



FuelPositiveTM

Fuel For A Mindful World

FUELPOSITIVE CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2024

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of FuelPositive Corporation (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

FuelPositive Corporation

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at December 31, 2024	As at September 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 99,022	\$ 55,038
Prepaid expenses and sundry assets (note 4)	356,088	449,586
Total current assets	455,110	504,624
Non-current assets		
Property and equipment (note 5)	217,149	283,664
Right-of-use assets (note 6)	211,119	480,623
Loan receivable (note 7)	465,205	464,035
Green Ammonia production technology (note 9)	12,540,718	13,175,737
Total non-current assets	13,434,191	14,404,059
Total assets	\$ 13,889,301	\$ 14,908,683
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	\$ 1,855,947	\$ 1,919,499
Bridge loan (note 11)	103,630	-
Lease liabilities (note 12)	84,559	207,981
Total current liabilities	2,044,136	2,127,480
Non-current liabilities		
Lease liabilities (note 12)	131,838	297,759
Total non-current liabilities	131,838	297,759
Total liabilities	2,175,974	2,425,239
Shareholders' equity		
Share capital (note 14)	108,187,680	108,187,680
Shares to be issued (note 14)	405,000	-
Contributed surplus	30,059,482	26,999,071
Warrant capital	7,897,913	11,054,232
Accumulated deficit	(130,034,376)	129,276,809)
	16,515,699	16,964,174
Non-controlling interest	(4,802,372)	(4,480,730)
Total shareholders' equity	11,713,327	12,483,444
Total liabilities and shareholders' equity	\$ 13,889,301	\$ 14,908,683

Nature of operations and going concern (note 1)

Subsequent events (note 22)

Approved on behalf of the Board:

"Andre Mech" Director

"Ian Clifford" Director

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

FuelPositive Corporation

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three months ended December 31, 2024	Three months ended December 31, 2023
Expenses		
General and administrative (notes 18 and 19)	\$ 321,686	\$ 2,049,001
Interest expense	3,630	-
Engineering and development (notes 8 and 9)	36,887	1,138
Amortization and depreciation (notes 5 and 9)	701,533	701,963
Amortization of right-of-use asset (note 6)	33,000	26,796
Impairment of intangible assets (note 8)	-	-
Accretion of lease liability (note 12)	5,435	5,126
Loss before under-noted item	(1,102,171)	(2,784,024)
Interest income (note 7)	1,170	2,080
Gain on termination of leases (notes 6 and 12)	21,792	-
Net loss and comprehensive loss for the period	\$ (1,079,209)	\$ (2,781,944)
Net loss for the year attributable to:		
Shareholders of the Company	\$ (757,567)	\$ (2,886,250)
Non-controlling interest in subsidiary (note 8)	(321,642)	104,306
	\$ (1,079,209)	\$ (2,781,944)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding - basic and diluted	548,175,592	483,532,889

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

FuelPositive Corporation
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	ended December 31, 2024	ended December 31, 2023
Cash flows used in operations		
Net loss for the period	\$ (1,079,209)	\$ (2,781,944)
Items not affecting cash:		
Depreciation and amortization (notes 6 and 9)	701,533	701,963
Amortization of right-of-use assets (note 6)	33,000	26,796
Stock-based compensation (note 16)	(95,908)	228,345
Professional fees settled with units	-	34,278
Interest expense accrual	2,460	(1,158)
Gain on termination of leases	(21,792)	-
Accretion of lease liability (note 12)	5,435	5,126
	(454,481)	(1,786,594)
Changes in non-cash working capital:		
Prepaid expenses and sundry assets	93,498	(590,331)
Accounts payable and accrued liabilities	(63,551)	163,385
Net cash used in operating activities	(424,534)	(2,213,540)
Investing activities		
Purchase of Green Ammonia production technology (note 9)	-	(332,638)
Purchase of property and equipment	-	(63,324)
Net cash used in investing activities	-	(395,962)
Financing activities		
Proceeds for shares to be issued	405,000	1,337,648
Proceeds from bridge loans	100,000	-
Lease payments (note 12)	(36,482)	(16,454)
Net cash provided by financing activities	468,518	1,321,194
Net change in cash	43,984	(1,288,308)
Cash, beginning of period	55,038	1,874,605
Cash, end of period	\$ 99,022	\$ 586,297
Cash and cash equivalents consist of:		
Cash	\$ 94,022	\$ 536,297
Redeemable guaranteed investment certificates	5,000	50,000
	\$ 99,022	\$ 586,297
Supplemental Disclosure		
Units issued for services	\$ -	\$ 34,278

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

FuelPositive Corporation

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of Shares	Share Capital	Shares to be issued	Contributed Surplus	Warrant Capital	Accumulated Deficit	Subtotal	Non-controlling Interest	Total
Balance, September 30, 2023	475,936,756	\$106,157,642	\$ -	\$ 25,341,203	\$ 9,473,431	\$(110,160,529)	\$ 30,811,747	\$ (4,474,708)	\$ 26,337,039
Loss for the period	-	-	-	-	-	(2,886,250)	(2,886,250)	-	(2,886,250)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	104,306	104,306
Comprehensive loss for the period	-	-	-	-	-	(2,886,250)	(2,886,250)	104,306	(2,781,944)
Transactions with shareholders:									
Issuance of units - net of costs (note 14(i))	24,545,454	1,337,648	-	-	-	-	1,337,648	-	1,337,648
Fair value of warrants (note 14(vii))	-	(632,343)	-	-	632,343	-	-	-	-
Shares issued for settlement of debt	681,600	34,278	-	-	-	-	34,278	-	34,278
Fair value of warrants issued in settlement of debt (note 12)	-	(14,616)	-	-	14,616	-	-	-	-
Stock-based compensation (note 16)	-	-	-	228,345	-	-	228,345	-	228,345
Balance, December 31, 2023	501,163,810	\$106,882,609	\$ -	\$ 25,569,548	\$ 10,120,390	\$(113,046,779)	\$ 29,525,768	\$ (4,370,402)	\$ 25,155,366
Balance, September 30, 2024	548,175,592	\$108,187,680	\$ -	\$ 26,999,071	\$ 11,054,232	\$(129,276,809)	\$ 16,964,174	\$ (4,480,730)	\$ 12,483,444
Loss for the period	-	-	-	-	-	(757,567)	(757,567)	-	(757,567)
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	(321,642)	(321,642)
Comprehensive loss for the period	-	-	-	-	-	(757,567)	(757,567)	(321,642)	(1,079,209)
Transactions with shareholders:									
Shares to be issued for private placement (note 14)	-	-	405,000	-	-	-	-	-	-
Transfer from warrant capital on expiry	-	-	-	3,156,319	(3,156,319)	-	-	-	-
Stock-based compensation (note 16)	-	-	-	(95,908)	-	-	(95,908)	-	(95,908)
Balance, December 31, 2024	548,175,592	\$108,187,680	\$ 405,000	\$ 30,059,482	\$ 7,897,913	\$(130,034,376)	\$ 16,110,699	\$ (4,802,372)	\$ 11,308,327

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

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN

FuelPositive Corporation (the "Company" or "FuelPositive") is incorporated under the Business Corporations Act (Ontario) and its common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "NHHH". Any specific reference to "EESstor" herein means EESstor, Inc. alone a 71.3% subsidiary of FuelPositive Corporation. The Company's head office is located 40 Temperance Street Suite 3200 - Bay Adelaide Centre - North Tower, Toronto, Ontario, M5H 0B4, Canada.

FuelPositive Corporation is at the forefront of Canadian technology and is committed to delivering sustainable, environmentally responsible Green Ammonia solutions. The Company's innovative approach includes on-farm/on-site, containerized Green Ammonia production systems, effectively eliminating carbon emissions.

FuelPositive commercial Green Ammonia systems are versatile, serving multiple applications, including nitrogen fertilizer for farming, fuel for grain drying, internal combustion engines, and hydrogen storage for fuel cells and other sectors.

The Company's main customer base consists of farmers. We address their nitrogen fertilizer needs while advocating for environmental change.

FuelPositive leverages Canada's expertise in technology and environmental stewardship to empower communities worldwide against food insecurity and is shaping a more resilient future for generations through collaboration and innovation.

The Company also holds certain technology rights to solid-state capacitor and related energy storage technologies currently under further advancements with strategic third parties. The Company is also a developer of energy storage and fossil fuel replacement technologies. The Company holds certain technology rights to solid-state capacitor and related energy storage technologies. The Company's success depends on the commercialization of its technology. There is no assurance that FuelPositive will be successful in the manufacturing, distribution or licensing of its technology. Readers are directed to the "Risk Factors" disclosed in the Company's public filings.

These unaudited condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Realization values may be substantially different from carrying values as shown and the financial statements do not given effect to adjustments that would be necessary to the carrying values and the classification of assets and liabilities should the Company be unable to continue operating as a going concern.

From time to time, the Company may pursue the raising of funds by an equity investment, debt borrowing or a combination of both. There can be no assurance that additional financing will be available on commercially reasonable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to fund its planned operations for at least the next 12 months and as a result may be required to substantially reduce or temporarily cease its operations, including but not limited to the reduction of payroll costs, development activities and other operating expenditures. Any such actions could have a material adverse effect on the Company's business, financial condition and prospects.

The Company has incurred a comprehensive loss of \$1,079,209 during the three months ended December 31, 2024 and as of that date, the Company's deficit was \$130,034,376. These conditions raise material uncertainties which may cast significant doubt as to whether the Company will be able to continue as a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

These unaudited condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of March 3, 2025, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended September 30, 2024. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2025 could result in restatement of these unaudited condensed interim consolidated financial statements.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant areas requiring the use of management estimates and judgments relate to:

(i) Impairment of intangible assets

Judgment is required in assessing whether any indicators of impairment are applicable, as defined in IAS 36. Determination of the amount of impairment is based on management's estimate of the fair value less costs to sell of the intangible assets. The basis of EESstor intellectual property December 31, 2024 calculation (Market calibration approach) involves multiple estimates such as estimated market price based on a historical transaction, adjustments for qualitative factors such as achievement of goals for further development, economic factors surrounding the battery industry and other.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. USE OF ESTIMATES AND JUDGMENTS (Continued)

(ii) Stock-based transactions

The Company uses an option pricing model to determine the fair value of share based compensation. Inputs to the model are subject to various estimates relating to volatility, interest rate and expected life of the instrument. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new information to determine the best estimate of fair value at the date of grant.

Separate from the fair value calculation, the Company is required to estimate the expected forfeiture rate of stock-based compensation.

(iii) Going concern

The Company makes significant judgments with respect to uncertainties in the ability of the Company to continue as a going concern based on estimates of future operations. The ability of the Company to continue as a going concern is dependent on the successful generation of revenue and financing.

(iv) Development costs

Management monitors the progress of the EEStor and green ammonia technologies. Significant judgment is required to distinguish between the research and development phases. Development costs are recognized as an asset when the following criteria are met: (i) technical feasibility; (ii) management's intention to complete the project; (iii) the ability to use or sell; (iv) the ability to generate future economic benefits; (v) availability of technical and financial resources; (vi) ability to measure the expenditures reliably. Research costs are expensed as incurred. Management also monitors whether the recognition requirements for development assets continue to be met and whether there are any indicators that capitalized costs may be impaired.

(v) Provision and contingent liabilities

Management's decision that no provision is needed for the contingency in note 24 represents management estimates and the eventual resolution of the liability may differ based on additional information and the occurrence of future events.

(vi) Estimated useful lives of equipment and intangible assets

Depreciation of equipment and intangible assets is dependent upon estimates of useful lives based on management's judgment.

(vii) Functional currency

The functional currency of Fuelpositive and its subsidiaries is the Canadian Dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. USE OF ESTIMATES AND JUDGMENTS (Continued)

(viii) Valuation of shares issued for non-cash consideration

The Company applies judgments with respect to the fair value assigned to shares issued for non-cash consideration.

4. PREPAID EXPENSE AND SUNDRY ASSETS

	As at December 31, 2024	As at September 30, 2024
Advance to Chief Executive Officer ("CEO")	\$ 40,783	\$ 40,783
Prepaid expenses and advances to suppliers	105,697	199,737
HST receivable and other	209,608	209,066
Total	\$ 356,088	\$ 449,586

5. PROPERTY AND EQUIPMENT

Cost	Leasehold improvement	Machinery and equipment	Furniture and fixture	Computer Equipment	Total
Balance, September 30, 2023	\$153,358	\$ 318,033	\$ 42,335	\$ 113,981	\$ 627,707
Additions	65,536	31,951	1,615	7,163	106,265
Balance, September 30, 2024	218,894	349,984	43,950	121,144	733,972
Additions	-	-	-	-	-
Balance, December 31, 2024	\$ 218,894	\$ 349,984	\$ 43,950	\$ 121,144	\$ 733,972

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. PROPERTY AND EQUIPMENT (Continued)

Accumulated depreciation	Leasehold improvement	Machinery and equipment	Furniture and fixture	Computer Equipment	Total
Balance, September 30, 2023	\$ 58,895	\$ 93,978	\$ 4,601	\$ 45,566	\$ 203,040
Depreciation	88,799	110,922	8,603	38,944	247,268
Balance, September 30, 2024	147,694	204,900	13,204	84,510	450,308
Depreciation	25,189	29,033	2,198	10,095	66,515
Balance, December 31, 2024	\$172,883	\$233,933	\$ 15,402	\$ 94,605	\$ 516,823

Net book value	Leasehold improvement	Machinery and equipment	Furniture and fixture	Computer Equipment	Total
Balance, September 30, 2024	\$ 71,200	\$ 145,084	\$ 30,746	\$ 36,634	\$ 283,664
Balance, December 31, 2024	\$ 46,011	\$ 116,051	\$ 28,548	\$ 26,539	\$ 217,149

6. RIGHT-OF-USE ASSETS

Right-of-use assets are as follows:

	Vehicle	Equipment	Plant space	Total
Balance - September 30, 2023	\$ -	\$ -	\$ 96,117	\$ 96,117
Additions (note 12)	59,667	223,799	321,842	605,308
Amortization	(10,156)	(29,191)	(181,455)	(220,802)
Balance - September 30, 2024	49,511	194,608	236,504	480,623
Amortization	(3,809)	(29,191)	-	(33,000)
Derecognition of lease (note 12)	-	-	(236,504)	(236,504)
Balance - December 31, 2024	\$ 45,702	\$ 165,417	\$ -	\$ 211,119

During the three months ended December 31, 2024, the Company terminated its leases of plant space.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. LOAN RECEIVABLE

On August 16, 2021, related to the performance of services pursuant to the terms of the consulting agreement with the CEO, the Company loaned the CEO a sum of \$200,000. On November 9, 2021, the Company loaned the CEO an additional sum of \$250,000. The loans bears interest at a rate of one percent (1%) per annum, compounded monthly and payable on the last business day of the month of August in each year during the term of the loan. The loan matures on the earlier of: (a) the termination of the consulting agreement for any reason whatsoever; and (b) August 31, 2026. On the maturity date, the CEO shall repay the full amount of the loan along with any accrued but unpaid interest thereon. In the event the weighted average closing price of the common shares of the Company on the TSX Venture Exchange exceeds \$0.50 for a period of no less than ten business days, the CEO will be obligated to complete a repayment of no less than \$100,000 to the Company upon the later of (i) ten business days following the price exceeding \$0.50 and (ii) the expiry of any restrictions on trading by insiders imposed by the Company. During the three months ended December 31, 2024, the Company accrued interest income of \$1,170 (three months ended December 31, 2023 - \$1,158).

8. EESTOR TECHNOLOGY, RIGHTS, PATENTS AND DEVELOPMENT COSTS

Continuity of Assets

Intangible asset at September 30, 2023	\$ 7,817,525
Impairment of intangible assets (i)	(7,790,034)
Patent amortization	(27,491)
Intangible asset at September 30, 2024 and December 31, 2024	\$ -

(i) In September 2024, the Company's annual impairment testing determined that the carrying amount of the EESTor technology, rights, patents and development costs exceeded their recoverable value and as a result, the Company recorded an impairment charge of \$7,790,034. The Company determined that the recoverable amount of the EESTor technology is not supported due to the prioritization of resources available to develop the technology to commercialization stage. Please refer to Note 3 to the annual consolidated financial statements for the year ended September 30, 2024 intangible assets accounting policy regarding the conditions required for reversal of impairment losses, if any, in the future.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. EESTOR TECHNOLOGY, RIGHTS, PATENTS AND DEVELOPMENT COSTS (Continued)

EESor Financial Information

The following tables set out the financial information related to EESor.

	December 31, 2024 US (\$)	September 30, 2024 US (\$)
Long-term assets	855,201	860,252
Total assets	855,201	860,252
Current liabilities	101,500	101,500
Long-term liabilities (i)	11,470,381	11,470,381
Total liabilities	11,571,881	11,571,881
Shareholders' deficiency	(10,716,680)	(10,711,629)

(i) Includes preferred stock totaling \$4,028,000

EESor's operating expenses included in the Consolidated Statement of Loss and Comprehensive Loss for the years ended December 31, 2024 and 2023 are as follows:

	Three months ended December 31, 2024 US (\$)	Three months ended December 31, 2023 US (\$)
General and administrative expenses	461,002	158,501
Engineering and development	-	(5,050)
Net income	461,002	153,451
Income attributed to the Company	230,962	78,879
Non-controlling interest in subsidiary	230,040	75,572
Net income (loss)	461,002	154,451

The amount of non-controlling interest is determined by multiplying the net loss for the period by the percentage of common stock held by a third party. As at December 31, 2024, the Company holds 50.1% of the common stock outstanding.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. GREEN AMMONIA PRODUCTION TECHNOLOGY

The Company's core technology, a modular and scalable Green Ammonia system, takes air, water and sustainable electricity and synthesizes it into a non-polluting chemical for multiple applications, including as a carbon free fertilizer for farming, fuel for grain drying and internal combustion engines and a solution for grid storage. Green Ammonia is being considered as a replacement for fossil fuels and as a key enabler of the hydrogen economy.

On March 26, 2021, the Company entered into an intellectual property purchase agreement with Dr. Ibrahim Dincer and his team for a technology to produce ammonia (NH₃) – a carbon free fertilizer and fuel – in a zero-emission manner, by utilizing only water, air and sustainable electricity. On April 21, 2021, the Company announced approval of the acquisition from the TSXV.

In consideration for the acquisition of all rights to the technology, the Company has agreed to issue 50,000,000 common shares to Dr. Dincer and his team, of which 35,000,000 (valued at \$12,425,000) were issued upon completion of the acquisition and the balance of 15,000,000 were issued after twelve months. During the year ended September 30, 2022, 15,000,000 common shares (valued at \$2,400,000) were issued. The Green Ammonia intellectual property has an estimated useful life of 8 years.

	Intellectual Property	Development Costs	Total
Balance, September 30, 2023	\$ 10,826,043	\$ 4,889,768	\$15,715,811
Amortization	(1,853,124)	(686,951)	(2,540,075)
Balance, September 30, 2024	8,972,919	4,202,817	13,175,736
Amortization	(463,281)	(171,737)	(635,018)
Balance, December 31, 2024	\$ 8,509,638	\$ 4,031,080	\$ 12,540,718

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at December 31, 2024	As at September 30, 2024
Trade accounts payables	\$ 1,489,907	\$ 1,599,884
Accrued liabilities	242,773	84,745
Amounts due to related parties	123,267	234,870
Total accounts payable and accrued liabilities	\$ 1,855,947	\$ 1,919,499

The Company's standard term for trade payable is 30 - 60 days.

11. BRIDGE LOANS

During the three months ended December 31, 2024, the Company entered into loan agreements with certain arms-length third party for bridge loans of \$100,000, which mature on the earlier of twelve months from the date of the advancement of the bridge loans. The loans bears an interest of 25% per annum.

During the three months ended December 31, 2024, the Company accrued an interest expense of \$3,630.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

12. LEASE LIABILITIES

The continuity of lease liabilities is presented in the table below:

	Vehicle	Equipment	Plant space	Total
Balance - September 30, 2023	\$ -	\$ -	\$ 102,400	\$ 102,400
Addition	59,667	223,799	321,842	605,308
Accretion expense	2,223	5,373	31,025	38,621
Lease payment	(11,419)	(32,199)	(196,971)	(240,589)
Balance - September 30, 2024	50,471	196,973	258,296	505,740
Derecognition of lease	-	-	(258,296)	(258,296)
Accretion expense	738	4,696	-	5,434
Lease payment	(4,282)	(32,199)	-	(36,481)
Balance - December 31, 2024	\$ 46,927	\$ 169,470	\$ -	\$ 216,397
Allocated as:				
Current	\$ 32,210	\$ 52,349	\$ -	\$ 84,559
Long-term	14,717	117,121	-	131,838
	\$ 46,927	\$ 169,470	\$ -	\$ 216,397

The maturity analysis of the undiscounted contractual balances of the lease liabilities is as follows:

Maturity analysis	Vehicle	Equipment	Plant space	Total
Less than one year	\$ 17,129	\$ 128,796	\$ -	\$ 145,925
One to three years	34,257	53,665	-	87,922
Four to five years	-	-	-	-
Total undiscounted lease liabilities	51,386	182,461	-	233,847
Amount representing implicit interest	(4,459)	(12,991)	-	(17,450)
Lease liability	\$ 46,927	\$ 169,470	\$ -	\$ 216,397

During the three months ended December 31, 2024, the Company terminated its leases of plant space.

FuelPositive Corporation

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended December 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

13. GOVERNMENT ASSISTANCE

On October 10, 2023, the Company announced that it would receive a funding grant of up to \$1.9 million through the Research and Innovation Stream of the Agriculture Clean Technology (ACT) Program, delivered by Agriculture and Agri-Food Canada (AAFC). During the year ended September 30, 2024, the Company received \$526,641 from the ACT Program which was offset against engineering and development expenses in the consolidated statements of loss and comprehensive loss for the year ended September 30, 2024. Subsequent to December 31, 2024, the Company received \$126,528 from the ACT Program (note 22).

14. SHARE CAPITAL

(a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares.

(b) Common shares issued

(i) On October 3, 2023, the Company issued 681,600 units of the Company in settlement of debt in the amount of US\$25,000 owed to a third party in connection with professional services provided to the Company. Each unit is comprised of one common share and one common share purchase warrant with each warrant entitling the holder to purchase a common share of the Company at a price of \$0.065 for three years subject to accelerated expiry in certain circumstances. The fair values of the warrants is estimated at \$14,616 using Black-Scholes pricing model with the following assumptions: share price \$0.07, dividend yield 0%, risk free interest rate 4.42%, volatility 123%, and an expected life 3 years. Expected volatility is based on historical volatility.

(ii) On December 5, 2023, the Company completed the first tranche of a non-brokered private placement with the issuance of 24,545,454 units for \$0.055 per unit for gross proceeds of \$1,350,000. Each unit consists of one common share of the Company and one common share purchase warrant, allowing the holder to purchase an additional common share for \$0.07 until December 5, 2028. The Company incurred a transaction cost of \$12,352 for the private placement. The fair values of the warrants is estimated at \$632,343 using Black-Scholes pricing model with the following assumptions: share price \$0.07, dividend yield 0%, risk free interest rate 3.44%, volatility 157%, and an expected life 5 years. Expected volatility is based on historical volatility.

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14. SHARE CAPITAL (Continued)

(b) Common shares issued (continued)

(iii) On February 9, 2024, the Company closed a final tranche of its non-brokered private placement (the "Offering") and has issued 9,961,909 units at a price of \$0.055 per unit, for aggregate gross proceeds of \$547,905. Each unit consists of one common share of the Company and one common share purchase warrant allowing holders to purchase an additional common share at a price of \$0.07 until February 9, 2029. In connection with closing of the final tranche of the Offering, the Company issued 525,000 Warrants and paid \$25,489 to certain arms-length parties who assisted in introducing subscribers to the Offering. All securities issued in the final tranche of the Offering are subject to a statutory hold period until June 10, 2024, in accordance with applicable securities laws. The fair values of the warrants is estimated at \$237,545 using Black-Scholes pricing model with the following assumptions: share price \$0.05, dividend yield 0%, risk free interest rate 3.65%, volatility 155%, and an expected life 5 years. The fair values of the broker warrants is estimated at \$23,896 using Black-Scholes pricing model with the following assumptions: share price \$0.05, dividend yield 0%, risk free interest rate 3.65%, volatility 155%, and an expected life 5 years. Expected volatility is based on historical volatility.

(iv) On May 22, 2024, the Company closed the first tranche of its non-brokered private placement (the "Offering"). In connection with completion of the first tranche of the Offering, the Company has issued 28,123,818 units at a price of \$0.055 per unit for gross proceeds of \$1,546,810. Each unit consists of one common share of the Company and one common share purchase warrant allowing holders to purchase an additional common share at a price of \$0.07 for a period of sixty months. In connection with completion of the first tranche of the Offering, the Company issued 98,000 broker warrants to an arms-length brokerage firm who assisted in introducing subscribers to the Company. The fair values of the warrants is estimated at \$729,676 using Black-Scholes pricing model with the following assumptions: share price \$0.07 to \$0.075, dividend yield 0%, risk free interest rate 3.66% to 3.71%, volatility 153%, and an expected life 5 years. The fair values of the broker warrants is estimated at \$6,788 using Black-Scholes pricing model with the following assumptions: share price \$0.075, dividend yield 0%, risk free interest rate 3.66%, volatility 153%, and an expected life 5 years. Expected volatility is based on historical volatility. The Company incurred transaction costs of \$23,471 for the Offering.

(v) On August 29, 2024, the Company closed the second tranche of its non-brokered private placement (the "Offering"). In connection with completion of the second tranche of the Offering, the Company has issued 8,925,055 units at a price of \$0.055 per unit for gross proceeds of \$490,878. Each unit consists of one common share of the Company and one common share purchase warrant allowing holders to purchase an additional common share at a price of \$0.07 for a period of sixty months. The fair values of the warrants is estimated at \$233,658 using Black-Scholes pricing model with the following assumptions: share price \$0.045, dividend yield 0%, risk free interest rate 3.01%, volatility 157%, and an expected life 5 years.

(vi) During the year ended September 30, 2024, the Company settled accounts payable of \$137,575 with 2,503,363 units to be issued which were issued subsequent to September 30, 2024 (note 22).

(vii) During the three months ended December 31, 2024, the Company received \$405,000 as shares to be issued for private placement to be completed.

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15. WARRANTS

The following table reflects the continuity of warrants for the years presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2023	183,307,317	\$ 0.14
Issued (note 14(b)(i))	72,860,836	0.07
Expired	(8,780,000)	0.10
Balance, September 30, 2024	247,388,153	0.12
Expired	(32,869,567)	0.25
Balance, December 31, 2024	214,518,586	\$ 0.10

The Company had the following warrants outstanding at December 31, 2024:

Number of Warrants	Exercise Price	Expiry Date
20,833,334	\$0.275	June 17, 2026
1,666,667	\$0.24	June 17, 2026
53,870,699	\$0.09	June 21, 2026
1,480,150	\$0.09	June 21, 2026
31,473,069	\$0.09	July 18, 2026
245,000	\$0.09	July 18, 2026
22,096,123	\$0.09	July 28, 2026
6,741,000	\$0.09	September 11, 2026
3,251,708	\$0.09	September 20, 2026
681,600	\$0.065	October 3, 2026
24,545,454	\$0.07	December 5, 2028
9,961,909	\$0.07	February 9, 2029
525,000	\$0.07	February 9, 2029
1,946,000	\$0.07	May 22, 2029
98,000	\$0.07	May 22, 2029
26,177,818	\$0.07	May 27, 2029
8,925,055	\$0.07	August 29, 2029
214,518,586		

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16. STOCK OPTIONS

The Company has a stock option plan (the “Plan”) which authorizes the Board to issue options to employees, directors and consultants providing services to the Company or its subsidiaries. The Plan is structured as a “fixed plan”. Under the terms of the Plan, the number of shares issuable under stock options and the performance warrants cannot exceed 20% of the outstanding common shares of the Company. The Company sets the exercise price based on the closing market price at the time of the grant. The Company may grant options for a term not to exceed ten years. Vesting periods are assessed at the time of the grant and are documented in more detail in the table below. In the event of a takeover bid which results in the Offer or exercising control of the Company, stock options which might otherwise not be vested may be exercised as part of the takeover transaction.

The following table reflects the continuity of stock options for the years presented:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2023	57,198,654	\$ 0.13
Granted	20,422,000	0.05
Expired	(1,125,000)	0.14
Forfeited	(13,626,308)	0.09
Balance, September 30, 2024	62,869,346	0.10
Expired	(23,680,000)	0.09
Balance, December 31, 2024	39,189,346	\$ 0.10
Exercisable	30,558,846	\$ 0.11

For the three months ended December 31, 2024, the Company recorded \$(95,908) (three months ended December 31, 2023 - \$228,345) in stock-based compensation costs.

For the three months ended December 31, 2023, the fair value of options is determined using the Black-Scholes option pricing model with the following weighted average assumptions: (i) dividend yield of 0%, (ii) expected volatility of approximately 156%, (iii) risk free interest rate of 3.24%, (iv) the expected life of 5 years, and (v) the share price on date of issuance of \$0.05 and a forfeiture rate of 0%. Expected volatility is based on historical volatility. The weighted average fair value of the grant in the period was \$0.05 per instrument.

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16. STOCK OPTIONS (Continued)

The Company had the following stock options outstanding as of December 31, 2024:

<u>Number of Options</u>		<u>Exercise Price (\$)</u>	<u>Weighted Average Remaining Contractual Life (years)</u>	<u>Expiry Date</u>
<u>Outstanding</u>	<u>Exercisable</u>			
20,000	20,000	0.05	0.16	February 28, 2025
3,500,000	3,500,000	0.19	0.05	January 18, 2025
500,000	500,000	0.13	0.12	February 14, 2025
60,000	60,000	0.17	0.33	May 2, 2025
120,000	120,000	0.16	0.56	July 25, 2025
37,000	-	0.05	0.61	August 12, 2025
60,000	60,000	0.17	0.66	August 29, 2025
200,000	200,000	0.13	0.72	September 20, 2025
60,000	40,000	0.12	0.82	October 28, 2025
100,000	-	0.05	0.83	October 29, 2025
100,000	-	0.05	0.92	November 30, 2025
37,000	-	0.06	0.97	December 19, 2025
7,587,500	7,587,500	0.05	1.00	December 31, 2025
750,000	750,000	0.13	1.25	April 3, 2026
1,200,000	1,200,000	0.10	1.34	May 4, 2026
1,300,000	1,300,000	0.18	2.05	January 18, 2027
13,970,000	10,477,500	0.13	2.86	November 10, 2027
153,846	153,846	0.09	3.70	September 11, 2028
9,180,000	4,590,000	0.05	3.96	December 15, 2028
217,000	-	0.06	4.02	January 5, 2029
37,000	-	0.06	4.07	January 5, 2029
39,189,346	30,558,846		2.56	

17. SEGMENTED INFORMATION

As at December 31, 2024, the operations and assets of the Company's wholly-owned subsidiaries are located in Canada. The operations and assets of EESstor are located at 99 Northland Rd, Waterloo, Ontario and are summarized in note 8.

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18. RELATED PARTY TRANSACTIONS

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including members of the Company's Board of Directors. The Company considers key management to be the members of the Board of Directors, the Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer. Key management personnel may also participate in the Company's stock-based compensation plans (note 16).

The remuneration of key management personnel were as follows:

	Three months ended December 31, 2024	Three months ended December 31, 2023
Salaries and wages	\$ 70,833	\$ 506,700
Professional fees ⁽¹⁾	-	12,141
Directors' fees	-	46,417
Stock-based compensation	(95,908)	356,857
	\$ (25,075)	\$ 922,115

⁽¹⁾ Mr. Jing Peng was appointed Chief Financial Officer of the Company in July 2019. Mr. Peng is also a senior employee of Marrelli Support Services Inc. ("Marrelli Support"). Marrelli Support also provides financial reporting services to the Company.

As at December 31, 2024, the Company owed director fees of \$122,583 (September 30, 2024 - \$122,583) and professional fees of \$nil (September 30, 2024 - \$11,842).

See notes 4,7 and 10.

19. GENERAL AND ADMINISTRATIVE

	Three months ended December 31, 2024	Three months ended December 31, 2023
Salaries, wages and bonuses	\$ 136,183	\$ 672,827
Stock-based compensation	(95,908)	228,345
Investor relations	69,873	147,523
Professional fees	65,494	202,699
Consulting fees	-	428,165
Regulatory and filing fees	1,149	98,218
Office and general	155,025	273,309
Foreign exchange (gain) loss	(10,130)	(2,085)
	\$ 321,686	\$ 2,049,001

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20. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain its ability to continue as a going concern for the benefit of shareholders and other stakeholders by balancing cash conservation and prudent investment in its operations in order to further its business objectives.

Working capital management is fundamental to the broader management of capital. The Company has a defined investment policy restricting the investment of cash balances to term deposits and bankers' acceptances. Non-cash working capital is managed with defined business practices and policies intended to optimize the investment and safeguard the assets.

The Company includes equity in its definition of capital. Equity is comprised of share capital, contributed surplus, warrant capital and deficit and amounted to \$16,515,699 (September 30, 2024 - \$16,964,174). The Company's approach to raising equity has been to raise sufficient capital to take the Company toward a target milestone, with an objective of successive capital raises being at a higher price and therefore less dilutive for shareholders. To secure additional capital to pursue its objectives, the Company may raise additional funds through the issuance of equity. The Company's ability to continue with its incremental capital raise strategy is a function of many factors, including the state of the capital markets, and there is no assurance that this approach will be practical on a go forward basis.

The Company is not subject to any external capital requirements. There have been no changes with respect to the overall capital management strategy during the period ended December 31, 2024.

21. CONTINGENCY

There is an ongoing legal proceeding in the Ontario Superior Court of Justice involving a statement of claim (the "Claim") filed by Green NH3 Inc. ("Green NH3") against Ontario Tech University and Ibrahim Dincer (collectively, the "Defendants"). The Claim asserts that Green NH3 is the owner of certain intellectual property and rights (collectively, the "Intellectual Property Rights"). However, these Intellectual Property Rights were previously assigned to the Company pursuant to an intellectual property purchase agreement (the "Purchase Agreement") entered into with Ibrahim Dincer and his team, effective March 26, 2021.

The Company is not a party to the Claim and firmly believes the Claim is without merit. The Company understands that the Defendants intend to vigorously defend against the Claim, which has had no impact whatsoever on the Company's business operations or planned activities.

Through the Purchase Agreement, the Company has received contractual assurances regarding the ownership of the Intellectual Property Rights. Even in the unlikely event that the Claim was to succeed, management does not believe it would affect the Company's ability to fully exploit the Intellectual Property Rights.

Accordingly, the Company has made no provisions related to this legal proceeding in its unaudited condensed interim consolidated financial statements for the three months ended December 31, 2024.

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22. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, 4,020,000 stock options expired unexercised.

On January 17, 2025, the Company issued 2,503,363 units of the Company in settlement of accounts payable of \$137,575. Each unit consists of one (1) common share of the Company, and one (1) common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Company at a price of \$0.07 per share for a period of sixty (60) months from the date of issuance.

On February 3, 2025, the Ontario Securities Commission (OSC) issued a Cease Trade Order (CTO) as the Company missed the filing deadline of its annual financial statements and accompanying management's discussion and analysis for the year ended September 30, 2024.

On February 12, 2025, the Company received \$126,528 from the ACT program.