CHARBONE HYDROGEN CORPORATION
MANAGEMENT'S DISCUSSION & ANALYSIS

PERIODS ENDED MARCH 31, 2026 and 2025

The following analysis concerns the financial situation, operating results and cash flows of Charbone Hydrogen Corporation ("Charbone", the "Company", or the "Corporation") for the three-month ended March 31, 2026 and 2025. The discussion should be read in conjunction with the Company's condensed consolidated interim financial statements for the three-month periods ended March 31, 2026 and 2025 and the audited annual financial statements for the year ended December 31, 2025, and the related notes thereto. The Company's financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. All monetary amounts are reported in Canadian dollars unless otherwise noted. The information contained herein is presented as of May 28, 2026.

Forward-Looking Statements

This document may contain forward-looking statements relating to the Company's operations or to the environment in which it operates, which are based on the Company's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond the Company's control. A number of important factors including those set forth in other public filings could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

Forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions it believes to be not unreasonable in light of all of the circumstances. In some instances, material factors or assumptions are discussed in this MD&A in connection with statements containing forward-looking information. Such material factors and assumptions include, but are not limited to: the ability of the Company to acquire and to integrate hydropower plants; the timing of the completion of the Sorel-Tracy hydrogen plant and start of production of clean hydrogen in all targeted locations; the Company's success in expanding its product offerings; the ability of the Company to achieve rapid incremental customer growth; the Company's ability to retain key members of its management and development teams; and the Company's ability to raise additional capital. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this MD&A and, other than as required by law, the Company's disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

Business Overview

Charbone Hydrogen Corporation is a corporation incorporated under the CBCA on April 17, 2019. The registered and head office of Charbone is located at 5005, boul. Lapinière, Suite 1080, Brossard (Québec) J4Z 0N5.

Charbone is an integrated industrial gases producer and distributor focused on the development and production of clean Ultra High Purity (UHP) hydrogen complemented by a growing industrial gases distribution platform. Through its modular approach, Charbone is developing a network of clean hydrogen production facilities throughout North America and select markets worldwide, starting with its flagship Sorel-Tracy project in Quebec and subsequently in the US. The Company's integrated model reduces risk, enhances scalability, and enables diversified revenue streams through partnerships in helium and other specialty gases. CHARBONE is committed to supporting the global energy

transition by providing accessible, decentralized clean hydrogen and specialty gas solutions while supporting underserved industrial gas customers and accelerating the shift to localized energy with a resilient products offering.

As the hydrogen market evolves, Charbone has established a decentralized, energy opportunistic approach to its clean hydrogen production strategy, with the ability to tap into any renewable energy sources connected to the grid that will allow Charbone to move quickly, reduce costs and begin production. Energy and transportation costs are currently significant components of the hydrogen prices and the ability to have access to lower costs near the industrial customers will allow Charbone to have a more competitive offering when compared to other methods of production and distribution of hydrogen.

Charbone also leverages commercial partnerships to supply hydrogen, helium, and other industrial gases without the capital-intensive requirements of production facilities. This approach enhances revenue streams, reduces operational risks, and increases market flexibility.

Significant Acquisitions and Dispositions

Charbone started producing in December 2025 from its Phase 1A and continues to progress towards building the complete first phase (out of 5 phases) of its first 10 tonnes/day hydrogen plant. Furthermore, the production and sales of clean Ultra High Purity (UHP) hydrogen in Sorel-Tracy since December 2025 is in a certain ramp-up. The Company has also finalized financings, of more than $3 million in January and April 2026, to complete the construction of Phase 1B of this hydrogen plant towards an increased production capacity of 900 kg per day. For Phase 1B, the equipment, including the upgraded 1.75MW electrolyzer, is having a balance of payment to be made of around $2.3M, will be delivered at Charbone's facility in the coming months.

In addition, Charbone is working with bankers to negotiating multiple financing offers to complete the equipment financing in parallel with additional debt/equity raises that will be used to finance the deployment of a decentralized sites hydrogen plants strategy in Canada, United States and Asia-Pacific.

Results of Operations

The following discussion of the Company's financial performance is based on the condensed consolidated interim financial statements for the three-month periods ended March 31, 2026 and 2025. During these periods, the Company was focused on the construction phase and industrial gases ramp up of the business. For the three-month periods ended March 31, 2026 and 2025, the Company had a net loss of $1.1 million compared to a net loss of $1.2 million, detailed as follows:

		Three-month period ended March 31, 2026		**Three-month period ended March 31, 2025**	
INCOME					
Gas income	$	176,193	$	-	$
Hydroelectricity income		-		5,067	
Other income		68,585		-	
EXPENSES					
Operating expenses		220,712		-	
Professional fees included related to acquisition		297,284		523,810	
Meals, entertainment, travel and other business development expenses		64,516		52,616	
Investors relationships and marketing		77,269		96,420	
Share based compensation		-		153,847	
Salaries, fringe benefits and board		122,867		186,401	
Other expenses		234,799		89,608	
EXPENSES	$	1,017,447		1,102,702	

Depreciation of PP&E		85,322		44,339	
Depreciation of right-of-use-assets		47,551		30,398	
Amortization of intangible assets		5,920		6,194	
OPERATING LOSS BEFORE THE FOLLOWING:	$	911,462		1,178,566	
Interest on debentures		64,814		77,485	
Interest on short term debt		-		2,104	
Interest on lease obligations		6,808		6,148	
Interest and bank fees		5,412		4,786	
Realized loss on foreign exchange		1,299		2,746	
Unrealized loss on foreign exchange		44,705		1,769	
Gain on settlement of account payable		-		(41,333)	
Gain on derecognition of a lease		(1,253)		-	
Fair value adjustment on embedded derivative		26,471		(46,638)	
FINANCIAL EXPENSES, NET	$	148,256		7,067	
Current income tax		-		2,153	
Deferred income tax		-		-	
NET LOSS	$	(1,059,718)	$	(1,187,786)	$
BASIC LOSS PER SHARE	$	(0.004)	$	(0.009)	$
DILUTED LOSS PER SHARE	$	(0.004)	$	(0.009)	$
WEIGHTED AVERAGE NUMBER SHARES OUTSTANDING		248,002,220		142,109,252	
TOTAL ASSETS	$	14,991,489	$	6,520,293	$
TOTAL NON-CURRENT LIABIITIES	$	3,401,737	$	2,713,406	$

The gas income represents all the industrial gases products produced and distributed to industrial merchant customers started in Q4 2025.

The service reduction at the Wolf River plant following an equipment failure impacted revenues and will be repaired and upgraded to become the energy source of Charbone's new clean UHP hydrogen production plan.

The Other income represents the percentage of activities advancement from the Master Collaborative Agreement to support the deployment of a Malaysian green hydrogen project development.

Expenses

Management has actively managed and controlled expense even though the level of activity has increased markedly since January 1, 2025. In general, all expenses have been maintained to similar level during 2026 compared to 2025. Operations expenses from industrial gases activities started in Q4 2025.

The other expenses include variations in insurance, taxes and licenses/permits expenses.

Significant general administrative expenses are mainly professional fees which are further disaggregated below.

Detail of the services included in the professional fees:

	Three-month period ended March 31, 2026	Three-month period ended March 31, 2025
Consulting services with members of management (a)	$ 72,500	$ 222,500
External consultants	101,344	69,795
Auditors and Accounting services (c)	58,774	196,768
Lawyers and notary (b)	800	2,144
Company employees (d)	63,866	32,603
Total	297,284	523,810

a) Professional services received from 2 key consultants and key management personnel in 2026 and 2025. The decrease is explained by a retention fee given to the 2 key management personnel of $75,000 each in Q1 2025, then settled in shares.
b) The decrease in professional fees in 2026 compared to 2025 for legal fees was related to reduction of legal general matters needs and to continued disclosure information requirements for a listed entity resulting from the increase of internal management involvement. Fees specific to capital financing transactions are recorded against equity.
c) The decrease in auditing and accounting services and administrative resources in 2026 compared to 2025 is because of more efficient work performed for 2025 year-end and Q1 2026.
d) Professional services received from consultants and management and team in 2026 increased compared to 2025, as the Company had new additions to the team related to industrial gases activities growth.

Common share purchase options

During the three-month period ending March 31, 2026, the Corporation has done no grant and received no exercise. For more details, see note 13 of the condensed consolidated interim financial statements. The shared based compensation expense decrease in 2026 compared to 2026, because no grant done in 2026.

Salaries, fringe benefits and board

In 2025, salaries, fringe benefits and board expenses include a $75,000 retention bonus given to the Chief Financial Officer, then settled in shares.

Depreciation, amortization

The increases of depreciation and amortization expenses are mainly due to new additions made.

Financial

Financial expenses variation in 2026 is mainly due to the adjustment on embedded derivative and foreign exchange.

Liquidity and Capital Resources

As at March 31, 2026, the Company had a working capital deficiency (current liabilities in excess of current assets) of $2,293,283 (December 31, 2025 - $5,354,274). The main reason of the improvement is the increase in cash following financings and conversion of Debentures.

The Company used cash in operating activities of $1,295,301 (March 31, 2025 - $620,097).

In the three-month period ended March 31, 2026, the Company used cash of $253 from investing activities compared with $11,188 for the three-month period ended March 31, 2025.

In the three-month period ended March 31, 2026, financing activities generated $3,059,434 compared to $226,537 for the three-month period ended March 31, 2025. The increase is mainly due to the difference in the proceeds of the issuance of units from private placement and exercises of warrants.

The net cash position at March 31, 2026 was $2,762,342 in comparison with $1,016,292 at December 31, 2025.

At its current operating level, the Company will not have sufficient funds generated from ongoing operations to cover short-term and long-term operational needs. The Company expects to still operate at a loss for at least the next 9 months. As such, the Company will need additional financing for costs related to operations, and its growth strategy. The Company is currently addressing its liquidity concerns by proactively planning future financings through the raise of debt and (or) equity. Timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies.

Until such time that it can generate significant revenue, the Corporation expects to finance its operations through a combination of public or private equity or debt financings or other sources. While the Corporation has been successful in securing financing in the past, raising additional funds is dependent on several factors outside the Corporation's control, and as such there is no assurance that it will be able to do so in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. The Corporation's continuing operations are dependent upon the continued financial support of shareholders and lenders, its ability to attain profitable operations and generate funds from and/or to raise equity capital or obtain the necessary financing sufficient to meet current and future obligations. See note 1 to the condensed consolidated interim financial statements as at and for the three-month period ended March 31, 2026 for additional details on the going concern basis of accounting.

The primary need for liquidity is to fund working capital requirements of the business, as well as capital expenditures related to the hydrogen projects. To that effect, the Corporation has closed a secured convertible loan facility for up to $10 million of financing from Riverfort Global Opportunities PCC Ltd. with a first drawdown amount of $3 million closed on April 29, 2026 (see Note 19 of condensed consolidated interim financial statements as at and for the three-month period ended March 31, 2026) and received more than $450,00 in Q2 2026 from warrants exercises.

Overall, the Corporation will require additional financing in order to complete its business plan and meet future obligations for the next 12 months.

Subsequent events (not disclosed elsewhere in the MD&A)

No other subsequent events not disclosed elsewhere in the MD&A.

Off Balance Sheet Arrangements

Other than the commitments related to the purchase of property, plant and equipment and corporate marketing services referred to above, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Related Party Transactions

The related parties include key management personnel and their close family, and key management personnel's companies. Key management personnel include the directors and officers of the Corporation, who are also shareholders of the Corporation through their management companies.

At March 31, 2026, the amounts due to key management personnel directly or indirectly through their management companies and included in the accounts payable and accrued liabilities is $380,281 (as at December 31, 2025 - $386,587).

The key management compensation includes amounts incurred for the following (see p.4 for variations explanations):

	Three-month period ended March 31, 2026	Three-month period ended March 31, 2025
Professional fees	$ 81,250	$ 222,500
Salaries and fringe benefits	173,464	153,750
Share-based compensation	-	153,847
Total	$ 254,714	$ 530,097

Proposed Transactions

As at the date of this MD&A there are no proposed transactions other than those already disclosed elsewhere in the MD&A.

Accounting Estimates and judgements

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. For the three-month periods ended March 31, 2026 and March 31, 2025, the following are critical judgments, estimates or assumptions made by management that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses:

Critical judgment

Going concern (Note 1 of condensed consolidated interim financial statements)

Key sources of estimation uncertainty

Debentures (Notes 11 and 12 of the condensed consolidated interim financial statements)

Fair value used in measurement of financial liabilities

Certain financial liabilities require significant estimates in order to determine the fair value at initial recognition and subsequent measurement. When measuring fair value, the Corporation shall take into account the characteristics of the liability if market participants would take those characteristics into account when pricing the liability at the measurement date

Valuation of share-based compensation and warrants

The Corporation measures the cost of share-based payments with employees by reference to the fair value of the equity instrument or underlying equity instrument at the date on which they are granted. Estimating fair value for share-based payments requires management to determine the most appropriate valuation model for a grant, which is dependent on the terms and conditions of each grant. In valuing certain types of stock-based payments and warrants granted, the Corporation uses, depending on terms and conditions, the Black-Scholes option pricing model. Several assumptions

are used in the underlying calculation of fair values of the Corporation's stock options and warrants granted using these models, including the expected life of the option or warrant, the share price of the underlying shares and volatility.

Valuation of convertible financial instruments

The Corporation estimated the value of the liability portion of the Debentures at inception by reference to a market rate for the debt instrument alone with the residual value allocated to an equity component presented as Equity component of convertible debenture on the consolidated statement of financial position.

The Corporation estimated the value of the liability portion of the Notes at inception by reference to a market rate for the debt instrument alone with the residual value allocated to a liability component presented as Embedded derivative on the consolidated statement of financial position as it does not meet the fix-for-fix criterion.

The calculation of the fair value of the debt component of debentures and notes requires using an estimated interest rate that the Corporation would have had to pay had the loan been obtained without a conversion feature.

Leases

In determining the carrying amount of right-of-use assets and lease liabilities at lease inception and for lease modifications, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determinable. Management determines the incremental borrowing rate of each leased asset by incorporating the Corporation's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change.

Tax credit receivable

In estimating the tax credit receivable, the Corporation is required to assess if there is reasonable assurance that the Corporation will comply with the requirements of the tax credit and if it is reasonably certain that it will be received.

Other areas involving estimation uncertainty include the determination of the estimated useful lives of property, plant and equipment.

Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the consolidated balance sheet.

The following are the contractual cash flows of financial liabilities, including estimated interest payments, as at March 31, 2026 and December 31, 2025:

March 31, 2026		Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables	$	5,724,880	5,724,880	5,724,880	-
Debentures		848,478	773,500	773,500	-
Convertible note		1,671,617	2,529,929	-	2,529,929
Lease obligation, including current portion		1,308,763	-	-	-
	$	9,553,738	9,028,309	6,498,380	2,529,929

December 31, 2025		Carrying amount	Contractual cash flow	Less than 1 year	More than 2 years
Trade and other payables	$	5,837,922	5,837,922	5,837,922	-
Debentures		2,044,580	2,234,500	2,234,500	-
Convertible note		1,569,223	2,796,024	-	2,796,024
Lease obligation, including current portion		1,170,844	2,092,912	272,768	1,820,144
	$	10,649,569	12,961,358	8,345,190	4,616,168

Market risk

Market risk is the risk that the fair value or future cash flows of the Corporation 's financial instruments will fluctuate because of changes in market prices. Some of the Corporation's financial instruments expose it to this risk, which comprises currency risk and interest rate risk.

i) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of variations in market interest rates. The promissory notes and debentures issued by the Corporation bear fixed-rate interest and expose the Corporation to the risk of fair value variation resulting from interest rate fluctuations.

A 1% change in the interest rate of the debenture would have an impact of approximately $29,599 on the Corporation's statements of loss and comprehensive loss and cash flows on an annual basis.

ii)Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

A hypothetical strengthening of 1% of the US dollar, Swiss franc and Euro against the Canadian dollar would have an impact of approximately $35,992 ($37,202 for the year ended December 31, 2025) on the Corporation's consolidated statement of loss and comprehensive loss on an annual basis.

Fair value

When measuring the fair value of an asset or a liability, the Corporation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- First level includes quoted prices (unadjusted) in an active market of identical assets or liabilities.
- Second level includes inputs other than quoted prices included in the first level that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).; and
- Third level includes data that are not based on observable market data.

The carrying value of cash, subscription to be received, trade and other payables, promissory notes, due to companies under common control, advances from unrelated companies and advance from an unrelated individual are considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

The Company determined that the fair value of the debentures approximates their carrying value as they bear interest at interest rates that are similar to the rate that would be obtain on the market for financial instruments with similar terms and risks and because the conversion option at the discretion of the Corporation has a negligible value. (Level 3)

Disclosure of Share Capital

As at the date of this report (May 28, 2026) the Company share capital consists of 288,980,174 fully paid Class "A" common shares, voting and participating. The Corporation has authorized an unlimited number of Class "A" common shares without par value.

The Company has 47,646,813 outstanding purchase warrants that entitle their holders to subscribe to an equivalent number of common shares.

The Company has 6,850,000 outstanding share purchase options.