

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Financial Statements

Nine Months Ended September 30, 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 September 30, 2026 and December 31, 2025

	Notes		September 30, 2026		December 31, 2025
ASSETS					
Current Assets					
Cash		**$**	**968,388**	$	907,720
Receivables	6		**78,387**		101,246
Prepaid expenses			**147,112**		338,380
Financial asset	7		**967,742**		2,444,820
			2,161,629		3,792,166
Non-Current Assets					
Exploration and evaluation assets	9		**4,149,005**		587,125
Financial asset – non-current	7		**161,290**		2,241,088
Laboratory and office equipment	8		**8,403**		5,632
Investment	5		**594,480**		548,820
TOTAL ASSETS		**$**	**7,074,807**	$	7,174,831
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
		$		**$**	
Accounts payable and accrued liabilities	10, 13		**942,536**		1,263,744
Derivative liability	7		**276,706**		1,344,000
Convertible security	15		**758,043**		-
Loans payable	16		**86,973**		85,208
Unearned revenue	14		**435,831**		304,031
			2,500,089		2,996,983
Non-Current Liabilities					
Derivative liability – non-current	7		**115,294**		1,232,000
Convertible security – non-current	15		**711,052**		-
Unearned revenue – non-current	14		**-**		278,855
			3,326,435		4,507,838
Shareholders' Equity					
Share capital	11		**41,953,739**		38,144,740
Reserves	11		**9,555,314**		6,574,847
Accumulated other comprehensive loss			**(22,129)**		(251,216)
Deficit			**(47,738,552)**		(41,801,378)
			3,748,372		2,666,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**7,074,807**	$	7,174,831

Nature of operations and going concern (Note 1)
Subsequent events (Note 17)

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

"Brian Leeners" _____
Director

"Lewis Dillman" _____
Director

HOMERUN RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
For the Nine Months Ended September 30, 2026 and 2025

	Notes	Three Months Ended September 30, 2026	2025	Nine Months Ended September 30, 2026	2025
Expenses					
Depreciation	8	**694**	815	**2,026**	1,851
Consulting and management fees	10	**93,960**	252,056	**435,635**	647,968
Exploration and evaluation expenditures	9,10	**321,104**	411,650	**877,516**	906,042
Foreign exchange loss (gain)		**(6,171)**	3,348	**107,480**	1,656
Marketing and investor relations		**155,235**	154,387	**548,422**	453,012
Office and miscellaneous		**45,760**	62,036	**227,313**	218,337
Payroll		**130,427**	131,318	**390,211**	300,713
Professional fees	10	**147,558**	50,885	**353,398**	276,245
Research and development		**164,737**	136,350	**775,196**	408,752
Supplies		**61,301**	27,568	**92,255**	84,276
Stock-based compensation	10,11f	**875,636**	593,803	**2,297,571**	1,777,345
Transfer agent and filing fees		**28,837**	11,590	**96,990**	88,089
Operating expenses		**(2,019,078)**	(1,835,806)	**(6,204,013)**	(5,164,286)
Other items					
Interest income		**564**	66	**1,802**	6,218
Grant income	14	**374,031**	284,498	**772,432**	689,254
Miscellaneous sales		**6,754**	760	**71,142**	37,676
Impairment - receivables		**-**	(8,947)	**-**	(14,406)
Impairment of exploration and evaluation assets	9	(480)	-	**(80,790)**	-
Realized gain on settlement of financial asset	7	**5,407**	-	**22,122**	-
Unrealized loss on fair value of financial asset and derivative liability	7	**(327,161)**	-	**(526,275)**	-
Accretion and interest – convertible security	15	**(72,222)**	-	**(72,222)**	-
Gain on settlement of debt		**-**	-	**78,628**	-
Total other income (expenses)		**(13,107)**	276,377	**266,839**	718,742
Net loss for the period		**(2,032,185)**	(1,559,429)	**(5,937,174)**	(4,445,544)
Foreign currency translation		**(6,169)**	14,976	**229,087**	49,596
Comprehensive loss for the period		$ **(2,038,354)**	$ (1,544,453)	$ **(5,708,087)**	$ (4,395,948)
Basic and diluted loss per share		$ **(0.03)**	$ (0.02)	$ **(0.08)**	$ (0.07)
Weighted average number of common shares outstanding		77,569,312	63,579,032	**76,449,638**	62,492,144

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 Nine Months Ended September 30, 2026 and 2025

	For the Nine Months Ended September 30, 2026	2025
Cash provided by (used in):		
Operating activities		
Net loss for the period	**$ (5,937,174)**	$ (4,445,544)
Items not affecting cash:		
Depreciation	**2,026**	1,851
Accretion and interest – convertible security	**72,222**	-
Gain on settlement of debt	**(78,628)**	-
Unrealized foreign exchange loss	**109,737**	-
Impairment receivables	**-**	14,406
Impairment of mineral property	**80,790**	-
Realized gain on settlement of financial asset	**(22,122)**	-
Unrealized loss on fair value of financial asset and derivative liabilities	**526,275**	-
Stock-based compensation	**2,297,571**	1,777,345
Changes in non-cash working capital items:		
Receivable	**22,860**	(203,984)
Prepaid expenses	**191,268**	38,001
Accounts payable & accrued liabilities	**(242,581)**	11,905
Loan payable	**1,765**	-
Unearned revenue	**(145,187)**	(474,615)
Cash used in operating activities	**(3,121,178)**	(3,280,635)
Investing activities		
Cash from Halocell Europe SRL at date of acquisition	**-**	870,906
Exploration and evaluation assets	**(1,117,845)**	(263,188)
Purchase of equipment	**(4,791)**	-
Investment – Halocell Energy shares	**-**	(523,172)
Cash provided by (used in) investing activities	**(1,122,636)**	84,546
Financing activities		
Sorbie financing	**1,531,775**	-
Proceeds from convertible security, net of transaction costs	**1,715,000**	-
Shares issued for cash, net of share issuance costs	**-**	1,542,345
Shares subscription received	**-**	285,000
Shares issued from stock options exercise	**482,000**	16,000
Shares issued from warrants exercise	**575,000**	250,725
Cash provided by financing activities	**4,303,775**	2,094,070
Effect of foreign exchange	**707**	101,967
Net increase (decrease) in cash	**60,668**	(1,000,052)
Cash, beginning of the period	**907,720**	1,707,900
Cash, end of the period	**$ 968,388**	$ 707,848
Supplemental schedule of non-cash activities:		
Derivative liabilities transferred to Sorbie warrant reserve	**$ 663,052**	$ -
Shares issued 1,100,000 for acquisition of Halocell Europe SRL	**-**	1,166,000
Warrants issued for mineral property acquisition	**78,387**	-
Shares issued as finder's fee – convertible security	**112,000**	-
Transaction costs withheld by the lender – convertible security	**115,000**	-
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 Nine Months Ended September 30, 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 and warrants issued for exploration and evaluation assets (Notes 9, 11e)	**2,520,055**	**2,375,329**	**-**	**78,387**	**-**	**-**	**2,453,716**
Sorbie warrant reserve (Notes 7, 11b)	**-**	**-**	**-**	**663,052**	**-**	**-**	**663,052**
Convertible security - equity component (Note 15)	**-**	**-**	**-**	**206,127**	**-**	**-**	**206,127**
Finder's shares - convertible security (Note 15)	**233,333**	**112,000**	**-**	**-**	**-**	**-**	**112,000**
Shares issued - stock options exercised (Note 11d)	**2,225,000**	**746,670**	**-**	**(264,670)**	**-**	**-**	**482,000**
Shares issued - warrants exercised (Note 11c)	**766,667**	**575,000**	**-**	**-**	**-**	**-**	**575,000**
Share-based compensation (Note 11f)	**-**	**-**	**-**	**2,297,571**	**-**	**-**	**2,297,571**
Net loss and comprehensive loss	**-**	**-**	**-**	**-**	**229,087**	**(5,937,174)**	**(5,708,087)**
Balance, September 30, 2026	**78,778,732**	**41,953,739**	**-**	**9,555,314**	**(22,129)**	**(47,738,552)**	**3,748,372**
Balance, December 31, 2024	60,231,993	31,319,274	-	3,782,395	(143,550)	(32,637,867)	2,320,252
Shares issued for cash (Note 11a)	1,568,000	1,568,000	-	-	-	-	1,568,000
Share issuance cost – cash (Note 11a)	-	(25,655)	-	-	-	-	(25,655)
Share issuance cost – broker warrants (Note 11h)	-	(11,662)	-	11,662	-	-	-
Shares issued - warrants exercised (Note 11c)	1,093,300	250,725	-	-	-	-	250,725
Shares issued - stock options exercised (Note 11d)	80,000	28,000	-	(12,000)	-	-	16,000
Shares issued for acquisition (Notes 5, 11e)	1,100,000	1,166,000	-	-	-	-	1,166,000
Share subscriptions received	-	-	285,000	-	-	-	285,000
Share-based compensation (Note 11f)	-	-	-	1,777,345	-	-	1,777,345
Net loss and comprehensive loss	-	-	-	-	49,596	(4,445,544)	(4,395,948)
Balance, September 30, 2025	64,073,293	34,294,682	285,000	5,559,402	(93,954)	(37,083,411)	2,961,719

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 September 30, 2026, the Company had an accumulated deficit of $47,738,552 (December 31, 2025 - $41,801,378), a working capital deficiency of $338,460 (December 31, 2025 - working capital of $795,183), and a net loss for the nine months ended September 30, 2026 of $5,937,174 (September 30, 2025 - $4,445,544), and the Company expects to incur further losses in the development of its business. In addition, the Company is required to make monthly cash repayments of $111,111 under its convertible security commencing in March 2027 (Note 15). These factors indicate the existence of a material uncertainty 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 period ended September 30, 2026, Homerun Energy SRL, formerly Halocell Europe SRL, which was acquired in 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 November 17, 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.

2. BASIS OF PREPARATION – continued

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

Critical accounting estimates and judgments

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.

Convertible security – management applied judgment in concluding that the conversion feature of the convertible security and the related warrants issued to the lender meet the definition of equity under IAS 32, Financial Instruments: Presentation, and in estimating the market interest rate of 25% for similar debt without a conversion feature that was used to measure the liability component on initial recognition (Note 15).

Compound financial instruments

Convertible securities that are convertible into a fixed number of common shares for a fixed amount of principal are compound financial instruments. The liability component is initially measured at the fair value of a similar liability without a conversion feature, by discounting the expected settlements at the market rate for comparable non-convertible debt, and is subsequently measured at amortized cost using the effective interest method. The residual of the consideration received is allocated to the conversion feature and to detachable warrants that meet the definition of equity, based on their relative fair values, and is recorded in reserves without remeasurement. Transaction costs are allocated to the liability and equity components in proportion to the allocation of the consideration. On conversion, the carrying amount of the converted portion of the liability and the related equity component are transferred to share capital, with no gain or loss recognized.

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 period. 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:

- 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.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

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).

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. The liability component of the convertible security is measured at amortized cost; as at September 30, 2026, its fair value was approximately $1,790,341 (Level 3), estimated by discounting the expected payments at a market rate of 25% (Note 15). There were no transfers between Levels 1, 2 and 3 during the period.

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.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

(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 September 30, 2026, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Brazilian Real as follows:

		September 30, 2026		December 31, 2025
Cash	R$	400,188	R$	1,421,050
Receivables		27,340		28,216
Prepaid expenses		100,241		83,333
Accounts payable and accrued liabilities		(42,348)		(315,507)
Net exposure		485,421		1,217,092
Canadian dollar equivalent	$	131,937	$	304,517

As of September 30, 2026, a 5% change in the exchange rate between Brazilian Real ("R$") and Canadian dollars would impact the Company's net assets by $6,597 (December 31, 2025 - $15,226). The Company assessed its foreign currency risk as moderate as of September 30, 2026.

As at September 30, 2026, the Company is exposed to foreign currency risk as it has current assets and liabilities denominated in Euro as follows:

		September 30, 2026		December 31, 2025
Cash	€	275,101	€	229,186
Receivables		20,031		25,781
Prepaid expenses		3,265		7,741
Current liabilities		(415,621)		(410,790)
Unearned revenue		(270,972)		(362,288)
Net exposure		(388,196)		(510,370)
Canadian dollar equivalent	$	(624,375)	$	(821,134)

As of September 30, 2026, a 5% change in the exchange rate between Euro ("€") and Canadian dollars would impact the Company's net liabilities by $31,219 (December 31, 2025 - $41,057). The Company assessed its foreign currency risk as moderate as of September 30, 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.

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT – continued

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.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining 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 September 30, 2026, the Company had a working capital deficiency of $338,460, did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. The contractual undiscounted cash flows of the convertible security, if not converted, are $777,778 within one year and $1,488,554 between one and two years (Note 15). 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:

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**

5. ASSET ACQUISITION – HALOCELL EUROPE SRL – continued

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 September 30, 2026, the Company recorded $594,480 (AUD600,000) as an investment in Halocell Energy Shares (December 31, 2025 - $548,820).

6. RECEIVABLES

		September 30, 2026		December 31, 2025
GST Receivables	$	**38,738**	$	52,705
VAT Receivables		**27,184**		41,205
IRRF to compensate		**1,244**		1,017
Trade, miscellaneous and other refunds receivable		**11,221**		6,319
	$	**78,387**	$	101,246

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

During the nine months ended September 30, 2026, the Company's share price decreased from $0.96 to $0.38, reducing the fair values of both the settlement proceeds receivable and the derivative liability. The resulting net unrealized loss of $526,275 comprises a $2,047,223 decrease in the fair value of the receivable, partly offset by a $1,520,948 gain on the derivative liability.

Transaction and accounting treatment

On November 25, 2025, the Company entered into a Subscription Agreement and Sharing Agreement with Sorbie Bornholm LP ("Sorbie") for a notional financing amount of $6,000,000. On closing on December 5, 2025, Sorbie deposited $6,000,000 into a third-party escrow account and the Company issued 6,000,000 common shares into escrow. The cash is released to the Company and the shares are released to Sorbie in 24 monthly tranches. The amount received by the Company for each tranche is determined by the Company's applicable volume-weighted average share price relative to the contractual benchmark price of $1.178 per share. Accordingly, the Company may receive more or less than the scheduled settlement amount.

The Company also issued 460,000 fee units to Sorbie, comprising 360,000 units for a corporate finance fee and 100,000 units for a due diligence fee. Each fee unit consisted of one common share and one common share purchase warrant. A total of 6,460,000 common shares were therefore issued into escrow and are released over the same 24-month period. At closing, the Company issued 1,960,000 fixed-price warrants exercisable at $1.18 per share for three years, comprising 1,500,000 financing warrants and 460,000 fee-unit warrants.

The settlement proceeds receivable is a financial asset measured at fair value through profit or loss in accordance with IFRS 9, Financial Instruments. Under the financing arrangement, the Company will also issue up to 4,500,000 additional warrants during the settlement period. Because the exercise prices of these warrants are determined by reference to future VWAPs, the warrants do not meet the fixed-for-fixed criterion in IAS 32, Financial Instruments: Presentation, before issuance and are accounted for as a derivative liability measured at fair value through profit or loss. Upon issuance, the fair value of each tranche is transferred from the derivative liability to warrant reserve

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

Settlement proceeds receivable

The settlement proceeds receivable is valued using an effective-share equivalent method. The remaining contractual notional amount is divided by the benchmark price and the resulting effective shares are multiplied by the Company's quoted share price at the measurement date. The principal valuation inputs and resulting fair values were as follows:

Measurement input	Initial recognition December 5, 2025	December 31, 2025	September 30, 2026
Remaining notional amount	$6,000,000	$5,750,000	$3,500,000
Benchmark price per share	$1.178	$1.178	$1.178
Effective shares	5,093,379	4,881,154	2,971,138
Company share price	$1.01	$0.96	$0.38
Fair value of settlement proceeds receivable	**$5,144,312**	**$4,685,908**	**$1,129,032**

During the year ended December 31, 2025, the Company received one settlement proceeds of $206,785 from Sorbie, comprising a reduction of settlement proceeds receivable of $203,799 under Sharing Agreement and a realized gain on settlement of $2,986.

During the nine months ended September 30, 2026, the Company received nine monthly cash settlements totaling $1,531,775. The settlements comprised reductions of the settlement proceeds receivable of $1,509,653 and a realized gain of $22,122.

Variable-priced warrants

In January 2026, the warrant issuance schedule was amended so that the exercise price of each future warrant tranche is set at a 20% premium to the twenty-day VWAP immediately before issuance, rather than a 20% premium to the five-day VWAP. The derivative liability and the warrants issued during the period were valued using the Black-Scholes option pricing model. Warrant activity and the significant valuation inputs were as follows:

Date	Warrants	Exercise price ($)	FV per warrant ($)	Amount recognized ($)	Risk-free rate	Volatility
January 12, 2026	186,667	1.25	0.47	88,142	2.7224%	94.14%
February 10, 2026	186,667	1.11	0.51	94,379	2.6754%	91.68%
March 11, 2026	186,667	1.06	0.45	83,208	2.8498%	86.58%
April 9, 2026	186,667	1.02	0.41	76,497	2.9065%	83.58%
May 12, 2026	186,667	1.01	0.54	100,922	3.0663%	83.31%
June 10, 2026	186,667	1.01	0.36	67,259	2.9518%	81.86%
July 10, 2026	186,667	0.79	0.30	55,684	2.9512%	81.28%
August 11, 2026	186,667	0.64	0.25	46,275	3.1364%	78.81%
September 10, 2026	186,667	0.65	0.27	50,686	3.4443%	77.27%
Issued during the period	**1,680,003**	**-**	**-**	**663,052**	**-**	**-**
Remaining at September 30, 2026	**2,613,330**	**0.66**	**0.15**	**392,000**	**3.5172%**	**77.84%**

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

Variable-priced warrants - continued

The fair values of the warrants were determined using an expected term of three years and a nil dividend yield. Upon issuance, the fair value of each warrant tranche was transferred from the derivative liability to warrant reserve. At September 30, 2026, 2,613,330 warrants remained to be issued and were valued using an assumed exercise price of $0.66 per warrant, resulting in a derivative liability of $392,000.

Continuity of financial asset and derivative liability

Financial Asset – Sorbie settlement proceeds receivable	September 30, 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	(1,531,775)
Realized gain on settlement	22,122
Decrease in fair value recognized in profit or loss	(2,047,223)
Balance, at September 30, 2026	1,129,032
Current portion	967,742
Non-current portion	161,290

Derivative Liability – Sorbie warrants	September 30, 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	(663,052)
Gain on fair value recognized in profit or loss	(1,520,948)
Balance, at September 30, 2026	392,000
Current portion	276,706
Non-current portion	115,294

8. LABORATORY AND OFFICE EQUIPMENT

The Company has one humidity chamber, a perovskite quenching chamber, a few notebooks and a computer for its research and development activities in Italy. In September 2026, Homerun Energy SRL acquired a computer and a perovskite quenching chamber for $4,791 (€2,983). The equipment is recorded at cost less accumulated depreciation and depreciated on a straight-line basis over its expected useful life to its 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
Additions during the period	2,449	2,342	4,791
Foreign exchange effect	2	3	5
Balance, at September 30, 2026	7,278	5,822	13,100

8. LABORATORY AND OFFICE EQUIPMENT - continued

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	(1,462)	(564)	(2,026)
Foreign exchange effect	-	1	1
Balance, at September 30, 2026	(3,071)	(1,626)	(4,697)

Carrying Amount			
Balance, at December 31, 2025	3,218	2,414	5,632
Balance, at September 30, 2026	4,207	4,196	8,403

9. EXPLORATION AND EVALUATION ASSETS

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 September 30, 2026, the carrying value of CBPM's mineral rights was $560,452 (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 installment (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).

At September 30, 2026, the carrying value of Guidoni's mineral rights was $575,298 (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 sales 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 and an expiry of one year at a fair value of $78,387, pursuant to the binding agreement between the Company and the vendor (Note 11). The fair value of the warrants was estimated using the Black-Scholes option pricing model with a share price of $0.97, an exercise price of $1.00, an expected life of one year, volatility of 75.81%, a risk-free interest rate of 2.33% and a nil dividend yield. At September 30, 2026, the carrying value of the Pedreiras mineral rights was $1,684,707 (December 31, 2025 - $Nil).

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. During the nine months ended September 30, 2026, the Company made cash payments of $559,539 (US$400,000) to the vendor. At September 30, 2026, the carrying value of the Fazenda property was $1,328,548 (December 31, 2025 - $Nil). On October 21, 2026, the Company completed the acquisition of the property, which comprises 442.7 hectares (Note 17).

9. EXPLORATION AND EVALUATION ASSETS – continued

Tatooine Silica Project, Brisco, British Columbia Canada

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

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

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

At December 31, 2025, the Company decided to write off the value of the property to $Nil recognizing an impairment charge of $604,000 during the year ended December 31, 2025, as the Company no longer intends to pursue exploration on the Tatooine property. The carrying value of the Tatooine project is $Nil, as at September 30, 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.

During the six months ended June 30, 2026, the Company decided to write off the value of the property to $Nil, as the Company no longer intends to pursue exploration on the Lump Quartz District, recognizing an impairment charge of $80,790 during the nine months ended September 30, 2026. The carrying value of the mineral right is $Nil.

The continuity of the Company's acquisition costs for the period ended September 30, 2026, and the year ended December 31, 2025 is as follows:

	September 30, 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	**283,991**	**274,315**	**-**	-	**559,539**	**1,117,845**
Shares issuance	**-**	**-**	**-**	**1,606,320**	**769,009**	**2,375,329**
Warrants issuance	**-**	**-**	**-**	**78,387**	**-**	**78,387**
Impairment	**-**	**-**	**(80,790)**	**-**	**-**	**(80,790)**
Foreign exchange effect	**29,442**	**35,937**	**5,730**	-	-	**71,109**
Balance, ending	**575,298**	**560,452**	**-**	**1,684,707**	**1,328,548**	**4,149,005**

9. EXPLORATION AND EVALUATION ASSETS – continued

	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 the nine months ended September 30, 2026 and 2025, the Company's exploration and evaluation expenditures recognized on the statements of comprehensive loss are as follows:

		September 30, 2026		September 30, 2025
Exploration and evaluation expenditures				
Administration	$	300,432	$	161,257
Field expenses		76,022		61,264
Geologist consulting		53,515		230,805
Lab testing		19,296		87,594
Mining tax		19,180		16,540
Project management fee		351,437		348,582
Repayment of prior years' mining exploration tax credits		57,634		-
Total	$	877,516	$	906,042

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.

As at September 30, 2026, and December 31, 2025, the following are due to related parties:

Name	Relationship	Nature of Transaction	Balance payable at September 30, 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	1,270	-
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	11,120	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
			12,390	67,130

10. RELATED PARTY TRANSACTIONS – continued

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

Name	Relationship	Nature of Transaction	Stock-based compensation for September 30, 2026	Stock-based compensation for September 30, 2025	Fees for period ended September 30, 2026	Fees for period ended September 30, 2025
			($)	($)	($)	($)
Brian Leeners	Chief Executive Officer and a Director	Management services	497,884	74,137	370,961	300,094
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, of which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	-	-	90,000	90,000
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	74,683	-	42,391	13,828
Tom Fontaine	Director	Management services	168,747	143,807	25,020	24,325
Stephen Burega	Former Director	Management services	(116,448)	264,440	-	37,500
Antonio Vitor	VP, Homerun Brasil Mineracao Ltda	Mining project management	248,942	56,518	206,015	146,025
Armando Farhate	Chief Operating Officer	Mining project management	44,276	159,118	130,555	80,438
Mauro Cesar Terence	Chief Technology Officer	Mining project management	-	37,069	35,009	33,413
Nancy Zhao	Chief Financial Officer	Accounting services	168,747	159,118	-	-
NZ Consulting Services Inc.	Owned by Nancy Zhao, Chief Financial Officer	Accounting services	-	-	90,000	90,000
			1,086,831	894,207	989,951	865,623

The negative stock-based compensation for a former director reflects the reversal of previously recognized expense on unvested options that were forfeited upon resignation.

11. SHARE CAPITAL

Authorized: Unlimited common voting shares, without par value.

a. Share issuance - private placement

Nine Months Ended September 30, 2026

No common shares were issued from private placement.

Year Ended 2025

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.

11. SHARE CAPITAL - continued

a. Share issuance - private placement - continued

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.

b. 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.

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.

For the nine months ended September 30, 2026, 2,422,503 common shares were released from escrow, including 2,250,000 shares relating to the 6,000,000 financing units and 172,503 shares relating to the 460,000 fee units.

During the nine months ended September 30, 2026, the Company issued 1,680,003 Sorbie warrants and transferred their fair value of $663,052 from the derivative liability to warrant reserve (Note 7).

11. SHARE CAPITAL – continued

c. Share issuance – Warrants exercised

For the nine months ended September 30, 2026, the Company issued 766,667 common shares, pursuant to warrants exercised at a price of $0.75, for total proceeds of $575,000.

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.

d. Share issuance – Options exercised

For the nine months ended September 30, 2026, the Company issued 1,700,000 common shares, pursuant to stock options exercised at a price of $0.10, for total proceeds of $170,000, 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 $264,670 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.

e. Share issuance – Acquisitions and finder's fee

Nine Months Ended September 30, 2026

For the nine months ended September 30, 2026, the Company issued 1,656,000 common shares with a fair value of $1,606,320 and 276,000 warrants with a fair value of $78,387 for a mineral right acquisition (Note 9).

For the nine months ended September 30, 2026, the Company issued 864,055 common shares with a fair value of $769,009 for a rural land acquisition (Note 9).

On September 24, 2026, the Company issued 233,333 common shares with a fair value of $112,000 ($0.48 per share) to the placement agent as a finder's fee in connection with the convertible security financing (Note 15).

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).

f. 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.

11. SHARE CAPITAL – continued

f. Stock options - continued

Nine Months Ended September 30, 2026

On May 13, 2026, the Company granted 4,250,000 stock options to its directors, officers and consultants, of which 25% vested upon the grant date and the remainder vest 25% every 6 months. These options are exercisable for up to five years at a price of $1.00 per share. Of the total 4,250,000 options, 2,150,000 were granted to related parties. The estimated total fair value of the stock-based compensation is $3,527,500, of which $2,116,006 was recognized during the nine months ended September 30, 2026.

For the nine months ended September 30, 2026, the Company recorded a total stock-based compensation of $2,297,571 (September 30, 2025 - $1,777,345) 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:

	September 30, 2026	**December 31, 2025**
Risk-free interest rate	3.22%	3.39% - 3.71%
Expected life	5 years	5 years
Volatility	142.7%	151.62% - 151.95%
Expected dividend yield	Nil	Nil

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

	Number of Options Outstanding	Number of Options Exercisable	Weighted Average Exercise Price
Balance, December 31, 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
Granted	4,250,000	1,062,500	$1.00
Cancelled/expired	(1,850,000)	(987,500)	$1.02
Exercised	(2,225,000)	(2,225,000)	$0.22
Balance, September 30, 2026	10,726,000	7,101,000	$0.87

11. SHARE CAPITAL – continued

f. Stock options - continued

At September 30, 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
June 16, 2027	$0.20	1,500,000	1,500,000	0.71
March 13, 2028	$0.20	500,000	500,000	1.45
March 12, 2029	$0.75	2,260,000	2,260,000	2.45
May 8, 2029	$0.75	466,000	466,000	2.61
April 22, 2030	$1.50	1,750,000	1,312,500	3.56
May 13, 2031	$1.00	4,250,000	1,062,500	4.62
		10,726,000	7,101,000	3.21

g. Warrants

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

The Company issued a total of 1,680,003 Sorbie warrants at different exercise prices each month (Note 7).

On August 17, 2026, the Company issued 1,850,000 warrants to Lind with an exercise price of $0.66 per share, expiring August 17, 2028, in connection with the convertible security (Note 15).

On September 4, 2026, the Company extended the expiry date of 1,675,054 warrants with an exercise price of $2.00 from October 30, 2026 to October 30, 2027.

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	3,806,003	$0.81
Exercised	(766,667)	$0.75
Expired	(693,333)	$0.75
Balance, September 30, 2026	10,776,108	$1.21

11. SHARE CAPITAL – continued

g. Warrants - continued

At September 30, 2026, the following warrants were outstanding:

Expiry Date	Number of warrants outstanding	Weighted Average Price	Weighted Average Remaining Years
October 30, 2027	1,675,054	$2.00	1.08
July 29, 2027	1,568,000	$1.30	0.83
December 10, 2027	1,560,384	$1.30	1.19
December 5, 2028	1,960,000	$1.18	2.18
December 19, 2028	206,667	$1.28	2.22
January 12, 2029	186,667	$1.25	2.29
February 2, 2027	276,000	$1.00	0.34
February 10, 2029	186,667	$1.11	2.37
March 11, 2029	186,667	$1.06	2.45
April 9, 2029	186,667	$1.02	2.53
May 12, 2029	186,667	$1.01	2.62
June 10, 2029	186,667	$1.01	2.70
July 10, 2029	186,667	$0.79	2.78
August 11, 2029	186,667	$0.64	2.87
August 17, 2028	1,850,000	$0.66	1.88
September 10, 2029	186,667	$0.65	2.95
	10,776,108	$1.21	1.64

h. 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 September 30, 2026	86,677	$1.38

11. SHARE CAPITAL – continued

h. Broker warrants - continued

At September 30, 2026, the following broker's warrants were outstanding:

Expiry Date	Number of Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Years
October 30, 2026	29,872	$2.00	0.08
July 29, 2027	9,100	$1.30	0.83
July 29, 2027	16,555	$1.00	0.83
December 10, 2027	31,150	$1.00	1.19
	86,667	$1.38	0.70

12. SEGMENTED INFORMATION

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

	Assets		**Grant income**		**Non-current Assets**	
	September 30, 2026	December 31, 2025	**September 30, 2026**	September 30, 2025	**September 30, 2026**	December 31, 2025
	($)	($)	($)	($)	($)	($)
Canada	**5,387,686**	5,775,943	**-**	-	**3,769,025**	2,789,908
Brazil	**1,279,197**	970,583	**-**	-	**1,135,750**	587,125
Italy	**407,924**	428,305	**772,432**	689,254	**8,403**	5,632
	7,074,807	7,174,831	**772,432**	689,254	**4,913,178**	3,382,665

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2026		December 31, 2025
Trade payables*	**$**	**688,121**	$	763,794
Accrued liabilities		**254,415**		499,950
Total	**$**	**942,536**	$	1,263,744

Of the total accounts payable and accrued liabilities, $12,390 (December 31, 2025 - $67,130) were due to related parties (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 September 30, 2026, the Company had unearned revenue of $435,831 (€270,972) (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.

14. UNEARNED REVENUE - continued

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		627,245
Grant income		(772,432)
Foreign exchange effect		(1,868)
Balance, at September 30, 2026		435,831
Current portion		435,831
Non-current portion		-

15. CONVERTIBLE SECURITY

On August 17, 2026, the Company issued a senior secured convertible security (the "Convertible Security") to Lind Global Fund III, LP ("Lind") under a Convertible Security Funding Agreement for up to $15,000,000 dated July 8, 2026, as amended on August 13, 2026 (the "Agreement"), for a funded amount of $2,000,000 and a face value of $2,200,000, which includes $200,000 of pre-paid interest. The Convertible Security matures on August 17, 2028 and is repayable in 18 monthly cash instalments of $111,111 commencing March 1, 2027. Additional interest of 10% per annum accrues on principal outstanding after August 17, 2027. Lind may convert up to $1,920,000 of principal into common shares at $0.66 per share and may take accrued interest in common shares every 90 days at not less than the market price. The Company also issued to Lind 1,850,000 share purchase warrants exercisable at $0.66 per share until August 17, 2028.

After the four-month hold period, the Company may buy back the amount outstanding at 103%, in which case Lind may first convert up to 25% of the face value. The Convertible Security is secured by a general security agreement over the Company's assets and a pledge of the shares of its subsidiaries. The Agreement restricts additional debt without Lind's consent and allows Lind to demand repayment of the amount outstanding on an event of default or a change of control, which includes the Chief Executive Officer or Chief Financial Officer ceasing to hold office; default interest is 15% per annum. Lind may also, at its option while the Company's market capitalization exceeds $32,000,000, subscribe for a second convertible security with a funded amount of $1,000,000.

In connection with the financing, the Company incurred transaction costs of $397,000, consisting of a closing fee of $80,000 retained by Lind; Lind's legal fees of $65,000; a cash finder's fee of $140,000 paid to The Benchmark Company; and 233,333 common shares issued to the finder with a fair value of $112,000 ($0.48 per share) (Note 11e).

The liability component was measured at $1,742,824 by discounting the expected payments at 25%, the estimated market rate for similar debt without a conversion feature. The residual of $257,176 was allocated to the conversion feature ($135,028) and the warrants ($122,148) based on their relative fair values, estimated using the Black-Scholes option pricing model with a share price of $0.48, an exercise price of $0.66, expected volatility of 70%, a risk-free rate of 2.94%, expected lives of 0.5 to 2.0 years and no dividends. The transaction costs were allocated to the liability component ($345,950) and the equity components ($51,050) in the same proportions. The equity components, net of transaction costs, of $206,127 (conversion feature - $108,225; warrants - $97,902) are recorded in reserves. The liability component is accreted using an effective interest rate of 51.9%.

15. CONVERTIBLE SECURITY – continued

Convertible Security – liability component	September 30, 2026 ($)
Principal advanced by Lind (funded amount)	2,000,000
Closing fee retained by Lind	(80,000)
Lind's legal fees	(65,000)
Finder's fee – cash	(140,000)
Finder's fee – 233,333 common shares	(112,000)
Equity components, net of transaction costs	(206,127)
Liability component at initial recognition – August 17, 2026	1,396,873
Accretion and interest	72,222
Balance, at September 30, 2026	1,469,095
Current portion	758,043
Non-current portion	711,052

Accretion and interest of $72,222 for the nine months ended September 30, 2026 includes contractual pre-paid interest of $24,110. As at September 30, 2026, the fair value of the liability component was approximately $1,790,341 (Level 3), estimated by discounting the expected payments at 25%. The contractual undiscounted cash flows of the Convertible Security, if not converted, are $777,778 within one year and $1,488,554 between one and two years.

16. 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 September 30, 2026, the shares have not been issued to the subscribers and the balance of the loans is $86,973 (December 31, 2025 – $85,208).

17 SUBSEQUENT EVENTS

On October 2, 2026, the Company issued 100,000 common shares pursuant to the exercise of stock options at an exercise price of $0.20 per share, for proceeds of $20,000.

On October 9, 2026, the Company received the 11th monthly settlement under the Sorbie financing of $100,063 upon the release of 269,167 escrowed shares and, on October 13, 2026, issued 186,667 warrants with an exercise price of $0.57 per share, expiring October 13, 2029 (Note 7).

On October 21, 2026, the Company completed the acquisition of the 442.7-hectare Fazenda Conjunto São José e Nova Esperança property in Belmonte, Bahia, Brazil, following the payment of the final cash instalment of US$100,000 on October 19, 2026 (Note 9).

On October 30, 2026, 29,872 broker warrants with an exercise price of $2.00 expired unexercised.

On November 4, 2026, the Company appointed Leonardo da Cunha as a director of the Company. On November 7, 2026, the Company granted 500,000 stock options to Mr. da Cunha, exercisable at $0.75 per share for a period of five years. One third of the options vested on the grant date, one third vest 12 months from the grant date and one third vest 24 months from the grant date.

On November 10, 2026, the Company received the 12th monthly settlement under the Sorbie financing of $90,959 upon the release of 269,167 escrowed shares and issued 186,667 warrants with an exercise price of $0.51 per share, expiring November 10, 2029 (Note 7).