



HOMERUN RESOURCES INC.

Consolidated Financial Statements

Years Ended December 31, 2025 and 2024

(Expressed in Canadian Dollars)

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 statements of financial position as at December 31, 2025, and 2024;
- the consolidated statements of loss and comprehensive loss for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years 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, 2025 and 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 audits 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 audits 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, the key audit matters to be communicated in our auditors' report are as follows:

Acquisition of Homerun Energy S.R.L.

Description of the matter

During the year ended December 31, 2025, the Company completed the acquisition of Homerun Energy S.R.L. ("SRL"), formerly Halocell Europe S.R.L., as described in Note 7 to the consolidated financial statements. The transaction was accounted for as an asset acquisition rather than as a business combination under IFRS 3 *Business Combinations*, as SRL did not meet the definition of a business. The total consideration was allocated to the identifiable assets and liabilities acquired based on their relative fair values.

This transaction was significant due to:

- The judgment involved in assessing whether the acquisition met the definition of a business under IFRS 3;
- The judgment applied in measuring the fair value of the share consideration transferred and the allocation of that consideration to the assets acquired.

Given the significance of the transaction and the level of judgment involved, this was determined to be a key audit matter.

Our approach to addressing the matter included the following procedures:

- Obtained and reviewed the purchase agreement, and other relevant transaction documents to understand the structure, terms, and substance of the acquisition;
- Evaluated management's assessment on the determination that the transaction represented an asset acquisition rather than a business combination;
- Analyzed management's determination of the relative fair values of the acquired assets and liabilities and evaluated their assessment of the fair value of the equity instruments paid as consideration;
- Engaged an auditor expert to assess management's identification and valuation of the intangible assets in the form of licensed patents.

Valuation of the financial asset and derivative liability related to the Sorbie financing arrangement

Description of the matter

On December 8, 2025, the Company closed a CAD \$6,000,000 financing with Sorbie Bornholm LP pursuant to a Sharing Agreement, under which 6,000,000 units, each consisting of one common share and one share purchase warrant, are held in escrow and released to the investor in 24 monthly settlement tranches. The amount of each settlement is determined by reference to the Company's volume-weighted average price relative to a contractual benchmark price.

As at December 31, 2025, the fair value of the remaining future settlement tranches was determined to be \$4,685,908, as described in Note 9 to the consolidated financial statements.

This transaction was significant due to:

- The complexity of the contractual arrangement and the degree of judgment involved in determining the accounting classification of the financial instruments under IAS 32;
- The degree of judgment involved in assessing the contractual features and determining the appropriate valuation methodology.

Given the significance of the transaction and the level of judgment involved, this was determined to be a key audit matter.

Our approach to addressing the matter included the following procedures:

- Obtained the agreements and assessed whether the arrangement has been appropriately classified under IAS 32 and measured under IFRS 9 and IFRS 13;
- Tested the mathematical accuracy of the monthly cash settlement tranches realized during the year by recalculating the settlement amounts against contractual terms and market data;
- Obtained management's valuation model and assessed the competence, capability and objectivity of management's valuation specialist;
- Engaged an auditor expert to evaluate the appropriateness of the valuation methodology applied, key assumptions used in the fair value measurement and the amount determined by management's specialist;
- Assessed whether the realized gain or loss on settlement, the unrealized loss on change in fair value, and the closing fair value had been approximately calculated and recorded.

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.

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
April 30, 2026

HOMERUN RESOURCES INC.

Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

	Notes	December 31, 2025	December 31, 2024
ASSETS			
Current Assets			
Cash		\$ 907,720	\$ 1,707,900
Receivables	8	101,246	9,722
Prepaid expenses		338,380	160,784
Financial asset	9	2,444,820	-
		3,792,166	1,878,406
Non-Current Assets			
Exploration and evaluation assets	11	587,125	906,510
Financial asset – non-current	9	2,241,088	-
Laboratory and office equipment	10	5,632	-
Investment	7	548,820	-
		7,174,831	2,784,916
TOTAL ASSETS			
		\$ 7,174,831	\$ 2,784,916
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	12, 14, 15	\$ 1,263,744	\$ 376,953
Derivative liability	9	1,344,000	-
Loans payable	17	85,208	87,711
Unearned revenue	16	304,031	-
		2,996,983	464,664
Non-Current Liability			
Derivative liability – non-current	9	1,232,000	-
Unearned revenue – non-current	16	278,855	-
		4,507,838	464,664
Shareholders' Equity			
Share capital	13	38,144,740	31,319,274
Reserves	13	6,574,847	3,782,395
Accumulated other comprehensive loss		(251,216)	(143,550)
Deficit		(41,801,378)	(32,637,867)
		2,666,993	2,320,252
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			
		\$ 7,174,831	\$ 2,784,916

Nature of operations and going concern (Note 1)

Subsequent events (Note 11, 19)

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

"Brian Leeners"

Director

"Lewis Dillman"

Director

HOMERUN RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss For the Years Ended December 31, 2025 and 2024

		2025	2024
	Notes		
Expenses			
Depreciation	10	2,662	-
Consulting and management fees	12	806,430	529,851
Exploration and evaluation expenditures	11, 13	1,115,742	871,752
Foreign exchange (gain) loss		(135,552)	(11,304)
Marketing and investor relations		653,301	494,148
Office and miscellaneous	12	356,021	150,409
Payroll		469,394	-
Supplies		99,047	-
Professional fees	12	511,791	181,857
Research and development		767,347	429,742
Stock-based compensation	12, 13e	2,113,878	1,512,407
Transfer agent and filing fees		182,124	69,006
Expenses before the other items		(6,942,185)	(4,227,868)
Other items			
Miscellaneous sales		41,666	-
Grant income	16	680,422	-
Transaction cost - Halocell	7	(1,825,669)	-
Transaction cost - Sorbie	9	(422,862)	-
Impairment of exploration and evaluation assets	11	(604,000)	(12,813)
Interest income		6,298	13,609
Realized gain on settlement of financial asset	9	2,986	-
Unrealized loss on fair value of financial asset and derivative liability	9	(100,167)	-
Write-down debt	15	-	330,396
		(2,221,326)	331,192
Net loss for the year		(9,163,511)	(3,896,676)
Other comprehensive income (loss)			
Foreign exchange differences on translation of foreign operation		(107,666)	(123,916)
Net loss and comprehensive loss for the year		\$ (9,271,177)	\$ (4,020,592)
Basic and diluted loss per share		\$ (0.14)	\$ (0.07)
Weighted average number of common shares outstanding		63,487,688	54,255,072

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, 2025 and 2024

	2025	2024
Cash provided by (used in):		
Operating activities		
Net loss for the year	\$ (9,163,511)	\$ (3,896,676)
Items not affecting cash:		
Depreciation	2,662	-
Transaction cost – Halocell	1,825,669	-
Transaction cost - Sorbie	422,862	-
Impairment of exploration and evaluation assets	604,000	12,813
Stock-based compensation	2,113,878	1,512,407
Realized gain on settlement of financial asset	(2,986)	-
Unrealized loss on fair value of financial asset and derivative liabilities	100,167	-
Write-off debt	-	(330,396)
Changes in non-cash working capital items:		
Receivables	(51,283)	2,332
Prepaid expenses	(170,331)	69,196
Accounts payable and accrued liabilities	300,586	(117,817)
Unearned revenue	(500,019)	-
Loans payable	(2,503)	(7,030)
Cash used in operating activities	(4,520,809)	(2,755,171)
Financing activities		
Shares issued for cash	3,128,384	3,178,220
Shares issued for Sorbie financing	206,785	-
Share issuance cost	(56,805)	(45,286)
Share issued from warrants exercise	325,725	1,329,850
Share issued from stock options exercise	104,000	134,500
Cash provided by financing activities	3,708,089	4,597,284
Investing activities		
Cash from Homerun Energy SRL at date of acquisition	865,736	-
Acquisition of exploration and evaluation assets	(263,188)	(72,300)
Purchase of investment	(523,172)	-
Cash provided in investing activities	79,376	(72,300)
Effect of foreign exchange	(66,836)	(80,543)
Net (decrease) increase in cash	(800,180)	1,689,270
Cash, beginning of the year	1,707,900	18,630
Cash, end of the year	\$ 907,720	\$ 1,707,900
Supplemental schedule of non-cash activities:		
Issuance of finder's warrants	\$ 32,014	\$ 24,881
Units issued for Sorbie finance and due diligence cost	173,995	-
Shares issued for acquisition and investment	\$ 1,166,000	\$ 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 For the Years Ended December 31, 2025 and 2024

	Number of common shares outstanding	Share capital	Share subscription received	Reserves	Accumulated other comprehensive loss	Deficit	Total Shareholders' Equity (Deficiency)
Balance, December 31, 2024	60,231,993	\$ 31,319,274	\$ -	\$ 3,782,395	\$ (143,550)	\$ (32,637,867)	\$ 2,320,252
Shares issued - private placement (Note 13a)	3,128,384	3,128,384	-	-	-	-	3,128,384
Share issuance cost - cash (Note 13a)	-	(56,805)	-	-	-	-	(56,805)
Shares issued - Sorbie private placement (Note 9)	6,000,000	1,968,101	-	-	-	-	1,968,101
Shares issued - Sorbie finance and due diligence units (Note 9)	460,000	464,600	-	-	-	-	464,600
Shares issued - Sorbie transaction cost (Note 9)	-	(290,605)	-	-	-	-	(290,605)
Sorbie warrant reserve (Note 9)	-	-	-	694,640	-	-	694,640
Shares issued - warrants exercise (Note 13b)	1,193,300	325,725	-	-	-	-	325,725
Shares issued - stock options exercised (Note 13c)	920,000	152,080	-	(48,080)	-	-	104,000
Share issuance cost - finder's warrants (Note 13)	-	(32,014)	-	32,014	-	-	-
Shares issued for investment (Note 7, 13d)	1,100,000	1,166,000	-	-	-	-	1,166,000
Stock-based compensation (Note 13e)	-	-	-	2,113,878	-	-	2,113,878
Net loss and comprehensive (loss) for the year	-	-	-	-	(107,666)	(9,163,511)	(9,271,177)
Balance, December 31, 2025	73,033,677	\$ 38,144,740	\$ -	\$ 6,574,847	\$ (251,216)	\$ (41,801,378)	\$ 2,666,993
Balance, December 31, 2023	48,830,639	\$ 26,080,781	\$ 20,000	\$ 2,327,197	\$ (19,634)	\$ (28,741,191)	\$ (332,847)
Shares issued - private placement (Note 13a)	3,676,354	3,178,220	-	-	-	-	3,178,220
Shares issued - warrants exercise (Note 13b)	5,696,000	1,349,850	(20,000)	-	-	-	1,329,850
Shares issued - stock options exercised (Note 13c)	829,000	216,590	-	(82,090)	-	-	134,500
Share issuance cost - finder's warrants (Note 13)	-	(24,881)	-	24,881	-	-	-
Share issuance cost - cash (Note 13a)	-	(45,286)	-	-	-	-	(45,286)
Stock-based compensation (Note 13e)	-	-	-	1,512,407	-	-	1,512,407
Shares issued for acquisition of exploration and evaluation assets (Note 11 and 13d)	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

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

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

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 focused on silica sand and the development of silica-related resource and technology opportunities. Through its wholly-owned subsidiary, Homerun Energy SRL, the Company is also engaged in the development of photovoltaic and energy-related technology activities in Europe. 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, 2025, the Company had an accumulated deficit of \$41,801,378 (December 31, 2024 - \$32,637,867), a net loss for year ended December 31, 2025, of \$9,163,511 (December 31, 2024 - \$3,896,676), 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., and Homerun Energy USA, Inc. which were inactive for the years ended December 31, 2025, Homerun Energy SRL, formerly Halocell Europe SRL, which was acquired in the February 2025, and Homerun Brasil Mineracao Ltda. All inter-company transactions and balances have been eliminated upon consolidation.

The Board of Directors approved these consolidated financial statements on April 30, 2026.

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 subsidiaries AKA Ventures USA Inc., and Homerun Energy USA, Inc. is the Canadian dollar. The functional currency of Homerun Brasil Mineracao Ltda. is the Brazilian Real, and Homerun Energy 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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

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.

Subsidiaries	Location	Principal activities	Percentage
AKA Ventures USA Inc	USA	Inactive	100% ownership
Homerun Energy USA Inc	USA	Inactive	100% ownership
Homerun Energy SRL	Italy	Solar Technology Development	100% ownership
Homerun Brasil Mineracao Ltda	Brazil	Mining	100% ownership

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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

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 reserves.

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.

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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

Income taxes - *continued*

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.

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) ("FVOCI") 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 FVOCI. 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:

<u>Financial assets/liabilities</u>	<u>Classification</u>
Cash	FVTPL
Financial asset	FVTPL
Investment	FVOCI
Accounts payable	Amortized cost
Loans payable	Amortized cost
Derivative liability	FVTPL

(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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

(ii) Measurement - *continued*

Equity investments at FVOCI

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.

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.

Government grants

Homerun Energy SRL, a wholly-owned subsidiary of the Company, has participated in European Union grant programs supporting solar-related research and development activities. The Company applies the deferred income approach in accounting for government grants under IAS 20. Amounts received are recognized in profit or loss on a systematic basis over the periods in which the related eligible expenditures are incurred and performance obligations are satisfied. To the extent that cash received exceeds the amount of grant income recognized based on work performed, the excess is recorded as unearned revenue (deferred income). No grant receivable is recognized until cash is received.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION - *continued*

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.

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, 2025, 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. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, the results of which form the basis of the valuation of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

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 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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

4. ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Significant Estimates and Judgments

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

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.

Significant 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.

Investment

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 (\$523,172), inclusive of a 6% discount on subscribed amount of AUD36,000. This investment was classified as a financial asset under IFRS 9 and measured at fair value through other comprehensive income (FVOCI). The Company does not have significant influence over Halocell Energy. As the investment is not quoted in an active market, its fair value is determined by using valuation techniques incorporating Level 3 inputs. Significant estimation uncertainty exists in determining fair value, including the use of recent transaction prices, market conditions, and assumptions regarding the investee's financial performance and outlook.

Asset acquisition - Homerun Energy Europe SRL and 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 the patent rights. Halocell Europe became a wholly owned subsidiary of the Company, and changed its name to Homerun Energy SRL ("Homerun Energy").

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

4. ACCOUNTING ESTIMATES AND JUDGEMENTS - *continued*

Asset acquisition - Homerun Energy Europe SRL and patent rights - continued

The acquisition was classified as an asset acquisition (rather than a business combination) under IFRS 3 Business Combinations, as Homerun Energy 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. Homerun Energy patent rights are in the development stage and were not yet commercially viable as of the acquisition date.

Laboratory and office equipment

Homerun Energy 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

Fair value of financial asset and derivative liability

The fair value of the Company’s financial asset receivable and derivative liability related to the Sorbie financing arrangement was determined using valuation techniques appropriate to the nature of each instrument. The financial asset receivable represents the Company’s contractual entitlement to future settlement adjustments under the sharing agreement and is measured based on expected future settlement amounts under the contractual formula. The derivative liability relating to the Sorbie warrants was determined using the Black-Scholes option pricing model. The valuation techniques incorporate significant unobservable inputs, including expected volatility, risk-free interest rate, expected term, dividend yield, share price, exercise price, expected future share price performance and expected settlement amounts. Because these inputs require judgment, changes in these assumptions could materially affect the estimated fair value.

5. CAPITAL MANAGEMENT

The Company classifies all components of shareholders’ equity 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.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

6. 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. Equity investments are initially recorded at fair value at the time of acquisition. At each reporting period thereafter, the fair value of an investment may, depending on circumstances, be adjusted by taking into account the following circumstances:

- There has been a significant subsequent equity financing provided by outside investors at a valuation above or below the current fair value of the investee, in which case the fair value of the investment is adjusted to reflect the value at which the financing took place;
- Based on financial information received from the investee it is apparent to the Company that the investee is unlikely to be able to continue as a going concern, in which case the fair value of the investment is adjusted downward;
- The investee is placed into receivership or bankruptcy;
- There have been significant corporate, political, operating or economic events affecting the investee that, in the Company's opinion, have a positive or negative impact on the investee's prospects and, therefore, its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be ultimately realized or realizable. Such events include, without limitation:
 - receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);
 - release by the investee of positive or negative operating results, which either proves or disproves its business plan; and
 - management personnel changes at the investee level that the Company's management believes will have a very positive or negative impact on the investee's ability to achieve its objectives and build value for shareholders.

In addition to the circumstances described above, the Company will take into account general market conditions when determining if an adjustment to the fair value of an investment is warranted at the end of each reporting period.

Application of the valuation techniques described above may involve uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized. Estimating the fair value for non-public companies involves a significant amount of judgement using Level 2 and Level 3 inputs. The amount at which an investment could be disposed of may differ from its carrying value due to the availability and/or reliability of information available to, and determinations reached by, the Company. Any fair value estimated by the application of these techniques may not ultimately be realized. Transaction costs incurred in the purchase and sale of investments are recorded as an expense in the consolidated statement of loss and comprehensive loss.

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;

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - *continued*

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 measured at fair value include the investment in equity instruments, the Sorbie settlement proceeds receivable, and the derivative liability related to the Sorbie variable-priced warrants. Cash is classified within Level 1 of the fair value hierarchy. The investment in equity instruments is classified within Level 3, as its fair value is determined using valuation techniques that incorporate significant unobservable inputs, including the entity's underlying financial information, recent financing transactions, and other relevant market and company-specific factors. The fair value of the Sorbie settlement proceeds receivable is classified as Level 2 in the fair value hierarchy, while the derivative liability related to the variable-priced warrants is classified as Level 3. The Level 2 settlement receivable is valued using a market approach based on the contractual settlement formula and the observable market price of the Company's shares. Conversely, the Level 3 derivative liability is valued using the Black-Scholes option pricing model, which incorporates inputs including expected volatility, risk-free interest rates, the expected term and timing of warrant issuances, and dividend yields. There were no transfers between Levels 1, 2 and 3 during the year.

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

		December 31, 2025		December 31, 2024
Cash	R\$	1,421,050	R\$	3,170,105
Receivables		28,216		10,088
Prepaid expenses		83,333		20,713
Accounts payables and accrued liabilities		(315,507)		(45,279)
Net exposure		1,217,092		3,155,627
Canadian dollar equivalent	\$	304,517	\$	737,314

As of December 31, 2025, a 5% change in the exchange rate between Brazilian Real ("R\$") and Canadian dollars would impact the Company's net assets by approximately \$15,226 (2024 - \$36,700). The Company assessed its foreign currency risk as moderate as of December 31, 2025.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - *continued*

As at December 31, 2025, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Euro as follows:

		December 31, 2025	December 31, 2024
Cash	€	229,186	€ -
Receivables		25,781	-
Prepaid expenses		7,741	-
Current liabilities		(410,790)	-
Unearned revenue		(362,288)	-
Net exposure		(510,370)	-
Canadian dollar equivalent	\$	(821,134)	\$ -

As of December 31, 2025, a 5% change in the exchange rate between Euro (“€”) and Canadian dollars would impact the Company’s net liabilities by \$41,057 (2024 - \$Nil). The Company assessed its foreign currency risk as moderate as of December 31, 2025.

(iii) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to meet its contractual obligations, resulting in a financial loss to the Company. The Company’s exposure to credit risk primarily relates to cash, receivables, and amounts receivable under the Sorbie financing arrangement.

The Company is exposed to credit risk in respect of the Sorbie financing arrangement, as future monthly settlement amounts are dependent on the counterparty’s performance under the related agreements. Under the Subscription Agreement and related Sharing Agreement, the Sorbie financing arrangement is supported by Eligible Credit Support in the form of UK Government Bonds with a market value, at the date of delivery to the escrow agent, of at least CAD\$6,000,000. The UK Government Bonds are held in a custodial account in connection with the Sorbie financing arrangement for the 24-month term of the monthly settlement transactions.

Management monitors the arrangement on an ongoing basis, including monthly settlement notices, amounts receivable, and the related credit support arrangements. Given that the amounts due under the Sorbie financing arrangement are fully collateralized by the UK Government Bonds held in a custodial account, the Company’s exposure to counterparty default is significantly mitigated. Accordingly, management considers the associated credit risk to be low.

(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, 2025, the Company does not sufficient cash on hand to pay its short-term creditors, and accordingly, liquidity risk is considered high.

7. ASSET ACQUISITION – HALOCELL EUROPE SRL

On December 12, 2024, the Company signed a Binding Term Sheet (“Term Sheet”) with Halocell Energy Limited (“Halocell Energy”) and Homerun Energy SRL (“Homerun Energy”), formerly Halocell Europe SRL, pursuant to which the Company agreed to acquire all of the outstanding shares of Halocell Europe by issuing 1,100,000 common shares of the Company to Halocell Energy. Under the terms of the agreement, the Company also agreed to subscribe for 5,000,000 Class A common shares of Halocell Energy.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

7. ASSET ACQUISITION – HALOCELL EUROPE SRL - *continued*

On February 21, 2025, the Company subscribed for 5,000,000 Class A shares of Halocell Energy subscription, for consideration of AUD600,000, excluding 6% discount. The Company made a payment of AUD564,000 (\$523,172) after discount.

On February 21, 2025, the Company issued 1,100,000 common shares to Halocell Energy as consideration for the acquisition of 100% of Homerun Energy. As part of the transaction, Halocell Energy granted the Company a non-exclusive, non-transferable, royalty-free, perpetual license to use certain patent rights. Homerun Energy became a wholly-owned subsidiary of the Company. The transaction was accounted for as an asset acquisition, and the purchase price was allocated to the identifiable assets acquired and liabilities assumed based on their relative fair values. Management assessed whether any residual amount qualified for recognition as a separately identifiable intangible asset. As the excess of the total consideration transferred over the fair value of the identifiable net assets acquired did not meet the recognition criteria for capitalization, that amount was recognized in profit or loss as transaction cost on the acquisition date. The purchase price allocation is summarized as follows:

Total Consideration Transferred:		
1,100,000 common shares of the Company at a price of \$1.06	\$	1,166,000
Cash consideration paid (net of \$32,587 transaction discount)		523,172
Total consideration	\$	1,689,172
Net Liabilities Acquired:		
Investment in Halocell Energy (5,000,000 shares at fair value)	\$	543,120
<i>Identifiable Assets of Homerun Energy SRL:</i>		
Cash and cash equivalent		865,736
Receivables and prepaids expenses		47,505
Laboratory and office equipment		7,745
Accounts payable		(409,976)
Accrued liabilities		(176,228)
Unearned revenue		(1,014,399)
Total fair value of identifiable net liabilities acquired	\$	(136,497)
Allocation:		
Total consideration transferred	\$	1,689,172
Total fair value of identifiable net liabilities acquired		136,497
Transaction cost	\$	1,825,669

At December 31, 2025, the Company recorded \$548,820 (AUD600,000) as an investment in Halocell Energy Shares (December 31, 2024 - \$Nil).

8. RECEIVABLES

	December 31, 2025		December 31, 2024	
GST Receivables	\$	52,705	\$	7,375
VAT Receivables		41,205		-
IRRF to compensate		1,017		-
Miscellaneous receivables and other refunds receivable		6,319		2,347
	\$	101,246	\$	9,722

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2025 and 2024

9. FINANCIAL ASSET AND DERIVATIVE LIABILITY AT FAIR VALUE THROUGH PROFIT AND LOSS

On November 25, 2025, the Company entered into a Subscription Agreement and Sharing Agreement with Sorbie Bornholm LP (“Sorbie”) in connection with a financing arrangement for a notional amount of \$6,000,000. Under the arrangement, Sorbie agreed to subscribe for 6,000,000 units of the Company at a price of \$1.00 per unit. Each unit consisted of one common share and one common share purchase warrant. Pursuant to the Sharing Agreement and related escrow arrangements, Sorbie deposited \$6,000,000 into a third-party escrow account, and the Company issued 6,000,000 common shares into escrow. The cash and shares are released from escrow in 24 monthly settlement tranches based on the Company’s market price at each settlement date.

In connection with the arrangement, the Company paid Sorbie a corporate finance fee of \$360,000 and a due diligence fee of \$100,000 through the issuance of an additional 460,000 units, consisting of 460,000 common shares and 460,000 common share purchase warrants. These additional units are subject to the same escrow release schedule as the financing units.

On December 5, 2025, the Company closed the Sorbie Financing Transaction. In connection with the closing, a total of 6,460,000 common shares were issued and placed in escrow pursuant to an Escrow Agreement, with the shares to be released in 24 monthly tranches. The proceeds receivable from Sorbie are payable in 24 monthly cash settlements (the “Settlements”), which are measured against a benchmark price of \$1.178 per share (the “Benchmark”). If the measured share price is above the Benchmark, the Company receives more than the scheduled settlement amount. If the measured share price is below the Benchmark, the Company receives less than the scheduled settlement amount.

On December 5, 2025, the Company issued 1,960,000 warrants with an exercise price of \$1.18 per warrant and a term of three years (Note 13(a)). In addition, under the Sorbie Financing Transaction, the Company will issue up to 4,500,000 additional warrants over the 24-month settlement period, with the exercise price of such warrants determined at a 20% premium to the applicable VWAP of the Company’s common shares immediately prior to the date of issuance. Due to the variable exercise price mechanism, these additional warrants do not meet the fixed-for-fixed criterion for equity classification under IAS 32, Financial Instruments: Presentation, and are classified as a derivative liability.

The Settlement proceeds receivable represents a contractual right to receive cash and is classified as a financial asset at fair value through profit or loss in accordance with IFRS 9, Financial Instruments. The variable-priced Sorbie warrants are also measured at fair value through profit or loss, with subsequent changes in fair value recognized in profit or loss.

The Company measured the fair value of the Settlement proceeds receivable using a market approach based on an effective-share equivalent method. Under this method, the remaining contractual transfer amount is converted into an equivalent number of common shares by dividing the remaining transfer amount by the Benchmark price. The resulting effective shares are then multiplied by the Company’s share price at the measurement date to determine the fair value of the Settlement proceeds receivable.

At initial recognition on December 5, 2025, the notional amount was \$6,000,000. This amount was divided by the Benchmark price of \$1.178, resulting in 5,093,379 effective shares. The effective shares were then multiplied by the Company’s share price of \$1.01, resulting in an initial fair value of the Settlement proceeds receivable of \$5,144,312.

On December 15, 2025, the Company received the first settlement proceeds of \$206,785 from Sorbie, comprising a settlement payment of \$203,799 under the Sharing Agreement and a realized gain on settlement of \$2,986.

At December 31, 2025, the notional amount was \$5,750,000. This amount was divided by the Benchmark price of \$1.178, resulting in 4,881,154 effective shares. The effective shares were then multiplied by the Company’s share price of \$0.96, resulting in a fair value of the Settlement proceeds receivable of \$4,685,908.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

9. FINANCIAL ASSET AND DERIVATIVE LIABILITY AT FAIR VALUE THROUGH PROFIT AND LOSS - *continued*

The Company measured the fair value of the derivative liability related to the variable-priced warrants using the Black-Scholes option pricing model. The significant assumptions used in the valuation include the Company's share price, exercise price, expected term, expected volatility, risk-free interest rate, and expected dividend yield.

At December 5, 2025, the fair value of the 20% premium to VWAP warrants was determined using the Black-Scholes option pricing model to be \$0.6364 per warrant, based on a share price of \$1.01, strike price of \$1.21, expected term of three years, historical volatility of 107.62%, risk-free rate of 2.60%, and dividend yield of 0.00%.

On December 19, 2025, the Company issued 206,667 warrants at an exercise price of \$1.28 per share and a term of three years. The fair value of warrants was determined by using the Black-Scholes option pricing model to be \$0.65, based on a share price of \$1.04, exercise price of \$1.28 per share, expected term of three years, historical volatility of 106.44%, risk-free rate of 2.7171%, and dividend yield of 0.00%. For accounting purposes, \$133,362 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants.

The fair value of the derivative liability related to the remaining variable-priced Sorbie warrants was determined based on the December 31, 2025 valuation of \$0.6000 per warrant. Changes in fair value between initial recognition and the reporting date are recognized in profit or loss.

The Company entered into amendment to the warrant issuance schedule with Sorbie, whereby the exercise price was revised to represent a 20% premium to the twenty-day volume-weighted average trading price of the common shares, rather than the five-day volume-weighted average trading price as originally specified (Note 19). At December 31, 2025, the fair value of the 20% premium to VWAP warrants was determined using the Black-Scholes option pricing model to be \$0.60 per warrant, based on a share price of \$0.96, strike price of \$1.15, expected term of three years, historical volatility of 106.60%, risk-free rate of 2.54%, and dividend yield of 0.00%.

The fair value of the Settlement proceeds receivable is classified within Level 2 of the fair value hierarchy, as it is determined using the contractual settlement mechanics and the observable market price of the Company's shares. The derivative liability is classified within Level 3 because its valuation incorporates significant judgment and unobservable inputs, including expected volatility, expected term, and future warrant issuance assumptions.

<i>Financial Asset – Sorbie settlement proceeds receivable</i>	December 31, 2025
	(\$)
Fair value at initial recognition – December 5, 2025	5,144,312
Cash settlement proceeds received	(206,785)
Realized gain on settlement	2,986
Decrease in fair value recognized in profit or loss	(254,605)
Balance, at December 31, 2025	4,685,908
Current portion	2,444,820
Non-current portion	2,241,088

<i>Derivative Liability – Sorbie warrants</i>	December 31, 2025
	(\$)
Financial liability at initial recognition – December 5, 2025	2,863,800
Transfer from derivative liability to warrants reserve	(133,362)
Gain on fair value recognized in profit or loss	(154,438)
Balance, at December 31, 2025	2,576,000
Current portion	1,344,000
Non-current portion	1,232,000

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

10. LABORATORY AND OFFICE EQUIPMENT

The laboratory and office 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 year (Note 7)	4,502	3,243	7,745
Foreign exchange effect	325	234	559
Balance, at December 31, 2025	4,827	3,477	8,304
Accumulated Depreciation			
Balance, at December 31, 2024	-	-	-
Additions during the year (Note 7)	(1,603)	(1,059)	(2,662)
Foreign exchange effect	(6)	(4)	(10)
Balance, at December 31, 2025	(1,609)	(1,063)	(2,672)
Carrying Amount			
Balance, at December 31, 2024	-	-	-
Balance, at December 31, 2025	3,218	2,414	5,632

11. EXPLORATION AND EVALUATION ASSETS

Tatooine Silica, Canada

On September 8, 2022, the Company entered into a 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	Common Shares	Work Commitment
	Paid	Issued	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.

At December 31, 2025, the Company decided to write off the value of the property to \$Nil recognizing an impairment charge of \$604,000 during the year ended December 31, 2025, as the Company no longer intends to pursue exploration on the Tatooine property. The carrying value of the Tatooine project is \$Nil.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

11. EXPLORATION AND EVALUATION ASSETS - *continued*

Mineral Right - Companhia Baiana de Pesquisa Mineral (“CBPM”), 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 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 (\$272,600) 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.

On November 7, 2025, Brazil's National Mining Agency issued the mining permit No. 743 for the area 870.011/1989, granted under the Company's lease agreement with CBPM in the municipality of Belmonte, Bahia, Brazil. On December 23, 2025, the Company entered the official lease agreement with CBPM. The following major milestones must be achieved under the lease agreement:

- Mineral rights – R1,000,000 (\$250,200) must be submitted within 10 days upon signing (paid in January 2026) (Note 19)
- Lease term: 20 years, with the possibility of renewal subject to availability of mineral reserves
- Royalty payment – R50/ton domestic, 5% export
- Mine & processing unit – start of construction - within three months after ANM registration
- Mine & processing unit – completion – within 12 months after ANM registration
- Industrial facility – within 24 months after signing of lease agreement
- Minimum annual production 12,000 tons – 6 months after signing of lease agreement
- ESG fund contribution – 10% of royalties and additional 10% of 10% contribution

As at December 31, 2025, the carrying value of mineral rights was \$250,200 (2024 - \$232,700).

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 claims 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/\$530,877 paid over 4 installments (USD100,347.20/\$132,719 per installment), maturing, one by one, every 6 months, from the date of payment of the 1st instalment (paid \$139,338 in August 2025).

At December 31, 2025, the carrying value of Guidoni’s mineral rights is \$261,865 (December 31, 2024 - \$Nil).

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

11 EXPLORATION AND EVALUATION ASSETS - *continued*

Mineral Rights - Pedreiras Do Brasil SA

In September 2025, the Company signed a Letter of Intent with Pedreiras Do Brasil SA to acquire exploitation rights at Santa Maria Eterna silica sand district, Brazil, for one CBPM lease agreement belonging to CBPM. The seller will receive a) USD1.2 million by issuance of the Company's common shares, and b) USD200,000 by issuance of the Company's warrants at the exercise price of \$1.00 per share. The transaction is subject to CBPM approval and the continuation of the royalty terms of that lease: BRL30.17 per extracted tonne from the mining tenements and 5% on export sale of an extracted tonne from the mining tenements.

Subsequent to fiscal year 2025, in February 2026, the Company issued 1,656,000 common shares of the Company and 276,000 warrants with exercisable price of \$1.00 for an expiry of one year, pursuant to binding agreement between the Company and the vendor (Note 19).

Fazenda Conjunto Sao Jose e Nova Esperanca Rural Land, Brazil

In December 2025, the Company entered into an agreement to acquire a rural property known as Fazenda Conjunto São José e Nova Esperança, a property located at Belmonte, Bahia, Brazil. The total purchase price was US\$1,100,000, consisting of cash consideration and common shares of the Company.

Subsequent to fiscal year 2025, the Company entered into an addendum with the vendor. Pursuant to the addendum, the Company agreed to pay US\$500,000 of the purchase price in five instalments of US\$100,000 each, commencing June 25, 2026. The Company issued 864,055 common shares to the vendor in connection with the acquisition in February 2026 (Note 19).

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) (Note 12). The mineral right consists of a total of 18 claims, in the State of Ceara, in the North region of Brazil.

At December 31, 2025, the carrying value of the mineral claims is \$75,060 (December 31, 2024 - \$69,810).

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

December 31, 2025					
Acquisition Costs	Tatooine Silica, Canada (\$)	Guidoni right Brazil (\$)	CPBM right, Brazil (\$)	Lump Quartz, Brazil (\$)	Total (\$)
Balance, opening	604,000	-	232,700	69,810	906,510
Payments	-	263,188	-	-	263,188
Impairment	(604,000)	-	-	-	(604,000)
Foreign exchange effect	-	(1,323)	17,500	5,250	21,427
Balance, ending	-	261,865	250,200	75,060	587,125
December 31, 2024					
Acquisition Costs	Tatooine Silica, 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
Impairment	-	(12,813)	-	-	(12,813)
Foreign exchange effect	-	(983)	(39,900)	(2,490)	(43,373)
Balance, ending	604,000	-	232,700	69,810	906,510

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

11. EXPLORATION AND EVALUATION ASSETS - *continued*

For the years ended December 31, 2025, and 2024, the Company's exploration and evaluation expenditures recognized on the consolidated statement of loss and comprehensive loss are as follows:

	December 31, 2025	December 31, 2024
Administration	\$ 220,479	\$ 66,433
Cost recovery	-	(31,677)
Field expenses	73,602	386,486
Lab analysis	133,580	-
Geologist consulting	198,389	44,548
Mining fees	37,149	12,584
Project management fee	452,543	393,378
Total	\$ 1,115,742	\$ 871,752

12. 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 by 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 below were included in accounts payable and accrued liabilities. Balances owing are unsecured, non-interest bearing and have no specified terms of repayment.

The following events incurred during the year ended December 31, 2025, and 2024:

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 a price of \$1.00 per unit. Certain related parties subscribed to 100,000 units for proceeds of \$100,000 (Note 13a).

In August 2025, the Company paid R\$300,000 to a private entity controlled by Antonio Vitor for due diligence services.

During the year ended December 31, 2024, the Company acquired lump quartz mineral rights from Antonio Vitor, a related party of the Company, by making a cash payment of \$72,300 (R\$300,000) (Note 11).

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 13a).

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 13a).

As at December 31, 2025, and 2024, the following are due to related parties:

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

12. RELATED PARTY TRANSACTIONS - *continued*

Name	Relationship	Nature of Transaction	Balance payable at December 31, 2025 (\$)	Balance payable at December 31, 2024 (\$)
Brian Leeners	Chief Executive Officer and a Director	Management services	23,769	-
Global Link Capital Ltd. Tom Fontaine	Owned by Gregory Pearson, a Director of the Company, is a shareholder	Management services	2,625 2,780	- -
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	5,813	55,186
Antonio Vitor	VP, Homerun Brasil Mineracao Ltda	Mining project management	11,259	-
Armando Farhate	Chief Operating Officer	Mining project management	8,382	-
Mauro Cesar Terence	Chief Technology Officer	Mining project management	2,502	-
NZ Consulting Service Inc	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	10,000	-
			67,130	55,186

During the years ended December 31, 2025, and 2024, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for Dec 31, 2025 (\$)	Stock-based compensation for Dec 31, 2024 (\$)	Fees for year ended December 31, 2025 (\$)	Fees for year ended December 31, 2024 (\$)
Brian Leeners	Chief Executive Officer and a Director	Management services	74,138	375,863	410,492	325,508
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
Global Link Capital Gordon J. Fretwell, Law Corporation	Owned by Gregory Pearson Owned by Gordon Fretwell, Corporate Secretary	Management services Legal services	- -	-	50,000 24,376	126,000 30,000
Tom Fontaine	Director	Management services	173,516	-	18,972	-
Stephen Burega	Former Director	Management services	346,448	-	45,000	-
Antonio Vitor	VP, Homerun Brasil Mineracao Ltda	Mining project management	56,518	311,440	200,240	183,816
3S LTDA	Owned by Antonio Vitor	Mining project management	-	-	75,090	-
Armando Farhate	Chief Operating Officer	Mining project management	191,312	107,835	118,893	51,060
Mauro Cesar Terence	Chief Technology Officer	Mining project management	37,069	187,931	45,054	42,125
Nancy Zhao	Chief Financial Officer	Accounting services	191,312	107,835	-	-
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	-	-	120,000	59,119
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	-	-	17,500
			1,070,313	1,090,904	1,228,117	955,128

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL

Authorized: Unlimited common voting shares, without par value.

a. Share issuance - Private placement

Year Ended 2025

i) 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 was no residual values assigned to the warrants. The Company paid cash finder's fee of \$25,655 and issued 25,655 broker warrants.

ii) On December 10, 2025, the Company completed a non-brokered private placement for gross proceeds of \$1,560,384 by issuing 1,560,384 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 was no residual values assigned to the warrants. The Company paid cash finder's fee of \$31,150 and issued 31,150 broker warrants.

iii) Issuance - Sorbie Units (Note 9)

On December 5, 2025, the Company completed a financing transaction with Sorbie Bornholm LP ("Sorbie") pursuant to which it issued 6,000,000 units at a fair value of \$1.01 per unit, for a fair value \$6,060,000. Each unit consisted of one common share and one share purchase warrant. In connection with the transaction, the Company also issued 360,000 units as a corporate finance fee and 100,000 units as a due diligence fee, for an aggregate of 460,000 additional units (collectively, the "fee units"), each consisting of one common share and one share purchase warrant. Accordingly, a total of 6,460,000 common shares were issued on December 5, 2025. Pursuant to the related escrow and sharing agreements, all 6,460,000 common shares issued in connection with the Sorbie transaction were placed in escrow and are to be released over a 24-month period. On closing, the Company issued 1,960,000 warrants with an exercise price of \$1.18 per share and a term of three years. Of these warrants, 1,500,000 qualified for equity classification and were recognized in warrant reserve at \$312,412. The remaining warrant component, including 4,500,000 warrants with variable exercise price features that did not qualify for equity classification, was classified as a derivative liability and is disclosed separately in Note 9.

For the 6,000,000 financing units, \$1,968,101 was allocated to share capital and \$312,412 was allocated to warrant reserve in respect of the equity-classified warrant component.

The 460,000 fee units were measured based on the estimated fair value of the equity instruments issued on December 5, 2025. The estimated fair value of the 460,000 common shares was determined to be \$464,600 based on the quoted market price of the Company's common shares on that date, and the estimated fair value of the related 460,000 warrants was determined to be \$294,998 using the Black-Scholes option pricing model (risk-free interest rate 2.6%, volatility of 107.62%, annual rate of dividend of 0%, and an expected life of the warrant of 3 years); for a total estimated fair value of \$759,598. Using the relative fair value method, the amount attributed to the fee units was allocated between the equity-classified component and the derivative liability component. As a result, \$422,862 was recognized in profit or loss as a financing transaction cost in respect of the portion allocated to the derivative liability. The remaining \$336,735 was recognized as an equity issuance cost and recorded as a reduction of equity, consisting of \$290,605 allocated against share capital and \$46,130 allocated against warrant reserve.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL – *continued*

a Share issuance - Private placement - *continued*

Accordingly, in connection with the Sorbie transaction, the Company recognized \$1,968,101 in share capital and \$312,412 in warrant reserve. All 6,460,000 common shares issued pursuant to the Sorbie transaction were placed in escrow and are to be released over a 24-month period in accordance with the related agreements. During the year ended December 31, 2025, 269,167 shares were released from escrow, including 250,000 shares relating to the 6,000,000 financing units and 19,167 shares relating to the 460,000 fee units.

On December 19, 2025, the Company issued 206,667 warrants with an exercise price of \$1.28 per share and a term of three years. Upon issuance, \$133,362 was transferred from derivative liability to warrant reserve to reflect the equity-classified warrant component (Note 9).

Year Ended 2024

iv) 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.

v) 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.

b. Share issuance – Warrants exercised

Year Ended 2025

For the year ended December 31, 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 158,300 common shares, pursuant to warrants exercised at a price of \$0.75, for total proceeds of \$118,725.

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.

c. Share issuance – Options exercised

Year Ended 2025

For the year ended December 31, 2025, the Company issued 800,000 common shares, pursuant to stock options exercised at a price of \$0.10, for total proceeds of \$80,000, and issued 120,000 common shares, pursuant to stock options exercised at a price of \$0.20, for total proceeds of \$24,000. An aggregate fair value of \$48,080 was reclassified from the reserves to share capital, comprising \$30,080, and \$18,000, respectively.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL – *continued*

c. Share issuance – Options exercised - *continued*

Year Ended 2024

During the year ended December 31, 2024, the Company issued 829,000 common shares pursuant to the exercise of stock options, consisting of 500,000 options exercised at \$0.10 per share for gross proceeds of \$50,000, 295,000 options exercised at \$0.20 per share for gross proceeds of \$59,000, and 34,000 options exercised at \$0.75 per share for gross proceeds of \$25,500. An aggregate fair value of \$82,090 was reclassified from the reserves to share capital, comprising \$18,800, \$44,250, and \$19,040, respectively.

d. Share issuance – Acquisition of Exploration and Evaluation Assets & Homerun Energy SRL

Year Ended 2025

During the year ended December 31, 2025, the Company issued 1,100,000 common shares with an estimated fair value of \$1,166,000 for Homerun Energy SRL's acquisition (Note 7).

Year Ended 2024

During the year ended December 31, 2024, the Company issued 1,200,000 common shares with an estimated fair value of \$564,000 for an option payment on the Tatooine Project (Note 11).

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.

Year Ended 2025

On April 22, 2025, the Company granted 2,100,000 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 \$1,457,531 during the year ended December 31, 2025.

On May 23, 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 \$346,448 during the year ended December 31, 2025.

For the year ended December 31, 2025, the Company recorded a total stock-based compensation of \$2,113,878 (December 31, 2024 - \$1,512,407) for options vested.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL – *continued*

e. Stock options - *continued*

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 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 and recognized \$215,670 during the year ended December 31, 2024.

For the year ended December 31, 2024, the Company recorded a total stock-based compensation of \$1,512,407 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:

	2025	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

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, 2023	5,900,000	5,900,000	\$0.16
Granted	3,800,000	3,800,000	\$0.67
Exercised	(829,000)	(829,000)	\$0.16
Balance, December 31, 2024	8,871,000	8,871,000	\$0.41
Granted	2,600,000	1,300,000	\$1.50
Exercised	(920,000)	(920,000)	\$0.11
Balance, December 31, 2025	10,551,000	9,251,000	\$0.71

At December 31, 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	1,900,000	1,900,000	0.70
June 16, 2027	\$0.20	1,535,000	1,535,000	1.45
March 13, 2028	\$0.20	500,000	500,000	2.20
July 7, 2028	\$0.50	250,000	250,000	2.52
March 12, 2029	\$0.75	3,300,000	3,300,000	3.20
May 8, 2029	\$0.75	466,000	466,000	3.35
April 22, 2030	\$1.50	2,100,000	1,050,000	4.31
May 23, 2025	\$1.50	500,000	250,000	4.39
		10,551,000	9,251,000	2.72

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL – *continued*

f. Warrants

Year Ended 2025

The Company issued 3,128,384 warrants at a price of \$1.30 with an expiry of two years from a private placement closed on July 29, 2025, and December 10, 2025 (Note 13a).

The Company issued 1,960,000 warrants at a price of \$1.18, and 206,667 warrants at a price of \$1.28, respectively, with an expiry of three years, from Sorbie Units Issuance (Note 13a).

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 13a).

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

	Number	Weighted Average Price
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
Issued	5,295,051	\$1.25
Exercised	(1,193,300)	\$0.27
Balance, December 31, 2025	8,430,105	\$1.32

At December 31, 2025, the following warrants were outstanding:

Expiry Date	Number of warrants outstanding	Weighted Average Price	Weighted Average Remaining Years
May 1, 2026	1,460,000	\$0.75	0.33
October 30, 2026	1,675,054	\$2.00	0.83
July 29, 2027	1,568,000	\$1.30	1.58
December 10, 2027	1,560,384	\$1.30	1.94
December 5, 2028	1,960,000	\$1.18	2.93
December 19, 2028	206,667	\$1.28	2.97
	8,430,105	\$1.32	1.40

g. Broker warrants

The Company issued 9,100 broker warrants at a price of \$1.30 and 16,555 broker warrants at a price of \$1.00 from a private placement, respectively, closed on July 29, 2025 (Note 13a). The Company recorded the value of broker warrants \$12,834 as share issuance cost.

The Company issued 31,150 broker warrants at a price of \$1.00 from a private placement closed on December 10, 2025 (Note 13a). The Company recorded the value of broker warrants \$19,180 as share issuance cost.

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 13a). The Company recorded the value of broker warrants \$24,881 as share issuance cost.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

13. SHARE CAPITAL – *continued*

g. Broker Warrants - *continued*

The Company using Black-Scholes Option Pricing Model to evaluate the fair value of the broker's warrants based on the following assumptions:

	2025	2024
Risk-free interest rate	2.63-2.76%	2.95%
Expected life	2 years	2 years
Volatility	81.09%-91.16%	141.84%
Expected dividend yield	Nil	Nil

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

	Number of Broker Warrants	Weighted Average Price
Balance, December 31, 2023	-	-
Issued	29,872	\$2.00
Balance, December 31, 2024	29,872	\$2.00
Issued	56,805	\$1.78
Balance, December 31, 2025	86,667	\$1.38

Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Years
October 30, 2026	29,872	\$2.00	0.83
July 29, 2027	9,100	\$1.30	1.58
July 29, 2027	16,555	\$1.00	1.58
December 10, 2027	31,150	\$1.00	1.94
	86,667	\$1.38	1.45

14. 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, its operations in Brazil, and its operations in Italy. The Company's in exploration stage and has no reportable segment revenues or operating results.

	Assets		Grant income		Non-current Assets	
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024
Canada	5,775,943	1,737,556	-	-	2,789,908	604,000
Brazil	970,583	1,047,360	-	-	587,125	302,510
Italy	428,305	-	680,422	-	5,632	-
	7,174,831	2,784,916	680,422	-	3,382,665	906,510

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2025		December 31, 2024	
Accounts payables	\$	763,794	\$	199,454
Accrued liabilities		499,950		177,499
Total	\$	1,263,744	\$	376,953

Of the total accounts payable and accrued liabilities, \$67,130 (December 31, 2024 - \$55,186) were due to a related party (Note 12).

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - *continued*

For the year ended December 31, 2024, the Company recognized a write-down of accounts payable of \$330,396 due to these balances being statute-barred under the Limitation Act.

As at February 21, 2025, Homerun Energy SRL had a legacy accounts payable balance of \$344,404 (€299,496) relating to obligations that arose prior to the Company's acquisition of Homerun Energy SRL (formerly Halocell Europe SRL) (Note 7). The counterparty is currently subject to liquidation proceedings. As at the reporting date, the balance remains outstanding and continues to be recognized as a liability.

16. UNEARNED REVENUE

At December 31, 2025, the Company had unearned revenue of \$582,886 (€362,288) (December 31, 2024 - \$Nil) related to cash received under European Union grant programs by Homerun Energy. The Company applies the deferred income approach under IAS 20. Grant revenue is recognized in profit or loss only as the related eligible project expenditures are incurred and the associated project activities and performance obligations required under the grant agreements are satisfied. Amounts received in advance of satisfying those conditions are recorded as unearned revenue.

Opening unearned revenue – February 21, 2025 (Note 7)	\$	1,014,399
Additional grants received		180,403
Grant income		(680,422)
Foreign exchange effect		68,506
Balance, at December 31, 2025	\$	582,886
Current portion		304,031
Non-current portion		278,855

17. 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, 2025, the shares have not been issued to the subscribers, and the balance of the loans is \$85,208 (December 31, 2024 – \$87,711).

18. 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, 2025, and 2024:

	2025	2024
	(\$)	(\$)
Loss before income taxes	(9,163,511)	(3,896,676)
Statutory tax rate	24.783%	23.27%
Income tax (recovery) at statutory rate	(2,275,196)	(907,010)
Differences due to recognition of items for tax purposes:		
Others	694,777	304,010
Change in deferred tax asset not recognized	1,580,419	603,000
Total income tax recovery	-	-

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

18. INCOME TAXES - *continued*

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	2025	2024
Deferred income tax assets	(\$)	(\$)
Property and equipment	2,190	2,190
Mineral properties	1,037,797	874,717
Financial asset	298,973	-
Investment	(770)	-
Capital losses	1,181,502	1,181,502
Non-capital losses	2,879,333	2,297,263
Share issuance costs	21,020	11,302
Unrecognized deferred tax assets	5,420,045	4,366,974

USA	2025	2024
Deferred income tax assets	(\$)	(\$)
Non-capital losses	482,378	506,416
Unrecognized deferred tax assets	482,378	506,416

Brazil	2025	2024
Deferred income tax assets	(\$)	(\$)
Mineral Properties	154,763	138,692
Non-capital losses	297,625	64,602
Unrecognized deferred tax assets	452,388	203,294

Italy	2025	2024
Deferred income tax assets	(\$)	(\$)
Non-capital losses	162,399	-
Unearned revenue	139,893	-
Unrecognized deferred tax assets	302,292	-

As at December 31, 2025, the Company has not recognized a deferred tax asset in respect of non-capital loss carry forwards of approximately \$10,664,198 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	1,191,140
2045	2,480,307
Total	10,664,198

During the year ended December 31, 2025, a deferred tax assets of \$Nil related to mineral properties were expired (December 31, 2024 - \$1,153,280).

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

18. INCOME TAXES - *continued*

As at December 31, 2025, the Company has loss carry forwards of \$2,297,037 which may be carried forward to apply against future income tax for US tax purposes, as follows:

Expiry	\$
2031	58,548
2032	196,665
2033	2,038,648
2034	2,970
2040 - 2042	206
Total	2,297,037

As at December 31, 2025, the Company has loss carry forwards of \$676,662 which may be carried forward indefinitely to apply against future income tax for Italy tax purposes.

Expiry	\$
2040	279,369
2041	91,336
2042	117,398
2043	114,200
2044	-14,178
2045	88,537
Total	676,662

As at December 31, 2025, the Company has loss carry forwards of \$1,031,747 which may be carried forward indefinitely to apply against future income tax for Brazil tax purposes.

Expiry	\$
2043	102,816
2044	327,864
2045	601,067
Total	1,031,747

19. SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2025, the Company has the following transactions:

- In March 2025, the Company, through its subsidiary, entered into a binding letter of intent with Seis Solar Fotovoltaica Renovables S.L. ("SeisSolar") and its shareholders, pursuant to which the Company may acquire up to a 60% interest in SeisSolar through a staged investment over a period of up to 24 months. The arrangement is subject to the completion of due diligence, execution of definitive agreements, financing conditions, and receipt of applicable approvals. As at December 31, 2025, no definitive agreements have been executed, and the Company has not obtained an ownership interest in SeisSolar. In connection with this arrangement, the Company advanced €50,000 subsequent to the year end.
- The Company issued 1,025,000 common shares upon the exercise of stock options for total proceeds of \$362,000, comprising: 500,000 shares at an exercise price of \$0.10 per share, 35,000 shares at \$0.20 per share, 250,000 shares at \$0.50 per share, and 240,000 shares at \$0.75 per share.
- The Company issued 520,000 common shares upon the exercise of warrants for total proceeds of \$390,000, at exercise price of \$0.75 per share.

HOMERUN RESOURCES INC.

Notes to the Consolidated Financial Statements For the Years Ended December 31, 2025 and 2024

19. SUBSEQUENT EVENTS – *continued*

- d) In January 2026, the Company entered into an amendment to the warrant issuance schedule with Sorbie, whereby the exercise price was revised to represent a 20% premium to the twenty-day volume-weighted average trading price of the common shares, rather than the five-day volume-weighted average trading price as originally specified (Note 9).
- e) On January 12, 2026 the Company received the 2nd settlement for Sorbie shares for amount of \$223,645, upon release of 269,167 Sorbie escrowed shares, and issued 186,667 warrants with an exercise price of \$1.25 for an expiry of three years.
- f) On February 10, 2026 the Company received the 3rd settlement for Sorbie shares for the amount of \$199,937, upon release of 269,167 Sorbie escrowed shares, and issued 186,667 warrants with an exercise price of \$1.11 for an expiry of three years.
- g) On March 11, 2026 the Company received the 4th settlement for Sorbie shares for amount of \$189,666, upon release of 269,167 Sorbie escrowed shares, and issued 186,667 warrants with an exercise price of \$1.06 for an expiry of three years.
- h) On April 9, 2026 the Company received the 5th settlement for Sorbie shares for the amount of \$182,840, upon release of 269,167 Sorbie escrowed shares, and issued 186,667 warrants with an exercise price of \$1.02 for an expiry of three years.
- i) In February 2026, the Company issued 1,656,000 common shares and 276,000 warrants, exercisable at \$1.00 per warrant for a period of one year, to acquire the Pedreiras mineral rights (Note 11).
- j) In February 2026, the Company issued 864,055 common shares to acquire Fazenda Conjunto Sao Jose e Nova Esperanca (Note 11).
- k) The Company made a payment of R1,000,000 to CBPM in January 2026 (Note 11).