

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended
June 30, 2026

This Management Discussion and Analysis ("MD&A") of Homerun Resources Inc. (the "Company" or "Homerun") is prepared as of August 26, 2026. It should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six months ended June 30, 2026 and 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts referred to in this MD&A are expressed in Canadian dollars unless otherwise stated.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally in the MD&A is complete and reliable. Readers of the MD&A should be cautioned that information and statements derived from the Company's financial statements do not necessarily reflect the future financial performance of the Company. Statements in the MD&A that are not historical based facts are forward-looking statements which are made subject to cautionary language on pages 20 and involve known and unknown risks and uncertainties. Actual results could vary considerably from these statements. Readers should be cautioned not to put undue reliance on forward looking statements.

1. BUSINESS OVERVIEW

Homerun Resources Inc. was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange ("TSX-V") under the ticker HMR-V. The Company is transitioning from a resource company, focused on mining silica, to a materials company that processes silica into industrial inputs - such as solar glass and high-purity silicon - to support the energy transition. The corporate head office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

2. OVERALL PERFORMANCE AND SIGNIFICANT DEVELOPMENTS

2.1 FINANCIAL POSITION

- Losses and Deficit: For the six months ended June 30, 2026, the Company recorded a net loss of $3,904,989 (June 30, 2025 – $2,886,115), resulting in an accumulated deficit of $45,706,367 (December 31, 2025 – $41,801,378). Continued development activities are expected to result in further losses.
- Going Concern: At June 30, 2026, the Company had $482,150 (December 31, 2025 - $907,720) in cash and a working capital deficiency of $195,299 (December 31, 2025 – working capital of $795,183), reflecting increased capital spending and operating losses. Ongoing operations depend on raising additional capital through equity or debt financing.

2.2 CORPORATE HIGHLIGHTS (JANUARY 1 – AUGUST 26, 2026)

Homerun advanced its business through multiple operational, strategic, and financing milestones:

- January 6, 2026 – the Company finalized its lease agreement with Companhia Baiana de Pesquisa Mineral ("CBPM"), adding the final silica lease covering its Santa Maria Eterna concessions in Brazil.
- January 8, 2026 – Brazil's National Mining Agency issued the mining permit No. 743 for area 870.011/1989, granted under the Company's lease agreement with CBPM.
- In January 2026, the Company executed a purchase agreement to acquire 582 hectares of rural property known as Fazenda Conjunto Sao Jose e Nova Esperanca, Bahia, Brazil, for a total value of USD1,100,000, and in February 2026 entered into an addendum to the agreement setting out the payment schedule.
- February 2, 2026 – the Company issued 1,656,000 common shares and 276,000 warrants pursuant to the binding agreement with Pedreiras Do Brasil SA for exploitation rights at the Santa Maria Eterna silica sand district, Brazil.
- March 3, 2026 - Executed a non-binding commercial letter of intent with Jundu Ltda., a Brazilian industrial silica producer, to support the extraction, processing, and supply of high-purity silica sand from the Santa Maria Eterna district in Bahia, Brazil. The proposed arrangement is expected to provide an initial supply of at least 50,000 tonnes of

silica sand annually and support the company's bankable feasibility study and development of its planned solar glass manufacturing operations.

- March 10, 2026 – researchers at UC Davis successfully produced fused silica glass from raw Santa Maria Eterna silica sand using a one-step thermoelectric Fast Joule Heating process, supporting the Company's advanced materials strategy.
- March 24, 2026 – the Company entered the binding sales distribution contract with Cristal Sand Group Ltda, for the sale of high-purity industrial silica sand extracted from the Santa Maria Eterna (SME) silica sand district in Belmonte, Bahia, Brazil, for delivery into the Brazilian luxury construction market.
- March 31, 2026 – the Company announced completion of the Bankable Feasibility Study for its proposed solar glass manufacturing plant, with detailed results announced on May 12, 2026.
- April 1, 2026 and May 5, 2026 – the Company announced and subsequently commenced trading of its Sponsored Brazilian Depositary Receipts on B3 S.A. – Brasil, Bolsa, Balcão under the ticker symbol HMRN31. Each BDR represents one common share of the Company, which continues to trade on the TSX Venture Exchange under the symbol HMR.
- May 1, 2026 - 693,333 warrants at an exercise price of $0.75 per share that expired without being exercised.
- May 12, 2026 – the Company announced the results of a Bankable Feasibility Study ("BFS") for its proposed solar glass manufacturing plant in Brazil. The BFS outlined positive long-term project economics and supported the Company's strategy to pursue a first-mover position in Brazil's solar glass manufacturing sector, subject to financing, permitting, detailed engineering and other development risks.
- May 13, 2026 – the Company granted 4,250,000 stock options to its directors, officers and consultants of the Company, at an exercise price of $1 per share, expiry in 5 years from the date of granting.
- May 14, 2026 – shareholders approved all resolutions put forward at the Company's annual general meeting.
- May 20, 2026 – the Company engaged Minerali Industriali Engineering Srl to develop process flow design, engineering and a capital cost estimate for a proposed primary silica sand processing plant at the Santa Maria Eterna silica deposit in Belmonte, Bahia, Brazil.
- June 4, 2026 – the Company delivered its first silica sand order from the Santa Maria Eterna district under its sales distribution contract with Cristal Sand Group Ltda.
- June 8, 2026 – the Company set a capital expenditure budget of approximately US$9.38 million for its proposed primary silica sand processing plant at Santa Maria Eterna.
- July 9, 2026 – the Company confirmed an optimized +4N purification plant pathway and advanced capital expenditure configurations for its proposed high-purity silica processing plant at the Santa Maria Eterna deposit in Brazil.
- July 13, 2026 – the Company's Brazilian subsidiary was added to a Brazilian government tax incentive program supporting its silica operations in Bahia.
- July 28, 2026 – the Company obtained a non-binding letter of intent for financing of its proposed solar glass manufacturing project in Brazil.
- August 19, 2026 – the Company executed a MOU with Cebrace Cristal Plano Ltda., the leading float glass manufacturer, to evaluate a strategic partnership supporting the solar glass facility in Brazil.

2.3 FINANCING ACTIVITIES

- Proceeds received from Sorbie units: Received a total of $1,414,505 in eight monthly cash settlements, upon release of 2,153,336 escrowed shares (2,000,000 shares relating to the financing units and 153,336 shares relating to the fee units).
- Warrants issued to Sorbie: 1,493,336 warrants issued in eight monthly tranches (186,667 at an exercise price of $1.25, 186,667 at $1.11, 186,667 at $1.06, 186,667 at $1.02, 186,667 at $1.01, 186,667 at $1.01, 186,667 at $0,79, and 18,6667 at $0.64).
- Warrant exercises: 766,667 warrants at $0.75 were exercised, for a total of $575,000 in cash.
- Option exercises: 500,000 stock options were exercised at $0.10, 35,000 stock options at $0.20 were exercised, 250,000 stock options were exercised at $0.50 and 240,000 were exercised at $0.75, for a total of $362,000 in cash.

- On August 20, 2026, the Company closed convertible security financing with the LIND Partners under engagements with the Benchmark/Stonex. The convertible debenture has a $2,200,000 of face value, representing a principal amount of $2,000,000 plus total interest of $200,000. The convertible debenture has a term of 24 months and implies interest rate of 5% per annum. The $1,920,000 of principal amount ($2,000,000 less the closing fee of $80,000) of the debenture can only be converted into 2,909,090 common shares at a conversion price of $0.66, with 1,850,000 detachable warrants at an exercise price of $0.66 for a two-year period from the date of closing.

3. BUSINESS STRATEGIES AND DEVELOPMENT PLAN

Homerun's strategic vision is to become a vertically integrated materials company supporting the energy transition. The strategy unfolds in three phases:

3.1 PHASE I – HPQ SILICA SUPPLY

1. High-Purity Silica Processing**:** Develop a 120,000 tpa processing plant to convert high-purity silica sand into feedstock for solar glass and advanced materials.
2. Zero-Waste Purification**:** Collaborate with UC Davis on thermoelectric purification and advanced materials technologies, including femtosecond laser processing to achieve 99.999 % SiO_2 purity.

3.2 PHASE II – INFRASTRUCTURE AND LOGISTICS

1. Solar Glass Manufacturing**:** Build Latin America's first dedicated solar glass facility (365,000 tpa) using state-of-the-art glass melting and annealing technology from European partners.
2. AI-Based Energy Solutions: Through Homerun Energy SRL, commercialize AI-driven energy management and control systems for renewable energy capture, storage, and utilization.
3. Long-Duration Energy Storage: Partner with the U.S. Department of Energy/NREL to integrate silica sand purification into ENDURING thermal energy storage systems, enabling arbitrage of electricity and heat.

3.3 PHASE III – REVENUE AND VERTICAL INTEGRATION

1. Sales and Distribution: Sell high-purity silica, solar glass, and perovskite photovoltaic technologies to domestic and international customers.
2. Vertically Integrated Solutions**:** Extend into energy infrastructure projects (e.g., EV charging with battery storage) through partnerships and potential acquisitions.

As of the date of this report, the Company advanced Phase 2 of its three-phase silica purification platform by commissioning Dorfner Anzaplan GmbH to complete additional chemical leaching test work on silica sand samples from the Santa Maria Eterna deposit in Bahia, Brazil. This work represents the final pre-CAPEX step for the Company's proposed high-purity silica purification plant and is intended to confirm and optimize the process route before process design and capital cost estimation. Upon completion, Anzaplan is expected to provide a CAPEX package, including process design, block flow diagram, mass balance, major equipment list and an AACE Class 5 capital cost estimate. The Company continues to advance Phase 1, Phase 2 and Phase 3 of its integrated purification platform concurrently.

4. MINERAL PROPERTIES AND RESOURCE PROJECTS

4.1 CBPM MINERAL RIGHTS, SANTA MARIA ETERNA (BAHIA, 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

As at June 30, 2026, the carrying value of the CBPM mineral rights was $566,226.

4.2 BELMONTE AUGER DRILL PROGRAM AND MRE

Between May 22 and September 16, 2024 the Company completed 254 auger holes totaling 2,565 m in the Belmonte district. Drill samples were assayed by SGS using ICP-OES/MS methods. Highlights include:

- Preliminary MRE: 25.56 Mt measured and 38.35 Mt inferred high-purity silica sand (>99.50 % SiO_2).
- Consistent Purity: Silica purity generally improves after the first metre of drilling and remains consistent to depth, limited only by the auger's physical reach.
- NI 43-101 Technical Report here: https://homerunresources.com/ni-43-101-belmonte/

4.3 GUIDONI MINING RIGHTS (BELMONTE, BRAZIL)

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); b) 2nd installment (paid $140,183 in February 2026); and c) 3rd installment (paid $143,808 in August 2026).

As at June 30, 2026, the carrying value of Guidoni's mineral rights was $434,313.

As at the date of this report, the carrying value of Guidoni's mineral rights was $578,121.

4.4 LUMP QUARTZ DISTRICT (CEARA, BRAZIL)

In December 2024 the Company acquired lump quartz rights (18 claims) from a related party for $72,300 (R$300,000).

At June 30, 2026, the Company recognized an impairment charge of $80,310 to write off the carrying value of the Lump Quartz District mineral rights, as the Company no longer intends to pursue exploration on this property. The carrying value of the mineral claims is $Nil.

4.5 PEDREIRAS RIGHTS (BAHIA, BRAZIL)

In September 2025, the Company signed a Letter of Intent with Pedreiras Do Brasil SA to acquire exploitation rights for one CBPM lease agreement belonging to CBPM. The seller will receive a) USD1.2 million by issuance of the Company's common shares at deemed price of $1.00 per share, and b) USD200,000 by issuance of the Company's warrants at the exercise price of $1.00 per share. The transaction will be 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 of $1,606,320, and 276,000 warrants with an exercise price of $1.00, expiring one year from issuance, pursuant to the binding agreement with the vendor.

As at June 30, 2026, the carrying value of the Pedreiras mineral rights was $1,606,320.

4.6 FAZENDA CONJUNTO SAO JOSE E NOVA ESPERANCE RURAL PROPERTY (BAHIA, BRAZIL)

In January 2026, the Company executed a purchase agreement, to acquire 582 hectares of rural property known as Fazenda Conjunto Sao Jose e Nova Esperanca, for a total of value of USD1,100,000. 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.

In February 2026, the Company issued 864,055 common shares of the Company at a fair value of $769,009 to the vendor. In June 2026, the Company made a cash payment of $142,146 (USD100,000) to the vendor pursuant to the payment schedule under the addendum. In August 2026, the Company made a cash payment of $277,498 (USD200,000) to the vendor.

As at June 30, 2026, the carrying value of the Fazenda Conjunto Sao Jose e Nova Esperanca rural property was $911,155.

As at the date of this report, the carrying value of Fazenda Conjunto Sao Jose e Nova Esperanca rural property was $1,188,654.

5. STRATEGIC INVESTMENT – HALOCELL ENERGY LTD INTEREST AND HOMERUN ENERGY (FORMERLY HALOCELL EUROPE SRL)

On December 12, 2024, the Company entered into a binding term sheet with Halocell Energy Ltd ("Halocell Energy") and Halocell Europe SRL (subsequently rebranded as Homerun Energy). Under this agreement, the Company subscribed for 5 million common shares of Halocell Energy at a price of AUD $0.12 per share and acquired 100% of the issued and outstanding shares of Halocell Europe SRL from Halocell Energy.

Halocell Europe SRL specializes in developing disruptive perovskite solar cell technology and has significant expertise in producing highly pure materials and equipment both for commercialization and for use in third-party research and development programs. The transaction was approved by TSX-V. Key terms are summarized below:

- Share Consideration: The Company issued 1,100,000 common shares to Halocell Energy, subject to a four-month and one-day statutory hold period.
- Equity Subscription: The Company subscribed for 5,000,000 Halocell Energy shares as part of a financing of up to 18,189,680 shares at AUD $0.12 per share, raising up to AUD $2,182,762. The Company's subscription was fully completed.
- Fee Agreement: Halocell Energy agreed to pay the Company a fee equal to 6% of the actual proceeds raised, which has been paid in full.

- Patent License: Halocell Energy granted Halocell Europe SRL a non-exclusive, non-transferable, royalty-free, perpetual license to use and exploit the patent rights owned by Halocell Energy.

On February 21, 2025, the Company closed its investment in Halocell Energy Ltd, completed the acquisition of Halocell Europe SRL, and was granted the non-exclusive licensed patent rights.

6. RESEARCH & DEVELOPMENT PROGRAMS

6.1 NREL COOPERATIVE RESEARCH & DEVELOPMENT AGREEMENT (CRADA)

On November 3, 2023, Homerun entered into a multi-party CRADA with the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) and The Babcock & Wilcox Company. The collaboration aims to integrate a silica-sand refinement process into NREL's ENDURING particle-based thermal energy storage system. By upgrading Homerun's silica sand through this technology, the partners hope to deliver clean, reliable energy and advance the Company's high-purity quartz (HPQ) silica strategy.

The project supports long-duration thermal energy storage (LDES) using low-cost silica particles. Key components, such as an electric-charging particle heater, a fluidized-bed heat exchanger, and a high-temperature particle storage system, are being designed and tested to meet techno-economic goals. In operation, solid silica particles are heated to over 1,000 °C when electricity prices are low, stored for several days, and then passed through a heat exchanger to drive a generator.

NREL will evaluate the composition and suitability of Homerun's silica sand for energy storage and other applications, including photovoltaic (PV) glass, PV-grade silicon, perovskite solar cell substrates and silicon anodes for Li-ion batteries. The study will also assess the economic benefits of using Homerun's material, such as grid service arbitrage, low-cost processing using off-peak electricity and potential revenue from high-purity by-products.

The Company had committed to investing a minimum of USD 325,000 in the program and has already invested that amount as of this report. By focusing on LDES technology, the CRADA seeks to improve grid resilience, enable greater renewable penetration and provide a low-cost, long-duration alternative to fossil-fuel generation.

6.2 COLLABORATION WITH UNIVERSITY OF CALIFORNIA AT DAVIS (UC DAVIS)

Since April 1, 2024, the Company has partnered with UC Davis to develop a femtosecond-laser purification method that can upgrade raw silica sand to 99.999 % purity. This single-step thermal process uses ultrafast laser pulses to induce micro- and nano-scale structural changes, avoiding hazardous chemicals and energy-intensive machinery typically used in mechanical or chemical purification. Fine-tuning of pulse duration and intensity can produce topographical features and crystal structures suitable for next-generation semiconductor substrates, including silicon carbide (SiC) and other wide-bandgap materials.

In March 2026, researchers at UC Davis have successfully produced fused silica glass from raw silica sand using a one-step thermoelectric Fast Joule Heating ("FJH") process. These tests demonstrate, at bench scale, that silica from Homerun's Santa Maria Eterna (SME) Silica Sand Project can be converted directly into fused silica glass without chemical reagents, supporting the Company's strategy to supply high-value advanced materials markets.

The Company doubled its investment in this research in 2025, reflecting its strategic importance. As at June 30, 2026, the Company had incurred USD283,050 (CAD393,270) on this research program, and continued to invest in this initiative during the six months ended June 30, 2026 as part of its broader research and development spending.

7. SUPPLY CHAIN AND LOGISTICS PLANNING

In line with Phase II of its business plan and its 40-year lease agreement with Companhia Baiana de Pesquisa Mineral (CBPM), Homerun has spent recent months developing a comprehensive logistics strategy to minimize capital expenditures and accelerate cash flow. Negotiations are advanced with service providers already active in the Belmonte region to oversee:

- extraction and processing of HPQ silica sand from the Santa Maria Eterna district;
- road transport to the Port of Ilhéus;
- maritime handling and cabotage shipping to the ports of Vitória (ES) and Aratu (Salvador, BA); and
- a potential private sea terminal near Belmonte for more efficient loading and reduced road distance.

Mining at Santa Maria Eterna will involve simple surface extraction using front-end loaders, as the resource is highly friable. Initial processing, primarily sieving and washing, will produce silica sand at purity levels exceeding domestic and international solar-glass requirements. The refined product will then be shipped in one-tonne bags or in bulk to Ilhéus for direct export or cabotage to Aratu or Vitória for further purification and glass manufacturing. Longer term, shared use of a private sea terminal is being explored to enable loading onto large ocean barges, substantially reducing transportation distances and operating costs.

8. SOLAR GLASS MANUFACTURING FACILITY

Brazil represents the largest solar market outside China, with roughly 1 GW of domestic production capacity versus annual demand of 15–20 GW. To address this supply gap, Homerun plans to build Latin America's first solar-glass plant with a capacity of 365,000 tonnes per year in Belmonte, Bahia. The facility will leverage the Company's nearby high-purity quartz silica deposits, minimizing logistics costs and ensuring consistent quality. By processing this material into solar-grade glass, Homerun aims to supply domestic and global manufacturers with high-performance components, supporting wider adoption of renewable energy. Recent policy changes - a 25 % tariff on Chinese-made solar components and enhanced tax incentives for domestic producers, make Brazil an especially attractive location for the venture.

Key developments include:

- Preliminary proposals:
  • October 3, 2024 – Horn Glass Industries AG submitted the first budgetary proposal for a 1,000-tonne-per-day low-iron solar-glass plant, estimating capital expenditures at €151.5 million (exclusive of land, buildings, equipment and assembly labour).
  • July 9, 2025 – GS Engineering GmbH, a consortium of Grenzebach (a leader in glass annealing and cutting lines) and Sorg (a provider of glass-melting technology), presented a second budgetary offer of about €150 million for a plant of the same capacity.
- Land allocation:
  June 4, 2025 – The municipality of Belmonte issued a decree expropriating 64.5 hectares of land (registration No. 3258) to be donated for the Company's silica processing and solar-glass manufacturing complex.

On May 12, 2026, the Company announced the results of a BFS for its proposed solar glass manufacturing plant in Belmonte, Bahia, Brazil, adjacent to the Company's low-iron silica sand resources. The proposed facility is designed as a 1,000 tonne-per-day soda-lime patterned solar glass plant, with four 250 tonne-per-day roll glass lines, producing ultra-clear patterned glass for photovoltaic modules. Under the BFS base-case assumptions, the project generated an estimated net present value of approximately US$670 million, an internal rate of return of 20.2%, and an estimated payback period of approximately 7.6 years.

The BFS also estimated initial capital expenditures of approximately US$396.5 million, net of VAT and other local taxes, with project start contemplated in November 2026, subject to financing, detailed engineering and approvals. The Company noted that the project remains subject to significant risks, including financing, permitting, detailed engineering, contracting, market conditions, construction and commissioning risks, and there can be no assurance that the project will be constructed or operated on the timeline contemplated in the BFS, or at all.

During May 2026, the Company engaged Minerali Industriali Engineering Srl to develop process flow design, engineering and a capital cost estimate for a proposed primary silica sand processing plant at the Santa Maria Eterna silica deposit in Belmonte, Bahia, Brazil. The proposed plant is expected to have a minimum capacity of 350,000 tonnes per year and target 99.9%+ SiO_2 industrial-grade silica sand. The Company expects approximately 200,000 tonnes per year of production to supply its proposed solar glass manufacturing facility, with the remaining production available for industrial silica customers and potential feedstock

for future higher-purity silica purification modules.

The proposed processing plant remains subject to completion of engineering work, capital cost estimates, financing, permitting, construction planning and other development risks. There can be no assurance that the plant will be financed, constructed or commissioned on the timeline currently contemplated, or at all.

9. SELECTED ANNUAL INFORMATION

The following financial data is derived from the Company's audited financial statements for the years ended December 31, 2025, 2024 and 2023:

	December 31, 2025	December 31, 2024	December 31, 2023
Net loss	(9,163,511)	(3,896,676)	(1,575,182)
Net comprehensive loss	(9,271,177)	(4,020,592)	(1,594,816)
Total assets	7,174,831	2,784,916	587,059
Total liabilities	4,507,838	464,664	919,906

The Company's increasing losses reflect greater activity from exploration and evaluation in Brazil, marketing and fund raising. Assets have increased due to the investment in Halocell Energy Limited shares pursuant to the acquisition of Homerun Energy SRL and the financial asset related to the Sorbie financing arrangement.

10. FINANCIAL PERFORMANCE

- Q2 2026 (Three Months Ended June 30, 2026) vs. Q2 2025 (Three Months Ended June 30, 2025)

Financial Performance Overview

In Q2 2026, the Company reported a net loss of $2,713,337, compared to a net loss of $1,827,711 in Q2 2025, representing an increase in loss of $885,626. The higher loss was mainly due to higher stock-based compensation, research and development, marketing and investor relations, payroll, professional fees, and foreign exchange loss, an impairment of exploration and evaluation assets, and an unrealized loss on the fair value of the financial asset and derivative liability associated with the Sorbie arrangement, partially offset by lower supplies expense, lower grant income, and a gain on settlement of debt.

Miscellaneous Revenue and Grants

Q2 2026 revenue consisted of miscellaneous sales of $26,013 and grant income of $181,837, all generated by Homerun Energy SRL, formerly Halocell Europe SRL, the Company's perovskite solar subsidiary in Italy. The grant income relates to EU government funding for solar-related research and development projects, supporting the Company's continued advancement of its renewable energy initiatives. In Q2 2025, the Company recorded grant income of $300,801 and miscellaneous sales of $36,593.

Operating Expenses Analysis

Operating expenses rose to $2,567,419 in Q2 2026, up $398,615 from $2,168,804 in Q2 2025. Key changes include:

1. Stock-based Compensation ($1,184,933; +16% QoQ)
Increased by $164,118 due to higher recognized compensation expense from the 4,250,000 stock options granted in May 2026, which continue to vest over their remaining vesting tranches.

2. Research and Development ($275,456; +102% QoQ)
Increased by $138,804 due to continued advancement of the femtosecond laser purification program with UC Davis and expanded technical and engineering work supporting the solar glass and silica purification platforms.

3. Marketing and Investor Relation ($200,948; +64% QoQ)
Increased by $78,058 due to increased investor relations and marketing activities following the announcement of the Bankable Feasibility Study results and the Brazilian Depositary Receipt listing.

4. Foreign Exchange Loss ($61,667)

The Company recorded a foreign exchange loss of $61,667 in Q2 2026, compared to a foreign exchange gain of $1,925 in Q2 2025, reflecting movements in the Brazilian Real and Euro relative to the Canadian dollar.

5. Supplies ($5,089; -89% QoQ)
Decreased by $39,401 due to lower laboratory and field supply purchases in the current period compared with the prior comparative period.

6. Payroll ($130,836; +5% QoQ)
Increased by $6,289, generally consistent with the prior comparative period, reflecting the continued inclusion of payroll costs incurred by Homerun Energy SRL.

7. Impairment of Exploration and Evaluation Assets ($80,310)
The Company recognized an impairment charge of $80,310 during Q2 2026 to write off the carrying value of the Lump Quartz District mineral rights in Ceara, Brazil, as the Company no longer intends to pursue exploration on this property.

8. Unrealized Loss on Fair Value of Financial Asset and Derivative Liability ($360,791)
Unrealized loss on fair value change of financial asset and derivative liability was $360,791 in Q2 2026, compared to nil in Q2 2025, resulting from the decline in the Company's share price during the quarter and its impact on the valuation of the Sorbie settlement proceeds receivable and derivative liability.

Conclusion

The increase in net loss for Q2 2026 was primarily due to higher stock-based compensation, research and development, marketing and investor relations expenses, an impairment charge on the Lump Quartz District mineral rights, and an unrealized loss on the fair value of the financial asset and derivative liability, partially offset by lower supplies expense, a gain on settlement of debt of $78,628, and a realized gain on settlement of the Sorbie financial asset of $7,859.

- Q2 2026 (Six Months Ended June 30, 2026) vs. Q2 2025 (Six Months Ended June 30, 2025)

Financial Performance Overview

For the six months ended June 30, 2026, the Company reported a net loss of $3,904,989, compared to a net loss of $2,886,115 for the six months ended June 30, 2025, representing an increase in loss of $1,018,874. The higher loss was mainly due to increased research and development, stock-based compensation, payroll, marketing and investor relations, and foreign exchange loss, an impairment of exploration and evaluation assets, and a smaller net gain on the fair value of the financial asset and derivative liability associated with the Sorbie arrangement, partially offset by a gain on settlement of debt and lower consulting and management fees and professional fees.

Miscellaneous Revenue and Grants

For the six months ended June 30, 2026, the Company recorded miscellaneous sales of $64,388 and grant income of $398,401, generated by Homerun Energy SRL, formerly Halocell Europe SRL, the Company's subsidiary in Italy. The grant income relates to EU government funding for solar-related research and development projects. For the six months ended June 30, 2025, the Company recorded miscellaneous sales of $36,916 and grant income of $404,756.

Operating Expenses Analysis

Operating expenses increased to $4,184,935 for the six months ended June 30, 2026, up $856,455 from $3,328,480 for the six months ended June 30, 2025. Key changes include:

1. Stock-based Compensation ($1,421,935; +20% QoQ)
Increased by $238,393 due to higher recognized compensation expense from the 4,250,000 stock options granted in May 2026, which continue to vest over their remaining vesting tranches.

2. Research and Development ($610,459; +124% QoQ)
Increased by $338,057 due to continued advancement of the femtosecond laser purification program with UC Davis and expanded technical and engineering work supporting the solar glass and silica purification platforms.

3. Marketing and Investor Relation ($393,187; +32% QoQ)
Increased by $94,562 due to increased investor relations and marketing activities following the announcement of the Bankable Feasibility Study results and the Brazilian Depositary Receipt listing.

4. Foreign Exchange Loss ($113,651)
The Company recorded a foreign exchange loss of $113,651 for the six months ended June 30, 2026, compared to a foreign exchange gain of $1,692 for the six months ended June 30, 2025, reflecting movements in the Brazilian Real and Euro relative to the Canadian dollar.

5. Supplies ($30,954; -45% QoQ)
Decreased by $25,754 due to lower laboratory and field supply purchases in the current period compared with the prior comparative period.

6. Payroll ($259,784; +53% QoQ)
Increased by $90,389 due to the continued inclusion of payroll costs incurred by Homerun Energy SRL.

7. Impairment of Exploration and Evaluation Assets ($80,310)
The Company recognized an impairment charge of $80,310 during the six months ended June 30, 2026 to write off the carrying value of the Lump Quartz District mineral rights in Ceara, Brazil, as the Company no longer intends to pursue exploration on this property.

8. Unrealized Loss on Fair Value of Financial Asset and Derivative Liability ($199,114)
Unrealized loss on fair value change of financial asset and derivative liability was $199,114 for the six months ended June 30, 2026, compared to nil for the six months ended June 30, 2025, resulting from the decline in the Company's share price during the period and its impact on the valuation of the Sorbie settlement proceeds receivable and derivative liability.

Conclusion
The increase in net loss for the six months ended June 30, 2026 was primarily due to higher stock-based compensation, research and development, marketing and investor relations expenses, payroll, and foreign exchange loss, an impairment charge on the Lump Quartz District mineral rights, and an unrealized loss on the fair value of the financial asset and derivative liability, partially offset by lower supplies expense, a gain on settlement of debt of $78,628, and a realized gain on settlement of the Sorbie financial asset of $16,715.

11. SUMMARY OF QUARTERLY RESULTS

Results for the eight most recent quarters are as follows:

	Jun. 30, 2026 ($)	Mar. 31, 2026 ($)	Dec. 31, 2025 ($)	Sep. 30, 2025 ($)
Grants (income)	(181,837)	(216,564)	(5,574)	(233,176)
Expenses	2,567,419	1,617,516	1,777,900	1,835,806
Other (income) loss	327,755	(209,300)	2,940,068	(718,049)
Net loss	2,713,337	1,191,652	4,715,014	1,559,429
Comprehensive loss	2,617,504	1,052,229	4,865,229	1,554,453
Basic and diluted loss per share	(0.03)	(0.02)	(0.07)	(0.02)
Total current assets	2,271,434	3,234,031	3,792,166	1,210,316
Total assets	7,030,087	8,705,927	7,174,831	4,663,743
Total current liabilities	2,466,733	3,008,350	3,275,838	1,602,932
Total liabilities	2,788,156	3,851,103	4,507,838	1,702,024

	Jun. 30, 2025 ($)	Mar. 31, 2025 ($)	Dec. 31, 2024 ($)	Sep. 30, 2024 ($)
Grants (income)	(337,394)	(103,955)	-	-
Expenses	2,168,804	1,159,676	1,047,069	1,075,825
Other (income) loss	(3,699)	3,006	(454,379)	(2,371)
Net loss	1,827,711	1,058,404	592,690	1,073,454
Comprehensive loss	1,836,647	1,014,848	679,900	1,074,526
Basic and diluted loss per share	(0.03)	(0.02)	(0.01)	(0.02)
Total current assets	1,380,975	1,768,572	1,878,406	541,147
Total assets	4,671,744	5,060,795	2,784,916	961,908
Total current liabilities	1,690,189	1,805,062	376,953	496,659
Total liabilities	1,884,720	2,087,939	464,664	591,400

Quarterly losses fluctuated between $592,690 and $4,715,014. Since Q1 2024, quarterly losses have generally remained above the $1 million mark, largely driven by higher marketing expenditures, research and development activities, exploration and evaluation expenses, and stock-based compensation, except in Q4 2024. Stock option-related costs have generally increased in line with movements in the Company's share price. The net loss of $2,713,337 in Q2 2026 was the second highest of the eight quarters presented, reflecting an unrealized loss on the fair value of the financial asset and derivative liability, an impairment of exploration and evaluation assets, and continued high levels of stock-based compensation and research and development spending. The significant increase in net loss in Q4 2025 was primarily attributable to the impairment of exploration and evaluation assets, Halocell and Sorbie transaction fees, an unrealized loss on the remeasurement of the Sorbie settlement receivable, increased research and development related to the solar glass project and energy solutions, additional costs associated with the newly acquired subsidiary in Italy, and expenses incurred in connection with pursuing a London Stock Exchange listing.

Quarterly expenses have fluctuated between $1,047,069 and $2,567,419. Beginning in Q2 2024, expenses have generally remained above the $1 million mark, reaching $2,567,419 in Q2 2026, the highest of the eight quarters presented, primarily due to increased stock-based compensation, research and development, marketing and investor relations, and payroll, reflecting the vesting of options granted in May 2026 and continued advancement of the Company's research and development and solar glass initiatives.

The Company's total assets have fluctuated quarterly from $895,328 in Q2 2024, the lowest, to $8,705,927 in Q1 2026, the highest, before decreasing to $7,030,087 at June 30, 2026 as cash settlements received under the Sorbie financing arrangement reduced the related financial asset. The increase in 2025 and into 2026 was primarily driven by the recognition of a financial asset related to the Sorbie institutional financing arrangement, representing future cash settlements tied to the Company's

share price performance. In addition, the Company expanded its strategic focus from silica resource development to the broader solar glass value chain through the acquisition of Homerun Energy SRL, formerly Halocell Europe SRL, and related solar technology initiatives. During 2024 through the six months ended June 30, 2026, the Company also continued to invest in securing silica resources at Santa Maria Eterna, Brazil through cash payments and the issuance of common shares. These activities support the Company's long-term strategy of integrating its silica resource base in Brazil with solar technology and planned solar glass manufacturing operations.

The Company's liabilities fluctuated from $464,664 as at Q4 2024 to $4,507,838 as at Q4 2025, before decreasing to $2,788,156 at June 30, 2026, primarily due to the recognition, and subsequent reduction, of the Sorbie derivative warrant liability associated with the Sorbie financing arrangement, as well as unearned revenue related to grant funding received by Homerun Energy SRL in Italy.

12. LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2026	December 31, 2025
Cash	$ 482,150	$ 907,720
Current assets	2,271,434	3,792,166
Other long-term assets	1,240,639	2,795,540
Exploration and evaluation assets	3,518,014	587,125
Total assets	7,030,087	7,174,831
Current liabilities	2,466,733	2,996,983
Non-current liabilities	321,423	1,510,855
Shareholders' equity	4,241,931	2,666,993
Working capital	(195,299)	795,183

Total assets are comprised primarily of cash, receivables, prepaid expenses, financial assets, investment, equipment, and exploration and evaluation assets. As at June 30, 2026, the Company's cash balance decreased primarily due to general working capital requirements, continued investment in exploration and evaluation assets in Brazil, and monthly cash settlements received under the Sorbie financing arrangement, partially offset by proceeds from warrant and stock option exercises.

Total liabilities as at June 30, 2026 decreased compared with December 31, 2025, primarily due to a reduction in the Sorbie derivative liability, as a portion of the derivative liability was reclassified to Sorbie warrant reserve upon the issuance of Sorbie warrants during the six months ended June 30, 2026, in accordance with the terms of the Sorbie financing arrangement.

Review of Cash Flows

As at June 30, 2026, the Company had a cash balance of $482,150, compared to $907,720 on December 31, 2025.

Operating Activities: Cash used in operating activities totalled $2,082,051 for the six months ended June 30, 2026, compared to $1,856,760 for the six months ended June 30, 2025. The increase was largely due to higher stock-based compensation, research and development, payroll, and marketing and investor relations activities, partially offset by favourable changes in non-cash working capital.

Financing activities generated total cash inflows of $2,094,418 for the six months ended June 30, 2026, compared to $968,725 for the six months ended June 30, 2025. The increase was primarily due to cash received from monthly settlements under the Sorbie financing arrangement of $1,157,418, as well as proceeds from warrant exercises of $575,000 and stock option exercises of $362,000.

Investing Activities: Investing activities used cash of $556,644 for the six months ended June 30, 2026, compared to cash provided by investing activities of $222,584 for the six months ended June 30, 2025. The six months ended June 30, 2026 cash outflow primarily reflected continued cash investment in exploration and evaluation assets, including mineral claims in Brazil. In the six months ended June 30, 2025, investing activities generated a net cash inflow mainly because the Company acquired

cash held in Homerun Energy SRL's bank account upon acquisition, partially offset by cash used for exploration and evaluation assets and the investment in Halocell Energy shares.

Liquidity Outlook

At June 30, 2026, the Company had a working capital deficiency of $195,299, compared to working capital of $795,183 at December 31, 2025, a decrease of $990,482, reflecting increased current liabilities, the current portion of the Sorbie derivative liability and unearned revenue, and a reduction in current cash and financial asset balances. Given the working capital deficiency, the Company's liquidity risk is considered high, and the Company will need to raise additional capital in the near term to fund its ongoing operations and development plans.

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

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

13. RELATED PARTIES AND KEY MANAGEMENT COMPENSATION

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

At June 30, 2026, the Company was indebted to related parties $40,361 (December 31, 2025 - $67,130).

During the six months ended June 30, 2026, the Company granted a total of 4,250,000 stock options, of which, 2,150,000 were granted to the related parties.

On May 1, 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.

In August 2025, the Company paid R300,000 to a private entity controlled by Antonio Vitor for due diligence services in the hard quartz asset owned by CBPM.

During the six months ended June 30, 2026 and 2025, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Stock-based compensation for June 30, 2026	Stock-based compensation for June 30, 2025	Fees for period ended June 30, 2026	Fees for period ended June 30, 2025
			($)	($)	($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	307,060	18,648	228,884	192,168
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	-	-	60,000	60,000
Global Link Capital	Owned by Greg Pearson, former director	Management services	-	-	-	50,000
Gordon J. Fretwell, Law Corporation	Owned by Gordon Fretwell, Corporate Secretary	Legal services	46,059	-	10,000	31,822

Tom Fontaine	Director	Management services	111,808	93,060	16,680	16,015
Stephen Burega	Former Director	Management services	47,209	158,683	-	15,000
Antonio Vitor	VP, Homerun Brasil Mineracao Ltda	Mining project management	153,530	13,986	128,496	93,024
Armando Farhate	Chief Operating Officer	Mining project management	35,043	102,505	80,310	42,840
Mauro Cesar Terence	Chief Technology Officer	Mining project management	-	9,324	20,078	22,032
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	-	-	60,000	60,000
Nancy Zhao	Chief Financial Officer	Accounting services	111,808	102,505	-	-
			812,516	498,711	604,448	582,901

14. OUTSTANDING SHARE DATA

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

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

- 77,345,399 common shares issued and outstanding;
- 8,739,441 warrants issued and outstanding;
- 86,667 broker's warrants issued and outstanding;
- 12,126,000 stock options granted, of which, 8,501,000 of these stock options are exercisable

15. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to estimate the fair value of stock options granted and warrants issued. Under this model, the Company must estimate the term, volatility and if applicable, the forfeiture rate of options granted and warrants issued.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Exploration and Evaluation Assets

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

16. NEW ACCOUNTING STANDARDS

For information on the Company's accounting policies and new accounting pronouncements, please refer to our disclosure in our audited consolidated annual financial statements for the years ended December 31, 2025.

17. CAPITAL MANAGEMENT AND FINANCIAL RISK FACTORS

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support ongoing operations. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business. In order to carry out its business activity and pay for administrative costs, the Company will need to raise additional working capital.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during period or during the period. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.

Details of the Company's financial instruments, management's assessment of their related risks and details of management of those risks are as follows:

Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, accounts payable, and loans payable.

The Company maintains cash deposits with financial institutions, which, from time to time, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk from cash.

Financial instrument risk exposure

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

The Company's financial instruments 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.

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.

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

18. RISK FACTORS

The Company's success depends on a variety of factors, many of which are beyond its control. Typical risk factors and uncertainties include current global economic conditions, geopolitical conflicts, the impact of tariffs, supply chain disruptions, inflationary pressures, interest rate fluctuations, natural disasters, and other events that may affect the ability to raise financing or execute operations. Additional risks include mineral title matters, fluctuations in metal and silica prices, currency exchange rate volatility, operating hazards associated with the mining industry, and changes in legislation, regulations, or their enforcement. These risk factors could materially impact the Company's future operations and cause actual results to differ significantly from forward-looking statements.

Environmental and Regulatory Requirements

Mineral exploration and development activities require permits from multiple governmental authorities and are subject to extensive laws and regulations covering prospecting, development, mining, production, exports, taxation, labour standards, occupational health and safety, waste disposal, toxic substances, land use, environmental protection, and other matters. Compliance with these requirements can increase costs and cause delays. Failure to comply may result in enforcement actions, including operational shutdowns, corrective measures requiring significant capital expenditures, or remedial actions. Companies may also be liable for compensating affected parties, and violations, particularly of environmental laws, can result in substantial civil or criminal penalties.

In Brazil, where the Company's primary projects are located, recent changes in environmental licensing laws, political influence, and updates from the National Mining Agency (ANM) have introduced uncertainty regarding the timing, cost, and process for obtaining or amending permits. While the Company believes it currently complies with all applicable laws and regulations, there can be no assurance that all permits required for future exploration and development will be obtained or maintained on reasonable terms, or that changes in laws and regulations will not adversely affect operations. Amendments to existing regulations or stricter enforcement could materially impact the Company, potentially increasing costs, reducing production levels, or delaying or abandoning projects.

Industry and Economic Factors

As a mineral exploration and development company, the Company's performance is influenced by numerous industry and economic factors, including commodity prices, competition for attractive mineral properties, investor appetite for high-risk equity investments, and availability of qualified personnel and specialized equipment. Inflationary pressures and high interest rates, both globally and in Brazil, may increase project development costs, financing costs, and working capital requirement. In addition, shifts in trade policy, including new or higher tariffs on solar and critical mineral products could impact the economics of the Company's downstream markets, potentially affecting demand for high-purity silica products.

Market and Demand Fluctuations of High-Purity Quartz Silica

Demand for high-purity quartz silica is closely tied to the solar energy and high-tech electronics industries, both of which are subject to market volatility. Technological advances, policy shifts, energy priorities, or tariffs could significantly influence demand. The Company's ability to develop its resource properties depends heavily on silica prices; a sustained decline could result in asset write-downs, reduced development activity, or the loss of project interests. While silica prices cannot be predicted with certainty, the Company actively monitors market conditions to assess project feasibility.

R&D Investment and Technological Viability

The Company is investing in proprietary purification methods, including a novel femtosecond laser process with UC Davis to elevate silica purity to 99.999% without hazardous chemicals. While promising, these techniques remain experimental and may not scale economically or deliver the expected purity or performance in commercial settings. Should these technologies underperform or fail to become commercially viable, the Company's competitive advantage and differentiation in high-purity silica supply may be diminished.

Financing Strategy Risks

The Company will require additional funding for its exploration, corporate activities, projects development and general overhead in the near term. Funding may be obtained through either equity or debt financing; however, the ability to raise capital depends on market conditions, investor sentiment, and the Company's performance record. There is no guarantee that financing will be available on favorable terms, or at all.

The Company has initiated multiple financing and advisory engagements to support its strategy, including up to $15,000,000 in convertible security financing arrangements with Lind Partners under engagements with Benchmark and Stonex, a non-binding letter of intent for financing of its proposed solar glass manufacturing project, and continued advisory engagements including a potential dual listing on the London Stock Exchange via Strand Hanson. These initiatives are vital for funding vertical integration, R&D, infrastructure build-out, and platform development. If these efforts fail to close on favourable terms, the Company may lack the capital needed to execute its business plan as envisioned.

The Company has recognized a financial asset receivable arising from the Sorbie financing arrangement with a face value of approximately $6.0 million. The measurement and ultimate recoverability of this receivable are subject to market risk, as the expected realization is linked, in part, to the market performance of the Company's common shares. As a result, the fair value and expected cash flows associated with this financial asset may fluctuate based on changes in the Company's share price and market conditions. Under IFRS 9, the Company is required to assess the recoverability of financial assets and recognize adjustments where expected credit losses or changes in fair value occur. If the Company's share price declines or does not perform as anticipated, the Company may be required to recognize fair value adjustments or impairment charges, which could materially impact the Company's financial position and results of operations.

The Company's business strategy is significantly supported by its selection under Brazil's strategic mineral transformation call and the receipt of a joint support plan from BNDES and FINEP. These instruments are intended to accelerate project financing and infrastructure development. However, these public-sector contributions depend on regulatory approvals, milestone fulfillment, and inter-agency coordination. Delays or changes in the funding terms could hinder timely execution of the strategy.

Multi-Phase Business Plan Execution Risk

The Company's strategic growth plan consists of three interdependent phases. Each phase relies on the successful completion of preceding phase, the availability of sufficient funding, the performance of key partners, and the management of technical, regulatory, and market risks. Delays, cost overruns, or setbacks in any phase could materially affect the timing, scope, and viability of subsequent phases, as well as the overall return on investment.

Phase I – HPQ Silica Supply – This phase involves constructing and commissioning a 120,000 tpa high-purity silica processing plant and advancing zero-waste purification technologies, including collaborative R&D with UC Davis to achieve 99.999% SiO_2 purity. Risks in this phase include permitting delays, capital cost escalation due to inflation or supply chain disruptions, technological underperformance of purification methods, and the inability to meet product quality specifications required by downstream customers. Failure to deliver a reliable, high-purity feedstock on schedule could compromise the feasibility of Phase II.

Phase II – Infrastructure and Logistics – This phase targets the establishment of Latin America's first dedicated 365,000 tpa solar glass manufacturing facility, deployment of AI-driven energy management systems, and integration of long-duration energy storage solutions in partnership with the U.S. Department of Energy/NREL. This phase entails significant engineering, procurement, and construction challenges, as well as dependency on international technology providers. Additional risks include potential cost overruns, logistical bottlenecks in Brazil, delays in obtaining regulatory approvals, and changes in renewable energy policy or tariffs that could affect market demand for solar glass and storage systems.

Phase III – Revenue and Vertical Integration – This phase aims to generate sales from high-purity silica, solar glass, and perovskite photovoltaic technologies, while pursuing vertical integration into energy infrastructure projects such as EV charging with battery storage. Risks in this phase include market acceptance and pricing volatility, competition from established suppliers,

failure to secure long-term offtake agreements, and challenges in managing a diversified portfolio of products and services. Unfavourable market conditions or execution missteps could limit the Company's ability to achieve anticipated revenue growth and economies of scale.

The Company's strategy spans extraction of high-purity quartz silica through to advanced materials and AI-driven energy management systems. Achieving vertical integration, from mining to solar glass production, energy storage, and "The HUB" AI platform, requires successful execution across diverse and complex domains. If any aspect of this multi-phase plan -mining infrastructure, processing, offtake agreements, technology deployment, or platform commercialization - faces delays, cost overruns, or technological failures, it may impair expected synergies, margins, or timelines.

Partner and Offtake Dependency

The Company's business model relies heavily on strategic partnerships. These include non-binding offtake agreements with major solar glass manufacturers (e.g., Balfar Solar and Sengi Solar) and collaboration agreements for infrastructure support with local Brazilian authorities (e.g., CBPM and Bahia state entities). Failure to convert these partnerships into binding contracts, or if any partner withdraws could reduce projected production throughput or market access.

Strategic and Human Resource Dependencies

The Company's strategy relies on forming partnerships with government bodies and key industry players, including solar glass manufacturers. Failure to secure such partnerships could hinder market penetration efforts. The Company's success also depends on the expertise and commitment of its personnel across multiple geographic regions. The loss of key team members, difficulties in managing growth, or challenges in integrating new activities and technologies could disrupt operations and impede strategic initiatives.

Although the BFS indicates positive long-term project economics, the proposed solar glass manufacturing project remains at an early development stage and is subject to significant risks, including financing, construction, permitting, market pricing, customer offtake, technical execution and ramp-up risks. The Company has not yet secured full project financing, and there can be no assurance that the project will be developed on the timelines or achieve the economic assumptions presented in the BFS.

Dependence on EU Grant Funding and Limited Commercial Revenue at Homerun Energy

Homerun Energy, the Company's rebranded solar development subsidiary (formerly Halocell Europe SRL), currently generates minimal commercial revenue and is heavily reliant on EU government grant to fund operations. Any delay, reduction, or withdrawal of grant funding could significantly hinder ongoing research, development, and commercialization efforts. If Homerun Energy cannot transition from grant dependency to sustainable revenue generation, through sales of Perovskite photovoltaic systems, AI-based energy management solutions, or integration into SeisSolar distribution networks, the Company may face challenges meeting its growth targets, profitability goals, and return-on-investment expectations.

Geographic Expansion and Regulatory Complexity in New Markets

Homerun Energy has launched an AI-powered energy management platform, The HUB, targeting customers across the EU, UK, North America, and South America. While this expansion offers diversification and revenue potential, it also exposes the Company to regulatory, commercial and compliance complexity in multiple jurisdictions. Each market may require specific certifications, data privacy compliance, and operational adaptation, which could delay rollout or increase costs.

19. INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for the design of the Company's internal controls over financial reporting ("ICFR") as required by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). ICFR is intended to provide reasonable assurance regarding the preparation and presentation of financial statements for external purposes in accordance with applicable generally accepted accounting principles. Internal control systems, no matter how well designed,

have inherent limitations.

Based on a review of its internal control procedures at the end of the three and six month period covered by this MD&A, management has determined that the Company's internal controls over financial reporting have been effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There were no changes in the Company's internal controls over financial reporting that occurred during the period that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.
However, even those systems determine to be effective can provide only reasonable assurance with respect to financial statement and preparation. A control system, no matter how well conceived or operated can provide only reasonable, not absolute, assurance and are not expected to prevent all errors and fraud.

20. LEGAL MATTERS

The Company is not currently and has not at any time during our most recently completed fiscal year, been party to, nor has any of its properties been the subject of, any material legal proceedings or regulatory actions.

21. NATURE OF THE SECURITIES

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

22. PROPOSED TRANSACTIONS

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

23. OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements.

24. ADDITIONAL INFORMATION

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

25. FORWARD LOOKING INFORMATION

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the Company's future business plans and strategy, exploration plans, and environmental protection requirements. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" (or "does not expect"), "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" (or "does not anticipate"), or "believes", and other similar words and phrases, or which states that certain actions, events, or results "may", "could", "might", or "will" occur. Forward-looking information is subject to known and unknown risks and uncertainties that may cause the actual results, or performance of the Company to be materially different from those expressed or implied by such forward-looking information. These risks and uncertainties include risk and uncertainties associated with the mining industry and the exploration and development of its silica projects, such as the uncertainty of exploration results, the volatility of silica/silicon prices, potential changes in government regulation, the uncertainty of potential title claims against the Company's projects, and the uncertainty of predicting operating and capital costs. They also include risks and uncertainties that affect the business environment generally, such as international political or economic developments, changes in interest rates and the condition of financial markets, and changes in exchange rates.

Forward-looking information is based on assumptions and expectations which the Company considers to be reasonable, and which are based on management's experience and its perception of trends, current conditions, and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information. The Company can give no assurance that forward-looking information, or the assumptions and expectations on which it is based, will prove to be correct. Homerun Resources does not undertake to revise or update any forward-looking information, except in accordance with applicable laws. Readers should not place undue reliance on forward-looking information.

26. APPROVAL

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

Management & Directors

Brian Leeners - Director, Chief Executive Officer & Corporate Secretary
Hugh Callaghan - Director
Lew Dillman – Director
Tom Fontaine - Director
Nancy Zhao - Chief Financial Officer