen patent for \$16,000,000 in four annual 1% increments, commencing in 2022, and
- (v) the Company may purchase the 4% running royalty on all the other patents for \$12,000,000 in four annual 1% increments, commencing in 2022.

14. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern (see Note 1). The Company does not have any externally imposed capital requirements to which it is subject.

As at March 31, 2022, the Company had capital resources consisting of all components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares.

15. FINANCIAL INSTRUMENTS**Fair values**

The Company's consolidated interim financial instruments include cash, restricted cash, accounts receivable, accounts payable and accrued liabilities and CEBA loan. The carrying amounts of cash, restricted cash, accounts receivable and accounts payable and accrued liabilities are a reasonable estimate of their fair values because of their current nature. The carrying value of the CEBA loan approximates its fair value as it has been discounted using a market rate of interest.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and

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

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at March 31, 2022:				
Cash and restricted cash	2,600,201	—	—	2,600,201
CEBA loan	—	20,617	—	20,617
As at September 30, 2021:				
Cash	5,423,790	—	—	5,423,790
CEBA loan	—	19,423	—	19,423

HYDROGRAPH CLEAN POWER INC.

(A Development Stage Company)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

(Expressed in United States Dollars) (unaudited)

15. FINANCIAL INSTRUMENTS (continued)**Financial risk management objectives and policies**

The risks associated with financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company's expenses are denominated in United States Dollars. The Company's corporate office is based in Canada. At March 31, 2022, with other variables unchanged, a 1% movement in the US dollar against the Canadian dollar would have a \$26,000 impact on the net loss and comprehensive loss.

(ii) Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and GST receivable. To minimize the credit risk on cash, the Company places the instrument with a chartered financial institution.

(iv) Liquidity risk

In the management of liquidity risk, the Company maintains a balance between continuity of funding and development activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

At March 31, 2022, the contractual maturities of the Company's obligations are as follows:

	Carrying Amount	Contractual Cash Flows	Less than 1 Year	1-2 Years
Accounts payable and accrued liabilities	898,005	898,005	898,005	–
CEBA loan	20,617	22,551	–	22,551
	918,622	920,556	898,005	22,551

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

DISCLAIMER FOR FORWARD-LOOKING INFORMATION

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of March 31, 2022. These assumptions, which include, management's current expectations, estimates and assumptions about the global economic environment may prove to be incorrect. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) inability to locate and identify potential business acquisitions, (3) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, and (4) other factors beyond our control. There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. Unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new events, circumstances and information, future events or results or otherwise. Additional information about these and other assumptions, risks and uncertainties are set out in the section entitled "Risk Factors" below.

1.1 – Date and Basis of Discussion & Analysis

This management discussion and analysis ("MD&A") is dated as of May 30, 2022 and should be read in conjunction with the unaudited consolidated financial statements of HydroGraph Clean Power Inc. for the interim six month period ended March 31, 2022 ("Financial Statements"). The Financial Statements are prepared in compliance with International Financial Reporting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in United States dollars.

1.2 – Overall Performance

Nature of Business

HydroGraph Clean Power Inc. (the "Company" or "HydroGraph") was incorporated under the Laws of the Province of British Columbia on September 26, 2017 as Carbon-2D Graphene Enterprises Inc. On July 4, 2017, the Company altered its name to Carbon-2D Graphene Inc. On March 3, 2021, the Company changed its name to HydroGraph Clean Power Inc. The address of the Company's corporate office, principal place of business is 1 King Street, Suite 4800-118, Toronto, Ontario, Canada, and Company's registered and records office address is 704-595 Howe Street, Vancouver, British Columbia, Canada. As of March 31, 2022, the Company's principal business activity was the research, development, marketing and commercialization of patented technology to produce graphene, hydrogen, syngas, methane and other products and business opportunities.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

1.2 – Overall Performance (continued)

Nature of Business (continued)

At March 31, 2022, the Company had not yet achieved profitable operations, had accumulated a deficit of \$3,313,588 (September 30, 2021 – \$1,905,525) and had working capital of \$2,243,552 (September 30, 2021 – deficiency of \$242,028), consisting primarily of cash less accrued liabilities. The Company expects to incur further development costs and operating losses in the development of its business. However, it is expected that these funds are sufficient to complete its business as discussed in “Financing” below. The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and to identify, evaluate and negotiate potential business acquisitions or participation agreements.

Description of Business

The Company is engaged in developing and commercializing processes to manufacture Hydrogen and high-quality Graphene in bulk, and to create customized Graphene solutions for specific applications using detonation of hydrocarbon gases. The proprietary detonation method used by the Company to produce Graphene was discovered by Kansas State University (“KSU”) and patented in 2016. Acetylene and Oxygen in specific ratios are pumped into a chamber and detonated with a spark from electrodes to create quality Graphene in gram amounts. The detonated Graphene is synthetic Graphene produced via the KSU method (bottom-up approach), as opposed to conventional exfoliation of naturally occurring Graphite (top-down approach) to produce Graphene.

It was subsequently discovered that syngas could be produced from the same process. Methane and Oxygen are mixed in specific ratios in a pre-mix device and then pumped into a natural gas internal combustion engine and detonated by sparks from a sparkplug to produce syngas. Through a secondary process called membrane separation, pure Hydrogen is extracted. The KSU methods to produce Hydrogen and Graphene are similar, starting with different feedstocks, albeit both hydrocarbon gases, yet ending up with completely different end products. The Company has received an exclusive worldwide license from KSU to commercialize their patented detonation process to produce Hydrogen gas and Graphene (See the “License Agreement”).

Business Development

During the three years ended September 30, 2021, the Company’s activities have focused on funding, work at Kansas State University to develop processes to manufacture Hydrogen and quality Graphene, and to create customized Graphene solutions for specific applications. In December 2021, the Company began trading on the Canadian Stock Exchange.

During the three-month period ended March 31, 2022, the Company was focused on transforming the Company from an R&D focused company to a mainly commercialization focused company. The change followed Harold Davidson’s resignation as CEO and Chairman of the Board of Directors, the appointment of Stuart Jara as CEO and Chairman of the Board of Directors and the promotion of Kjirstin Breure as President and Board Director. During this period, the Company developed the commercialization strategy identifying target markets. The Company will be enhancing its team, both at the management level and Board level with talent from the target markets in the coming months. Logan Anderson also resigned as CFO. An interim CFO was appointed in May 2022.

During the period, the Company made significant progress building out its production facility in Manhattan, Kansas, which is on track to be completed in June 2022. This site will be the home of our first full scale production cell and the center of ongoing Hydrograph R&D. As at March 31, 2022, the Company had expended a total of \$3,172,285 to develop its technology and \$554,680 to develop its production facility.

Financing

During the three-month period ended March 31, 2022, the Company did not raise and capital. The Company issued 2,500,000 management incentive options to the new CEO and President during the period.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

1.4 – Results of Operations

Operations during the three months ended March 31, 2022, were primarily related to research, development, marketing and commercialization of patented technology to produce graphene, hydrogen, syngas, methane and other products and business opportunities as described above. There were no investor relations arrangements entered during the three months ended March 31, 2022. There were no legal proceedings, contingent liabilities, and defaults under debt or other contractual obligations, breach of any laws or special resolutions during the three months ended March 31, 2022.

During the six-month period ended March 31, 2022, the Company had a net loss of \$1,408,163 (2021 – \$240,391), comprised of operating expenses. Operating expenses consisted consulting fees of \$413,904 (2021 – \$146,585), stock-based compensation of \$366,000 (2021 – \$39,000), professional fees of \$159,856 (2021 – \$45,112), research of \$117,726 (2021 – \$nil), travel and promotion \$115,908 (2021 – \$1,781), license maintenance fees of \$52,418 (2021 – \$5,000), office and miscellaneous of \$40,698 (2021 – \$622), software license of \$33,594 (2021 – \$nil), exchange fees of \$10,440 (2021 – \$nil), directors and officers insurance \$10,254 (2021 – \$nil), rent and occupancy of \$9,999 (2021 – \$2,559), transfer agent fees of \$6,584 (2021 – \$168), foreign exchange gain of \$9,697 (2021 – \$34,048), lease accretion costs of \$13,590 (2021 – \$nil), finance costs of \$1,194 (2021 – \$1,059), and depreciation of \$65,695 (2021 – \$12,140).

Consulting fees were higher in 2022 due to increased activities and personnel. Stock-based compensation related to management incentive options issued to the incoming CEO and President. Professional fees were higher in 2022 related to the preparation of prospectus documents. Research was higher in 2022 primarily related to hydrogen development. License maintenance fees were higher in 2022 related to obtaining additional patents worldwide. Software license in 2022 relates to NetSuite. Office expenses and travel and promotion were higher in 2022 related to website development and branding exercises. Foreign exchange loss was related to the effect of the US dollar on the subscription receipts issued during the period. The remaining costs were generally consistent with the prior period.

During the three-month period ended March 31, 2022, the Company had a net loss of \$926,089 (2021 – \$135,110), comprised of operating expenses. Operating expenses consisted consulting fees of \$253,307 (2021 – \$93,317), stock-based compensation of \$366,000 (2021 – \$nil), professional fees of \$78,798 (2021 – \$45,112), research of \$68,736 (2021 – \$nil), travel and promotion \$61,903 (2021 – \$19,356), license maintenance fees of \$46,491 (2021 – \$2,500), office and miscellaneous of \$8,554 (2021 – \$1,159), software license of \$33,594 (2021 – \$nil), exchange fees of \$2,406 (2021 – \$nil), directors and officers insurance \$10,254 (2021 – \$nil), rent and occupancy of \$4,733 (2021 – \$2,559), transfer agent fees of \$5,253 (2021 – \$17), foreign exchange gain of \$57,440 (2021 – \$34,048), lease accretion costs of \$6,593 (2021 – \$nil), finance costs of \$606 (2021 – \$282), and depreciation of \$36,301 (2021 – \$4,856).

Consulting fees were higher in 2022 due to increased activities and personnel. Stock-based compensation related to management incentive options issued to the incoming CEO and President. Professional fees were higher in 2022 related to the preparation of prospectus documents. Research was higher in 2022 primarily related to hydrogen development. License maintenance fees were higher in 2022 related to obtaining additional patents worldwide. Software license in 2022 relates to NetSuite. Office expenses and travel and promotion were higher in 2022 related to website development and branding exercises. Foreign exchange loss was related to the effect of the US dollar on the subscription receipts issued during the period. The remaining costs were generally consistent with the prior period.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

1.5 – Summary of Quarterly Results (Unaudited)

As at	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20
	\$	\$	\$	\$	\$	\$	\$	\$
Current Assets	3,192,246	4,002,671	5,460,831	5,553,927	937,645	153,191	48,221	48,492
Right-of use								
Asset	315,693	330,491	345,289	-	-	4,856	12,140	19,424
Fixed Assets, net	554,680	291,008	123,124	-	-	-	-	-
License	3,172,285	2,608,493	2,344,701	2,192,670	1,592,670	1,550,170	1,167,670	1,167,670
Total Assets	7,234,904	7,232,663	8,273,945	7,746,597	2,530,315	1,708,217	1,228,031	1,235,586
Current Liabilities	948,694	363,589	5,672,859	5,384,200	186,078	181,442	152,526	308,805
CEBA Loan	20,617	20,011	19,423	18,852	18,298	17,761	17,239	-
Lease Liability	272,973	304,715	298,823	-	-	-	-	-
Shareholders' Equity	9,306,208	8,940,208	4,158,265	3,453,265	2,962,765	2,010,729	1,454,700	1,301,200
Deficit	(3,313,588)	(2,395,860)	(1,875,425)	(1,109,720)	(636,826)	(501,715)	(396,434)	(374,419)
Total Liabilities and Shareholders' Equity	7,234,904	7,232,663	8,273,945	7,746,597	2,530,315	1,708,217	1,228,031	1,235,586
Quarters ended	31-Mar-22	31-Dec-21	30-Sep-21	30-Jun-21	31-Mar-21	31-Dec-20	30-Sep-20	30-Jun-20
Revenue	-	-	-	7,980	-	-	-	-
Operating Expenses	926,089	490,435	765,704	480,875	135,110	105,281	22,016	18,083
Loss and Comprehensive Loss for Period	926,089	490,435	765,704	472,895	135,110	105,281	22,016	18,083
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.01)	(0.00)*	(0.00)*	(0.00)*	(0.00)*
Weighted average number of common shares outstanding	119,535,892	95,583,234	83,687,513	83,687,513	66,025,043	54,731,792	53,261,339	50,427,100

* Denotes a loss of less than \$0.01 per share.

As described in the description of business above, the Company entered into a technology license letter of intent with Kansas State University in 2017. During the quarters ended September 30, 2021, the Company continued to invest the majority of capital raised into development of the KSU technology license. During the quarter ended December 31, 2021, the Company began development of a production facility in Kansas. The Company raised equity in the quarters ended December 31, 2020, March 31, 2021 and June 30, 2021 as detailed above, resulting in an increase in the cash balance.

During the quarter ended June 30, 2021, the Company received \$5,250,386 subscription receipts to acquire units at a price of \$0.20 per unit, as described in 1.2 Financing above.

The right-of-use asset relates to the leased production facilities and office premises. The lease began on August 1, 2021.

Current liabilities are comprised primarily of accrued liabilities. Management had accrued fees in order to have more cash available for the KSU license development. During the quarter ended September 30, 2019, there was a success fee of \$300,000 due to KSU, which was paid in full during the quarter ended September 30, 2020.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

1.5 – Summary of Quarterly Results (Unaudited) (continued)

Operating expenses increased during the final three quarters primarily related to preparation and filing of the prospectus and advertising costs. Operating expenses were generally consistent over the prior six quarters.

1.6 – Liquidity and Capital Resources

The Company is developing its licensed technology and new business opportunities and therefore has incurred losses and negative cash flows from operations. The Company's sole source of funding has been the issuance of common shares for cash, through private placement. The Company's ability to raise cash depends on various capital market conditions. There is no assurance that the Company will be able to obtain any additional financing on terms acceptable to the Company. The quantity of funds to be raised and the terms of any equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Actual funding requirements may vary from those planned due to a number of factors, including developing new business opportunities.

There can be no certainty that the Company's existing cash balances or that the proceeds from the issuance of its common shares will provide sufficient funds for all of the Company's cash requirements. Should the need arise, the Company may pursue other financing options or rely on joint venture partners to supply some of funds required to develop any opportunities. There is no assurance that the Company will be successful in obtaining the funds it may require to sustain operations or that the terms of any financing obtained will be acceptable.

The Company's business premises are currently located at 1 King Street, Suite 4800-118, Toronto, Ontario. As at March 31, 2022, the Company had cash and cash equivalents on hand of \$2,600,201 (September 30, 2021 – \$5,423,791).

During the six months ended March 31, 2022, cash used in operating activities was \$1,129,033 (2021 – \$189,874), cash used in investing activities was \$1,259,140 (2021 – \$425,000), cash used in financing activities was \$445,113 (2021 – provided by \$1,456,269). The increase in cash used in operating activities is primarily related to the increase in operating loss and deposits, less increased accounts payable. The increase in operating loss is described in 1.4 Results of Operations above. The cash used in investing activities in 2021 is primarily related to Phase 3 development costs and success fees, as well as facility development in Kansas. The cash provided by financing activities is primarily related to proceeds received from subscription receipts as described above and subscriptions for private placements to fund operations and development of the licensed technology. The financing activities are negative in 2022 due to share issue costs on the conversion of the subscription receipts. No additional financing activities were incurred in 2022.

Shareholder's equity as at March 31, 2022, was \$5,992,620 (September 30, 2021 – \$2,252,840). The Company will need to raise additional capital to maintain technology development activities and operations at the current level. Although the Company has been successful in the past in raising the necessary funding to continue operations, there can be no certainty it will be able to do so in the future.

1.7 – Off Balance Sheet Arrangements

As at March 31, 2022, there were no off-balance sheet arrangements to which the Company was committed.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

1.8 – Transactions with Related Parties

The Company had the following balances and transactions with executive officers or companies controlled by these officers for the six months ended March 31, 2022:

Transactions:	March 31, 2022	March 31, 2021
Salaries to Harold Davidson	\$ 27,608	\$ nil
Fees to Harold Davidson	\$ nil	\$ 15,000
Fees to H. Stuart Jara	\$ 45,000	\$ nil
Fees to Kjirstin Breure	\$ 46,734	\$ 11,360
Fees to H. Barry Hemsworth	\$ 52,993	\$ 6,000
Fees to David Ryan	\$ 9,600	\$ nil
Fees to Jeffery Ritzen	\$ 1,966	\$ nil
Fees to Ranjith Divigalpitiya	\$ 55,379	\$ nil
Fees to Amteck Financial Corp. ⁽²⁾	\$ 12,590	\$ nil
Fees to OnBase DB Systems Inc. ⁽¹⁾	\$ nil	\$ 3,524
Rent to Capricorn Investments Ltd. ⁽³⁾	\$ 8,594	\$ 2,559
Legal fees to O'Neill Law LLP ⁽⁴⁾	\$ nil	\$ 24,556
Stock-based compensation to Stuart Jara	\$ 171,500	\$ nil
Stock-based compensation to Kjirstin Breure	\$ 197,500	\$ 7,800
Stock-based compensation to Steven O'Neill	\$ nil	\$ 31,200
Balances:	March 31, 2022	September 30, 2021
Accounts Payable: Stuart Jara	\$ 15,000	\$ nil
Accounts Payable: Harold Davidson	\$ nil	\$ 7,893
Accounts Payable: Kjirstin Breure	\$ nil	\$ 1,768
Accounts Payable: SP2 Consulting Inc. ⁽⁵⁾	\$ 12,221	\$ 10,421
Accounts Payable: David Ryan	\$ 9,600	\$ nil
Accounts Payable: Amteck Financial Corp.	\$ nil	\$ 16,800

(1) Harold Davidson and H. Barry Hemsworth are directors of OnBase DB Systems Inc.

(2) Amteck Financial Corp. is a company controlled by Logan Anderson

(3) Capricorn Investments Ltd. is a company controlled by H. Barry Hemsworth

(4) Steven O'Neill is a partner in O'Neill Law LLP

(5) SP2 Consulting Inc. is a company controlled by Ranjith Divigalpitiya

1.9 – Proposed Transactions - NA

2.1 – Critical Accounting Estimates

The Company has outlined the basis of its critical accounting estimates in Note 3 of the September 30, 2021 Financial Statements.

2.2 – Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)

Change in Accounting Policies

Future Changes in Accounting Policies

New accounting standards issued but not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

HYDROGRAPH CLEAN POWER INC.
Management Discussion and Analysis
For the six months ended March 31, 2022

2.3 – Financial Instruments and Other Instruments

The Company's financial instruments include cash, accounts receivable, accounts payable and accrued liabilities, CEBA loan and lease liability. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in United States Dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. At March 31, 2022, with other variables unchanged, a 1% movement in the US dollar against the Canadian dollar would have an estimated \$26,000 impact on the net loss and comprehensive loss.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and GST receivable. To minimize the credit risk on cash, the Company places the instrument with a financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk, the Company maintains a balance between continuity of funding and development activity. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

2.4 – Other MD&A Requirements

Share Capital

The authorized share capital consists of an unlimited number of common shares without par value.

The total number of common shares issued and outstanding as at March 31, 2022 and May 30, 2022 is 119,535,892.

As at March 31, 2022 and May 30, 2022, the Company has 77,064,758 escrowed shares. These escrowed shares are subject to escrow trading restrictions pursuant to the Escrow agreement and are released as follows: 17,425,679 on June 2, 2022, 15,708,178 September 2, 2022, 17,425,679 December 2, 2022, 19,635,223 March 2, 2023, 1,717,500 June 2, 2023, 1,717,500 December 2, 2023, 1,717,500 June 2, 2024 and 1,717,500 December 2, 2024.

Warrants and Options

As at March 31, 2022 and May 30, 2022, there were 1,492,750 broker warrants outstanding all with an exercise price of \$0.05 and a weighted average term to expiry of 1.67 years.

As at March 31, 2022 and at May 30, 2022, there were 29,545,000 share purchase warrants outstanding with an exercise price of \$0.60 and a weighted average term to expiry of 1.67 years.

As at March 31, 2022 and at May 30, 2022, there were 11,550,000 stock options outstanding with an exercise price of \$0.20 and a weighted average term to expiry of 4.32 years.

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RISK FACTORS AND UNCERTAINTIES

The Company is pursuing the opportunity to exploit patented technology to produce graphene, hydrogen, syngas, methane and other products and business opportunities. Due to the nature of the Company's business and the present stage of its activities, many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The Directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following risks actually occur, the Company's business, financial condition, capital resources, results or future operations could be materially adversely affected. In such a case, the price of the Common Shares could decline, and investors may lose all or part of their investment.

How risk is related to return

Generally, there is a strong relationship between the amount of risk associated with a particular investment, and that investment's long-term potential to increase in value.

Investments that have a lower risk also tend to have lower returns because factors that can affect the value of the investment, the risks, are well known or are well controlled and have already been worked into the price of the investment. On the other hand, investments that could have potentially higher returns if conditions for success are favourable also risk generating equally higher losses if conditions become unfavourable. This is because the factors affecting the value of such investments are unknown or difficult to control.

Dilution

The financial risk of the Company's future activities will be borne to a significant degree by purchasers of the Common Shares. If the Company issues Common Shares from its treasury for financing purposes, control of the Company may change, and purchasers may suffer additional dilution.

No Market for Securities

There is currently no market through which any of the Common Shares, may be sold and there is no assurance that such securities of the Company will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares are listed on a stock exchange, holders of the Common Shares may not be able to sell their Common Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Common Shares will develop or be sustained after Listing. The offering price determined by the Company was based upon several factors and may bear no relationship to the price that will prevail in the public market. The holding of Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Negative Cash Flow from Operating Activities

The Company's activities have been focused on developing its technology and accordingly cash flow is negative, and the Company has been required to raise funds through equity financings.

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RISK FACTORS AND UNCERTAINTIES (continued)

Current Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company. The value of the Common Shares distributed hereunder will be affected by such volatility.

Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its development plans. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

Tax Issues

Income tax consequences in relation to the securities offered will vary according to the circumstances of each purchaser. Prospective purchasers should seek independent advice from their own tax and legal advisers prior to purchasing the securities.

Smaller Companies

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

Competition

Both the Hydrogen and Graphene industries are characterized by larger companies with more financial resources than the Company. There is no assurance that the Company will be able to effectively compete in that environment.

Illiquidity The Common Shares are not listed on a stock exchange. Investors should be aware that there may never be a market for the Common Shares and an investor may never realize a return on their investment. The Common Shares, therefore, may not be suitable as a short-term investment.

Going Concern and Financing Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it to sustain operations. Although the Company has been successful in the past in obtaining financing through the issuance of common shares, there can be no assurance that it will be able to obtain the necessary financing and raise capital sufficient to cover its operating costs.

Licensed Technology

The Company believes the licensed technology will be commercially scalable and the products can be profitably marketed. There can be no assurance that the Company will be able to develop the technology to the point that may be required to carry out its business plans, on reasonable terms, or at all. Delays, or a failure to develop such economically viable products or a failure to comply with the terms of the license could have a material adverse effect on the Company.

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RISK FACTORS AND UNCERTAINTIES (continued)

General Economic Conditions

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

Coronavirus (COVID-19)

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. However, COVID-19 may directly impact the Company by disrupting the financial markets of which the Company relies on for raising funds or interfering with its supply chains.

Hydrogen Production Risk Factors

Proof of High Scale Production

The Company needs to work with many different types of engines to see which type is optimal for mass centralized Hydrogen production. Another engine type might be best for smaller decentralized production. The Company does not know how effectively and reliably the engines will work. Since the engines will be running on a very rich fuel mixture that they were not designed for, the Company does not know the long-term consequences. Risks exists that the engines may need to be modified to work with a very rich methane and pure oxygen fuel mixture which would substantially increase the cost to the Company. There are methane engines, but they run with a mixture of methane and air, so the possible need to adopt engines for our fuel mixture is a risk factor.

Integration of Novel Mixing Chamber

The Company has designed and patented a novel pre-mixing chamber, which needs to be affixed between the engine and the fuel source, like a fuel injector in a gas car engine. The pre-mix chamber will be fully digital and attached to digitally controlled valves and pumps. There is uncertainty as to how the device will function, as it will be a brand-new device mixing methane and oxygen in very specific ratios. The device will need to be tested and this may protract the time to achieve adequate production levels.

Volume Oxygen Generation

Currently the Company is purchasing canisters of oxygen to mix with methane. The Company needs to purchase an oxygen generator to bring down the feedstock costs. The O₂ generator has to be integrated into the pre-mix chamber and the engine. Until further development work is done, the Company cannot predict the success of the system.

Membrane Separation Technology

The Company produces Syngas from Methane and Oxygen as its primary product coming out of the engine. Syngas is COH₂, essentially carbon monoxide and hydrogen. Using membrane separation technology, the Company splits the CO from the H₂ (it is 80% H₂). There are uncertainties as to the performance of the membranes and the life cycle of them. They will be in constant usage and the Company does not know how quickly they will clog up, thereby shutting down production. The Company may need several membranes onsite and will need to pull out old, clogged membranes and replace with new ones, the Company does not know how long this procedure will take. This process could cause significant production delays.

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RISK FACTORS AND UNCERTAINTIES (continued)

Risks Related to Gases

The gases produced by the Company's process, Hydrogen and Oxygen are flammable and carbon monoxide is poisonous. There is no assurance that the Company will be able to devise methods to safely deal with these gases. Carbon monoxide is used in some chemical processes. In the event the Company is not able to find a customer for the carbon monoxide by product of its production process which is not assured it may incur considerable costs to dispense of the carbon monoxide could impact its production costs.

Graphene Production Risk Factors:

Limited Production

The Company's production plan calls for beyond 6Kg per canister per day. In order to do so new pumps and valves have to be purchased and tested. The Company also needs to fabricate more robust electrodes. Within the canister, after detonation, it is a very hostile environment for electrodes. Carbon can get in the gap between the electrodes and foul the entire process. The Company cannot guarantee this will be successfully achieved.

Increased Frequency of Detonations

When the Company increases the frequency of detonations it is hard on the equipment. Right now, the Company detonates every 40 seconds and wants to get the frequency down to every 20 seconds. So, the new pumps, valves and electrodes have to fill the canister with acetylene and oxygen twice as fast, and vacuum pull the contents into the holding vessel. Moreover, the electrodes have to spark twice as often in a very hostile environment for electrodes. There is no assurance the Company will be able to achieve this increased frequency of detonation.

Production Line Automation

The Company has the front-end process automated, up to containing the product after multiple automated detonations in a holding vessel, it does not have the backend production line from the holding vessel done. Although it is a conventional mass manufacturing issue, the Company still need it solved and there is uncertainty about it.

Health Risks

It is possible that Nano-graphene particles from leakage will get into human bodies and cause harm. The Company will need to ensure it has adequate safety procedures at its plant to deal with such risks, which may cause delays in the production process.

Graphene Sales Risk Factors:

Limited Market

The Company does not believe the market for Graphene is limited; however, the present market for Graphene is limited partially because of the high cost of Graphene. It may take considerable time for manufacturers to adopt Graphene which could delay potential future revenue and/or profitability for the Company.

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RISK FACTORS AND UNCERTAINTIES (continued)

Protracted Sales Cycle (continued)

Graphene is not yet a commodity product. Therefore, it has to be an engineered solution in most cases. That is Graphene samples get tested and if there is interest, then the Graphene gets functionalized for specific applications. Moreover, the insertion of Graphene into a composite requires modification of an existing production line. If this process takes too much time, it will affect the Company's potential future revenue and profitability.

High Cost of Customer Acquisition

It takes time and money to get prospective customers from testing to functionalizing to integrating our graphene into their production. The Company needs to find a way to drive down customer acquisition costs through expediting the process. There is no assurance the Company will be able to do so.

General

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Although the Directors will seek to minimise the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specialises in investments of this nature before making any decision to invest.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on May 30, 2022.