HOMERUN RESOURCES INC.

Condensed Consolidated Interim Financial Statements

Three Months Ended March 31, 2026 and 2025

(unaudited – prepared by the management)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
As at March 31, 2026 and December 31, 2025

	Notes		March 31, 2026		December 31, 2025
ASSETS					
Current Assets					
Cash		$	**712,556**	$	907,720
Receivables	6		**87,907**		101,246
Prepaid expenses			**243,416**		338,380
Financial asset	7		**2,190,152**		2,444,820
			3,234,031		3,792,166
Non-Current Assets					
Exploration and evaluation assets	9		**3,431,431**		587,125
Financial asset – non-current	7		**1,460,102**		2,241,088
Laboratory and office equipment	8		**4,963**		5,632
Investment	5		**575,400**		548,820
TOTAL ASSETS		$	**8,705,927**	$	7,174,831
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Accounts payable and accrued liabilities	10, 12,13	$	**1,249,220**	$	1,263,744
Derivative liability	7		**1,030,400**		1,344,000
Loans payable	15		**86,061**		85,208
Unearned revenue	14		**642,669**		304,031
			3,008,350		2,996,983
Non-Current Liability					
Derivative liability – non-current	7		**686,933**		1,232,000
Unearned revenue – non-current	14		**155,820**		278,855
			3,851,103		4,507,838
Shareholders' Equity					
Share capital	11		**41,100,819**		38,144,740
Reserves	11		**6,858,828**		6,574,847
Accumulated other comprehensive loss			**(111,793)**		(251,216)
Deficit			**(42,993,030)**		(41,801,378)
			4,854,824		2,666,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	**8,705,927**	$	7,174,831

Nature of operations and going concern (Note 1)
Subsequent event (Note 16)

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

*"Brian Leeners"*________________ *"Lewis Dillman"*____________

Director **Director**

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Three Months Ended March 31, 2026 and 2025

		Three Months Ended March 31, 2026	2025
Expenses			
Depreciation		$ **666**	$ 257
Consulting and management fees	10	**162,775**	204,023
Exploration and evaluation expenditures	9,10	**308,682**	236,526
Foreign exchange loss		**51,984**	233
Marketing and investor relations		**192,239**	175,735
Office and miscellaneous	10	**90,237**	65,126
Payroll		**128,948**	44,848
Professional fees	10	**48,366**	71,616
Research and development		**335,003**	135,750
Supplies		**25,865**	12,218
Stock-based compensation	11e	**237,002**	162,727
Transfer agent and filing fees		**35,749**	50,617
		(1,617,516)	(1,159,676)
Other items			
Interest income		**392**	5,479
Grant income		**216,564**	103,955
Miscellaneous sales		**38,375**	323
Impairment – other receivables		**-**	(8,485)
Realized gain on settlement of financial asset		**8,856**	-
Unrealized gain on fair value of financial asset and derivative liability		**161,677**	-
		(425,864)	101,272
Net loss for the period		**(1,191,652)**	(1,058,404)
Other comprehensive loss			
Foreign exchange differences on translation of foreign operation		**139,423**	43,556
Net loss and comprehensive loss for the period		$ **(1,052,229)**	$ (1,014,848)
Basic and diluted loss per share		$ **(0.02)**	$ (0.02)
Weighted average number of common shares outstanding		**74,583,887**	61,367,806

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
For the Three Months Ended March 31, 2026 and 2025

	For the Three Months Ended March 31, 2026	2025
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the period	**$ (1,191,652)**	$ (1,058,404)
Items not affecting cash:		
Depreciation	**666**	257
Realized gain on settlement of financial asset	**(8,856)**	-
Unrealized gain on fair value of financial asset and derivative liabilities	**(161,677)**	-
Stock-based compensation	**237,002**	162,727
Changes in non-cash working capital items:		
Receivable	**13,340**	102,981
Prepaid expenses	**94,966**	100,236
Accounts payable & accrued liabilities	**(14,526)**	73,482
Loan payable	**853**	3,534
Unearned revenue	**218,644**	(33,822)
Cash used in operating activities	**(811,240)**	(649,009)
Investing activities		
Cash from Halocell Europe SRL at date of acquisition	**-**	870,906
Exploration and evaluation assets	**(414,498)**	(125,400)
Investment – Halocell Energy shares	**-**	(523,172)
Cash provided by investing activities	**(414,498)**	222,334
Financing activities		
Proceeds from settlement of financial assets	**613,248**	-
Shares subscription received	**-**	72,000
Shares issued from stock options exercise	**362,000**	16,000
Shares issued from warrants exercise	**-**	250,725
Cash provided by financing activities	**975,248**	338,725
Effect of foreign exchange	**55,326**	19,753
Net increase (decrease) in cash	**(195,164)**	(68,197)
Cash, beginning of the period	**907,720**	1,707,900
Cash, end of the period	**$ 712,556**	$ 1,639,703
Supplemental schedule of non-cash activities:		
Derivative liabilities transferred to Sorbie warrant reserve	**$ 265,730**	$ -
Shares issued 1,100,000 for acquisition of Halocell Europe SRL	**-**	1,166,000
Shares issued for acquisition of exploration and evaluation assets	**$ 2,375,329**	$ -

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

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Shareholder's Equity
For the Three Months Ended March 31, 2026 and 2025

	Number of Common Shares Outstanding	Share Capital ($)	Share Subscription Received ($)	Reserves ($)	Accumulated Other Comprehensive Income ($)	Deficit ($)	Total Shareholders' Equity (deficiency) ($)
Balance, December 31, 2025	**73,033,677**	**38,144,740**	**-**	**6,574,847**	**(251,216)**	**(41,801,378)**	**2,666,993**
Shares issued for acquisition of exploration and evaluation assets (Note 9,11)	**2,520,055**	**2,375,329**	**-**	**-**	**-**	**-**	**2,375,329**
Sorbie warrant reserve (Note 7,11a)	**-**	**-**	**-**	**265,729**	**-**		**265,729**
Shares issued - stock options exercised (Note 11c)	**1,025,000**	**580,750**		**(218,750)**	**-**	**-**	**362,000**
Share-based compensation (Note 11e)	**-**	**-**	**-**	**237,002**	**-**	**-**	**237,002**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**139,423**	**(1,191,652)**	**(1,052,229)**
Balance, March 31, 2026	**76,578,732**	**41,100,819**	**-**	**6,858,828**	**(111,793)**	**(42,993,030)**	**4,854,824**
Balance, December 31, 2024	60,231,993	31,319,274	-	3,782,395	(143,550)	(32,637,867)	2,320,252
Shares issued - warrants exercise (Note 11b)	1,093,300	250,725	-	-	-	-	250,725
Shares issued - options exercise (Note 11c)	80,000	28,000	-	(12,000)	-	-	16,000
Shares issued for acquisition (Note 11d)	1,100,000	1,166,000	-	-	-	-	1,166,000
Share subscriptions received	-	-	72,000	-	-	-	72,000
Share-based compensation (Note 11e)	-	-	-	162,727	-	-	162,727
Net loss and comprehensive loss	-	-	-	-	43,556	(1,058,404)	(1,014,848)
Balance, March 31, 2025	60,505,293	32,763,999	72,000	3,933,122	(99,994)	(33,696,271)	2,972,856

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

1. NATURE OF OPERATION 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 condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course of business as they come due for the foreseeable future. As at March 31, 2026, the Company had an accumulated deficit of $42,993,030 (December 31, 2025 - $41,801,378), a net loss for three months ended March 31, 2026 of $1,191,652 (March 31, 2025 - $1,058,404), and the Company expects to incur further losses in the development of its business. These factors indicate the existence of a material uncertainty exist that may cast significant doubt about the Company's ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the fiscal year. Continued operations are dependent on the Company's ability to complete equity or debt financings. The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2025. These condensed consolidated interim 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 condensed consolidated interim financial statements on May 28, 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 condensed interim consolidated statement of loss and comprehensive loss are translated at average exchange rates for the period; and
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

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

2. BASIS OF PREPARATION - *continued*

Critical accounting estimates and judgments

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.

Recent accounting pronouncements

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

3. CAPITAL MANAGEMENT

The Company classifies 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.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. 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:

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

- 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:

  a. receipt or denial of necessary approvals that allow or prevent the investee to proceed with its project(s);

  b. release by the investee of positive or negative operating results, which either proves or disproves its business plan; and

  c. 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;

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).

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

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 March 31, 2026, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Brazilian Real as follows:

		March 31, 2026		December 31, 2025
Cash	R$	290,280	R$	1,421,050
Receivables		6,530		28,216
Prepaid expenses		84,128		83,333
Accounts payable		(22,486)		(315,507)
Net exposure		358,453		1,217,092
Canadian dollar equivalent	$	95,994	$	304,517

As of March 31, 2026, a 5% change in the exchange rate between Brazilian Real ("R$") and Canadian dollars would impact the Company's net assets by $4,780 (2025 - $15,226). The Company assessed its foreign currency risk as moderate as of March 31, 2026.

As at March 31, 2026, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Euro as follows:

		March 31, 2026		December 31, 2025
Cash	€	388,918	€	229,186
Receivables		13,945		25,781
Prepaid expenses		13,291		7,741
Current liabilities		(406,607)		(410,790)
Unearned revenue		(496,820)		(362,288)
Net exposure		(487,273)		(510,370)
Canadian dollar equivalent	$	(783,145)	$	(821,134)

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

As of March 31, 2026, a 5% change in the exchange rate between Euro ("€") and Canadian dollars would impact the Company's net liabilities by $39,157 (2025 - $41,057). The Company assessed its foreign currency risk as moderate as of March 31, 2026.

(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 moderate.

(v) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining cash. The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short-term and long-term obligations. As at March 31, 2026, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

5. 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.

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:

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

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
Identifiable Assets of Homerun Energy SRL:		
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)**

At March 31, 2026, the Company recorded $575,400 (AUD600,000) as an investment in Halocell Energy Shares (December 31, 2025 - $548,820).

6. RECEIVABLES

		March 31, 2026		December 31, 2025
GST Receivables	$	**63,745**	$	52,705
VAT Receivables		**17167**		41,205
IRRF to compensate		**1,088**		1,017
Miscellaneous receivables and other refunds receivable		**5,907**		6,319
	$	**87,907**	$	101,246

7. FINANCIAL ASSET AND DERIVATIVE 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.

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

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 11a). 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.

For the three months period ended March 31, 2026, the Company received three settlement proceeds of $613,248 from Sorbie, comprising settlement payments of $604,392 under the Sharing Agreement and the realized gain on settlement of $8,856.

At March 31, 2026, the notional amount was $5,000,000 (December 31, 205 - $5,750,000). This amount was divided by the Benchmark price of $1.178, resulting in 4,244,482 (December 31, 2025 - 4,881,154) effective shares. The effective shares were then multiplied by the Company's share price of $0.86 (December 31, 2025 - $0.96), resulting in a fair value of the Settlement proceeds receivable of $3,650,255 (December 31, 2025 - $4,685,908).

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 Company issued 1,960,000 warrants at an exercise price of $1.18 per share. 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. The fair value of the warrants was determined using the Black-Scholes option pricing model to be $0.65, based on a share price of $1.04, 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.

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%.

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

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.

On January 12, 2026, the Company issued 186,667 warrants at an exercise price of $1.25 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 $0.47. For accounting purposes, $88,142 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants.

On February 10, 2026, the Company issued 186,667 warrants at an exercise price of $1.11 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 $0.51. For accounting purposes, $94,379 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants.

On March 11, 2026, the Company issued 186,667 warrants at an exercise price of $1.06 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 $0.45. For accounting purposes, $83,208 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants.

At March 31, 2026, the fair value of 20% premium to VWAP warrants to be issued was determined using the Black-Scholes option pricing model to be $0.44 per warrant.

The Company using Black-Scholes Option Pricing Model to evaluate the fair value for issued warrants on the assumptions as below:

	Mar 31, 2026	**Mar 11, 2026**	**Feb 10, 2026**	**Jan 12, 2026**
Risk-free interest rate	2.9244%	2.8498%	2.6754%	2.7224%
Expected life	3 years	3 years	3 years	3 years
Volatility	85.11%	86.58%	91.68%	94.14%
Expected dividend yield	Nil	Nil	Nil	Nil

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.

Financial Asset – Sorbie settlement proceeds receivable	March 31, 2026 ($)
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
Cash settlement proceeds received	(613,248)
Realized gain on settlement	8,856
Decrease in fair value recognized in profit or loss	(431,261)
Balance, at March 31, 2026	3,650,255
Current portion	2,190,153
Non-current portion	1,460,102

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

Derivative Liability – Sorbie warrants	March 31, 2026 ($)
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
Transfer from derivative liability to warrants reserve	(265,729)
Gain on fair value recognized in profit or loss	(592,938)
Balance, at March 31, 2026	1,717,333
Current portion	1,030,400
Non-current portion	686,933

8. LABORATORY AND OFFICE EQUIPMENT

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

	Lab equipment ($)	Office equipment ($)	Total ($)
Cost:			
Balance, at December 31, 2024	-	-	-
Additions during the year (Note 5)	4,502	3,243	7,745
Foreign exchange effect	325	234	559
Balance, at December 31, 2025	4,827	3,477	8,304
Foreign exchange effect	(5)	(3)	(8)
Balance, at March 31, 2026	4,822	3,473	8,296
Accumulated Depreciation			
Balance, at December 31, 2024	-	-	-
Additions during the year (Note 5)	(1,603)	(1,059)	(2,662)
Foreign exchange effect	(6)	(4)	(10)
Balance, at December 31, 2025	(1,609)	(1,063)	(2,672)
Additions during the period	(482)	(184)	(666)
Foreign exchange effect	1	4	5
Balance, at March 31, 2026	(2,090)	(1,243)	(3,333)
Carrying Amount			
Balance, at December 31, 2024	-	-	-
Balance, at December 31, 2025	3,218	2,414	5,632
Balance, at March 31, 2026	2,732	2,231	4,963

9. EXPLORATION AND EVALUATION ASSETS

Tatooine Silica Project, Brisco, British Columbia Canada

On September 8, 2022, the Company entered into an Definitive Agreement with ClaimHunt Inc ("CHI"), the optionor. The Company has the option to purchase up to 100% interest in the Tatooine Silica Project in British Columbia, Canada. Under the terms of the agreement, the Company can earn a 100% interest in the claims if the following cash payments, work expenditures and share issuances are met by the dates specified:

9. EXPLORATION AND EVALUATION ASSETS - *continued*

Tatooine Silica Project, Brisco, British Columbia Canada - continued

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

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

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.

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 – R1,046,621 ($250,200) must be submitted within 10 days upon signing (paid in January 2026)
- 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

At March 31, 2026, the carrying value of CBPM's mineral rights was $552,204 (December 31, 2025 - $250,200).

9. EXPLORATION AND EVALUATION ASSETS - *continued*

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. a) 1st instalment (paid $139,338 in August 2025); and b) 2nd installment (paid $140,183 in February 2026).

At March 31, 2026, the carrying value of Guidoni's mineral rights was $423,558 (December 31, 2025 - $261,865).

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.

On February 2, 2026, the Company issued 1,656,000 common shares of the Company at a fair value $1,606,320, 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 11).

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.

In January 2026, 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 of the Company at a fair value of $769,009, to the vendor in connection with the acquisition on February 24, 2026.

Mineral Rights, Lump Quartz District, Ceara, Brazil

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

At March 31, 2026, the carrying value of the mineral claims is $80,340 (December 31, 2025 - $75,240).

9. EXPLORATION AND EVALUATION ASSETS - *continued*

The continuity of the Company's acquisition costs at period ended March 31, 2026, and December 31, 2025 are as follows:

	March 31, 2026					
Acquisition Costs	**Guidoni right Brazil ($)**	**CPBM right, Brazil ($)**	**Lump Quartz, Brazil ($)**	**Pedreiras Brazil ($)**	**Fazenda Esperanca Rural Land Brazil ($)**	**Total ($)**
Balance, opening	**261,865**	**250,200**	**75,060**	-	-	**587,125**
Payments - cash	**140,183**	**274,315**	**-**	-	-	**414,498**
Shares issuance	**-**	**-**	**-**	**1,606,320**	**769,009**	**2,375,329**
Foreign exchange effect	**21,510**	**27,689**	**5,280**	-	-	**54,479**
Balance, ending	**423,558**	**552,204**	**80,340**	**1,606,320**	**769,009**	**3,431,431**

	December 31, 2025				
Acquisition Costs	Guidoni right Brazil ($)	CPBM right, Brazil ($)	Lump Quartz, Brazil ($)	Tatooine Silica, Canada ($)	Total ($)
Balance, opening	-	232,700	69,810	604,000	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

For three months ended March 31, 2025 and 2024, the Company's exploration and evaluation expenditures recognized on the statements of comprehensive loss are as follows:

		March 31, 2026		**March 31, 2025**
Exploration and evaluation expenditures				
Administration	$	158,466	$	12,130
Field expenses		11,029		45,315
Geologist consulting		13,491		41,480
Lab testing		-		15,266
Mining tax		12,161		11,607
Project management fee		113,535		110,728
Total	$	308,682	$	236,526

10. 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 owning are unsecured, non-interest bearing and have no specified terms of repayment.

10. RELATED PARTY TRANSACTIONS - *continued*

As at March 31, 2026, and December 31, 2025, the following are due to related parties:

Name	Relationship	Nature of Transaction	Balance payable at March 31, 2026	Balance payable at December 31, 2025
			($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	-	23,769
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Gregory Pearson and Gordon Fretwell are shareholders	Rent and corporate services	10,500	-
Global Link Capital Ltd.	Owned by Greg Pearson, a former Director of the Company, is a shareholder	Management services	-	2,625
Tom Fontaine	Director	Management services	8,340	2,780
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	-	5,813
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
			18,840	67,130

During the three months ended March 31, 2026 and 2025, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for Mar 31, 2026	Stock-based compensation for Mar 31, 2025	Fees for period ended March 31, 2026	Fees for period ended March 31, 2025
			($)	($)	($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	-	40,326	111,578	91,988
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	-	-	30,000	30,000
Global Link Capital	Owned by Greg Pearson, former director	Management services	-	-	-	30,000
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	-	-	5,000	16,822
Tom Fontaine	Director	Management services	22,594	-	8,340	-
Stephen Burega	Former Director	Management services	47,209	-	-	-
Antonio Victor	VP, Homerun Brasil Mineracao Ltda	Mining project management	-	31,159	62,640	44,154
Armando Farhate	Chief Operating Officer	Mining project management	22,595	14,368	39,150	18,398
Mauro Cesar Terence	Chief Technology Officer	Mining project management	-	20,163	11,745	11,039
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	22,594	14,368	30,000	30,000
AE Financial Management Ltd.	Edward Low, former Chief Financial Officer	Accounting services	-	-	-	-
			114,992	120,384	298,453	272,401

11. SHARE CAPITAL

Authorized: Unlimited common voting shares, without par value.

a. Share issuance - private placement

Three Months Ended March 31, 2026

No common shares were issued from 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 7)

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 7.

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.

11. 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 7).

On January 12, 2026, the Company issued 186,667 warrants at an exercise price of $1.25 per share and a term of three years. Upon issuance, $88,142 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants (Note 7).

On February 10, 2026, the Company issued 186,667 warrants at an exercise price of $1.11 per share and a term of three years. Upon issuance, $94,379 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants (Note 7).

On March 11, 2026, the Company issued 186,667 warrants at an exercise price of $1.06 per share and a term of three years. Upon issuance, $83,208 was transferred from derivative liability to warrant reserve in connection with the issuance of these warrants (Note 7).

b. Share issuance – Warrants exercised

No common shares were issued from warrants exercised for three months ended March 31, 2026.

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.

c. Share issuance – Options exercised

For the three months ended March 31, 2026, the Company issued 500,000 common shares, pursuant to stock options exercised at a price of $0.10, for total proceeds of $50,000, issued 35,000 common shares, pursuant to stock options exercised at a price of $0.20, for total proceeds of $7,000, issued 250,000 common shares, pursuant to stock options exercised at a price of $0.50, for total proceeds of $125,000, and issued 240,000 common shares, pursuant to stock options exercised at a price of $0.75, for total proceeds of $180,000. An aggregate fair value of $218,750 was reclassified from the reserves to share capital.

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.

d. Share issuance – Acquisitions

Three Months Ended March 31, 2026

For the three months ended March 31, 2026, the Company issued 1,656,000 commons shares, with a fair value of $1,606,320, pursuant for mineral right acquisition (Note 9).

11. SHARE CAPITAL – *continued*

For the three months ended March 31, 2026, the Company issued 864,055 commons shares, with a fair value of $769,009, pursuant for a rural land acquisition (Note 9).

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 5).

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 15,211,324 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.

Three Months Ended March 31, 2026

No stock options were granted.

For three months ended March 31, 2026, the Company recorded a total stock-based compensation of $237,002 (March 31, 2025 - $162,727) for options vested.

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.

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

	December 31, 2025
Risk-free interest rate	3.39% - 3.71%
Expected life	5 years
Volatility	151.62% - 151.95%
Expected dividend yield	Nil

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

11. SHARE CAPITAL – *continued*

	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price
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
Exercised	(1,025,000)	(80,000)	$0.20
Balance, March 31, 2026	9,526,000	8,226,000	$0.41

At March 31, 2026, 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	1,400,000	1,400,000	0.46
June 16, 2027	$0.20	1,500,000	1,500,000	1.21
March 13, 2028	$0.20	500,000	500,000	1.95
March 12, 2029	$0.75	3,060,000	2,295,000	2.95
May 8, 2029	$0.75	466,000	466,000	3.11
April 22, 2030	$1.50	2,100,000	1,050,000	4.06
May 23, 2030	$1.50	500,000	250,000	4.15
		9,526,000	8,226,000	2.57

f. Warrants

The Company issued 276,000 at a price of $1.00 with an expiry of one year commencing February 2, 2026, pursuant an mineral right acquisition (Note 9).

The Company issued 186,667 warrants at a price of $1.25, 186,667 warrants at a price of $1.11 and 186,667 warrants at a price of $1.06, respectively, with an expiry of three years, pursuant Sorbie Units Issuance (Note 11a).

At March 31, 2026, 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	0.08
October 30, 2026	1,675,054	$2.00	0.58
July 29, 2027	1,568,000	$1.30	1.33
December 10, 2027	1,560,384	$1.30	1.70
December 5, 2028	1,960,000	$1.18	2.68
December 19, 2028	206,667	$1.28	2.72
January 12, 2029	186,667	$1.25	2.79
February 2, 2027	276,000	$1.00	0.84
February 10, 2029	186,667	$1.11	2.87
March 11, 2029	186,667	$1.06	2.95
	9,266,106	$1.30	1.46

11. SHARE CAPITAL – *continued*

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

	Number of Warrants Outstanding	Weighted Average Price
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
Issued	836,001	$1.09
Balance, March 31, 2026	9,266,106	$1.30

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 11a). 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 11a). The Company recorded the value of broker warrants $19,180 as share issuance cost.

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

	December 31, 2025
Risk-free interest rate	2.63-2.76%
Expected life	2 years
Volatility	81.09%-91.16%
Expected dividend yield	Nil

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

	Number of Broker Warrants	Weighted Average Price
Balance, December 31, 2024	29,872	$2.00
Issued	56,805	$1.78
Balance, December 31, 2025, and March 31, 2026	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	0.58
July 29, 2027	9,100	$1.30	1.33
July 29, 2027	16,555	$1.00	1.33
December 10, 2027	31,150	$1.00	1.70
	86,667	$1.38	1.20

12. SEGEMENTED 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.

12. SEGEMENTED INFORMATION - *continued*

	Assets		Grant income		Non-current Assets	
	March 31, 2026	December 31, 2025	**March 31, 2026**	March 31, 2025	**March 31, 2026**	December 31, 2025
	($)	($)	($)	($)	($)	($)
Canada	**6,954,362**	5,775,943	**-**	-	**4,410,831**	2,789,908
Brazil	**1,158,117**	970,583	**-**	-	**1,056,102**	587,125
Italy	**593,448**	428,305	**216,564**	103,955	**4,963**	5,632
	8,705,927	7,174,831	**216,564**	103,955	**5,471,896**	3,382,665

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2026		December 31, 2025
Trade payables*	**$**	**834,651**	$	763,794
Accrued liabilities		**414,569**		499,950
Total	**$**	**1,249,220**	$	1,263,744

Of the total accounts payable and accrued liabilities, $18,840 (December 31, 2025 - $67,130) were due to a related party (Note 10).

* 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 5). 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.

14. UNEARNED REVENUE

At March 31, 2026, the Company had unearned revenue of $798,489 (€496,820) (December 31, 2025 - $582,886/ €362,288) 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 5)	$	1,014,399
Additional grants received		180,403
Grant income		(680,422)
Foreign exchange effect		68,506
Balance, at December 31, 2025	$	582,886
Additional grants received		435,208
Grant income		(216,564)
Foreign exchange effect		(3,041)
Balance, at March 31, 2026		798,489
Current portion		642,669
Non-current portion		155,820

15. 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 March 31, 2026, the shares have not been issued to the subscribers and the balance of the loans is $86,061 (December 31, 2025 – $85,208).

16. SUBSEQUENT EVENTS

The Company issued 766,667 common shares upon the exercise of warrants for total proceeds of $575,000, at exercise price of $0.75 per share

There were 693,333 warrants at a price of $0.75 per share expired without exercising.

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.

On May 13, 2026 the Company received the 6th settlement for Sorbie shares for the amount of $180,880, upon release of 269,167 Sorbie escrowed shares, and issued 186,667 warrants with an exercise price of $1.01 for an expiry of three years.