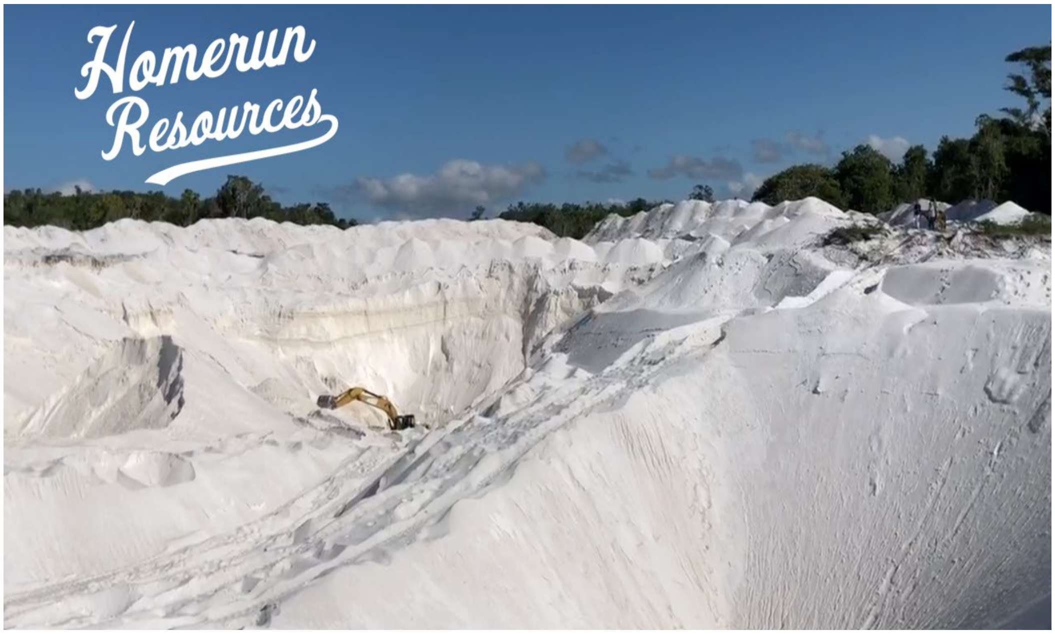

HOMERUN RESOURCES INC.

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Homerun Resources Inc.

Opinion

We have audited the consolidated financial statements of Homerun Resources Inc. and its subsidiaries (together, the Company) which comprise:

- the consolidated statement of financial position as at December 31, 2024;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in shareholders' equity (deficiency) for the year then ended; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, and its consolidated financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying consolidated financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the Company's Management Discussion and Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements of the Company as of December 31, 2023 and for the year ended December 31, 2023, which are presented for comparative purposes, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on April 29, 2024.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Artem Valeev.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, British Columbia

March 31, 2025

HOMERUN RESOURCES INC.

Consolidated Statements of Financial Position
As at December 31, 2024 and 2023

	Notes	December 31, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash		$ **1,707,900**	$ 18,630
Receivables		**9,722**	12,053
Prepaid expenses		**160,784**	229,980
		1,878,406	260,663
Exploration and evaluation assets	6	**906,510**	326,396
TOTAL ASSETS		$ **2,784,916**	$ 587,059
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable and accrued liabilities	7, 10	$ **376,953**	$ 825,165
Loans payable	11	**87,711**	94,741
		464,664	919,906
Shareholders' Equity (Deficiency)			
Share capital	8	**31,319,274**	26,080,781
Share subscription received	8	**-**	20,000
Accumulated other comprehensive loss		**(143,550)**	(19,634)
Contributed surplus	8	**3,782,395**	2,327,197
Deficit		**(32,637,867)**	(28,741,191)
		2,320,252	(332,847)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		$ **2,784,916**	$ 587,059

Nature of operations and going concern (Note 1)
Subsequent events (Note 13)

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

"Brian Leeners"________________ ***"Gregory Pearson"***_____________

Director **Director**

HOMERUN RESOURCES INC.
Consolidated Statements of Loss and Comprehensive Loss

	Notes		2024		2023
Expenses					
Consulting and management fees	7	**$**	**529,851**	$	368,570
Exploration and evaluation expenditures	6, 7		**871,752**		201,385
Foreign exchange (gain) loss			**(11,304)**		21,042
Investor relations			**494,148**		357,401
Office and miscellaneous	7		**150,409**		144,619
Professional fees	7		**181,857**		165,926
Research and development			**429,742**		-
Stock-based compensation	7, 8e		**1,512,407**		270,940
Transfer agent and filing fees			**69,006**		48,018
Expenses before the other items			**(4,227,868)**		(1,577,901)
Other items					
Interest income			**13,609**		2,719
Impairment of exploration and evaluation assets	6		**(12,813)**		-
Write-down debt	10		**330,396**		-
			331,192		2,719
Net loss for the year			**(3,896,676)**		(1,575,182)
Other comprehensive loss					
Foreign exchange differences on translation of foreign operation			**(123,916)**		(19,634)
Net loss and comprehensive loss for the year		**$**	**(4,020,592)**	$	(1,594,816)
Basic and diluted loss per share		**$**	**(0.07)**	$	(0.03)
Weighted average number of common shares outstanding			**54,255,072**		45,052,727

For the Years Ended December 31, 2024 and 2023

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

HOMERUN RESOURCES INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

		2024		2023
Cash provided by (used in):				
Operating activities				
Net loss for the year	**$**	**(3,896,676)**	$	(1,575,182)
Items not affecting cash:				
Write-off debt		**(330,396)**		-
Impairment of exploration and evaluation assets		**12,813**		-
Stock-based compensation		**1,512,407**		270,940
Changes in non-cash working capital items:				
Receivable		**2,332**		(7,068)
Prepaid expenses		**69,196**		(117,438)
Accounts payable		**(118,728)**		(265,253)
Accrued liabilities		**911**		38,500
Loans payable		**(7,030)**		24,991
Cash used in operating activities		**(2,755,171)**		(1,630,510)
Financing activities				
Shares issued for cash		**3,178,220**		751,400
Share issuance cost		**(45,286)**		-
Share issued from warrants exercise		**1,329,850**		1,173,281
Share issued from stock options exercise		**134,500**		30,000
Cash provided by financing activities		**4,597,284**		1,954,681
Investing activities				
Acquisition of exploration and evaluation assets		**(72,300)**		(286,396)
Cash used in investing activities		**(72,300)**		(286,396)
Effect of foreign exchange		**(80,543)**		(19,634)
Net increase in cash		**1,689,270**		18,141
Cash, beginning of the year		**18,630**		489
Cash, end of the year	**$**	**1,707,900**	$	18,630
Supplemental schedule of non-cash activities:				
Issuance of finder’s warrants	**$**	**24,881**	$	**-**
Shares issued for acquisition of exploration and evaluation assets	**$**	**564,000**	$	**-**

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

HOMERUN RESOURCES INC.

Consolidated Statements of Changes in Shareholder's Equity (Deficiency)
For the Years Ended December 31, 2024 and 2023

	Number of common shares outstanding	Share capital	Share subscription received	Contributed surplus	Accumulated other comprehensive loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2023	**48,830,639**	**$ 26,080,781**	**$ 20,000**	**$ 2,327,197**	**$ (19,634)**	**$ (28,741,191)**	**$ (332,847)**
Shares issued for cash (Note 8a)	**3,676,354**	**3,178,220**	-	-	-	-	**3,178,220**
Shares issued - warrants exercise (Note 8b)	**5,696,000**	**1,349,850**	**(20,000)**	-	-	-	**1,329,850**
Shares issued - stock options exercised (Note 8c)	**829,000**	**216,590**	-	**(82,090)**	-	-	**134,500**
Share issuance cost - finder's warrants (Note 8)	-	**(24,881)**	-	**24,881**	-	-	-
Share issuance cost - cash (Note 8a)	-	**(45,286)**	-	-	-	-	**(45,286)**
Stock-based compensation (Note 8e)	-	-	-	**1,512,407**	-	-	**1,512,407**
Share issued for acquisition of exploration and evaluation assets (Notes 6 and 8d)	**1,200,000**	**564,000**	-	-	-	-	**564,000**
Net loss and comprehensive loss for the year	-	-	-	-	**(123,916)**	**(3,896,676)**	**(4,020,592)**
Balance, December 31, 2024	**60,231,993**	**$ 31,319,274**	**$ -**	**$ 3,782,395**	**$ (143,550)**	**$ (32,637,867)**	**$ 2,320,252**
Balance, December 31, 2022	35,765,233	$ 24,134,820	$ -	$ 2,067,537	$ -	$ (27,166,009)	$ (963,652)
Shares issued for cash (Note 8a)	7,514,000	751,400	-	-	-	-	751,400
Shares issued – warrants exercise (Note 8b)	5,251,406	1,153,281	20,000	-	-	-	1,173,281
Share issued – stock options exercise (Note 8c)	300,000	41,280	-	(11,280)	-	-	30,000
Stock-based compensation (Note 8e)	-	-	-	270,940	-	-	270,940
Net loss and comprehensive loss for the year	-	-	-	-	(19,634)	(1,575,182)	(1,594,816)
Balance, December 31, 2023	48,830,639	$ 26,080,781	$ 20,000	$ 2,327,197	$ (19,634)	$ (28,741,191)	$ (332,847)

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

1. Nature of Operations and Going Concern

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") under the trading symbol HMR-V. The Company is an exploration stage company, focusing on silica. The corporate head office and registered records office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course of business as they come due for the foreseeable future. As at December 31, 2024, the Company had an accumulated deficit of $32,637,867 (December 31, 2023 - $28,741,191), a net loss for year ended December 31, 2024 of $3,896,676 (December 31, 2023 - $1,575,182), and the Company expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty exist that may cast significant doubt about the Company's ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company's ability to complete equity or debt financings. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern. Such adjustments could be material.

2. Basis of Preparation

Statement of compliance

These consolidated financial statements represent the annual consolidated financial statements of the Company prepared in accordance with IFRS Accounting Standards ("IFRS") , as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of consolidated financial statements. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries AKA Ventures USA Inc., which was inactive for the years ended December 31, 2024 and 2023, and Homerun Brasil Mineracao Ltda., which was incorporated during the year ended December 31, 2023. All inter-company transactions and balances have been eliminated upon consolidation.

The Board of Directors approved these consolidated financial statements on March 31, 2025.

Functional and presentation currency

Items included in the consolidated financial statements of the Company and its wholly owned subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and its subsidiary AKA Ventures USA Inc. is the Canadian dollar. The functional currency of Homerun Brasil Mineracao Ltda. is the Brazilian Real.

The results and financial position of a subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated using exchange rates prevailing at the end of each reporting period;
- Income and expenses for each line item in the consolidated statement of loss and comprehensive loss are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

2. Basis of Preparation - *continued*

On consolidation, exchange differences arising from the translation of the net investment in foreign entity are recorded in accumulated other comprehensive loss. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

Critical accounting estimates and judgments

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

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

Critical judgment in applying accounting policies:

Going concern

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

Impairment of long-lived assets

The carrying value and the recoverability of long-lived assets, including exploration and evaluation assets, are evaluated at each reporting date. Management assesses for indicators of impairment, which includes assessing whether facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

Key sources of estimation uncertainty:

Income taxes and recoverability of potential deferred tax assets

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

Share-based payments

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

3. Material Accounting Policy Information

The accounting policies set out below have been applied consistently by the Company to all years presented in these consolidated financial statements.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Foreign currency translation

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the consolidated statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in the consolidated statement of comprehensive loss.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes Option Pricing Model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Material Accounting Policy Information - *continued*

Share capital

Common shares issued are classified as share capital, a component of shareholders' equity. Transaction costs directly attributable to the issuance of common shares are recognized as a deduction from share capital.

Proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated to the common shares up to their fair value, determined by reference to the quoted market price of the common shares on the issuance date, and the remaining balance, if any, to the reserve for warrants.

Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares issued during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS.

Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiary where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. Material Accounting Policy Information - *continued*

Income taxes - *continued*

On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through share liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of loss and comprehensive loss in the period in which they arise.

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income ("OCI") and are never reclassified to profit or loss.

(iii) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

3. Material Accounting Policy Information - *continued*

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

Exploration and evaluation expenditures

Exploration and evaluation assets include the costs of acquiring licenses and properties. Costs associated with exploration and evaluation activity are expensed in profit or loss except for expenditures associated with the acquisition of exploration and evaluation assets, which are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Adoption and future changes in accounting standards

New accounting pronouncements issued but not yet effective

Amendments to IFRS 7 and 9 - Classification & Measurement of Financial Instruments

The amendments change the requirements in IFRS 7 and IFRS 9 seek to clarify the date of recognition and derecognition of some financial assets and liabilities with a new exception for some financial liabilities settled through an electronic cash transfer system and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. Further, the amendments will add new disclosures for certain instruments with contractual terms that can change cash flows such as instruments with features linked to the achievement of environment, social and governance (ESG) targets and update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The new amendments will be effective for years beginning on or after January 1, 2026.

Introduction of IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 is the new standard on financial statement presentation and disclosure with a focus on updates to the statement of profit or loss. IFRS 18 will replace IAS 1, Presentation of Financial Statements, and retains many of the existing principles in IAS 1. IFRS 18 will define the structure for the statement of profit or loss. The new standard will require disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

3. Material Accounting Policy Information - *continued*

Adoption and future changes in accounting standards - *continued*

IFRS 18 will be effective for years beginning on or after January 1, 2027.

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant effect on the Company's consolidated financial statements. The Company did not adopt any new accounting pronouncements during the year ended December 31, 2024, which had a significant impact on the consolidated financial statements.

Management is in the process of assessing the new standards above that were issued by the IASB which are not yet effective. Management has not yet determined the impact of these new standards on the Company's financial statements.

4. Capital Management

The Company classifies its share capital and contributed surplus as capital. When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing to fund its activities. In order to carry out its business activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

5. Financial Instruments and Financial Risk Management

Fair value

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

Fair value hierarchy

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

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

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

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

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

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

5. Financial Instruments and Financial Risk Management - *continued*

Financial risks

(i) Interest rate risk

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

(ii) Foreign currency risk

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, 2024, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Brazilian Real as follows:

		December 31, 2024		December 31, 2023
Cash	R$	**3,170,105**	R$	54,418
Receivables		**10,088**		751
Prepaid expenses		**20,713**		3,996
Accounts payable		**(45,279)**		(33,822)
Net exposure		**3,155,627**		25,343
Canadian dollar equivalent	$	**737,314**	$	6,909

As of December 31, 2024, a 5% change in the exchange rate between Brazilian Real ("R$") and Canadian dollars would impact the Company's net assets by approximately $36,700 (2023 - $345). The Company assessed its foreign currency risk as moderate as of December 31, 2024.

(iii) 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.

(iv) 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. The Company does not generate cash from its operations. As at December 31, 2024, the Company has sufficient cash on hand to pay its short-term creditors, and accordingly, liquidity risk is considered moderate.

6. Exploration and Evaluation Assets

Tatooine Silica Project, Brisco, British Columbia Canada

On September 8, 2022, the Company entered into an Definitive Agreement with ClaimHunt Inc ("CHI"), the optionor. The Company has the option to purchase up to 100% interest in the Tatooine Silica Project in British Columbia, Canada.

Under the terms of the agreement, the Company can earn a 100% interest in the claims if the following cash payments, work expenditures and share issuances are met by the dates specified:

Date	Cash Payment Paid	Common Shares Issued	Work Commitment Required
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

The Company issued 250,000 common shares with a fair value of $32,500 during the year ended December 31, 2022. On March 1, 2024, the Company issued the remaining 1,200,000 common shares with a fair value of $564,000 to CHI. As at December 31, 2024, the Company has fulfilled all share issuance obligations.

Mineral Rights, Santa Maria Eterna, Brazil

During the year ended December 31, 2023, the Company entered into a complementary research contract and 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 will pay R$1,000,000 Brazilian reais (paid and equivalent to Canadian $272,600) and an additional R$1,000,000 is due upon receipt of Brazilian regulatory approvals of the Company's extraction plans. Pursuant to the terms of the 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, adjusted annually by the IGP-M index. Furthermore, the Company must invest a minimum amount of R$2,500,000 in research work.

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 agreement is for an initial 20-year term with an additional 10-year term if the agreement is in good standing at the end of the initial term. As at December 31, 2024, the carrying value of the mineral rights was $232,700 (2023 - $272,600).

6. Exploration and Evaluation Assets *- continued*

Mineral Rights, Lump Quartz District, Ceara, Brazil

During the year ended December 31, 2024, the Company identified and acquired lump quartz from a related party of the Company by making a cash payment of $72,300 (R$300,000) (December 31, 2023 - $Nil). The mineral right consists of a total of 18 claims, in the State of Ceara, in the North region of Brazil (Note 7).

Belmonte Silica Concession, Brazil

On November 1, 2023, the Company entered into a purchase option agreement with Aristoteles Chaves da Silva ("ACS") for the conditional purchase of the Belmonte silica concession in Belmonte, Bahia, Brazil. The terms and conditions of the agreement between the parties were as follows:

- The Company would 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 would make a second payment to ACS of US$40,000 and ACS would transfer 100% of the project to the Company
- The Company would evaluate the concession and that evaluation would consist of a 200-metre percussion drill program. On April 15, 2024, the Company had entered into an amending agreement to extend the due date up to September 30, 2024.

After the completion of due diligence work, the Company decided not to continue with the Belmonte Silica Concession. As a result, the Company recorded an impairment of $12,813 during the year ended December 31, 2024.

The continuity of the Company's acquisition costs at year ended December 31, 2024 and 2023 are as follows:

			December 31, 2024		
Acquisition Costs	Tatooine, Canada ($)	Belmonte, Brazil ($)	CPBM right, Brazil ($)	Lump Quartz, Brazil ($)	Total ($)
Balance, opening	40,000	13,796	272,600	-	326,396
Payments	564,000	-	-	72,300	636,300
Write-down to fair value	-	(12,813)	-	-	(12,813)
Foreign exchange effect	-	(983)	(39,900)	(2,490)	(43,373)
Balance, ending	604,000	-	232,700	69,810	906,510

			December 31, 2023		
Acquisition Costs	Tatooine, Canada ($)	Belmonte, Brazil ($)	CPBM right, Brazil ($)	Lump Quartz , Brazil ($)	Total ($)
Balance, opening	40,000	-	-		40,000
Option payments	-	13,796	272,600	-	286,396
Balance, ending	40,000	13,796	272,600	-	326,396

6. Exploration and Evaluation Assets *– continued*

For the years ended December 31, 2024 and 2023, the Company's exploration and evaluation expenditures recognized on the consolidated statement of loss and comprehensive loss are as follows:

		December 31, 2024		December 31, 2023
Exploration and evaluation expenditures				
Administration	$	66,433	$	-
Assays		-		474
Cost recovery		(31,677)		(57,191)
Field expenses		386,486		-
Geologist consulting		44,548		41,235
Mining fees		12,584		-
Project management fee		393,378		216,867
Total	$	871,752	$	201,385

7. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Management fees were incurred from a director and a company owned by a director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

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

As at December 31, 2024 and 2023, the following are due to related parties:

Name	Relationship	Nature of Transaction	Balance payable at December 31, 2024	Balance payable at December 31, 2023
			($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	-	54,795
Nexve Capital Corporation	Brian Leeners, Gregory Pearson and Gordon Fretwell are shareholders	Loan	-	2,000
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders.	Rent and corporate services	-	39,040
Global Link Capital Ltd.	Owned by Gregory Pearson, a Director of the Company, is a shareholder	Management services	-	11,980
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	55,186	100,906
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	40,250
			55,186	248,971

7. Related party transactions - *continued*

The following events incurred during the year ended December 31, 2024:

During the year ended December 31, 2024, the Company acquired lump quartz mineral rights from Antonio Victor, a related party of the Company, by making a cash payment of $72,300 (R$300,000) (Note 6).

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. Certain related parties subscribed to 200,000 units for proceeds of $100,000 collectively (Note 8a).

On October 30, 2024, the Company completed a non-brokered private placement for gross proceeds of $2,177,570 by issuing 1,675,054 units at a price of $1.30 per unit. Certain related parties subscribed to 100,000 units for proceeds of $130,000 collectively (Note 8a).

During the year ended December 31, 2024 and 2023, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for Dec 31, 2024	Stock-based compensation for Dec 31, 2023	Fees for year ended December 31, 2024	Fees for year ended December 31, 2023
			($)	($)	($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	375,863	20,280	325,508	207,030
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Gregory Pearson and Gordon Fretwell are shareholders	Rent and corporate services	-	-	120,000	120,000
Gregory Pearson	Director of the Company	Management services	-	10,140	-	-
Global Link Capital	Owned by Gregory Pearson	Management services	-	-	126,000	144,000
Lewis Dillman	Director of the Company	Management services	-	8,112	-	-
Hugh Callaghan	Director of the Company	Management services	-	8,112	-	-
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	-	4,056	30,000	20,000
Antonio Victor	VP, Homerun Brasil Mineracao Ltda	Mining project management	311,440	-	183,816	-
Armando Farhate	Chief Operating Officer	Mining project management	107,835	-	51,060	-
Mauro Cesar Terence	Chief Technology Officer	Mining project management	187,931	-	42,125	8,147
Nancy Zhao	Chief Financial Officer		107,835	-	-	-
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	-	-	59,119	-
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	2,028	17,500	42,000
			1,090,904	52,728	955,128	541,177

8. Share Capital

Authorized: Unlimited common voting shares, without par value.

a. Share issuance - Private placement

Year Ended 2024

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 price of $0.50 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant is exercisable at $0.75 per common share for a period of 24 months from the date of issuance. The warrants are subject to the right of the Company to accelerate the exercise period to 30 days if, after expiry of the four-month hold, common share of the Company close at or above $1.50 for a period of 10 consecutive trading days. As the fair value of the common shares was greater than the unit price of $0.50, there were no residual values assigned to the warrants. The Company paid cash finder's fee of $6,452.

On October 30, 2024, the Company completed a non-brokered private placement for gross proceeds of $2,177,570 by issuing 1,675,054 units at price of $1.30 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant being exercisable at $2.00 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 to 30 days if, after expiry of the four-month hold, the common share of the Company close at or above $3.00 for a period of 10 consecutive trading days. As the fair value of the common shares was greater than the unit price of $1.30, there were no residual values assigned to the warrants. The Company paid cash finder's fee of $38,834 and issued 29,872 broker warrants.

Year Ended 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.

b. Share issuance – Warrants exercised

Year Ended 2024

During the year ended December 31, 2024, the Company issued 5,313,000 common shares, pursuant to warrants exercised at a price of $0.20, for total proceeds of $1,062,600 and issued 383,000 common shares, pursuant to warrants exercised at a price of $0.75, for total proceeds of $287,250.

Year Ended 2023

During the year ended December 31, 2023, the Company issued 3,191,406 common shares, pursuant to warrants exercised at a price of $0.20, for total proceeds of $1,062,600 and issued 383,000 common shares, pursuant to warrants exercised at a price of $0.25, for total proceeds of $515,000.

During year ended December 31, 2023, the Company received $20,000 for the exercise of warrants and the equivalent 40,000 common shares were issued during the year ended December 31, 2024.

c. Share issuance – Options exercised

Year Ended 2024

During the year ended December 31, 2024, the Company issued 500,000 common shares, pursuant to options exercised at a price of $0.10, for gross proceeds of $50,000. A fair value of $18,800 was reclassed from contributed surplus to share capital.

8. Share Capital – *continued*

c. Share issuance – Options exercised - *continued*

During the year ended December 31, 2024, the Company issued 295,000 common shares, pursuant to options exercised at a price of $0.20, for gross proceeds of $59,000. A fair value of $44,250 was reclassed from contributed surplus to share capital.

During the year ended December 31, 2024, the Company issued 34,000 common shares, pursuant to options exercised at a price of $0.75, for gross proceeds of $25,500. A fair value of $19,040 was reclassed from contributed surplus to share capital.

Year Ended 2023

During the year ended December 31, 2023, the Company issued 300,000 common shares, pursuant to options exercised at a price of $0.10, for gross proceeds of $30,000. A fair value of $11,280 was reclassed from contributed surplus to share capital.

d. Share issuance – Acquisition of Exploration and Evaluation assets

Year Ended 2024

During the year ended December 31, 2024, the Company issued 1,200,000 common shares with a fair value of $564,000 for an option payment on the Tatooine Project (Note 6).

e. Stock options

Pursuant to policies of TSX-V, the Board of the Company has established an incentive Stock Option Plan (the "Plan") for directors, officers, employees, and consultants of the Company and its subsidiary, or any affiliate of the Company. This Plan reserves for issuance up to 9,746,105 of common shares, including any common shares issuable on any outstanding stock options previously granted individually. The number of common shares issued maybe increased or changed subject to shareholder and regulatory approval. The number of common shares reserved for issuance to insiders shall not exceed 10% of the outstanding issue at any point in the time unless disinterested shareholder approval is obtained. No more than 5% of the outstanding issue may be granted to any one individual in any 12-month period. Options granted under the Plan exercisable over a period not exceeding 5 years. Termination of options shall not exceed 90 days after the termination date of optionees' employment status with the Company. Any options granted shall vest in the optionee and be exercisable as follows: 25% vest on the date of grant; 25% vest 6 months from the date of grant; 25% vest 12 months from the date of grant; and 25% vest 18 months from the date of grant.

Year Ended 2024

On March 12, 2024, the Company granted 3,300,000 stock options to its director, officers and consultants, 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 $0.75 per share. Of the total 3,300,000 options, 2,250,000 were granted to related parties. The Company estimated the total fair value of the stock-based compensation is $1,485,000 (Note 7) and recognized $1,240,346 during the year ended December 31, 2024.

On May 8, 2024, the Company granted 500,000 stock options to two officers, 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 $0.75 per share. The estimated the total fair value of the stock-based compensation is $280,000 (Note 7) and recognized $215,670 during the year ended December 31, 2024.

8. Share capital - *continued*

For the year ended December 31, 2024, the Company recorded a total stock-based compensation of $1,512,407 for options that vested.

e. Stock options - *continued*

Year Ended 2023

On March 13, 2023, the Company granted 500,000 stock options to a consultant, 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. The Company estimated the fair value of stock-based compensation was $161,070 and recorded $134,223 for the year ended December 31, 2023 and the remaining fair value of $26,847 during the year ended December 31, 2024.

On July 23, 2023, the Company granted 250,000 stock options to its employees, 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 $0.50 per share. The Company estimated the fair value of stock-based compensation was $87,500 and recorded stock-based compensation of $57,956 for the year ended December 31, 2023 and recorded the remaining fair value of $29,544 during the year ended December 31, 2024.

For the year ended December 31, 2023, the Company recorded a total stock-based compensation of $270,940 for options that vested.

The Company using Black-Scholes Option Pricing Model to evaluate the fair value of the stock options based on the following assumptions:

	2024	**2023**
Risk-free interest rate	3.39-3.71%	3.12% - 4.32%
Expected life	5 years	5 years
Volatility	151.62%-151.95%	144.86% - 164.95%
Expected dividend yield	Nil	Nil

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

	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price
Balance, December 31, 2022	5,450,000	5,150,000	$0.14
Granted	750,000	612,500	$0.30
Exercised	(300,000)	(300,000)	$0.10
Balance, December 31, 2023	5,900,000	5,462,500	$0.16
Granted	3,800,000	2,275,000	$0.67
Exercised	(829,000)	(829,000)	$0.16
Balance, December 31, 2024	8,871,000	6,908,500	$0.41

8. Share capital - *continued*

At December 31, 2024, 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	2,700,000	2,700,000	1.70
June 16, 2027	$0.20	1,655,000	1,655,000	2.45
March 13, 2028	$0.20	500,000	500,000	3.20
July 7, 2028	$0.50	250,000	187,500	3.52
March 12, 2029	$0.75	3,300,000	1,650,000	4.20
May 8, 2029	$0.75	466,000	216,000	4.35
		8,871,000	6,908,500	3.04

f. Warrants

Year Ended 2024

During the year ended December 31, 2024, the Company issued 2,001,300 warrants at a price of $0.75, and 1,675,054 at a price of $2.00 from private placements (Note 8a).

Year Ended 2023

During the year ended December 31, 2023, the Company issued 7,514,000 warrants at a price of $0.20 from private placement (Note 8a). On January 12, 2023, the Company extended the expiry date of 2,025,406 warrants with an exercise price of $0.20 by 3 months to April 30, 2023.

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

	Number	Weighted Average Price
Balance, December 31, 2022	4,085,406	$0.23
Issued	7,514,000	$0.20
Exercised	(5,251,406)	$0.22
Balance, December 31, 2023	6,348,000	$0.20
Issued	3,676,354	$1.32
Exercised	(5,696,000)	$0.24
Balance, December 31, 2024	4,328,354	$1.10

At December 31, 2024, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
March 2, 2025	$0.20	1,035,000	0.17
May 1, 2026	$0.75	1,618,300	1.33
October 30, 2026	$2.00	1,675,054	1.83
		4,328,354	1.25

g. Broker warrants

For the year ended December 31, 2024, the Company issued 29,872 broker warrants at a price of $2.00 from a private placement closed on October 30, 2024 (Note 8a). The Company estimated the fair value of the broker warrants using the Black-Scholes Option Pricing Model with the following assumption: risk free interest rate 2.95%, volatility of 141.84%, annual rate of dividend of 0% and an expected life of the warrant of 2 years. The Company recorded the value of broker warrants $24,881 as share issuance cost.

8. Share capital - *continued*

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

	Number	Weighted Average Price
Balance, December 31, 2022	64,800	$0.20
Expired	(64,800)	$0.20
Balance, December 31, 2023	-	-
Issued	29,872	$2.00
Balance, at December 31, 2024	29,872	$2.00

9. Segmented Information

The Company is organized into business units based on exploration and evaluation assets and has two reportable operating segments, being that its corporate headquarters located in Canada and of it operations in Brazil. The Company's in exploration stage and has no reportable segment revenues or operating results.

	Assets		Expenditures	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Canada	$ 1,737,556	284,535	$ 2,687,570	$ 1,472,366
Brazil	1,047,360	$ 302,524	1,209,106	102,816
	$ 2,784,916	$ 587,059	$ 3,896,676	$ 1,575,182

10. Accounts Payable and Accrued Liabilities

	December 31, 2024	December 31, 2023
Accounts payables	$ 199,454	$ 648,577
Accrued liabilities	177,499	176,588
Total	$ 376,953	$ 825,165

Of the total accounts payable and accrued liabilities, $55,186 were due to a related party (Note 7).

For the year ended December 31, 2024, the Company recognized a write down of accounts payables of $330,396 (2023 - $Nil) which were over 6 years. These debts were past the Limitation Act (British Columbia) general limitation period of two years on December 31, 2024.

11. Loans Payable

The Company recorded loans payable that were initially recognized as share subscriptions based on the terms of share subscription agreements set out in 2016. As at December 31, 2024, the shares have not been issued to the subscribers and the balance of the loans is $87,711 (December 31, 2023 – $94,741).

12. Income Taxes

The following table reconciles the expected income tax payable at the Canadian federal and provincial statutory income tax rates to the amounts recognized in the consolidated statements of loss and comprehensive loss for the year ended December 31, 2024 and 2023:

	2024	2023
	($)	($)
Loss before income taxes	(3,896,676)	(1,575,182)
Statutory tax rate	23.27%	26%
Income tax(recovery) at statutory rate	(907,010)	(412,961)
Differences due to recognition of items for tax purposes:		
Functional currency adjustments	-	14,658
Foreign tax rate difference	-	(3,189)
Others	304,010	106,457
Change in deferred tax asset not recognized	603,000	295,035
Total income tax recovery	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. The unrecognized deductible temporary differences are as follows:

Canada	**2024**	**2023**
Deferred income tax assets	($)	($)
Property and Equipment	2,190	2,190
Mineral Properties	874,717	2,072,929
Capital Losses	1,181,502	1,181,502
Non-capital Losses	2,297,263	1,887,917
Share issuance costs	11,302	1,534
Unrecognized deferred tax assets	4,366,974	5,146,072

USA	**2024**	**2023**
Deferred income tax assets	($)	($)
Non-capital Losses	506,416	465,470
Unrecognized deferred tax assets	506,416	465,470

Brazil	**2024**	**2023**
Deferred income tax assets	($)	($)
Mineral Properties	138,692	-
Non-capital Losses	64,602	15,422
Unrecognized deferred tax assets	203,294	15,422

During the year ended December 31, 2024, a deferred tax assets of $1,153,280 related to mineral properties were expired.

12. Income taxes – *continued*

As at December 31, 2024, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards of approximately $8,508,380 which may be carried forward to apply against future income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	$
2034	1,256,157
2037	1,366,091
2038	700,715
2039	698,684
2040	615,363
2041	487,103
2042	760,597
2043	1,108,041
2044	1,515,629
Total	8,508,380

As at December 31, 2024, the Company has loss carry forwards of $2,411,287 which may be carried forward to apply against future income tax for US tax purposes, as follows:

Expiry	$
2031	61,465
2032	206,465
2033	2,140,239
2034	3,118
Total	2,411,287

As at December 31, 2024, the Company has loss carry forwards of $430,680 which may be carried forward indefinitely to apply against future income tax for Brazil tax purposes.

Expiry	$
2043	102,816
2044	327,864
Total	430,680

13. Subsequent events

Subsequent to the year ended December 31, 2024, the Company has the following transactions:

a) The Company issued 80,000 common shares for total proceeds of $16,000 from the exercises of 80,000 stock options.

b) The Company issued 1,035,000 common shares for total proceeds of $207,000 from the exercises of 1,035,000 warrants.

c) On December 12, 2024, the Company has signed a Binding Term Sheet (“Term Sheet”) with Halocell Energy Limited (“Halocell Energy”) and Halocell Europe SRL (“Halocell Europe”) whereby the Company will acquire all the outstanding common shares of Halocell Europe by issuing 1,100,000 common shares of the Company to Halocell Energy. Pursuant to the other terms and conditions of the Term Sheet, the Company will subscribe 5,000,000 common shares of Halocell Energy at their shares offering. Subsequent to the year ended December 31,2024, the Company has issued the 1,100,000 common shares to Halocell Energy and paid $523,000 for the 5,000,000 Class A shares of Halocell Energy subscription.