



**HOMERUN RESOURCES INC.**

(formerly Envirotek Remediation Inc.)

**Condensed Consolidated Interim Financial Statements**

**The Nine Months Ended September 30, 2022 and 2021**

**(unaudited – prepared by the management)**

**(Expressed in Canadian Dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)**Condensed Consolidated Interim Statements of Financial Position**

As at September 30, 2022 and December 31, 2021

	Notes	September 30, 2022	December 31, 2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 9,967	\$ 99,547
GST receivable		7,967	3,327
Prepaid expenses	5	225,000	-
		<b>242,934</b>	<b>102,874</b>
<b>Exploration and evaluation assets</b>			
		<b>46,058</b>	<b>145,398</b>
<b>TOTAL ASSETS</b>		<b>\$ 288,992</b>	<b>\$ 248,272</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>			
<b>Current Liabilities</b>			
Accounts payable	7	\$ 766,805	\$ 751,384
Accrued liabilities	7	84,588	110,015
Loans payable		83,384	83,384
Flow through share liability	8	80,000	80,000
		<b>1,014,777</b>	<b>1,024,783</b>
<b>Shareholders' deficiency</b>			
Share capital	3,8	24,127,320	23,195,706
Share subscriptions received	8	-	100,377
Contributed surplus	3	2,149,324	1,856,824
Deficit		(27,002,429)	(25,929,418)
		<b>(725,785)</b>	<b>(776,511)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		<b>\$ 288,992</b>	<b>\$ 248,272</b>

**Nature of operations and going concern (Note 1)**

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

*"Brian Leeners"*

Director

*"Gregory Pearson"*

Director

**HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)  
**Condensed Consolidated Interim Statements of Comprehensive Income (Loss)**  
**For the Nine Months Ended September 30, 2022 and 2021**

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
<b>Expenses</b>					
Consulting and management fees	7	\$ 75,000	\$ 70,050	\$ 226,500	\$ 211,500
Exploration and evaluation expenditures	6	29,529	30,500	109,705	156,610
Foreign exchange loss		6,946	2,998	8,659	9,936
Investor relations		75,000	-	75,000	-
Office and miscellaneous	7	31,307	30,035	97,098	90,129
Professional fees	7	13,230	4,100	83,198	17,320
Stock-based compensation		-	247,000	292,500	247,000
Transfer agent and filing fees		7,336	2,383	34,953	6,326
		<b>238,348</b>	<b>387,516</b>	<b>927,613</b>	<b>738,821</b>
<b>Other items</b>					
Impairment of exploration and evaluation assets	6	145,398	-	145,398	-
Comprehensive income (loss) for the period		\$ (383,746)	\$ (387,516)	\$ (1,073,011)	\$ (738,821)
Basic and diluted loss per share		\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.05)
Weighted average number of common shares outstanding		35,513,276	20,650,984	33,004,564	16,089,616

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

**HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)**Condensed Consolidated Interim Statements of Cash Flows****For the Nine Months Ended September 30, 2022 and 2021**

	<b>For the Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Cash provided by (used in):		
<b>Operating activities</b>		
Comprehensive loss for the period	\$ (1,073,011)	\$ (738,821)
Items not affecting cash:		
Impairment of exploration and evaluation assets	145,398	-
Stock-based compensation	292,500	247,000
Changes in non-cash working capital items:		
GST receivable	(4,639)	4,485
Prepaid expenses	(225,000)	500
Accounts payable	15,420	305,719
Accrued liabilities	(25,427)	5,500
<b>Cash used in operating activities</b>	<b>(874,759)</b>	<b>(175,617)</b>
<b>Financing activities</b>		
Shares issued for cash	402,164	220,500
Share issuance cost	-	(11,200)
Shares issued from warrants exercise	395,073	-
Share subscriptions received	9,000	-
<b>Cash provided by financing activities</b>	<b>806,237</b>	<b>209,300</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(21,058)	-
<b>Cash used in investing activities</b>	<b>(21,058)</b>	<b>-</b>
Net decrease in cash	(89,580)	(56,398)
Cash, beginning of the period	99,547	27,860
Cash, end of the period	\$ 9,967	\$ 5,145
Supplemental schedule of non-cash activities:		
Shares issued for acquisition of mineral property	25,000	\$ 49,000

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

**HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)  
**Condensed Consolidated Interim Statements of Changes in Shareholder's Equity**  
**For the Nine Months Ended September 30, 2022 and 2021**

	Number of common shares outstanding	Share capital	Share Subscription received	Contributed surplus	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2020	11,878,381	\$ 22,159,424	\$ -	\$ 1,724,224	\$ (25,385,010)	\$ (1,501,362)
Shares issued for cash	6,117,640	305,882	-	-	-	305,882
Shares issued for acquisition of E&E asset	700,000	49,000	-	-	-	49,000
Share issuance cost - finder's fees	-	(11,200)	-	-	-	(11,200)
Share issued for settlement of debt	8,564,598	856,460	-	-	-	856,460
Net and comprehensive loss for the period	-	-	-	-	(738,821)	(738,821)
Balance, September 30, 2021	27,260,619	\$ 23,359,566	\$ -	\$ 1,724,224	\$ (26,123,831)	\$ (793,041)
Balance, December 31, 2021	<b>28,731,207</b>	<b>\$ 23,195,706</b>	<b>\$ 100,377</b>	<b>\$ 1,856,824</b>	<b>\$ (25,929,418)</b>	<b>\$ (776,511)</b>
Shares issued for cash (Note 8a)	<b>4,085,406</b>	<b>511,541</b>	<b>(100,377)</b>	-	-	<b>411,164</b>
Shares issued – warrants exercise (Note 8b & 8d)	<b>2,633,820</b>	<b>395,073</b>	-	-	-	<b>395,073</b>
Shares issued for finder's share (Note 8a)	<b>64,800</b>	<b>6,480</b>	-	-	-	<b>6,480</b>
Share issuance cost (Note 8a&8e)	-	<b>(6,480)</b>	-	-	-	<b>(6,480)</b>
Share subscription received (Note 8a)	-	-	-	-	-	-
Stock-based compensation (Note 8c)	-	-	-	<b>292,500</b>	-	<b>292,500</b>
Share issued for acquisition of E&E asset (Note 6)	<b>250,000</b>	<b>25,000</b>	-	-	-	<b>25,000</b>
Net and comprehensive income for the period	-	-	-	-	<b>(1,073,011)</b>	<b>(1,073,011)</b>
Balance, September 30, 2022	<b>35,765,233</b>	<b>\$ 24,127,320</b>	<b>\$ -</b>	<b>\$ 2,149,324</b>	<b>\$ (27,002,429)</b>	<b>\$ (725,785)</b>

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

# **HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)**

## **Notes to the Condensed Consolidated Financial Statements**

### **For the Nine Months Ended September 30, 2022 and 2021**

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#### **1. Nature of operations and going concern**

Homerun Resources Inc. (formerly Envirotek Remediation Inc.) (“the Company”) was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol HMR-H. On August 16, 2021, the Company changed its name to Homerun Resources Inc. The principal business activity of the Company is mineral exploration and development. The corporate head office and registered records office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

These condensed consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at September 30, 2022, the Company had no source of operating cash flows, working capital deficit of \$771,843 (2021 - \$921,909), and has an accumulated deficit of \$27,002,429 (December 31, 2021 - \$25,929,418), and the Company expects to incur further losses in the development of its business. These factors cast substantial doubt about the Company’s ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity or debt financings. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern. Such adjustments could be material.

On May 12, 2022, the Company’s common shares resumed trading on TSX Venture Exchange as Tier 2 company. The Company’s listing was upgraded from the NEX to TSX Venture Exchange, and the trading symbol for the Company was changed from HMR.H to HMR. The Company is classified as a mineral exploration company on TSX Venture Exchange.

#### **2. Basis of preparation**

##### **a) Statement of compliance**

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2021. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary AKA Ventures USA Inc. All inter-company transactions have been eliminated upon consolidation. The Board of Directors approved these consolidated financial statements on November 28, 2022.

##### **b) Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

##### **c) Critical accounting estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting year. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key critical judgment and sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the condensed consolidated interim financial statements are as follows:

# **HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)**

## **Notes to the Condensed Consolidated Financial Statements**

### **For the Nine Months Ended September 30, 2022 and 2021**

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#### **2. Basis of preparation - continued**

*Critical judgment in applying accounting policies:*

##### Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company's ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. Refer to note 1 for more details.

*Key sources of estimation uncertainty:*

##### Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

##### Share-based payments

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Management determines values for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and for stock-based compensation, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates.

*Recent accounting pronouncements*

The Company has reviewed the accounting standards or amendments to existing accounting standards that have been issued but have future effective dates and determined that these are either not applicable or are not expected to have a significant impact on the Company's financial statements.

#### **3. Capital management**

The Company classifies its share capital and contributed surplus as capital, which at September 30, 2022 totalled \$26,276,644 (December 31, 2021 - \$25,152,907). When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out its business activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.



# **HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)

## **Notes to the Condensed Consolidated Financial Statements**

**For the Nine Months Ended September 30, 2022 and 2021**

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### **4. Financial instruments and financial risk management**

#### **a) Fair value**

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature.

#### **b) Fair value hierarchy**

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are carried at amortized cost with the exception of cash. Cash is measured using level 1 inputs.

There were no transfers between levels 1 and 2 during the period.

#### **c) Financial risks**

##### **(i) Interest rate risk**

The Company's interest rate risk arises primarily from the interest received on cash, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. Therefore, interest rate risk is considered minimal.

##### **(ii) Foreign currency risk**

The Company is exposed to foreign currency risk on fluctuations related to cash, demand loan payable, accounts payable and accrued liabilities that are denominated in US dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk. A 10% change in the value of the US dollar against the Canadian dollar would have an impact of \$11,653 on the Company's comprehensive loss.

##### **(iii) Credit risk**

The Company's credit risk is primarily attributable to cash. The Company limits its exposure to credit risk on cash as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote.

##### **(v) Liquidity risk**

The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. As at September 30, 2022, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

# HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)

## Notes to the Condensed Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

### 5. Prepaid expenses

	September 30, 2022	December 31, 2021
Prepaid – vendors	\$ 225,000	\$ Nil

### 6. Exploration and evaluation assets

#### Homathko Gold Project, Caribou, British Columbia

In December 2020, the Company entered into an option agreement for the right to acquire a 100-per-cent interest in the Homathko gold project, located in the Caribou regional district of British Columbia. Under the terms of the option agreement, the company can earn a 100-per-cent interest in the claims by making such payments necessary to keep the property in good standing and by completing the following:

- Making the following cash payments and issuing the following common shares to Transition Metals:
  - A \$10,000 cash payment on or before Dec. 31, 2020; (paid)
  - 700,000 common shares upon TSX Venture Exchange acceptance of the option agreement and no later than June 30, 2021; (issued)
  - \$40,000 in common shares at a 30-day volume-weighted average price on or before the first anniversary of the option agreement; (issued 470,588 common shares)
  - \$50,000 in common shares at a 30-day volume-weighted average price on or before the second anniversary of the option agreement;
  - \$50,000 in common shares at a 30-day volume-weighted average price on or before the third anniversary of the option agreement.
- Completing the following work expenditures on the property:
  - Cumulative \$100,000 by June 30, 2021 (completed);
  - Cumulative \$550,000 by December 31, 2022.

The optionor will retain a 1% net smelter royalty on all mineral production, 0.5 per cent of which can be purchased by the Company for \$1 million. The property is also subject of a pre-existing 1% royalty in favour of a third party.

On September 12, 2022, the Company terminated the option agreement, the Company expensed \$145,398 in acquisition costs related to the Homathko property.

#### Tatooine Silica Project, Brisco, British Columbia Canada

On September 8, 2022, the Company (the optionee) has executed a Definitive Agreement with Claimhunt Inc (“CHI”), the optionor. The Company has options to purchase up to 100% interest in the 3,019-hectare Tatooine Silica Project in British Columbia, Canada. The Tatooine Silica Project covers an area of approximately 3,019 hectares, located directly adjacent to the community of Brisco, British Columbia and BC Highway 95, and approximately 65 kilometres southeast of Golden, BC. Under the term of the agreement, the Company can earn a 100-per-cent interest in the claims if completes the following cash payments, work expenditures and share issuances by the dates specified.

- HMR will pay \$7,500 and issue 250,000 common shares (fair value \$25,000) of HMR to CHI on execution of the Definitive Agreement (completed) (Note 8a).
- HMR will issue a further 300,000 common shares of HMR to CHI on or before the 1st anniversary (September 8, 2023) of the Definitive Agreement.
- HMR will spend a cumulative \$100,000 in work expenditures and issue a further 300,000 common shares of HMR to CHI on or before the 2nd anniversary (September 8, 2024) of the Definitive Agreement.
- HMR will issue a further 300,000 common shares of HMR to CHI on or before the 3rd anniversary (September 8 2025) of the Definitive Agreement.
- HMR will spend a cumulative \$200,000 in work expenditures and issue a further 300,000 common shares of HMR to CHI on or before the 4th anniversary (September 8, 2026) of the Definitive Agreement.

# HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)

## Notes to the Condensed Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

### 6. Exploration and evaluation assets - *continued*

#### Tatooine Silica Project, Brisco, British Columbia Canada – *continued*

- The common shares issued to CHI by HMR under the terms of the Purchase Option, will be subject to a 4-month statutory hold period which will begin on the date of issuance of the common shares.
- Any common shares of HMR issued prior to the dates above as part of the Purchase Option will be subject to a 4-month statutory hold period which will begin on the date of issuance of the common shares.

#### Ze Manoel Project, Goias State, Brazil

On February 8, 2022, the Company entered a letter of intent (the “LOI”) for the option to purchase up to a 100% interest in the Ze Manoel project in Goias state, Brazil by making a cash payment of US\$250,000 and issuing 12 million common shares to the vendor over a period of three years. The non-binding LOI is intended to document the general terms of the purchase option agreement between the company and Beko Invest Ltd.

The continuity of the Company’s acquisition costs at period ended September 30, 2022, and December 31, 2021 are as follows:

	September 30, 2022		December 31, 2021	
Acquisition Costs	Ze Manoel (\$)	Tatooine (\$)	Homathko (\$)	Homathko (\$)
Balance, opening	-	-	145,398	10,000
Annual maintenance fee	13,558	-	-	-
Cash payments	-	7,500	-	-
Option payments	-	25,000	-	89,000
Staking fees	-	-	-	46,398
Impairment	-	-	(145,398)	-
Balance, ending	13,558	32,500	-	145,398

For nine months ended September 30, 2022, The Company’s exploration and evaluation expenditures recognized on the statements of comprehensive income (loss) are as follows:

Exploration and evaluation expenditures	September 30, 2022			September 30, 2021
	Tatooine BC (\$)	Ze Manoel Brazil (\$)	Homathko BC (\$)	Homathko (\$)
Project management fees	7,500	-	60,000	27,500
Assays	-	11,536	-	-
Field Supplies	-	-	-	30,500
Geophysical survey costs	-	-	-	98,610
Project review	-	30,669	-	-
Total	7,500	42,205	60,000	156,110

### 7. Related party transactions

The amounts payable to related parties summarized as above were included in accounts payable and accrued liabilities. Balance owing are unsecured, non-interest bearing and have no specified terms of repayment.

During the nine months ended September 30, 2022 and 2021, the Company entered into transactions with the related parties as below:

# HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)

## Notes to the Condensed Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

### 7. Related party transactions - *continued*

Name	Relationship	Nature of Transaction	Fees incurred for the nine months ended September 30, 2022	Fees incurred for the nine months ended September 30, 2021	Balance payable at September 30, 2022	Balance payable at December 31, 2021
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	\$ 90,000	\$ 90,000	\$ 59,785	\$ 83,652
Nexvu Capital Corporation	Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Demand loan	-	-	2,000	2,000
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	70,480	84,230
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	70,480	84,230
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	71,401	7,500	177,955	107,052
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	47,088	43,588
			\$ 372,901	\$ 309,000	\$ 427,761	\$ 404,752

- On June 16, 2022, the Company completed the first tranche of a non-brokered private placement for gross proceeds of \$300,000 by issuing 2,000,000 units at a price of \$0.15 per unit. A company owned by a director subscribed 1,000,000 units (Note 8 a).
- On June 15, 2022, the Company granted incentive stock options to officers, directors, and consultants. The stock-based compensation related to officers and directors is \$195,000 (2021 - \$163,000) (Note 8 c).

### 8. Share capital

Authorized: Unlimited common voting shares, without par value.

#### a. Share issuance - private placement

On January 25, 2022, the Company completed a non-brokered private placement for gross proceeds of \$202,541 by issuing 2,025,406 units at a price of \$0.10 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.20 per share for 12 months. The warrants are subject to the right of the company to accelerate the exercise period of the warrant if shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days. The Company incurred share issuance costs of \$6,480 by issuing 64,800 finder's units (one common share and one common share purchase warrant) at a price of \$0.10 per unit for 12 months.

On August 16, 2022, the Company completed a non-brokered private placement for gross proceeds of \$309,000 by issuing 2,060,000 units at a price of \$0.15 per unit. Each unit consists of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price \$0.25 per share for 12 months. The warrants are subject to the right of the company to accelerate the exercise period of the warrant if shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days

# HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)

## Notes to the Condensed Consolidated Financial Statements

### For the Nine Months Ended September 30, 2022 and 2021

#### 8. Share capital - continued

##### b. Share issuance – warrants exercised

For the nine months ended September 30, 2022, the Company issued 2,633,820 common shares, pursuant to warrants exercised at a price of \$0.15, for total proceeds of \$395,073.

##### c. Share issuance – acquisition of E&E assets

On September 9, 2022, the Company issued 250,000 common shares with a fair value of \$25,000 for the option payment (Tatooine Project) (Note 6).

##### d. Stock options

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant options, as amended, to executive officers, directors, employees and consultants.

On June 15, 2022, the Company granted 1,950,000 stock options. These options are exercisable for up to five years at a price of \$0.20 per share. The Company recognized a stock-based compensation of \$292,500 determined by the Black-Scholes option pricing model using the following assumptions: risk free interest rate 3.37%, volatility of 113.14%, annual rate of dividend of 0% and an expected life of the option of 5 years.

The Continuity of the Company's outstanding options is as below:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2021	3,500,000	\$0.10
Granted	1,950,000	\$0.20
Balance, September 30, 2022	5,450,000	\$0.14

At September 30, 2022, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise price	Number of Options Outstanding	Weighted Average Remaining Years
September 14, 2026	\$0.10	3,500,000	3.96
June 15, 2027	\$0.15	1,950,000	4.71

##### e. Warrants

For the nine months ended September 30, 2022, the Company issued 2,025,406 warrants at a price of \$0.20 and 2,060,000 warrants at a price of \$0.25 (Note 8a). The continuity of the Company's outstanding warrants is as follows:

	Number	Weighted Average Price
Number outstanding at December 31, 2021	4,058,820	\$0.18
Issued	4,085,406	\$0.22
Exercised	(2,633,820)	\$0.15
Expired	(425,000)	\$0.15
Number outstanding at September 30, 2022	5,085,406	\$0.23

# HOMERUN RESOURCES INC. (formerly Envirotek Remediation Inc.)

## Notes to the Condensed Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

### 8. Share capital - continued

At September 30, 2022, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
November 19, 2022	\$ 0.25	1,000,000	0.11
January 25, 2023	\$ 0.20	2,025,406	0.32
June 15, 2023	\$ 0.25	2,000,000	0.71
August 16, 2023	\$ 0.25	60,000	0.88
	\$ 0.23	5,085,406	0.44

### f. Broker warrants

For nine months ended September 30, 2022, the Company issued 64,800 broker warrants at a price of \$0.20 (Note 8a). The continuity of the Company's outstanding warrants is as follows:

	Number	Weighted Average Price
Number outstanding at December 31, 2021	20,000	\$0.25
Issued	64,800	\$0.20
Number outstanding at September 30, 2022	84,800	\$0.21

At September 30, 2022, the following broker warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
November 19, 2022	\$ 0.25	20,000	0.11
January 25, 2023	\$ 0.20	64,800	0.32
	\$ 0.21	84,800	0.27

### g. Subscriptions received – Loan payable

The share subscriptions received are classified as loans payable based on the terms of the share subscription agreement. As at September 30, 2022, the balance of the share subscriptions is \$82,384 (December 31, 2021 – \$83,384).

### h. Flow-through liability

The flow-through premium of \$80,000 was recognized as a liability from the issuance of 1,000,000 flow-through units for the year ended December 31, 2021. As at September 30, 2022, the balance of flow-through liability is \$80,000 (December 31, 2021 - \$80,000).

### 9. Segmented information

The Company has one reportable operating segment, environmental remediation. All of the Company's assets are located in Canada.

### 10. Subsequent events

- On November 14, 2022, the Company amended its purchase option agreement of the 100% interest of the Ze Manoel copper project. The amended purchase option agreement calls for the issuance of all 12-million shares of the Company to be issued in their entirety upon the TSX Venture Exchange approval of the purchase option agreement.
- On November 19, 2022, 1,000,000 warrants expired at a price of \$0.25 and 20,000 broker warrants expired at a price of \$0.25 without exercising.

# **HOMERUN RESOURCES INC.** (formerly Envirotek Remediation Inc.)

## **Notes to the Condensed Consolidated Financial Statements**

### **For the Nine Months Ended September 30, 2022 and 2021**

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#### **10. Subsequent events - *continued***

- c. On November 24, 2022, the Company announced a non-brokered private placement financing for up to \$2-million. The financing will consist of up to 20 million units at \$0.10 per unit, each unit consisting of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for an additional common share at an exercise price of \$0.20 for 12 months. The warrants will be subject to the right of the company to accelerate the exercise of the warrants if the shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days. Finders' fees in accordance with TSX Venture Exchange policies may apply to the financing. Proceeds raised from the financing will be used for project payments, exploration and working capital expenditures.

The Company will be relying on NI 45-106 s. 5A.2 and a Form 45-106F19 offering document related to this offering which has been posted under the issuer's profile at [www.sedar.com](http://www.sedar.com) and at <https://www.homerunres.com>.

- d. On November 25, 2022, the Company granted 500,000 stock options to consultants of the company. The options have an exercise price of \$0.20 per option, expire five years from the date of grant and are subject to TSX Venture Exchange approval.