

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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This management's discussion and analysis of Homerun Resources Inc. (the "Company" or "Homerun Resources") contains analysis of the Company's operational and financial results for the year ended December 31, 2023 and 2022. The following should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All figures are in Canadian dollars unless otherwise stated.

**DATE OF REPORT**

April 29, 2024

**JURISDICTION OF INCORPORATION AND CORPORATE NAME**

Homerun Resources 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"). On August 16, 2021, the Company changed its name to Homerun Resources Inc. from Envirotek Remediation Inc. The principal business activity of the Company was environmental remediation but has a plan to become a leading energy and industrial materials company built upon the supply of high-purity quartz silica. The corporate head office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

**CORPORATE HIGHLIGHTS**

*Highlights of the Company's activities for year ended December 31, 2023, and up to the date of this report.*

On March 13, 2023, the Company granted 500,000 stock options, of which, 25% vested upon grant date, and thereafter, vest 25% every 6 months. These options are exercisable for up to five years at a price of \$0.20 per share.

On May 23, 2023, the Company announced it entered into a Letter of Intent (LOI) to document the general terms of a material supply agreement between the Company and the vendor concerning the supply of silica sand and is subject to negotiation and execution of the material supply agreement. The execution of the material supply agreement will be subject to the following conditions: The purchase price will be US\$20.00 per tonne net of recoverable costs and sales taxes and export taxes.

On May 23, 2023, the Company common shares commenced trading on the Frankfurt Stock Exchange under the symbol 5Ze.

On May 31, 2023, the Company appointed Mr. Antonio Vitor to the newly created role of Country Manager, Brazil.

On July 4, 2023, the Company retained Red Cloud Securities to provide market-making services.

On July 11, 2023, the Company received average grade of 98.8% from 27 samples at Tatooine Silica Project, BC, Canada.

On July 22, 2023, the Company signed a material supply agreement with a Brazilian vendor detailing the operational terms regarding the supply of high-purity silica sand sourced from the vendor's district-scale, fully permitted project in Bahia, Brazil. Under the agreement, the purchase price has been set at US\$20.00 per tonne, net of the Company's obligation to cover recoverable costs and applicable taxes. The applicable taxes in Brazil are dependent on customer jurisdiction both domestically and for international shipments. Recoverable costs are dependent on whether the mode of operation is service contractor or internal capital equipment or equipment lease.

The Vendor has provided extensive third-party testing that verifies and demonstrates that the raw silica sand grade averages +99.8% SiO<sub>2</sub> and contains very low levels of impurities. The Company will initiate further testing on the reduction of residual impurities after standard processing, through a combination of thermal application and acid leaching, to upgrade the current raw silica sand to higher grade HPQ.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

---

On July 26, 2023, the Company executed a confidentiality commitment document with Companhia Baiana de Pesquisa Mineral (the "CBPM") with the intent to complete due diligence and to negotiate the proposal terms for the Company to explore and develop additional HPQ Silica resources controlled by CBPM in Belmonte, Bahia, Brazil, near the Port of Ilheus.

On August 9, 2023, the Company provided the shareholder update on execution of three-phase strategic growth plan. The Company has a vision to become a leading energy and industrial materials company built upon the supply of high-purity quartz silica.

On August 24, 2023, the Company launched newly updated website: [www.homerrunresources.com](http://www.homerrunresources.com).

On September 26, 2023 the Company appointed Dr. Mauro Cesar Terence to newly created role of Chief Technology Officer.

On September 28, 2023, the Company released its National Instrument 43-101 Technical Report on the Tatoonie silica project. The report can be found on the Company's website and on [www.sedarplus.ca](http://www.sedarplus.ca).

On November 1, 2023, the Company entered into a binding agreement with Aristoeles Chaves da Silva (ACS), for the purchase of the Belmonte silica concession in Belmonte, Bahia, Brazil. The Belmonte silica concession comprises of 69.4 hectares in the Belmonte silica district and is contiguous to concessions that are known to contain district quality silica sand. The proposed terms and conditions of the agreement are as follows:

- The Company will make a cash payment to ACS of US\$10,000 within 10 days of the execution date.
- The Company will have until March 31, 2024, to evaluate the concession and that evaluation will consist of a 200-metre percussion drill program. On April 15, 2024, the Company entered into an amending agreement to extend the due date up to September 30, 2024.
- If the evaluation drilling confirms that 99.5% or higher quality silica is contained in over 25% of the concession, the Company will make a second payment of ACS of US\$40,000 and ACS will transfer 100% of the concession to the Company.
- If the evaluation drilling does not confirm that 99.5% or higher quality silica is contained in over 25% of the concession, the Company will make no further payment ACS and ACS will transfer 100% of the concession to the Company.

On November 3, 2023, the Company entered into an agreement with Think Ink Marketing Data & Email Services Inc. (Think Ink) to provide public relations services to increase public awareness of the company. Pursuant to the terms and conditions of the Think Ink service agreement, Think Ink will be paid US\$50,000 to cover the costs associated with the public relations campaign and related services. Think Ink shall retain the excess sums above the costs expended as its sole compensation for services provided.

On November 3, 2023, the Company entered into a multi-party shared resource/funds-in cooperative research and development agreement with the United States Department of Energy's National Renewable Energy Laboratory and The Babcock & Wilcox Company.

On November 7, 2023, the Company announced it has made an application to increase its presence in the Belmonte silica district in Belmonte, Bahia, Brazil. The application comprises of four new concessions totalling 7,930 hectares. The Company subsequently received approval for the concessions in February 2024.

On January 29, 2024, the Company entered into a non-binding memorandum of understanding ("MOU") with Minerals Development Oman SAOC ("MDO"). Under the terms of the MOU, MDO and the Company agree to jointly explore the options available to improve the quality of the quartzite available in the quartzite concessions owned by MDO. A second objective of the MOU is to complete a scoping study for the development of a solar glass manufacturing facility in Oman.

On March 12, 2024, the Company granted 3,300,000 incentive stock options to directors, officers and consultants of the Company. The incentive stock options are exercisable at \$0.75 per option for five years.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

---

On April 24, 2024, the Company entered into a non-brokered private placement financing for gross proceeds up to \$1,000,650. The financing consists of 2,001,300 units at \$0.50 per unit, each unit consisting of one common share and one common share purchase warrant with each warrant being exercisable for an additional common share at an exercise price of \$0.75 for 24 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 \$1.50 for a period of 10 consecutive trading days. To date, the Company received proceeds of \$45,000.

#### **FINANCING ACTIVITIES**

On March 2, 2023, the Company completed a non-brokered private placement for gross proceeds of \$751,400 by issuing 7,514,000 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. Each warrant being exercisable at \$0.20 per common share for a period of 24 months from the date of issuance. The warrants will be subject to the right of the company to accelerate the exercise period of the warrants if shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days.

During the year ended December 31, 2023, 300,000 stock options were exercised at a price of \$0.10 for total proceeds of \$30,000.

During the year ended December 31, 2023, 3,191,406 warrants were exercised at a price of \$0.20 and 2,060,000 warrants exercised at a price of \$0.25, for total proceeds of \$1,173,281.

Subsequent to December 31, 2023, the Company issued 550,000 common shares pursuant of the exercise of 555,000 warrants for total proceeds of \$111,000.

#### **OUTLOOK**

The Company will need additional funding for its exploration, corporate and overhead expenses in near future through either equity or debt financing. Many factors influence the Company's ability to raise funds, including the health of the capital market and the Company's track record. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favorable.

#### **Homerun Three-Phase Plan**

The Company is more than a resource company; it is a Materials Company. A resource company mines silica. A Materials Company processes silica into industrial inputs like silicon and can extend its reach through the entire industrial vertical all the way to the end product or solution. The Company's Three-Phase Strategic Plan that will include the Company extending its reach into verticals specifically addressing the energy transition.

#### **Phase One - HPQ Silica Supply**

The Company has successfully secured a substantial supply of HPQ Silica in Brazil. This exceptional resource can be efficiently processed to serve the premium end-markets for HPQ Silica. The strategic imperative under Phase One, was to secure a steady and reliable source of HPQ Silica against a backdrop of increasing global demand in sustainable industrial and green energy applications. The Company is now positioned in a massive critical minerals market and will benefit from the increasing demand for both HPQ Silica and the products and solutions produced from HPQ Silica.

#### **Phase Two - Infrastructure and Logistics**

HPQ Silica can be sold in its natural form, but to access many end-uses the raw sand is processed (washed, sized and upgraded) prior to its use in most industries. Under Phase Two of the Company's Strategic Plan, The Company has been focused on integrating infrastructure and logistics for the mining, transportation, storage and processing of its HPQ Silica.

#### **Phase Three - Revenue and Vertical Integration**

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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Homerun is driving toward revenue. Initial revenues will be tied to the delivery of sand in its natural form while we develop the infrastructure and logistics required to service the balance of those organizations requiring processed HPQ Silica. At the same time, we are executing research and development plans to secure competitive advantage either directly or via partnership in HPQ Silica verticals serving the Energy Transition. Announcements in this area will be forthcoming over the balance of 2023 and beyond.

Why HPQ Silica

Our modern society is built on materials. HPQ Silica, is one of these materials, and is used in multiple industrial and commercial products including many solutions in the energy and technology sectors. In the manufacture of solar systems, HPQ Silica is the basic material used to produce both polysilicon and solar glass. In the manufacture of mobile devices, HPQ Silica is used to produce both processing chips and interactive glass. Without HPQ Silica, there would be no solar energy generation and there would be no mobile devices. Global supplies of HPQ Silica are being exhausted much faster than they are being discovered, and if shoring up the supply of the world's second-most used commodity after water is not already front of mind for investors, governments, and regulators around the world, it will be soon.

The U.S. Department of Energy (DOE) recently published its 2023 Critical Materials Assessment, highlighting the undeniable importance of silicon in energy solutions like solar and storage. The DOE's report underscores the critical need for stable and reliable supplies of silicon. As stated previously, silicon is processed from HPQ Silica.

**MINERAL EXPLORATION PROJECTS**

**Tatooine Silica Project, Brisco, BC, 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. To complete the Purchase Option, the Company will make a cash payment of \$7,500, make work expenditures of \$200,000 and issue 1,450,000 common shares of the Company to CHI, as per the following and subject to the terms of the signed Definitive Agreement:

- a. The Company will pay \$7,500 (paid) and issue 250,000 (issued with a fair value of \$32,500) common shares of the Company to CHI on execution of the Definitive Agreement.
- b. The Company will issue a further 300,000 common shares of the Company to CHI on or before the 1st anniversary of the Definitive Agreement.
- c. The Company will spend a cumulative \$100,000 in work expenditures and issue a further 300,000 common shares of the Company to CHI on or before the 2nd anniversary of the Definitive Agreement.
- d. The Company will issue a further 300,000 common shares of the Company to CHI on or before the 3rd anniversary of the Definitive Agreement.
- e. The Company will spend a cumulative \$200,000 in work expenditures and issue a further 300,000 common shares of the Company to CHI on or before the 4th anniversary of the Definitive Agreement.
- f. The common shares issued to CHI by the Company 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.
- g. Any common shares of the Company 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.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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On July 11, 2023, the Company received average grad of 98.8% from 27 samples at Tatoonie Silica Project. Results from the program identified two new distinct, structurally repeated units of the Mount Wilson Quartzite Formation, one of which measures 170 metres in thickness and at least 300 metres along strike, with an average grade of 98.8% SiO<sub>2</sub> from outcrop sampling. These newly identified quartzite units lie to the east of the existing Brisco Pit, which historically produced a total of 62,450 tonnes of quartzite silica.

**Quartz Silica Sand Supply, Brazil**

On July 12, 2023, Homerun Resources Inc. completed a material supply agreement with Silica Del Piero Ltda. ("SDP") detailing the operational terms regarding the supply of high-purity silica sand sourced from SDP's district-scale, fully permitted project in Bahia, Brazil. Under the Agreement, the purchase price has been set at US\$20.00 per tonne, net of the Company's obligation to cover recoverable costs and applicable taxes. The applicable taxes in Brazil are dependent on customer jurisdiction both domestically and for international shipments. Recoverable costs are dependent on whether the mode of operation is service contractor or internal capital equipment or equipment lease. This is yet to be determined.

This strategic Agreement marks a substantial step forward for the Company and reinforces the Company's commitment to establishing a strong foothold in the critical and energy materials sector.

**Belmonte Silica Concession, Brazil**

On November 1, 2023, the Company entered into a binding letter agreement with Aristoteles Chaves da Silva ("ACS") for the conditional purchase of the Belmonte silica concession in Belmonte, Bahia, Brazil. The Belmonte silica concession comprises of 69.4 hectares and is contiguous to concessions that are known to contain district quality silica sand. The proposed terms and conditions of the agreement between the parties are as follows:

- The Company will make a cash payment to ACS of US\$10,000 within 10 days of the execution date (paid \$13,796);
- If the results of the drill program confirms that the same regional quality of silica is contained in over 25% of the area of the project, the Company will make a second payment to ACS of US\$40,000 and ACS will transfer 100% of the project to the Company
- The Company will have until March 31, 2024, to evaluate the concession and that evaluation will consist of a 200-metre percussion drill program. On April 15, 2024, the Company entered into an amending agreement to extend the due date up to September 30, 2024.

**Mineral Rights, Brazil**

On October 25, 2023, the Company entered into a mineral rights lease agreement with Companhia Baiana de Pesquisa Mineral ("CBPM") to extract high-purity silica sourced from CBPM's concessions in Santa Maria Eterna, Brazil. For the mineral rights, the Company paid R\$1,000,000 Brazilian reais, an additional R\$1,000,000 is due upon receipt of Brazilian regulatory approvals of the Company's extraction plans. Under the CBPM agreement, the Company will pay an extraction royalty of R\$50 per tonne of extracted silica sand. Any of the extracted silica sand sold outside of Brazil will be subject to a further 5% gross sales royalty in addition to R\$50 per tonne royalty. The Company will make minimum annual royalty payments corresponding to the sale of a minimum annual production of 12,000 tones of processed sand. The term of the CBPM agreement is for an initial 20-year term with an additional 20-year term if the CBPM agreement is in good standing at the end of the initial term

**Cooperative Research And Development Agreement With U.S. Department Of Energy's National Renewable Energy Laboratory**

On November 3, 2023, the Company entered into a multi-party shared resource/funds-in Cooperative Research and Development Agreement ("CRADA") with the United States Department of Energy's National Renewable Energy Laboratory and The Babcock & Wilcox Company.

**HOMERUN RESOURCES INC.**  
**Management’s Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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The general purpose of the CRADA is a collaborative effort to jointly evaluate integrating a silica sand refinement process into the [ENDURING Energy Storage Application](#). NREL, Homerun and B&W have recognized the potential of using the novel energy storage technology to process upgrade Homerun’s silica sand while providing clean reliable energy. This initiative supports Homerun’s goal of refining their silica sand to serve various industrial sectors.

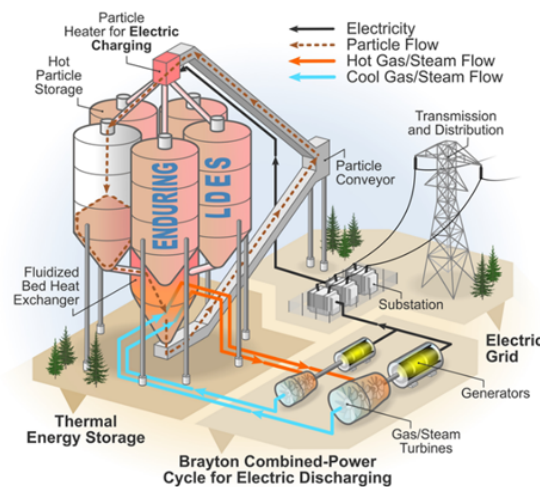
The project is designed to support an advanced energy solution in long duration energy storage using particle-based thermal energy storage and overcome market hurdles for using this technology in broad decarbonization applications. It will help define a technology commercialization pathway that currently lacks first-of-its-kind use and lay groundwork for ongoing technology developments capable of enhancing U.S. industry and manufacturing jobs. If the particle thermal energy storage is realized by this collaboration, it can be deployed to train U.S. workers working on this energy solution for long term economic competitiveness. Additionally, particle thermal storage may enhance energy security and resilience by providing a potential low-cost and long-duration ability to overcome blackouts or weather events that may crumple local electric grids.

In conjunction, NREL will test Homerun silica sand to determine the composition and suitability for use in energy storage and assess other applications of silica purification for photovoltaic (PV) glass, PV silicon or glass substrate for perovskite PV cells, and silicon anode for Li-ion batteries. The Parties will analyze the economic benefits of using Homerun’s silica sand for energy storage, including energy arbitrage from energy storage and grid service, processing of the silica sand by using low-cost electricity in energy storage, and generating potential income from processed materials after its use for energy storage (e.g., high-purity silica sand for renewable materials).

Under the complementary research agreement, the Company must invest a minimum amount of R\$2,500,000 in research work. As at December 31, 2023, the Company has not yet started the research program.

**ENDURING ENERGY STORAGE – PATH TO DECARBONIZATION**

Energy storage provides a pathway to decarbonizing the economy and reducing dependency on the use of fossil fuels for a clean energy future. Long-duration stationary energy storage is increasingly recognized as a viable solution for improving the resiliency of the grid, integrating more intermittent renewable energy resources such as wind and solar, and providing reliable energy supply to grid or industrial processes.



NREL led technology development using particle-based thermal energy storage is aimed at enabling a low-cost technology for long-duration thermal energy storage (“LDES”). This technology is poised to have far-reaching impacts; it has applications in grid storage for renewable integration, and ultimately aims to compete with natural gas.

The ENDURING project led by NREL and collaborated with industry partners has developed key components in the storage system and verified their operation mechanism through laboratory prototypes testing and modeling of the component and system performance. The development supports designs of an electric-charging particle heater, a fluidized bed heat



**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

exchanger driving a power cycle, and a particle storage design for storing hot particles at 1200°C. An integrated storage system was designed and analyzed for performance and cost to verify the technoeconomic goals of LDES applications. The ENDURING technology works by heating stable, low-cost solid silica particles—which unlike molten salts, are stable at both high and ambient temperatures—to over 1,000 degrees Celsius. This charging process happens when electric power is cheapest, allowing the resulting energy to be stored for several days in large storage modules. To discharge this energy, the hot particles are fed through a heat exchanger, ultimately driving an electric generator.

With more abundant renewable electricity available and electrification of the energy sector, thermal energy storage makes more and more sense for the broad decarbonization of the economy. The NREL technology focuses on using low-cost silica sand to provide broad application potentials integrating renewable generation.

**SELECTED ANNUAL INFORMATION**

The following financial data is derived from the Company's audited financial statements for the years ended December 31, 2023, 2022 and 2021:

	December 31, 2023	December 31, 2022	December 31, 2021
Total revenues	\$ -	\$ -	\$ -
Net loss	(1,575,182)	(1,236,591)	(814,268)
Net comprehensive loss	(1,594,816)	(1,236,591)	(717,188)
Total assets	587,059	158,016	248,398
Total liabilities	919,906	1,121,668	1,024,783

The Company's increasing losses reflect greater activity from exploration and evaluation in Brazil, marketing and fund raising. Assets have increased due to the acquisition of the silica extraction rights in Santa Maria Eterna, Brazil. The Company has two sources of silica material to draw upon for future cash flow.

**RESULTS OF OPERATIONS**

**For the Three Months Ended December 31, 2023 and 2022**

For the three months ended December 31, 2023, the Company recorded net losses of \$563,287 (2022 - \$163,580). Major expenditures during the quarter were:

- Consulting and management fees \$96,000 (2022 - \$70,500);
- Exploration and evaluation expenses \$135,491 (2022 - \$77,529);
- Investor relations \$123,277 (2022 - \$112,458);
- Office and miscellaneous \$11,953 (2022 - \$31,215);
- Professional fees \$106,427 (2022 - \$30,864);
- Transfer and filing fees \$9,897 income due to reversals and credit notes (2022 - \$841 expense);
- Stock-based compensation \$76,613 (2022 - \$81,787 )

The higher losses in the three month period ended December 31, 2023 were due to higher costs relating to activities in Brazil, marketing and investor relations costs and consulting fees. The increase in current quarter verses the comparative quarter is affected by adjustments to stock-based compensation (revaluation) and transfer agent and filings fees (supplier credit). Lower office costs in 2023 reflect adjustments for costs not yet incurred.

**For the Years Ended December 31, 2023 and 2022**

For the year ended December 31, 2023, the Company recorded net loss of \$1,575,182 (2023 - \$1,236,591). Major expenditures during the year were:

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

- Consulting and management fees \$368,570 (2022 - \$226,500);
- Exploration and evaluation expenses \$201,385 (2022 - \$187,234);
- Investor relations \$357,401 (2022 – \$187,458);
- Office and miscellaneous \$144,619 (2022 - \$128,313);
- Professional fees \$165,926 (2022 - \$114,062);
- Stock-based compensation \$270,940 (2022 - \$210,713)
- Transfer agent and filing fees \$48,018 (2022 - \$35,794);
- Impairment of exploration and evaluation asset \$Nil (2022 - \$162,372)

As the Company increased its focus on Brazil silica projects the Company incurred greater losses for the year ended December 31, 2023 compared to the same period in 2022. Investor relations costs increased in order to generate greater market awareness of the Company's prospects. Costs for the Brazil projects (Exploration and evaluation expenses) are increasing and will continue to do so as the Company advances its two silica extraction agreements into future cash flow and complete its silica evaluation programme with the U.S. Department Of Energy's National Renewable Energy Laboratory. The Belmonte concessions are currently under a due diligence process.

**Summary of Quarterly Results**

Results for the eight most recent quarters are as follows:

	Dec. 31, 2023	Sep. 30, 2023	Jun. 30, 2023	Mar. 31, 2023
Expenses	\$ 626,329	\$ 301,968	\$ 320,563	\$ 329,041
Other income	2,719	-	-	-
Net loss	(623,610)	(301,968)	(320,563)	(329,041)
Comprehensive loss	(643,244)	(301,968)	(320,563)	(329,041)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total current assets	260,663	715,526	921,752	482,849
Total assets	587,059	1,007,526	961,752	422,849
Total current liabilities	919,906	1,045,984	797,049	909,185
Total liabilities	919,906	1,045,984	797,049	909,185

	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022
Expenses	\$ 226,606	\$ 238,348	\$ 525,380	\$ 163,885
Other income (loss)	63,026	(145,398)	-	-
Net loss	(163,580)	(383,746)	(525,380)	(163,885)
Comprehensive loss	(163,580)	(383,746)	(525,380)	(163,885)
Basic and diluted loss per share	(0.00)	(0.01)	(0.02)	(0.01)
Total current assets	118,016	242,934	515,609	284,017
Total assets	158,016	263,992	661,007	429,415
Total current liabilities	1,121,668	1,014,277	1,028,046	1,061,397
Total liabilities	1,121,668	1,014,277	1,028,046	1,061,397

**LIQUIDITY AND CAPITAL RESOURCES**

	December 31, 2023	December 31, 2022
Cash	\$ 18,630	\$ 489
GST receivable	12,053	4,985
Exploration and evaluation assets	326,396	40,000
Current liabilities	919,906	1,121,668



**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

---

Shareholders' equity (deficiency)	(332,847)	(963,652)
Working capital (deficiency)	(659,243)	(1,003,652)

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The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon the capital markets to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on terms acceptable to the Company. The Company anticipates it will need additional capital in the future to finance ongoing exploration of its properties, which will be derived from the exercise of stock options and warrants, and/or private placements. The Company may also seek short-term loans from directors of the Company. As at December 31, 2023, the Company had cash of \$18,630 (December 31, 2022 - \$489) and working capital deficit of \$659,243 (2022 - \$1,003,652). Cash used in operating activities was \$1,630,510 (2022 - \$880,821). Cash used in investing activities was \$286,396 (2022 - \$24,474). Cash received in financing activities totaled \$1,954,681 (2022 - \$806,237). Significant working capital components include cash in current accounts, accounts payable, loans payable.

**Capital stock**

The Company's share capital consists of unlimited common voting shares, without par value.

**Year Ended December 31, 2023**

On March 2, 2023, the Company completed a non-brokered private placement for gross proceeds of \$751,400 by issuing 7,514,000 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. Each warrant being exercisable at \$0.20 per common share for a period of 24 months from the date of issuance. The warrants will be subject to the right of the company to accelerate the exercise period of the warrants if shares of the company trade at or above \$0.50 for a period of 10 consecutive trading days.

The Company issued 3,191,406 common shares, pursuant to warrants exercised at a price of \$0.20, for total proceeds of \$638,281.

The Company issued 2,060,000 common shares, pursuant to warrants exercised at a price of \$0.25, for total proceeds of \$515,000.

The Company issued 300,000 common shares, pursuant to stock options exercised at a price of \$0.10, for total proceeds of \$30,000.

As at December 31, 2023 the Company had 48,830,643 common shares issued and outstanding (December 31, 2022 - 35,765,233).

Subsequent to the year ended December 31, 2023, the Company:

- Issued 555,000 common shares upon exercise of warrants at \$0.20 per share; and
- Issued 1,200,000 common shares to complete the exercise of the option to purchase the Tatoonie project.

**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.

**Year Ended 2023**

On March 13, 2023, the Company granted 500,000 stock options, of which, 25% vested upon grant date, and thereafter vest 25% every 6 months. These options are exercisable for up to five years at a price of \$0.20 per share.

On July 23, 2023, the Company granted 250,000 stock options, of which, 25% vested upon grant date, and thereafter vest 25% every 6 months. The options are exercisable for up to five years at a price of \$0.20 per share.

**Year Ended 2022**

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

On June 15, 2022, the Company granted 1,950,000 stock options, of which, 25% vested upon grant date, and thereafter vest 25% every 6 months. The options are exercisable for up to five years at a price of \$0.20 per share. The Company calculated its stock-based compensation 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 total fair value of the options granted is \$289,805. For the year ended December 31, 2022, the total fair value of stock-based compensation recorded is \$210,713.

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, December 31, 2022	5,450,000	\$0.14
Granted	750,000	\$0.30
Exercised	(300,000)	\$0.10
Balance, December 31, 2023	5,900,000	\$0.16
Granted	3,300,000	\$0.75
Balance, date of report	9,200,000	\$0.37

As at December 31, 2023, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Remaining Years
September 14, 2026	\$0.10	3,200,000	3,200,000	2.71
June 16, 2027	\$0.20	1,950,000	1,950,000	3.46
March 13, 2028	\$0.20	500,000	250,000	4.20
July 7, 2028	\$0.50	250,000	62,500	4.51
	\$0.16	5,900,000	5,462,500	3.16

As at the date of this report, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise price	Number of options outstanding	Number of Options Exercisable	Weighted Average Remaining Years
September 14, 2026	\$0.10	3,200,000	3,200,000	2.38
June 15, 2027	\$0.20	1,950,000	1,462,500	3.22
March 13, 2028	\$0.20	500,000	250,000	3.88
July 7, 2028	\$0.50	250,000	62,500	4.20
March 12, 2029	\$0.75	3,300,000	825,000	4.88
	\$0.37	9,200,000	5,800,000	3.02

**Warrants**

The continuity of the Company's outstanding warrants is as follows:

	Number	Weighted Average Price
Balance, December 31, 2021	4,058,820	\$0.18
Issued	4,085,406	\$0.23
Exercised	(2,633,820)	\$0.15
Expired	(1,425,000)	\$0.22
Balance, December 31, 2022	4,085,406	\$0.23

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

Issued	7,514,000	\$0.20
Exercised	(3,191,406)	\$0.20
Exercised	(2,060,000)	\$0.25
Balance, December 31, 2023	6,348,000	\$0.20
Exercised	(555,000)	\$0.20
Balance, at the date of this report	5,793,000	\$0.20

At December 31, 2023, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
March 2, 2025	\$ 0.20	6,348,000	1.17

As at the date of this report, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
March 2, 2025	\$ 0.20	5,793,000	0.85

**Broker Warrants**

The continuity of the Company's outstanding warrants is as follows:

	Number of Broker Warrants	Weighted Average Price
Balance, December 31, 2021	20,000	\$0.25
Issued	64,800	\$ 0.20
Expired	(20,000)	\$ 0.20
Balance, December 31, 2022	64,800	\$ 0.20
Expired	(64,800)	\$ 0.20
Balance, December 31, 2023	-	-

On January 25, 2023, 64,800 broker's warrants expired, unexercised. At the date of this report, there were no broker warrants outstanding:

As at the date of this report, the Company has 50,585,639 common shares, 9,200,000 incentive stock options, and 5,793,000 warrants outstanding. If all of the vested stock options and warrants were exercised, the Company would have 62,178,639 common shares issued and outstanding.

**USE OF PROCEEDS**

Proceeds received from the issuance of shares will be allocated toward general working, capital purposes, mineral property exploration and acquisitions.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have off-balance sheet arrangements.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

**RELATED PARTIES AND KEY MANAGEMENT COMPENSATION**

The Company's related parties consist of its key management personnel, including its directors and officers.

The amounts payable to related parties summarized as above were included in accounts payable and accrued liabilities. Balances owing are unsecured, non-interest bearing and have no specified terms of repayment. As at December 31, 2023 and 2022, the following are due to related parties.

Name	Relationship	Nature of Transaction	Balance payable at December 31, 2023	Balance payable at December 31, 2022
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	\$ 39,040	\$ 78,576
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	54,795	100,480
Greg Pearson	Director of the Company			
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	11,980	100,480
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	100,906	175,906
Lew Dillman	Director of the Company		-	-
Hugh Callaghan	Director of the Company		-	-
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	40,250	57,588
			\$ 248,971	\$ 515,030

During the year ended December 31, 2023 and 2022, the Company entered into transactions with the related parties as below:

Name	Nature of Transaction	Fees - for the year ended December 31, 2023	Fees - for the year ended December 31, 2022
Nexvu Services Inc.	Rent and corporate services	\$ 120,000	\$ 120,000
Brian Leeners	Management services	207,030	120,000
Global Link Capital	Management services	144,000	120,000
Gordon Fretwell, Law Corporation	Legal services	20,000	69,364
Dr. Mauro Cesar Terence	Management services	8,147	-
AE Financial Management Ltd.	Accounting services	42,000	42,000
		\$ 541,177	\$ 471,364

**SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have most significant effect on the amounts recognized in the consolidated financial statements are as follows:

- Assessment of the Company's ability to continue as a going concern;
- Impairment of long-lived assets;
- Recoverability and measurement of deferred tax assets; and
- Measurement of share-based payments.

**NEW ACCOUNTING STANDARDS**

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our audited consolidated annual financial statements for the years ended December 31, 2023.

**CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support ongoing operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. In order to carry out its business activity and pay for administrative costs, the Company will need to raise additional working capital.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during period or during the period. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

**Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, accounts payable, and loans payable.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company has not experienced any losses and believes it is not exposed to any significant credit risk from cash.

**Financial instrument risk exposure**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes. The Company does not have any asset backed commercial paper.

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. 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. Credit risk is assessed as minimal.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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**Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate 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 December 31, 2023, 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.

**Market risk**

The market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rate fluctuations. This is not a significant risk to the Company.

**Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk.

As at December 31, 2023, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Brazilian Real as follows:

		<b>December 31, 2023</b>		<b>December 31, 2022</b>
Cash	R\$	54,418	R\$	-
Receivables		751		-
Prepaid expenses		3,996		-
Accounts payable		(33,822)		-
Net exposure		25,343		-
Canadian dollar equivalent	\$	6,909	\$	-

As of December 31, 2023, a 5% change in the exchange rate between Brazilian Real and Canadian dollars would impact the Company's net assets by \$345 (2022 - \$nil). The Company assessed its foreign currency risk as moderate as of December 31, 2023.

**OTHER RISK FACTORS**

The Company's success depends upon a number of factors, many of which are beyond the Company's control. Typical risk factors and uncertainties include the current world economic recovery, world conflict, natural disasters which affects the ability to raise financing, title matters, metal prices, currency rate fluctuations, operating hazards encountered in the mining business, and changing legislation, regulations or the administration thereof. These risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

**Environmental and Other Regulatory Requirements**

Mineral exploration activities require permits from various governmental authorities and are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs, and delays as a result of the need to comply with applicable laws, regulations and permits. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities



**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mineral exploration and development activities may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company believes it is in compliance with all laws and regulations that currently apply to its activities. However, there can be no assurance that all permits which the Company may require for mineral exploration and development can be obtained or maintained on reasonable terms or that such laws and regulations would not have an adverse effect on any such mineral exploration or development which the Company might undertake.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### **Silica Prices**

The principal activity of the Company is the exploration of resource metal properties. The feasible development of such properties is highly dependent upon silica prices. A sustained and substantial decline in silica prices could result in the write-down, termination of exploration and development work or loss of the Company's interests in identified resource properties. Although such prices cannot be forecast with certainty, the Company carefully monitors factors that could affect silica prices in order to assess the feasibility of its resource properties.

#### **Industry and Economic Factors Affecting Performance**

As a mineral exploration and development company, The Company's performance is affected by a number of industry and economic factors and exposure to certain environmental risks and regulatory requirements. These include metal prices, competition amongst exploration firms for attractive mineral properties, the interest of investors in providing high-risk equity capital to exploration companies, and the availability of qualified staff and equipment such as drilling rigs to conduct exploration.

#### **Critical Accounting Estimates and Assumptions**

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

#### **Share-based payments**

The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

#### **Critical Accounting Judgments**

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

#### **Exploration and Evaluation Assets**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumption made may change if new information becomes available.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

**LEGAL MATTERS**

The Company is not currently and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

**INTERNAL CONTROLS OVER FINANCIAL REPORTING**

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations.

Based on a review of its internal control procedures at the end of the year covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financing reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

**ADDITIONAL INFORMATION**

Additional information about the Company is available at the website of the System for Electronic Document Analysis and Retrieval ("SEDAR+") at:

**APPROVAL**

The board of directors has approved the disclosure contained in this MD&A.

**CAUTIONARY NOTES FORWARD-LOOKING STATEMENTS**

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of mineral projects, such as the uncertainty of exploration results, the volatility of commodity prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Years Ended December 31, 2023 and 2022

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such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Homerun Resources does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward looking information.

**Management & Directors**

Brian Leeners – Director, Chief Executive Officer & Corporate Secretary

Hugh Callaghan - Director

Lew Dillman – Director

Greg Pearson – Director

Edward Low – Chief Financial Officer