



CHARBONE HYDROGEN CORPORATION

PRESS RELEASE
For immediate release

CHARBONE HYDROGEN Signs Agreement with NORTHWOODS HYDROPOWER for the Acquisition of three Hydropower Plants Located in Michigan

Brossard, Québec, January 18, 2023 – CHARBONE HYDROGEN CORPORATION (TSXV:CH) (“**Charbone**”) is pleased to announce that it has concluded the final negotiations and executed the Purchase and Sale Agreement (the “**PSA**”), dated as of January 17, 2023, between its wholly owned subsidiary, Charbone Corporation USA (“**Charbone USA**”), and NORTHWOODS HYDROPOWER INC. (“**Northwoods**”), for the acquisition of all of the general partner and limited partner interests of Tower Kleber Limited Partnership (“**TKLP**”) a Michigan Limited Partnership and Black River Limited Partnership, (“**BRLP**” and collectively with TKLP, the “**Limited Partnerships**”), respectively the owner of the Tower 560 kW, Kleber 1,200 kW and Alverno 1,000 kW operating hydropower plants in the Onaway, Michigan area (the “**Michigan Plants**”). The purchase price for the acquisition is \$3,600,000 USD, subject to adjustments.

The terms and conditions of PSA stipulate that the acquisition of TKLP and BRLP is to be closed on or before February 28, 2023, subject to customary closing conditions.

The Limited Partnerships are parties to long-term Power Purchase Agreements (the “**PPA’s**”), with large local utilities and it is expected to increase Charbone USA recurrent revenues for 2023 and beyond for the duration of the PPA’s. The Michigan plants are also generating revenues from the sale of Renewable Energy Certificates (the “**REC’s**”) from the production of its green, clean and renewable energy. Charbone’s strategy is to acquire its own hydropower plants, modernize and optimize them to increase their production capacity and, consequently, the value of the assets for Charbone and our shareholders, and to further assist Charbone with its deployment of a green hydrogen regional hub in Michigan and other locations.

Charbone plans to develop and construct modular and scalable green hydrogen production facilities in both Wisconsin and Michigan within the next few years. All plants provide land space to accommodate green hydrogen facilities or increase capacities by the automation and modernization of the facilities with newer hydro turbines and other technologies that would allow Charbone USA to produce power at one end and then to transmit its own power via utilities’ power lines, subject to a transmission fee, to a hydrogen production facility in a large industrial or urban center close to end users of such hydrogen.



The Northwoods management and operation teams have agreed to continue to perform their duties under Charbone’s ownership and will work and assist Charbone’s engineering team to implement optimisation, modernization, and automation projects at each of the plants. Charbone aims to be one of the first green hydrogen producers in the Midwestern United States.

“This acquisition consolidates Charbone’s strategy into the Midwest. These hydropower plants are well located to produce green hydrogen and deliver it to Detroit, the heart of automotive construction in North America, which is adopting more and more hydrogen technologies,” said Dave B. Gagnon, Chairman and CEO of Charbone. “Charbone’s strategy to produce its green hydrogen from modular and scalable facilities has been allowing us to discuss directly with local utilities and governments about distributed generation interconnection, rather than increasing costs for interconnection on transmission or distribution networks and adding costs to local utilities and customers”.

Update on the Gaussin Matter

Charbone announces that it is presently defending itself under an arbitration proceeding instituted by Gaussin SA regarding the proposed partnership between the companies that was referenced in the non-binding investment term sheet dated May 23, 2022. Given the non-binding nature of the term sheet and the fact that Charbone did not enter into any definitive agreement with Gaussin SA, Charbone is of the view that the arbitration and any claims alleged by Gaussin SA are ill founded and without merit, and Charbone will defend its interests.

About Charbone

Charbone is a Canadian green hydrogen company established in North America. The company’s strategy consists of developing modular and expandable hydrogen facilities. Through the acquisition of hydropower plants in the United States and in Canada, Charbone intends to produce green dihydrogen molecules using reliable and sustainable energy to distinguish itself as a supplier of an environmentally friendly solution for industrial and commercial companies.

About Northwoods

Northwoods, Wolf River Hydro Limited Partnership, Tower Kleber Limited Partnership and Black River Limited Partnership are U.S. based businesses, wholly owned by a Canadian family, that have been operating the Michigan and the Wisconsin hydropower plants for over 20 years.

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; 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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