

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Six Months Ended June 30, 2024

---



**MANAGEMENT DISCUSSION  
AND ANALYSIS**

**For the Six Months Ended  
June 30, 2024**

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

This Management Discussion and Analysis ("MD&A") of Homerun Resources Inc. (the "Company" or "Homerun") is prepared as of August 19, 2024 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2024, and audited annual financial statements for the year ended December 31, 2023, (collectively, the "financial statements") and related notes thereto. The financial statements 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 dollar amounts referred to in this MD&A are expressed in Canadian dollars unless otherwise stated.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally in the MD&A is complete and reliable. Readers of the MD&A should be cautioned that information and statements derived from the Company's financial statements do not necessarily reflect the future financial performance of the Company. Statements in the MD&A that are not historical based facts are forward-looking statements which are made subject to cautionary language on pages 16-17 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers should be cautioned not to put undue reliance on forward looking statements.

### DESCRIPTION OF BUSINESS

Homerun Resources Inc. was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange ("TSX-V") under the ticker HMR-V. The Company is committed to becoming a leading materials company by processing silica into industrial inputs such as solar glass and silicon. It aims to extend its reach into verticals that specifically address the energy transition. The corporate head office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

### OVERALL PERFORMANCE

As at June 30, 2024, the Company had no source of revenue and reported loss for the six months of \$2,230,532 (2023 - \$649,604), and had an accumulated deficit of \$30,971,723 (December 31, 2023- \$28,741,191), 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 fiscal year. Continued operations are dependent on the Company's ability to complete equity or debt financings.

### Highlights of the Company's activities for six months ended June 30, 2024, and up to the date of this report.

#### *Corporate Updates*

On January 29, 2024, the Company executed 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 February 7, 2024, the Company received the approval for concessions totalling 7,930 hectares for its application, submitted in November 2023, to increase its presence in Belmonte Silica District in Belmonte, Bahia, Brazil.

On March 1, 2024, the Company issued 1,200,000 common shares of the Company to pursuant the Definitive Agreement with ClaimHunt Inc, for the Tatoonie silica project in British Columbia.

On March 12, 2024, and May 8, 2024, the Company granted 3,300,000 and 500,000 to incentive stock options to directors, officers and consultants of the Company, respectively. The incentive stock options are exercisable at \$0.75 per option for five years.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

On May 2, 2024, the Company appointed Mr. Armando Fahate as the Chief Operating Officer, and, on May 8, 2024, Nancy Zhao was appointed as the Chief Financial Officer, replacing Edward Low.

On May 21, 2024, the Company entered Letter of Intent with Si & Mex Solutions GmbH. The Company intends to provide up to 365,000 tonnes per year of solar glass supply to Si & Mex Solutions.

On May 23, 2024, the Company commences its 2,000-metre Mineral Resource Estimate (the "MRE") auger drill program Belmonte high-purity silica deposit in Belmonte, Bahia, Brazil. As of July 22, 2024, 140 auger holes for 1,401.59 metres have been completed.

On June 19, 2024, the Company announced the collaboration with University of California at Davis to develop one-step laser process produces ultra-pure 99.999% silica from raw sand.

On July 25, 2024, the Company entered a letter of intent with Guidoni Brasil S.A. (the "Guidoni") for acquiring Guidoni exploitation rights granted under a lease agreement with Companhia Bahiana de Pesquisa Mineral (the "CBPM") in the municipality of Belmonte, Bahia, Brazil.

On August 2, 2024, the Company entered into a service agreement with TMM Capital Advisory to develop and execute on investor relations, marketing, and communications strategies, including managing shareholder communications, social media, website, news release, and updating corporate materials. TMM will be compensated with \$15,000 per month.

On August 6, 2024, the Company delivered a sample of quartz silica, from the Company's Tatoonie project in British Columbia, Canada, to University of California at Davis for testing. The UC-Davis research team will conduct thermal efforts to provide insights into purifying quartz silica toward the commercial goal of upgrading the raw quartz silica using the advanced femtosecond laser techniques.

### ***Financing Activities***

On May 1, 2024, the Company completed a non-brokered private placement for gross proceeds of \$1,000,650 by issuing 2,001,300 units at a price of \$0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant being exercisable at \$0.75 per common share for a period of 24 months from the date of issuance. Proceeds received from the issuance were intended to allocate to mineral property exploration and acquisitions, general working, capital purposes and research and development.

For the six months ended June 30, 2024, and up to the date of this report, 2,540,500 warrants were exercised at a price of \$0.20 exercised, for total proceeds of \$508,100.

For the six months ended June 30, 2024, and up to the date of this report, 500,000 stock options exercised at a price of \$0.10 and 175,000 stock options exercised at a price of \$0.20, for total proceeds of \$85,000.

### ***HPQ Silica Strategy***

Modern society relies heavily on HPQ Silica, an essential material for the energy and technology sectors. It is vital for production of polysilicon and glass for solar systems, as well as chips and screens for mobile devices. As the second-most utilized commodity after water, the rapid depletion of HPQ Silica's supply posts a significant challenge. Addressing this shortage is critical for investors, governments, and regulators globally. The Company is committed to exploring the industrial applications of silica, aiming to enhance its presence across the entire production chain, from raw materials to finished products. This strategy aligns with the U.S. Department of Energy's (DOE) 2023 Critical Materials Assessment, which highlights the vital role of silicon in energy solutions like solar and storage, highlighting the need for stable and reliable silicon supplies sourced from HPQ Silica.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

### ***Homerun Three-Phase Strategic Development Plan***

To implement the HPQ Silica Strategy, the Company introduces a three-phase strategic development plan. The Company intends to transition from resource company to a materials company. Whereas a resource company primarily mines silica, a materials company processes silica into industrial inputs like silicon and extend its influence throughout the entire industrial vertical, up to the final product or solution. The Company's Three-Phase Strategic Plan expanding into verticals that specifically address the energy transition.

#### Phase One - HPQ Silica Supply

The Company has successfully secured a substantial supply of HPQ Silica in Brazil, strategically positioning itself to cater to the premium end-markets of this critical mineral. The acquisition, a cornerstone of Phase One, ensures a steady and reliable source of HPQ Silica amid the growing global demand for sustainable industrial and green energy applications. The Company now holds a significant position in the expansive critical minerals market, poised to benefit from the escalating demand for HPQ Silica and its derivatives.

Phase One has been a markedly successful for the Company, highlighted by the December 2023 announcement of the 40-year partnership with CBPM and the Bahia state government in the Belmonte silica sand district. Known for its vast size and consistently high-quality natural grade, Belmonte is a world-class asset. This strategic interest in such a rare commodity substantially enhances shareholder's value and provides considerable reassurance. Over the coming months, the Company keeps focusing on quantifying the direct value of the secured silica sand.

#### Phase Two - Infrastructure and Logistics

While HPQ Silica can be sold in its natural form, processing—including washing, sizing, and upgrading—is often required to meet various end-user specifications. Under Phase Two of the Company's Strategic Plan, the focus has been on integrating infrastructure and logistics crucial for the mining, transportation, storage, and processing of its HPQ Silica.

Following the partnership announcement with CBPM, the Company initiated its logistics plan in the first quarter of 2024. Key logistics for silica sand production encompass extraction, processing, transport and storage, and shipping. During the first half of 2024, management prioritized the establishing partnerships in these domains to reduce the necessity for capital financing. From a mine development prospective, there is a concerted effort to compress the traditional 2-3 years development to cash flow cycle into a mere 12 months, aiming to significantly decrease capital input. The strategy includes shipping the silica to a silicon production facility that will be constructed in the Salvador, Bahia, area of Brazil.

#### Phase Three - Revenue and Vertical Integration

The Company is advancing toward generating revenue. Initially, revenue streams will be derived from the sale of sand in its natural state while the Company builds the necessary infrastructure and logistics to serve clients requiring processed HPQ Silica. Concurrently, the management team is actively pursuing research and development initiatives to gain a competitive edge, either independently or through partnerships, in HPQ Silica verticals that support the energy transition.

The Company initiated its vertical integration plan in 2024, following the partnership announcement with CBPM. A key strategy within this plan is the 'silica to solar' pathway, which encompasses: (1) producing solar quality silica sand; (2) organizing logistics to transport the silica sand from the mine to the solar glass manufacturing facility; (3) acquiring land for a solar glass plant; (4) constructing the solar glass plant; and (5) securing anchor customers globally for the solar glass, located near the plant. In the solar glass industry, a core competitive advantage lies in minimizing logistics costs.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

### **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 needs to 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:

Date	Cash Payment	Common Shares	Work Commitment
	Paid	Issued	Unfinished
On signing	\$7,500	250,000	-
September 8, 2023	-	300,000	-
September 8, 2024	-	300,000	\$100,000
September 8, 2025	-	300,000	-
September 8, 2026	-	300,000	\$100,000
	\$7,500	1,450,000	\$200,000

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

On March 1, 2024, the Company issued 1,200,000 common shares as part of option payment, thereby fulfilling all obligations related to shares issuance. The early issuance of common shares demonstrates management's commitment to fully acquiring the Tatooine Silica Project.

On August 8, 2024, the Company delivered a sample of quartz silica, from the Tatooine in British Columbia, Canada, to University of California at Davis for testing. The UC-Davis research team will conduct thermal efforts to provide insights into purifying quartz silica toward the commercial goal of upgrading the raw quartz silica using the advanced femtosecond laser techniques.

#### CBPM Mineral Rights, Santa Maria Eterna, 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.

On May 23, 2024, the Company started its 2,000-meter MRE auger drill program at Belmonte high-purity silica deposit in Belmonte by securing the services of a local contractor. The samples obtained during the drill program will be sent to SGS

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

Geosol for chemical analysis. The management aims to use the information generated by the drill program to issue a National Instrument 43-101 compliant MRE.

### Belmonte Silica Concession, Bahia, 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);
- 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 September 30, 2024, to evaluate the concession and that evaluation will consist of a 200-metre percussion drill program.

On February 7, 2024, the Company has received final approval of its four applications to the Agencia Nacional de Mineracao (ANM) to increase its presence in the Belmonte silica district in Belmonte, Bahia, Brazil, near the Port of Ilheus. The applications comprise new concessions totalling 7,930 hectares. The concessions are contiguous to the quartzite stone quarry operations of Saint Gobain (Brazil) in the Belmonte silica district. The approval of the application is a further step in the company's continuing strategy to expand its presence and opportunities within the Belmonte silica district. For the six months ended June 30, 2024, the Company no longer intends to pursue the interest of option agreement with ACS after the due diligence.

### 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.

### Acquisition of Mining Right from Guidoni Brasil S.A.

On July 25, 2024, the Company entered a letter of intent with Guidoni Brasil S.A. (the "Guidoni") for acquiring Guidoni exploitation rights granted under a lease agreement with CBPM in the municipality of Belmonte, Bahia, Brazil. The purpose of the LOI, is the acquisition, by Homerun, of the rights to exploit the following mining tenements: 871.960/1992, 870.462/1999, 870.463/1999 and 873.387/2007, as well as the definitive transfer of all other rights and obligations arising from bidding notice No. 004/2020 and lease agreements No. 018/2022 and 026/2022, granted to Guidoni by CBPM. The parties will also require CBPM to consent to transfer the rights from Guidoni to the Company. The LOI will be followed by the execution of a definitive agreement based on the same terms and conditions.

The total required payments under the terms of the acquisition will be R2,500,000, as follows:

- R500,000 within 24 hours of execution of the definitive agreement.
- R2,000,000 paid over 4 installments, maturing, one by one, every 6 months, from the date of payment of the 1<sup>st</sup> instalment.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Six Months Ended June 30, 2024

---

***Research and Development Projects***

Cooperative Research & Development Agreement - 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 (the "NREL") and The Babcock & Wilcox Company.

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. The Company, NREL, 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 the Company's HPQ Silica Strategy of refining its 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 the Company's 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 the Company'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).

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.

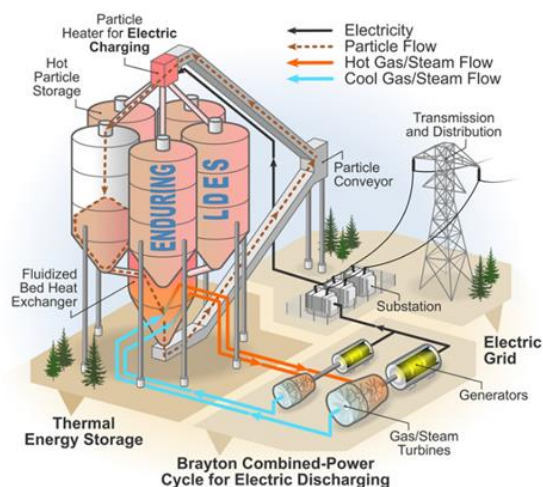
NREL led technology development using particle-based thermal energy storage is aimed at enabling a low-cost technology for long-duration thermal energy storage ("LDES"). This technology is poised to have far-reaching impacts; it has applications in grid storage for renewable integration, and ultimately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

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024



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.

Under the complementary research agreement, the Company must invest a minimum amount of USD325,000 in research work. For the six months ended June 30, 2024, the Company has incurred \$155,386 towards this research program.

### Collaboration with University of California at Davis

Since April 1, 2024, the Company has collaborated with the University of California at Davis to develop a femtosecond thermal laser processing method to purify the Company's raw silica sand to a level of 99.999% purity. The single step thermal method uses a femtosecond laser that involves subtle structural and optical phenomena controlled by multiple process parameters. Skillful variation of these conditions produces various topographical features (such as cones and ripples) and microstructural changes (including recombination, oxidation, and amorphization) which depend on specific laser parameters like number and intensity of pulses. The thermal laser process used not only avoids the use of hazardous chemicals but also eliminates the need for energy-intensive machinery typically used in mechanical and chemical purification. This laser process is notable for its versatility as the production demands of new semiconductor chip substrates transition from conventional silicon to SiC and other wider bandgap materials. The prospect of further adaptation and development of the treatment variables is a vast area of research and major proprietary product development theme. For the six months ended June 30, 2024, the Company has incurred \$23,467 (2023 - \$Nil) on this research program.

## RESULTS OF OPERATIONS

### For the Three Months Ended June 30, 2024 and 2023

Significant items that contributed to the net loss for the six months ended June 30, 2024 and June 30, 2023 were as below:

- Consulting and management fees \$93,753 (2023 - \$112,500);
- Exploration and evaluation expenses \$186,547 (2023 - \$22,500);
- Marketing and investor relations \$116,541 (2023 - \$59,258);
- Office and miscellaneous \$34,202 (2023 - \$29,609);
- Professional fees \$46,918 (2023 - \$46,165);
- Transfer and filing fees \$25,523 (2023 - \$2,101);
- Stock-based compensation \$470,152 (2023 - \$46,521);
- Research and development \$178,853 (2023 - \$Nil)



# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

- Write-down of exploration and evaluation asset \$13,534 (2023 – \$Nil)

For the three months ended June 30, 2024, the Company reported a net loss of \$1,163,695, a substantial increase from the net loss of \$320,563 recorded for the same period in 2023. Operating expenses surged to \$1,155,749 from \$320,563 in the previous year's quarter, an increase of \$835,186. The significant increase is due to the following:

- Stock-based compensation: Of the total increased operating expense of \$835,186, stock-based compensation accounts for \$423,631. The Company granted 500,000 stock options while no options were granted in the comparable period. Compensation was valued using Black-Scholes Pricing Model, which is sensitive to the changes in the Company's share price. During this quarter, the average share price was \$1.02, compared to \$0.39 in the same quarter of 2023. The increase in share price led to substantially higher evaluations of stock-based compensation.
- Exploration and evaluation expenditures: Of the total increased operating expense of \$835,186, exploration and evaluation expenditures has contributed \$164,047 in the increased operating expense. In the current quarter, additional staff and mining professionals were hired for its silica projects Brazil, due to the auger drilling program.
- Marketing and investor relation: Of the total increased operating expense of \$835,188, marketing and investor relation accounted for \$57,283. The Company has increased the activities in marketing and investor awareness in the current quarter.
- Research and development: Of the total increased operating expenses of \$835,186, R&D accounted for \$178,853. The Company initialed R&D programs including purifying its silica sand and transitioning to energy storage applications.

### For the Six months Ended June 30, 2024 and 2023

Significant items that contributed to the net loss for the six months ended June 30, 2024 and June 30, 2023 were as below:

- Consulting and management fees \$226,455 (2023 - \$183,000);
- Exploration and evaluation expenses \$392,205 (2023 - \$65,474);
- Marketing and investor relations \$196,811 (2023 – \$168,181);
- Office and miscellaneous \$74,488 (2023 - \$77,229);
- Professional fees \$61,418 (2023 - \$48,165);
- Transfer and filing fees \$42,407 (2023 - \$4,101);
- Stock-based compensation \$928,754 (2023 - \$101,478);
- Research and development \$178,853 (2023 - \$Nil)
- Write-down of debt \$330,396 (2023 - \$Nil)
- Write-down of exploration and evaluation asset \$457,534 (2023 – \$Nil)

For the six months ended June 30, 2024, the Company reported a net loss of \$2,230,532, a substantial increase from the net loss of \$649,604 recorded for the same period in 2023. Operating expenses surged to \$2,104,974 from \$649,604 in the previous year's quarter, an increase of \$1,455,370.

- Stock-based compensation: Of the total increased operating expense of \$1,455,370, stock-based compensation accounts for \$827,276. The Company granted 3.8 million stock options, compared to 500,000 stock options granted in the comparable period. Compensation was valued using Black-Scholes Pricing Model, which is sensitive to the changes in the Company's share price. During the first two quarters, the average share price was \$0.69, compared to \$0.26 in the same quarters of 2023. The increase in share price and number of options granted led to substantially higher evaluations of stock-based compensation, and vested value recorded.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

- Exploration and evaluation expenditures: Of the total increased operating expense of \$1,453,370, exploration and evaluation expenditures has contributed \$326,731 in the increased operating expense. In the current quarters, additional staff and mining professionals were hired for silica projects Brazil; plus, auger drilling which began in the 2<sup>nd</sup> quarter of 2024.
- Consulting, management fees: Of the total increased operating expense of \$1,453,370, consulting and management fees and filing fees accounted for \$43,455. The Company has increased corporate activities in Brazil for its multiple silica projects since the 4<sup>th</sup> quarter of last fiscal year.
- Transfer agent and filing fees: Increased filing fees and transfer agent of \$38,306 was due to a private placement, which closed in the 2<sup>nd</sup> quarter of this fiscal year. The Company incurred OTCQB filing fee of \$13,000 in the current period, which did not incur in the comparable period in 2023.
- Research and development: Of the total increased operating expenses of \$1,453,370, R&D accounted for \$178,853. The Company initialed R&D programs including purifying its silica sand and transitioning to energy storage applications.

During the six months ended June 30, 2024, the Company also recorded the write-down of aging debt totalling of \$330,396, and write-down of exploration and evaluation asset totalling \$457,534. The Company issued 1.2 million of the Company's common shares at a market price of \$0.47 per share to CHI for acquisition of Tatoonie project. The fair value of the acquisition was determined to be \$0.10 per share per agreement. The Company wrote down of \$444,000 to reflect its fair value of the acquisition of Tatoonie.

The management determined that expenditures incurred during the quarters in 2024 align with the Company's commitment to its HPQ Silica Strategy, and its Three-Phase Strategic Plan. The increased expenses reflect intensified corporate development activities that commenced in the first half of this fiscal year.

### SUMMARY OF QUARTERLY RESULTS

Results for the eight most recent quarters are as follows:

	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023
	(\$)	(\$)	(\$)	(\$)
Expenses	1,155,749	949,225	626,329	301,968
Other (income) loss	7,946	117,612	(2,719)	-
Net loss	1,163,695	1,066,837	623,610	301,968
Comprehensive loss	1,193,352	1,072,814	643,244	301,968
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)	(0.01)
Total current assets	476,878	193,762	260,663	715,526
Total assets	895,328	638,477	587,059	1,007,526
Total current liabilities	474,048	665,795	919,906	1,045,984
Total liabilities	568,789	760,536	919,906	1,045,984

	Jun. 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022
	(\$)	(\$)	(\$)	(\$)
Expenses	320,563	329,041	226,606	238,348
Other (income) loss	-	-	(63,026)	145,398
Net loss	320,563	329,041	163,580	383,746
Comprehensive loss	320,563	329,041	163,580	383,746
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.01)
Total current assets	921,752	482,849	118,016	242,934
Total assets	961,752	422,849	158,016	263,992
Total current liabilities	797,049	909,185	1,121,668	1,014,277
Total liabilities	797,049	909,185	1,121,668	1,014,277

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

Quarterly losses have fluctuated between \$163,580 to \$1,163,695. Starting in the 4<sup>th</sup> quarter of 2022, the Company's losses have increased progressively, primarily due to higher stock-based compensation and exploration and evaluation expenses. The rise in stock-based compensation is closely correlated with the hike in share price of the Company. In 2024, the Company recorded \$457,534 impairment of exploration and evaluation asset, and \$458,602 (1<sup>st</sup> quarter) and \$470,152 (2<sup>nd</sup> quarter) of stock-based compensation, contributing to a sharp rise in overall loss in 2024.

Quarterly expenses have fluctuated between \$226,606 to \$1,159,749. Starting in the 4<sup>th</sup> quarter of 2022, the Company's expenses increased progressively due to the higher stock-based compensation and increased exploration and evaluation expenditures for its Brazil projects.

The Company's asset value has fluctuated quarterly from \$158,016 to \$1,007,526. Starting in the 4<sup>th</sup> quarter of 2022, the Company increased its acquisitions of silica extraction rights in BC, Canada and in Santa Maria Eterna, Brazil through cash payments and issuance of the shares of the Company.

The Company's liabilities have remained relatively consistent quarter by quarter, ranging from \$568,789 to \$1,128,668. The reduction in the most recent quarter is due to the write-down of aging debt.

### LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2024	December 31, 2023
Cash	\$ 312,052	\$ 18,630
Current assets	476,878	260,663
Exploration and evaluation assets	418,450	326,396
Total assets	895,328	587,059
Current liabilities	474,048	919,906
Non-current liabilities	94,741	-
Shareholders' equity (deficiency)	326,539	(332,847)
Working capital (deficiency)	2,830	(659,243)

Total assets are comprised of cash, tax receivable, prepaids expenses, exploration and evaluation assets, as at the date of this report. Further, exploration and evaluation asset have increased due to 1,200,000 share issuances for acquisition of Tatoonie project.

Total liabilities are comparable between June 30, 2024 and December 31, 2023, as each component thereof remained relatively consistent. The Company reclassifies \$94,741 of loan from current liabilities to long-term liabilities due to no payment will be made within one year.

#### *Review of Cash Flows*

As at June 30, 2024, the Company had cash of \$312,052, an increase from \$18,630 on December 31, 2023.

Operating Activities: Cash used in operating activities totalled \$1,118,154 for the current quarter, up from \$829,777 in the June 30, 2023. The increase was largely due to the Company increased its exploration and evaluation activities, and research and development.

Financing Activities: Total cash inflows from financing activities were \$1,432,798, compared to \$1,676,481 for six months ended June 30, 2023. The current quarters, the Company received \$1,000,650 from private placement that closed on May 1, 2024, and \$368,600 from the exercise of warrants. For comparable quarter in 2023, the Company closed a private placement for net proceeds of \$751,400, and 905,081 from exercise of warrants.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

### Liquidity Outlook

On June 30, 2024, the Company faces a working capital of \$2,830, which, marks a significant increase from \$659,243 working capital deficiency on December 31, 2023.

Working Capital Components: Significant working capital components include cash in current accounts, accounts payable, and accrued liabilities. Historically, the Company has relied upon equity financings to meet its capital requirements and expects to continue relying heavily on the capital markets for future financing. There is no guarantee that the necessary financing will be available in the future on terms favorable to the Company.

Future Capital Needs: The Company anticipates needing additional capital to continue financing its silica properties. It expects to source this capital from the exercise of stock options and warrants, and private placements. Additionally, the Company may consider short-term loans from its directors to meet immediate financial needs.

### RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

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.

During the six months ended June 30, 2024 and 2023, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for June 30, 2024 (\$)	Fees for 6-month ended June 30, 2024 (\$)	Fees for 6-months ended June 30, 2023 (\$)	Balance payable at June 30, 2024 (\$)	Balance payable at December 31, 2023 (\$)
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders.	Rent and corporate services	-	60,000	60,000	-	39,040
Brian Leeners	Chief Executive Officer and a Director	Management services	236,201	160,455	90,000	47,980	54,795
Global Link Capital	Greg Pearson, a Director of the Company, is a shareholder	Management services	-	66,000	72,000	40,480	11,980
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	-	6,000	4,000	102,747	100,906
Antonio Victor	VP and country manager, Brasil Ltda	Mining project management	198,001	96,273	-	-	-
Armando Fahate	Chief Operating Officer	Mining project management	53,542	13,371	-	-	-
Mauro Cesar Terence	Chief Technology Officer	Mining project management	118,100	17,383	-	-	-
NZ Consulting Services Inc	Nancy Zhao, Chief Financial Officer	Accounting services	53,543	11,119	-	-	-
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	17,500	21,000	27,013	40,250
			659,387	448,101	247,000	218,220	248,971

\* On March 12, 2024, the Company granted 3,300,000 stock options at an exercise price of \$0.75 per common share to its officers and consultants. Of these, 1,000,000, 750,000, and 500,000 stock options were granted to Brian Leeners, Antonio Victor, and Mauro Cesar Terence, respectively.

\* On May 8, 2024, the Company granted 250,000 stock options each to Nancy Zhao, and Armando Farhate, who were newly

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Six Months Ended June 30, 2024

---

appointed CFO and COO, respectively.

**OUTSTANDING SHARE DATA**

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

As at the date of the MD&A, there are:

- 55,358,689 common shares issued and outstanding;
- 5,808,800 warrants issued and outstanding;
- 9,025,000 stock options granted, of which, 6,050,000 of these stock options are exercisable

**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 assumptions made may change if new information becomes available. 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.

**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.

**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**  
For the Six Months Ended June 30, 2024

---

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**

All significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

The Company's financial instruments include cash, GST receivables, and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair value due to their short-term maturity. The fair value of cash are measured based on level 1 input of the fair value hierarchy.

Management believes that the Company is not exposed to significant interest rate risk, currency risk and credit risk.

**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 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 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

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

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.

### *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.

### *Market and demand fluctuations of high-purity quartz silica*

The demand for high-purity quartz silica is linked to industries like solar energy and high-tech electronics, which can be volatile. Changes in technology or energy policies could influence and demand for the products. 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.

### *Future financing risks*

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.

### *Operational execution risks*

The three-phase strategic plan is for expanding their business in high-purity quartz silica (HPQ) sectors. Each phase of this strategy involves significant geological, logistical coordination and infrastructure development. Strategic plan not only requires substantial financial outlay but also needs precise coordination of multiple processes and compliance with regulatory standards. Misestimations or external disruptions in any of these areas can lead to project delays or increased costs, thereby impacting the overall strategic goals of the company.

### *Strategic and human resource dependencies*

The strategic approach involves forming partnerships with various levels of government and key industry players, including solar glass plants. Failure to establish these partnerships as anticipated could significantly impact the Company's planned market penetration efforts. Furthermore, the Company's success heavily relies on the expertise and dedication of our team across different geographic regions. The loss of key personnel, the challenges in managing growth effectively, and the integration of new activities or technologies are critical risks that could affect our operational continuity.

## **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.

# HOMERUN RESOURCES INC.

## Management's Discussion & Analysis

For the Six Months Ended June 30, 2024

---

Based on a review of its internal control procedures at the end of this quarter 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 financial 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.

### 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.

### NATURE OF THE SECURITIES

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

### PROPOSED TRANSACTIONS

At the present time, there are no other proposed transactions that require to be disclosed.

### OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

### ADDITIONAL INFORMATION

Additional information about the Company is available at the website [www.homerunresources.com](http://www.homerunresources.com), and on SEDARPLUS at [www.sedarplus.ca](http://www.sedarplus.ca) or by contacting the Company at 2110 - 650 West Georgia St., Vancouver BC or email to: [info@homerunresources.com](mailto:info@homerunresources.com).

### FORWARD LOOKING INFORMATION

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 its silica projects, such as the uncertainty of exploration results, the volatility of silica/silicon 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.



**HOMERUN RESOURCES INC.**  
**Management's Discussion & Analysis**

For the Six Months Ended June 30, 2024

---

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 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.

**APPROVAL**

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

**Management & Directors**

Brian Leeners - Director, Chief Executive Officer & Corporate Secretary

Hugh Callaghan - Director

Lew Dillman - Director

Greg Pearson - Director

Nancy Zhao - Chief Financial Officer