HOMERUN RESOURCES INC.

Condensed Consolidated Interim Financial Statements

Six Months Ended June 30, 2025 and 2024

(unaudited – prepared by the management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
As at June 30, 2025 and December 31, 2024

	Notes		June 30, 2025		December 31, 2024
ASSETS					
Current Assets					
Cash		**$**	**1,147,909**	$	1,707,900
Receivables			**179,432**		9,722
Prepaid expenses			**53,634**		160,784
			1,380,975		1,878,406
Non-current Assets					
Exploration and evaluation assets	7		**1,054,540**		906,510
Laboratory and office equipment	6		**7,209**		-
Long-term investment	5		**523,172**		-
Licensed patents	5		**1,705,848**		-
			3,290,769		906,510
TOTAL ASSETS		**$**	**4,671,744**	$	2,784,916
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	8,11	**$**	**1,023,321**	$	376,953
Loans payable	13		**84,977**		87,711
Unearned revenue	12		**581,891**		-
			1,690,189		464,664
Non-current liabilities					
Unearned revenue (non-current)	12		**194,531**		-
TOTAL LIABILITIES			**1,884,720**		464,664
Shareholders' Equity					
Share capital	5,9		**32,763,999**		31,319,274
Share subscription received	9		**702,000**		-
Accumulated other comprehensive loss			**(108,930)**		(143,550)
Contributed surplus	9		**4,953,937**		3,782,395
Deficit			**(35,523,982)**		(32,637,867)
			2,787,024		2,320,252
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**4,671,744**	$	2,784,916

Nature of operations and going concern (Note 1)
Subsequent event (Note 14)

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

"Brian Leeners"

Director

"Stephen Burega"

Director

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Six Months Ended June 30, 2025 and 2024

	Notes	Three Months ended June 30, 2025	Three Months ended June 30, 2024	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024
Sales		$ **36,593**	$ -	$ **36,916**	$ -
Grants		**300,801**	-	**404,756**	-
Cost of sales		**(169,037)**	-	**(226,103)**	-
Gross margin		**168,357**	-	**215,569**	
Expenses					
Depreciation	6	**779**	-	**1,036**	-
Consulting and management fees	8	**191,889**	93,753	**395,912**	226,455
Exploration and evaluation expenditures	7,8	**257,866**	186,547	**494,392**	392,205
Foreign exchange loss		**(1,925)**	3,260	**(1,692)**	3,583
Marketing and investor relation		**122,890**	116,541	**298,625**	196,811
Office and miscellaneous		**91,175**	34,202	**156,301**	74,488
Professional fees	8	**153,744**	46,918	**225,360**	61,418
Research and development		**136,652**	178,853	**272,402**	178,853
Stock-based compensation	8,9	**1,020,815**	470,152	**1,183,542**	928,754
Transfer agent and filing fees		**25,882**	25,523	**76,499**	42,407
Operating expenses		**(1,999,767)**	(1,155,749)	**(3,102,377)**	(2,104,974)
Other items					
Impairment - receivables		**3,026**	-	**(5,459)**	-
Impairment of exploration and evaluation assets		**-**	(13,534)	**-**	(457,534)
Write-down debt		**-**	4,185	**-**	330,396
Interest income		**673**	1,403	**6,152**	1,580
Total other income (expenses)		**3,699**	(7,946)	**693**	(125,558)
Net loss for the period		**(1,827,711)**	(1,163,695)	**(2,886,115)**	(2,230,532)
Foreign currency translation		**(8,936)**	(29,657)	**34,620**	(35,634)
Comprehensive loss for the period		$ **(1,836,647)**	$ (1,193,352)	$ **(2,851,495)**	$ (2,266,166)
Basic and diluted loss per share		$ **(0.03)**	$ (0.02)	$ **(0.05)**	$ (0.04)
Weighted average number of common shares outstanding		**62,505,293**	52,287,639	**61,939,692**	51,003,672

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
For the Six Months Ended June 30, 2025 and 2024

	For the Six Months Ended June 30, 2025	2024
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the period	$ **(2,886,115)**	$ (2,230,532)
Items not affecting cash:		
Depreciation	**1,036**	-
Write-off debts	**-**	(330,396)
Impairment - receivables	**5,459**	-
Impairment of exploration and evaluation assets	**-**	457,534
Stock-based compensation	**1,183,542**	928,754
Changes in non-cash working capital items:		
Receivable	**(6,102)**	(9,210)
Prepaid expenses	**111,219**	86,417
Accounts payable & accrued liabilities	**19,404**	(20,721)
Unearned revenue	**(285,203)**	-
Cash used in operating activities	**(1,856,760)**	(1,118,154)
Investing activities		
Cash from Halocell Europe SRL at date of acquisition	**870,906**	-
Exploration and evaluation assets	**(125,150)**	-
Investment – Halocell Energy shares	**(523,172)**	-
Cash provided by investing activities	**222,584**	-
Financing activities		
Shares issued for cash		994,198
Shares subscription received	**702,000**	-
Shares issued from stock options exercise	**16,000**	70,000
Shares issued from warrants exercise	**250,725**	368,600
Cash provided by financing activities	**968,725**	1,432,798
Effect of foreign exchange	**105,460**	(21,222)
Net increase (decrease) in cash	**(559,991)**	293,422
Cash, beginning of the period	**1,707,900**	18,630
Cash, end of the period	$ **1,147,909**	$ 312,052
Supplemental schedule of non-cash activities:		
Shares issued 1,100,000 for acquisition of Halocell Europe SRL	$ **1,166,000**	$ -
Shares issued for acquisition of exploration and evaluation assets	**-**	564,000

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Shareholder's Equity
For the Six Months Ended June 30, 2025 and 2024

	Number of Common Shares Outstanding	Share Capital ($)	Share Subscription Received ($)	Contributed Surplus ($)	Accumulated Other Comprehensive Income ($)	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 7, 9)	2,001,300	1,000,650	-	-	-	-	1,000,650
Share issuance cost - cash	-	(6,452)	-	-	-	-	(6,452)
Shares issued for acquisition of exploration and evaluation assets	1,200,000	564,000	-	-	-	-	564,000
Shares issued - warrants exercise (Note 9b)	1,943,000	388,600	(20,000)	-	-	-	368,800
Shares issued – stock options exercise	600,000	103,800	-	(33,800)	-	-	70,000
Share-based compensation (Note 9e)	-	-	-	928,754	-	-	928,754
Net loss and comprehensive loss	-	-	-	-	(35,634)	(2,230,532)	(2,266,166)
Balance, June 30, 2024	54,574,939	28,131,379	-	3,222,151	(55,268)	(30,971,723)	326,539
Balance, December 31, 2024	**60,231,993**	**31,319,274**	**-**	**3,782,395**	**(143,550)**	**(32,637,867)**	**2,320,252**
Shares issued - warrants exercise (Note 9b)	**1,093,300**	**250,725**	**-**	**-**	**-**	**-**	**250,725**
Shares issued - options exercise (Note 9c)	**80,000**	**28,000**	**-**	**(12,000)**	**-**	**-**	**16,000**
Shares issued for acquisition (Note 9d)	**1,100,000**	**1,166,000**	**-**	**-**	**-**	**-**	**1,166,000**
Share subscriptions received (Note 9g)	**-**	**-**	**702,000**	**-**	**-**	**-**	**702,000**
Share-based compensation (Note 9e)	**-**	**-**	**-**	**1,183,542**	**-**	**-**	**1,183,542**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**34,620**	**(2,886,115)**	**(2,851,495)**
Balance, June 30, 2025	**60,505,293**	**32,763,999**	**702,000**	**4,953,937**	**(108,930)**	**(35,523,982)**	**2,787,024**

The accompanying notes are an integral part of these condensed consolidated interim 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. The Company is an exploration stage company, focusing on silicon. The corporate head office and registered records office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

These condensed consolidated interim 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 June 30, 2025, the Company had an accumulated deficit of $35,523,982 (December 31, 2024 - $32,637,867), a net loss for six months ended June 30, 2025 of $2,886,115 (June 30, 2024 - $1,908,711), 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 fiscal year. Continued operations are dependent on the Company's ability to complete equity or debt financings. The condensed consolidated interim 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 unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2024. These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary AKA Ventures USA Inc, Homerun Brasil Mineracao Ltda and Halocell Europe SRL. All inter-company transactions have been eliminated upon consolidation. The Board of Directors approved these condensed consolidated interim financial statements on August 15, 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 functional currency of Halocell Europe SRL is the Euro.

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.

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.

2. Basis of preparation (continued)

Critical accounting estimates and judgments

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

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

Investment in Halocell Energy shares

On February 21, 2025, the Company subscribed 5,000,000 common shares of Halocell Energy Limited ("Halocell Energy"), a private Australian perovskite solar technology developer, for a total cash consideration of AUD564,000 (CAD523,712), inclusive of a 6% discount on subscribed amount. This investment was classified as a financial asset under IFRS 9 and measured at fair value through other comprehensive income (FVOCI). The Company's 4.3% ownership in Halocell Energy does not have significant influence over Halocell Energy. This irrevocable designation applies to equity instruments not held for trading.

Investment in Halocell Europe SRL and acquisition of patent rights

On February 21, 2025, the Company acquired Halocell Europe SRL ("Halocell Europe"), a wholly-owned subsidiary of Halocell Energy, by issuing 1,100,000 common shares of the Company at fair value of $1,166,000. As part of the transaction, Halocell Energy granted the Company a non-exclusive, non-transferable, royalty-free, perpetual license to use seven patent rights. Halocell Europe became a wholly-owned subsidiary of the Company.

The acquisition was classified as an asset acquisition (rather than a business combination) under IFRS 3 Business Combinations, as Halocell Europe and the licensed patent rights did not meet the definition of a "business." This conclusion was based on the absence of substantive processes and outputs required to constitute a business under IFRS 3. Halocell patent rights are in the development stage and were not yet commercially viable as of the acquisition date.

The Company plans to integrate licensed patents into its solar glass production in Brazil, which is currently in the feasibility study phase. The Halocell patent rights were recognized as in-process intangible assets under IAS 38. These assets will remain classified as "under development" until technological feasibility and commercial readiness are achieved.

Government grants

Halocell Europe, a newly acquired subsidiary of the Company, has received government grants from the European Union (EU) to fund solar related research and development (R&D) projects. These grants are tied to Halocell Europe's participation in EU-sponsored innovation programs aimed at advancing solar technologies. The grants are recognized as revenue under IAS 20, when there is a reasonable assurance that the Company will comply with the grant conditions and the funds will be received. Grants income is recognized systematically over the contractual period of the related projects to match timing of the eligible R&D expenditures.

Laboratory and office equipment

Halocell Europe owns one humidity chamber, and a few notebooks for its research and development activities. That equipment was recorded at cost less accumulated depreciation and depreciated on a straight-line basis over their expected useful life to their estimated residual value. The annual depreciation rates are as follows:

Laboratory equipment 15% per annum

Office equipment 20% per annum

2. Basis of preparation (continued)

Critical accounting estimates and judgments

Recent accounting pronouncements

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

3. Capital management

The Company classifies its share capital and contributed surplus as capital. 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 for the six months ended June 30, 2025. The Company is not subject to any externally imposed capital requirements.

4. 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 using level 1 inputs.

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

4. 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 June 30, 2025, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Brazilian Real as follows:

		June 30, 2025		December 31, 2024
Cash	R$	264,103	R$	3,170,105
Receivables		24,510		10,088
Prepaid expenses		69,521		20,713
Accounts payable		(53,266)		(45,279)
Net exposure		304,868		3,155,627
Canadian dollar equivalent	$	76,309	$	737,314

As of June 30, 2025, a 5% change in the exchange rate between Brazilian Real ("R$") and Canadian dollars would impact the Company's net assets by $3,815 (2024 - $36,700). The Company assessed its foreign currency risk as low as of June 30, 2025.

As at June 30, 2025, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Euro as follows:

		June 30, 2025		December 31, 2024
Cash	€	483,377	€	-
Receivables		95,885		-
Prepaid expenses		5,744		-
Current liabilities		(383,065)		-
Unearned revenue		(484,355)		-
Net exposure		(282,413)		-
Canadian dollar equivalent	$	(452,708)	$	

As of June 30, 2025, a 5% change in the exchange rate between Euro ("€") and Canadian dollars would impact the Company's net liabilities by $22,635 (2024 - $Nil). The Company assessed its foreign currency risk as low as of June 30, 2025.

(iii) Credit risk

Credit risk arises when a counterparty fails to discharge its obligation under a financial instrument. The Company's credit risk is assessed as low to moderate, primarily due to the conditional nature of EU grants receivables tied to Halocell Europe's compliance with contractual obligations during the grant period. As of June 30, 2025, there are no indicators that the EU grants are uncollectible. A potential increase in credit risk could arise if Halecell Europe fails to meet future grant conditions.

4. Financial instruments and financial risk management (continued)

(v) 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 cash. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short-term and long-term obligations. As at June 30, 2025, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

5. Investment – Halocell Energy Limited, Halocell Europe SRL and licensed patent rights

On December 12, 2024, the Company 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.

On February 21, 2025, the Company subscribed for 5,000,000 Class A shares of Halocell Energy subscription, for a total cash payment of AUD564,000 (CAD523,712), inclusive of a 6% discount on subscribed amount AUD600,000. At June 30, 2025, the Company recorded $523,712 as a long-term investment (December 31, 2024 - $Nil).

On February 21, 2025, the Company issued 1,100,000 common shares, subject to the four-month plus one day holding period, to Halocell Energy by acquiring its 100% ownership of Halocell Europe. As part of the transaction, Halocell Energy granted the Company a non-exclusive, non-transferable, royalty-free, perpetual license to use seven patent rights. Halocell Europe became a wholly-owned subsidiary of the Company. The purchase price was allocated to the acquired licensed patent rights on fair values, consistent with the accounting for asset acquisitions. The total consideration included issuance of 1,100,000 common shares of the Company at fair value of $1,166,000. The purchase price allocations are summarized as follows:

1,100,000 common shares of the Company at a price of $1.06	$	1,166,000
Assumed liabilities of Halocell Europe		1,580,078
Total consideration	**$**	**2,746,078**

Cash and cash equivalent of Halocell Europe	$	870,906
Receivables and prepaids		161,579
Laboratory and office equipment		7,745
Licensed patent rights – granted by Halocell Energy		1,705,848
Total acquired	**$**	**2,746,078**

6. Laboratory and office equipment

The Company has one humidity chamber, a few notebooks for its research and development activities in Italy. That equipment was recorded at cost less accumulated depreciation and depreciated on a straight-line basis over their expected useful life to their estimated residual value.

	Lab equipment ($)	Office equipment ($)	Total ($)
Cost:			
Balance, at December 31, 2024	-	-	-
Additions during the period (Note 5)	4,502	3,243	7,745
Foreign exchange effect	307	222	529
Balance, at June 30, 2025	4,809	3,465	8,274

6. Laboratory and office equipment (continued)

Accumulated Depreciation			
Balance, at December 31, 2024	-	-	-
Additions during the period (Note 5)	(624)	(412)	(1,036)
Foreign exchange effect	(17)	(12)	(29)
Balance, at June 30, 2025	(641)	(424)	(1,065)
Carrying Amount			
Balance, at December 31, 2024	-	-	-
Balance, at June 30, 2025	4,168	3,041	7,209

7. 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, and issued 1,200,000 common shares with a fair value of $564,000 during the year ended December 31, 2024.

As at June 30, 2025, the Company has no share issuance obligations.

CBPM 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 June 30, 2025, the carrying value of the mineral rights was $250,300 (2024 - $232,700).

7. Exploration and evaluation assets (continued)

Mineral Rights, Lump Quartz District, Ceara, Brazil

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

At June 30, 2025, the carrying value of the mineral claims is $75,090 (December 31, 2024 - $69,810).

Mineral Rights, Guidoni Brasil S.A.

On July 25, 2024, the Company entered a Letter of Intent (the "LOI") 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 LOI grants the Company the rights to exploit the four mining 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.

On February 6, 2025, the definitive agreement was executed based on the same terms and conditions in LOI.

The total required payments under the terms of the acquisition will be R2,500,000, as follows:
- R500,000 (paid $123,800 February 2025) within 24 hours of execution of the definitive agreement.
- R2,000,000 (deemed USD401,388.80) paid over 4 installments (USD100,347.20 per installment), maturing, one by one, every 6 months, from the date of payment of the 1st instalment.

At June 30, 2025, the carrying value of Guidoni's mineral claims is $125,400 (December 31, 2024 - $Nil).

The continuity of the Company's acquisition costs at period ended June 30, 2025, and December 31, 2024 are as follows:

			June 30, 2025		
Acquisition Costs	Tatooine, Canada ($)	Guidoni right Brazil ($)	CPBM right, Brazil ($)	Lump Quartz, Brazil ($)	Total ($)
Balance, opening	604,000	-	232,700	69,810	906,500
Payments	-	123,800	-	-	123,800
Foreign exchange effect	-	1,350	17,600	5,280	24,230
Balance, ending	604,000	125,150	250,300	75,090	1,054,540

			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

For six months ended June 30, 2025 and 2024, the Company's exploration and evaluation expenditures recognized on the statements of comprehensive loss are as follows:

7. Exploration and evaluation assets (continued)

		June 30, 2025		June 30, 2024
Exploration and evaluation expenditures				
Administration	$	86,122	$	109,071
Drillings		-		126,107
Field expenses		30,464		-
Geologist consulting		121,122		-
Lab testing		15,319		-
Mining tax		11,583		-
Project management fee		229,782		157,027
Total	$	494,392	$	392,205

8. Related party transactions

At the six months ended June 30, 2025, the Company was indebted related parties of the Company $54,445 (December 31, 2024 - $55,186).

During the six months ended June 30, 2025 and 2024, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for June 30, 2025	Stock-based compensation for June 30, 2024	Fees for period ended June 30, 2025	Fees for period ended June 30, 2024
			($)	($)	($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	18,647	236,201	192,168	160,455
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
Global Link Capital	Owned by Greg Pearson, former director	Management services	-	-	50,000	66,000
Tom Fontaine	Director	Project management	93,060	-	16,015	-
Stephen Burega	Director	Management fee	158,683	-	15,000	-
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	-	-	31,822	6,000
Antonio Victor	VP, Homerun Brasil Mineracao Ltda	Mining project management	13,986	198,001	93,024	96,273
Armando Farhate	Chief Operating Officer	Mining project management	102,505	53,542	42,840	13,371
Mauro Cesar Terence	Chief Technology Officer	Mining project management	9,324	118,100	22,032	17,383
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	102,506	53,542	60,000	11,119
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	-	-	17,500
			498,711	659,387	582,901	448,101

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.

9. Share capital

Authorized: Unlimited common voting shares, without par value.

a. Share issuance - private placement

Six Months Ended June 30, 2025
For six months ended June 30, 2025, no common shares were issued from private placement.

Six Months Ended June 30, 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 being 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

b. Share issuance – warrants exercised

Six Months Ended June 30, 2025
For the six months ended June 30, 2025, the Company issued 1,035,000 common shares, pursuant to warrants exercised at a price of $0.20, for total proceeds of $207,000, and issued 58,300 common shares, pursuant to warrants exercised at a price of $0.75, for total proceeds of $43,725.

Six Months Ended June 30, 2024
For the six months ended June 30, 2024, the Company issued 1,943,000 common shares, pursuant to warrants exercised at a price of $0.20, for total proceeds of $388,600.

c. Share issuance – Options exercised

Six Months Ended June 30, 2025
For the six months ended June 30, 2025, the Company issued 80,000 common shares, pursuant to stock options exercised at a price of $0.20, for total proceeds of $16,000. A fair value of $12,000 was reclassed from contributed surplus to share capital.

Six Months Ended June 30, 2024
For the six months ended June 30, 2024, the Company issued 500,000 common shares, pursuant to stock options exercised at an exercise price of $0.20 and issued 100,000 common shares at an exercise price of $0.20, for total proceeds of $70,000. A fair value of $33,800 was reclassed from contributed surplus to share capital.

d. Share issuance – Investment/Acquisition

Six Months Ended June 30, 2025
For the six Months ended June 30, 2025, the Company issued 1,100,000 commons shares, with a fair value of $1,166,000 for Halocell Europe acquisition (Note 5).

Six Months Ended June 30, 2024
For the six Months ended June 30, 2024, the Company issued 1,200,000 commons shares, with a fair value of $564,000 for an option payment on Tatooine Project (Note 7).

9. Share capital (continued)

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 12,486,376 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.

Six Months Ended June 30, 2025

On April 22, 2025, the Company granted 2,1000,000 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 $1.50 per share. Of the total 2,100,000 options, 1,250,000 were granted to related parties. The estimated the total fair value of the stock-based compensation is $1,848,000 and recognized $781,705 during the six months ended June 30, 2025.

On May 24, 2025, the Company granted 500,000 stock options to a director, 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 $1.50 per share. The estimated the total fair value of the stock-based compensation is $460,000 and recognized $158,683 during the six months ended June 30, 2025.

For the six months ended June 30, 2025, the Company recorded a total stock-based compensation of $1,183,542 (June 30, 2024 - $928,754) for options vested.

Six Months Ended June 30, 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 and recognized $779,462 during the six months ended June 30, 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 and recognized $107,085 during the six months ended June 30, 2024.

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

	June 30, 2025	June 30, 2024
Risk-free interest rate	2.79-2.99%	3.39-3.71%
Expected life	5 years	5 years
Volatility	156.99%-157.25%	151.62%-151.95%
Expected dividend yield	Nil	Nil

9. Share capital (continued)

e. Stock Options (continued)

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

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, December 31, 2023	5,900,000	$0.16
Granted	3,800,000	$0.67
Exercised	(829,000)	$0.16
Balance, December 31, 2024	8,871,000	$0.41
Granted	2,600,000	$1.50
Exercised	(80,000)	$0.20
Balance, June 30, 2025	11,391,000	$0.66

At June 30, 2025, 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	1.21
June 15, 2027	$0.20	1,575,000	1,575,000	1.96
March 13, 2028	$0.20	500,000	500,000	2.70
July 7, 2028	$0.50	250,000	250,000	3.02
March 12, 2029	$0.75	3,300,000	2,475,000	3.70
May 8, 2029	$0.75	466,000	341,000	3.86
April 22, 2030	$1.50	2,100,000	525,000	4.81
May 23, 2025	$1.50	500,000	125,000	4.90
		11,391,000	8,491,000	3.07

f. Warrants

Six Months Ended June 30, 2025 and 2024

No warrants were issued from private placement.

At June 30, 2025, the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Years
May 1, 2026	1,560,000	$0.75	0.84
October 30, 2026	1,675,054	$2.00	1.33
	3,235,054	$1.40	1.42

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

	Number of Warrants Outstanding	Weighted Average Price
Balance, December 31, 2023	6,348,000	$0.23
Issued	7,514,000	$0.20
Exercised	(5,251,406)	$0.22
Balance, December 31, 2024	4,328,354	$1.10
Exercised	(1,093,300)	$0.23
Balance, June 30, 2025	3,235,054	$1.40

9. Share capital (continued)

g. Broker warrants

Six Months Ended June 30, 2025 and 2024

No broker's warrants were issued from private placement.

At June 30, 2025, the following warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Years
October 30, 2026	29,872	$2.00	1.33

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

	Number	Weighted Average Price
Balance, December 31, 2023	-	-
Issued	29,872	$2.00
Balance, December 31, 2024	29,872	$2.00
Balance, at June 30, 2025	29,872	$2.00

h. Share subscription received

At June 30, 2025, the Company has received $702,000 for a private placement. The private placement, initially announced on March 21, 2025, was subsequently re-priced and its terms were extended on June 12, 2025. The financing offers up to 3,000,000 units priced at $1.00 per unit. Each unit will consist of one common share and one common share purchase warrant, exercisable at $1.30 for a term of 24 months from the date of issuance (Note 14).

10. Segmented information

The Company is organized into business units based on exploration and evaluation assets and has three reportable operating segments, being that its corporate headquarters located in Canada, a mining operation in Brazil, and a solar R&D operator in Italy. The Company's in exploration stage and has small reportable segment revenues or operating results.

	Assets		**Sales/Grants**		**Expenditures**	
	June 30, 2025	December 31, 2024	June 30,2025	June 30,2024	June 30,2025	June 30,2024
Canada	3,186,588	1,737,556	-	-	2,353,551	882,967
Brazil	540,181	1,047,360	-	-	655,248	183,870
Italy	944,975	-	441,672	-	318,988	-
	4,671,744	2,784,916	441,672	-	3,327,787	1,066,837

11. Accounts payable and accrued liabilities

		June 30, 2025		December 31, 2024
Accounts payables	**$**	**663,829**	$	199,454
Accrued liabilities		**359,492**		177,499
Total	**$**	**1,023,321**	$	376,953

12. Unearned revenue

At June 30, 2025, the Company had a total $776,422 (€484,355) (December 31, 2024 - $Nil) from EU grants representing related performance obligations have not yet been satisfied.

Balance, at December 31, 2024	$	-
Addition		776,422
Balance, at June 30, 2025	$	776,422
Current		581,891
Non-current		194,531
	$	776,422

13. Loan payable - subscriptions received

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 June 30, 2025, the shares have not been issued to the subscribers and the balance of the loans is $84,977 (December 31, 2024 – $87,711).

14. Subsequent event

On July 29, 2025, the Company completed a non-brokered private placement for gross proceeds of $1,568,000 by issuing 1,568,000 units at price of $1.00 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant being exercisable at $1.30 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 close at or above $2 for a period of 10 consecutive trading days. As the fair value of the common shares was greater than the unit price of $1.00, there were no residual values assigned to the warrants. The Company paid cash finder's fee of $25,655 and issued 25,655 broker warrants.