



CHARBONE HYDROGEN CORPORATION

Charbone Hydrogen Announces Closing of a First Tranche of its Non-Brokered Private Placement of up to \$1,500,000

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Brossard, Québec, December 15, 2022 – Charbone Hydrogen Corporation (TSXV:CH) (“**Charbone**” or the “**Company**”) is pleased to announce the closing of a first tranche of a private placement financing of units of the Company for gross proceeds of \$526,196 (the “**Offering**”).

Each of the units offered (each a “**Unit**”), priced at \$0.12 per Unit, was comprised of one common share of the Company (each, a “**Unit Share**”) and one common share purchase warrant (each, a “**Warrant**”). Each Warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.20 for a period of 24 months following the closing date of the Offering (the “**Closing Date**”). A total of 4,384,969 Units were issued pursuant to the closing of the first tranche of the Offering. The Company may issue up to an additional 8,115,031 Units, for gross proceeds of up to \$973,804 representing a total Offering of up to \$1,500,000.

The Units were offered by way of the “accredited investor” exemptions under National Instrument 45-106 – *Prospectus Exemptions* (in Québec, Regulation 45-106 – *Prospectus Exemptions*). In addition, the Company has decided that the Offering will also be open to participation by existing Charbone shareholders resident in Canada (the “**Eligible Charbone Hydrogen Shareholders**”) of record as of the close of business on December 14, 2022 (the “**Record Date**”) pursuant to *Regulation 45-513 respecting Prospectus Exemption for Distribution to Existing Security Holders*, and similar prospectus exemptions in other provinces of Canada (the “**Existing Shareholder Exemption**”).

The Offering is open to Eligible Charbone Shareholders until December 23, 2022. Shareholders interested in participating in the Offering in reliance upon the Existing Shareholder Exemption should contact, or have their registered broker contact, Benoit Veilleux, Chief Financial Officer of the Company, at info@charbon.com or (450) 678-7171 to obtain a copy of the subscription agreement for the Units. Requests should be received by no later than December 20, 2022 so that subscription agreements can be signed and funds can be received by the Company by no later than December 23, 2022.

In the subscription agreements, subscribers who are Eligible Charbone Shareholders will be required to represent that they held common shares of Charbone on the Record Date and will continue to hold common shares on the Closing Date, indicate the total number of Units they wish to subscribe for at the price of \$0.12 per Unit and provide funds, by wire transfer only, for the purchase of the Units. The Offering is being allocated to Eligible Charbone Shareholders on a “first come, first served” basis wherein the subscribers who are first to submit a completed subscription agreement and pay the corresponding subscription proceeds will be accepted up until the \$1,500,000 maximum amount of the Offering is reached. The Offering

allocated pursuant to the Existing Shareholder Exemption Offering will remain open until the earlier of December 23, 2022 and the date upon which the \$1,500,000 maximum amount of the Offering is reached.

In the event that there is an over-subscription for Units as at December 23, 2022, subscriptions will be adjusted pro rata (in proportion to the aggregate amount of cleared funds received) to reduce the Offering allocated pursuant to the Existing Shareholder Exemption to a maximum of \$1,500,000 of Units. Although the Offering is not being offered pro rata, all shareholders of the Company effective as of the Record Date will be treated equally. However, the Company reserves the right not to accept subscription amounts of less than \$4,800 (40,000 Units) to avoid disproportionate administrative costs. The Company may use other available exemptions to place the balance of the Units comprised in the \$1,500,000 maximum amount of the Offering, if any, remaining on December 23, 2022.

The Existing Shareholder Exemption limits a shareholder to a maximum investment of \$15,000 in a 12-month period unless the shareholder has obtained advice regarding the suitability of the investment from a person registered as an investment dealer.

At the Closing Dates, the Company may pay a finder's fee or commission to registered finders in connection with sale of Units to qualified subscribers introduced to the Company by such finder.

The proceeds from the Offering are intended to be used by the Company for equipment purchases in preparation of further phases of its Sorel-Tracy green hydrogen facility, a portion of the expected purchase price of the operating hydropower plants located in the Onaway region of Michigan and for general working capital purposes.

The closing of the Offering remains subject to the approval of the TSX Venture Exchange and other customary closing conditions. The Company intends to close a second tranche in the coming weeks, but no later than January 20, 2023. All securities issued pursuant to the Offering are subject to a statutory four month hold period in Canada following the Closing Date.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.

About Charbone

Charbone is a Canadian green hydrogen group established in North America. The company's strategy is to develop modular and expandable hydrogen facilities and regional hubs. With the acquisition of hydroelectric power plants in the United States and Canada, Charbone will be able to produce green dihydrogen molecules using reliable and sustainable energy in order to distinguish itself as a supplier of an ecological solution for industrial and commercial companies.

Forward-Looking Statements

*This news release contains statements that are “forward-looking information” as defined under Canadian securities laws (“**forward-looking statements**”). These forward-looking statements are often identified by words such as “intends”, “anticipates”, “expects”, “believes”, “plans”, “likely”, or similar words. The forward-looking statements reflect management's expectations, estimates, or projections concerning future results or events, based on the opinions, assumptions and estimates considered reasonable by management at the date the statements are made. Although Charbone believes that the expectations reflected in the forward looking statements are reasonable, forward-looking statements involve risks and uncertainties, and undue reliance should not be placed on forward-looking statements, as unknown or unpredictable factors could cause actual results to be materially different from those reflected in the forward-looking statements. The forward looking statements may be affected by risks and uncertainties in the business of Charbone. These risks, uncertainties and assumptions include, but are not limited to, those described under “Risk Factors” in the Corporation’s Filing Statement dated March 31, 2022, which is available on SEDAR at www.sedar.com, along with risks relating to the Offering and the intended use of proceeds of the Offering; they could cause actual events or results to differ materially from those projected in any forward-looking statements.*

Except as required under applicable securities legislation, Charbone undertakes no obligation to publicly update or revise forward-looking information.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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