**Hercules Metals Corp.**

**Unaudited Condensed Interim Consolidated Financial Statements**

**For the Three and Six Months ended June 30, 2026 and 2025**

**(Expressed in Canadian Dollars)**

**Notice to Reader**

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

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the management of Hercules Metals Corp.

The Company's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Hercules Metals Corp.**
Unaudited Condensed Interim Consolidated Statements of Financial Position
As at June 30, 2026 and December 31, 2025
(Expressed in Canadian dollars)

| | As at June 30, 2026 | As at December 31, 2025 |
|---|---|---|
| | $ | $ |
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents (Note 4) | **25,603,581** | 10,532,346 |
| Short-term investments (Note 5) | **7,609,577** | - |
| Sales tax recoverable (Note 6) | **76,734** | 24,397 |
| Prepaid expenses (Note 7) | **418,608** | 166,073 |
| **Total Current Assets** | **33,708,500** | 10,722,816 |
| **Non-Current Assets** | | |
| Investment (Note 8) | **1,875,720** | 2,261,490 |
| Property and equipment (Note 9) | **782,871** | 812,009 |
| **Total Assets** | **36,367,091** | 13,796,315 |
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable and accrued liabilities (Notes 10 and 15) | **1,361,433** | 1,179,510 |
| **Total Liabilities** | **1,361,433** | 1,179,510 |
| **Shareholders' Equity** | | |
| Share capital (Note 11) | **96,547,014** | 67,289,063 |
| Options reserve (Note 13) | **1,345,233** | 1,034,322 |
| RSU reserve (Note 14) | **1,894,070** | 1,900,043 |
| Accumulated other comprehensive loss | **(139,016)** | (147,914) |
| Accumulated deficit | **(64,641,643)** | (57,458,709) |
| **Total Shareholders' Equity** | **35,005,658** | 12,616,805 |
| **Total Liabilities and Shareholders' Equity** | **36,367,091** | 13,796,315 |

Nature of operations and going concern (Note 1)
Commitments (Note 17)
Contingencies (Note 22)
Subsequent events (Note 24)

**Approved on behalf of the Board of Directors:**

*"Christopher Paul"*
Christopher Paul, Director

*"Kelly Malcolm"*
Kelly Malcolm, Director

**Hercules Metals Corp.**
Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Six Months ended June 30, 2026 and 2025
(Expressed in Canadian dollars)

| | Three Months ended | | Six Months ended | |
|---|---|---|---|---|
| | **June 30, 2026** | June 30, 2025 | **June 30, 2026** | June 30, 2025 |
| | **$** | $ | **$** | $ |
| **Expenses** | | | | |
| Exploration & evaluation expenditures (Notes 17 & 18) | **4,331,752** | 3,330,403 | **6,319,733** | 3,594,331 |
| General and administrative (Notes 15 and 16) | **315,449** | 228,378 | **554,001** | 411,243 |
| Share-based compensation (Notes 13, 14, and 15) | **225,476** | 215,340 | **432,340** | 531,888 |
| Professional fees (Note 15) | **138,098** | 135,242 | **270,002** | 258,130 |
| Depreciation expense (Note 9) | **27,677** | 29,629 | **57,079** | 60,238 |
| Dividend and interest income (Notes 4 and 5) | **(91,515)** | (71,789) | **(161,720)** | (151,127) |
| Foreign exchange (gain) loss | **(493,628)** | 340,214 | **(608,969)** | 371,951 |
| **Total Expenses** | **4,453,309** | 4,207,417 | **6,862,466** | 5,076,654 |
| **Other Items** | | | | |
| Unrealized loss on investment (Note 8) | **(424,215)** | (80,630) | **(385,770)** | (82,060) |
| **Total Other Expenses** | **(424,215)** | (80,630) | **(385,770)** | (82,060) |
| **Net Loss** | **(4,877,524)** | (4,288,047) | **(7,248,236)** | (5,158,714) |
| **Other Comprehensive Loss** | | | | |
| Exchange gain (loss) on translation of foreign operations | **5,447** | (11,213) | **8,898** | 4,841 |
| **Comprehensive Loss** | **(4,872,047)** | (4,299,260) | **(7,239,338)** | (5,153,873) |
| **Net Loss per Share** – Basic and diluted | **(0.02)** | (0.02) | **(0.02)** | (0.02) |
| **Weighted Average Number of Outstanding Shares** - Basic and diluted | **313,583,586** | 261,390,312 | **301,598,835** | 258,789,804 |

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

**Hercules Metals Corp.**
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the Six Months ended June 30, 2026 and 2025
(Expressed in Canadian dollars)

| | Number of Shares | Share Capital | Warrants Reserve | Options Reserve | Restricted Share Units Reserve | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total |
|---|---|---|---|---|---|---|---|---|
| | # | $ | $ | $ | $ | $ | $ | $ |
| **Balance, December 31, 2024** | **254,163,499** | **46,335,377** | **4,400,042** | **1,044,900** | **1,385,138** | **(226,228)** | **(41,558,930)** | **11,380,299** |
| Issuance of shares on exercises of RSUs (Notes 11 and 14) | 135,000 | 62,100 | - | - | (62,100) | - | - | - |
| Issuance of shares on exercises of warrants (Notes 11 and 12) | 6,657,280 | 2,503,619 | (553,163) | - | - | - | - | 1,950,456 |
| Issuance of shares on exercises of options (Notes 11 and 13) | 882,500 | 274,138 | - | (119,088) | - | - | - | 155,050 |
| Share-based compensation (Notes 13 and 14) | - | - | - | 145,732 | 386,156 | - | - | 531,888 |
| Expiry of warrants (Note 12) | - | - | (28,933) | - | - | - | 28,933 | - |
| Cancellation of options (Note 13) | - | - | - | (39,730) | - | - | 39,730 | - |
| Exchange differences on translating foreign operations | - | - | - | - | - | 4,841 | - | 4,841 |
| Net loss for the period | - | - | - | - | - | - | (5,158,714) | (5,158,714) |
| **Balance, June 30, 2025** | **261,838,279** | **49,175,234** | **3,817,946** | **1,031,814** | **1,709,194** | **(221,387)** | **(46,648,981)** | **8,863,820** |
| | | | | | | | | |
| **Balance, December 31, 2025** | **289,410,421** | **67,289,063** | **-** | **1,034,322** | **1,900,043** | **(147,914)** | **(57,458,709)** | **12,616,805** |
| Issuance of shares on private placement (Note 11) | 53,353,000 | 31,478,270 | - | - | - | - | - | 31,478,270 |
| Share issue costs (Note 11) | - | (2,282,419) | - | - | - | - | - | (2,282,419) |
| Issuance of shares on exercises of RSUs (Notes 11 and 14) | 135,000 | 62,100 | - | - | (62,100) | - | - | - |
| Share-based compensation (Notes 13 and 14) | - | - | - | 376,213 | 56,127 | - | - | 432,340 |
| Cancellation of options (Note 13) | - | - | - | (65,302) | - | - | 65,302 | - |
| Exchange differences on translating foreign operations | - | - | - | - | - | 8,898 | - | 8,898 |
| Net loss for the period | - | - | - | - | - | - | (7,248,236) | (7,248,236) |
| **Balance, June 30, 2026** | **342,898,421** | **96,547,014** | **-** | **1,345,233** | **1,894,070** | **(139,016)** | **(64,641,643)** | **35,005,658** |

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

**Hercules Metals Corp.**
Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Three and Six Months ended June 30, 2026 and 2025
(Expressed in Canadian dollars)

| | Three Months ended | | Six Months ended | |
|---|---|---|---|---|
| | **June 30, 2026** | June 30, 2025 | **June 30, 2026** | June 30, 2025 |
| | **$** | $ | **$** | $ |
| **Operating Activities** | | | | |
| Net loss for the period | **(4,877,524)** | (4,288,047) | **(7,248,236)** | (5,158,714) |
| Items not affecting cash: | | | | |
| Interest earned on short-term investments (Note 5) | **(11,726)** | (71,789) | **(11,726)** | (151,127) |
| Unrealized loss on investment (Note 8) | **424,215** | 80,630 | **385,770** | 82,060 |
| Depreciation expense (Note 9) | **27,677** | 29,629 | **57,079** | 60,238 |
| Share-based compensation (Notes 13 and 14) | **225,476** | 215,340 | **432,340** | 531,888 |
| Foreign exchange (gain) loss | **(97,851)** | 348,279 | **(97,851)** | 356,630 |
| | **(4,309,733)** | (3,685,958) | **(6,482,624)** | (4,279,025) |
| Change in working capital items: | | | | |
| Sales tax recoverable | **(40,831)** | 1,050 | **(52,337)** | 5,797 |
| Prepaid expenses | **166,832** | (847,108) | **(252,535)** | (1,115,790) |
| Accounts payable and accrued liabilities | **7,983** | 2,091,799 | **181,923** | 1,587,292 |
| **Cash Flows (used in) Operating Activities** | **(4,175,749)** | (2,440,217) | **(6,605,573)** | (3,801,726) |
| **Financing Activities** | | | | |
| Proceeds from private placement financing (Note 11) | **31,478,270** | - | **31,478,270** | - |
| Share issuance costs (Note 11) | **(2,282,419)** | - | **(2,282,419)** | - |
| Proceeds from exercise of warrants (Notes 11 and 12) | **-** | 964,500 | **-** | 1,950,456 |
| Proceeds from exercise of options (Notes 11 and 13) | **-** | 21,250 | **-** | 155,050 |
| **Cash Flows provided by Financing Activities** | **29,195,851** | 985,750 | **29,195,851** | 2,105,506 |
| **Investing Activities** | | | | |
| Redemption of short-term investments (Note 5) | **-** | 1,368,466 | **-** | 1,725,846 |
| Purchases of short-term investments (Note 5) | **(7,500,000)** | - | **(7,500,000)** | - |
| **Cash Flows (used in) provided by Investing Activities** | **(7,500,000)** | 1,368,466 | **(7,500,000)** | 1,725,846 |
| **Increase (decrease) in cash and cash equivalents** | **17,520,102** | (86,001) | **15,090,278** | 29,626 |
| Effect of foreign exchange on cash and cash equivalents | **(9,245)** | 26,674 | **(19,043)** | 40,698 |
| Cash and cash equivalents, beginning of period | **8,092,724** | 737,934 | **10,532,346** | 608,283 |
| **Cash and cash equivalents, end of period** | **25,603,581** | 678,607 | **25,603,581** | 678,607 |

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

## 1. Nature of Operations and Going Concern

Hercules Metals Corp. ("Hercules Metals" or the "Company") is incorporated under the *Business Corporations Act* (Ontario) with its registered office located at 100 King Street West, Suite 1600, Toronto, Ontario, M5X 1G5, Canada. The Company is an exploration company focused on developing North America's newest porphyry copper district in Idaho, United States (the "U.S."). Its 100% owned Hercules Project (the "Hercules Property") located northwest of Cambridge, hosts the newly discovered Leviathan porphyry copper system. The Company's common shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "BIG", on the OTCQB® Venture Market under the symbol "BADEF", and on the Frankfurt Stock Exchange under the symbol "C0X".

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. This is dependent upon the discovery of economically recoverable reserves, the ability of the Company to raise additional financing, the achievement of profitable operations or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

These unaudited condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of operations. The Company's viability depends upon the acquisition and financing of mineral exploration or other projects. If mineral projects are to be successful, additional funds will be required for development and, if warranted, to place them into commercial production. The sources of financing presently available to the Company are equity financing. The ability of the Company to raise new funds will depend, in part, on prevailing market conditions as well as the operating performance of the Company. There can be no assurance that the Company will be successful in securing the necessary financing, if needed, on terms satisfactory to the Company. If additional financing is arranged through the issuance of shares, control of the Company may change, and shareholders may suffer significant dilution.

The Company has incurred losses from operations since inception and has not generated revenue from its mineral properties. As at June 30, 2026, the Company had working capital of approximately $32.3 million, which management expects will be sufficient to fund its planned exploration activities and other financial requirements through August 2027. However, the Company will require additional financing to continue its exploration and development activities beyond that period. There can be no assurance that additional financing will be available on acceptable terms or at all. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material.

## 2. Basis of Presentation

### (a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards issued by the International Accounting Standards Board ("IASB") and IFRIC® Interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting ("IAS 34").

These unaudited condensed interim consolidated financial statements were reviewed, approved, and authorized for issuance by the Board of Directors (the "Board") of the Company on August 19, 2026.

### (b) Basis of Measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards, based on the historical cost basis, modified by the measurement at fair value of certain financial instruments. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

## 2. Basis of Presentation (continued)

### (c) Basis of Consolidation

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, as follows:

| Name | Jurisdiction | Percentage Owned |
|---|---|---|
| 1218530 B.C. Ltd. | British Columbia, Canada | 100% |
| Anglo-Bomarc, U.S., Inc. | Idaho, U.S. | 100% |
| Frontier Metals LLC [1] | Idaho, U.S. | 100% |

[1] *Dissolved on August 13, 2025.*

These unaudited condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

### (d) Functional Currency

The functional and presentation currency of the Company and its Canadian subsidiary is the Canadian dollar ("$" or "CAD"). The functional currency of the Company's U.S. subsidiaries is the U.S. dollar ("USD"). The functional currency is the currency of the primary economic environment in which the Company operates.

### (e) Use of Accounting Judgments and Estimates

The preparation of these unaudited condensed interim consolidated financial statements in conformity with IFRS® Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue, and expenses. These are consistent with those disclosed in Note 2(e) of the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024, unless otherwise noted.

## 3. Summary of Material Accounting Policies

The material accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those disclosed in Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2025 and 2024, unless otherwise noted.

### (a) Adoption of New Accounting Policies

The Company adopted the following amendments, effective January 1, 2026. The changes were made in accordance with the applicable transitional provisions. The Company had assessed that there was no material impact upon the adoption of these amendments on its consolidated financial statements:

*IFRS 9 – Financial Instruments ("IFRS 9") and IFRS 7 – Financial Instruments: Disclosures ("IFRS 7")*

In May 2024, the IASB issued narrow scope amendments to IFRS 9 and IFRS 7. The amendments were incorporated into Part I of the CPA Canada Handbook – Accounting in October 2024. The amendments provide clarification that a financial liability is derecognized on the 'settlement date', i.e., the date on which the liability is extinguished as the obligation specified in the contract is discharged or cancelled or expired and provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met. An entity that elects to apply this derecognition option shall apply it to all settlements made through the same electronic payment system. The amendments also clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features and clarify that, for a financial asset to have 'non-recourse' features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets. The amendments also include factors that an entity should consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test), clarify the characteristics of the contractually linked instruments that distinguish them from other transactions; and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. In applying the amendments, an entity is not required to restate comparative periods.

## 3. Summary of Material Accounting Policies

### (b) Recent Accounting Pronouncements

At the date of authorization of these unaudited condensed interim consolidated financial statements, the IASB and the IFRIC have issued the following amendments which are effective for annual periods beginning on or after January 1, 2027. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company is currently assessing the impacts to ensure that all information complies with these standards.

*IFRS 18 – Presentation and Disclosure in Financial Statements ("IFRS 18")*

In April 2024, the IASB issued the new standard of IFRS 18. The standard aims to bring more transparency and comparability to the financial performance of companies, enabling investors to make better investment decisions. IFRS 18 introduces three sets of new requirements: improved comparability of the profit or loss statement (statement of income), improved transparency of management-defined performance measures, and more useful grouping of information in financial statements. IFRS 18 will replace IAS 1 – Presentation of Financial Statements.

## 4. Cash and Cash Equivalents

As at June 30, 2026, the Company had total cash and cash equivalents of $25,603,581 (December 31, 2025 – $10,532,346), including a balance of $5,452,458 (December 31, 2025 – $6,875,335) invested in high interest savings funds (the "High Interest Savings Funds"), and $15,352,880 (December 31, 2025 – $2,664,318) invested in certain guaranteed investment certificates ("GICs") with maturity of less than three months.

During the three and six months ended June 30, 2026, dividend income of $48,559 and $103,281, respectively, (2025 – $nil and $nil) was received and reinvested into the High Interest Savings Funds, and interest income of $31,230 and $46,713, respectively, (2025 – $nil and $nil) was received on the GICs.

## 5. Short-Term Investments

As at June 30, 2026, the Company had invested USD$5,346,824 (or $7.5 million) in certain short-term GICs with maturities of one year valued at $7,609,577 (December 31, 2025 – $nil) which were measured at amortized cost. During the three and six months ended June 30, 2026, interest income of $11,726 and $11,726, respectively, (2025 – $71,789 and $151,127, respectively) was received on the GICs.

As at June 30, 2025, the Company had also invested in various such short-term GICs. During the periods ended June 30, 2025, the Company redeemed short-term GICs for total proceeds of $1,368,466 and $1,725,846, respectively.

## 6. Sales Tax Recoverable

As at June 30, 2026, the Company's sales tax recoverable balance comprised an amount of $76,734 (December 31, 2025 – $24,397) in respect of Harmonized Sales Tax refunds. Subsequent to period-end, the Company received the amount in full.

## 7. Prepaid Expenses

As at June 30, 2026 and December 31, 2025, the Company's prepaid expenses are comprised of the following items:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **$** | $ |
| Prepaid insurance | **69,488** | 29,143 |
| Advances made to suppliers | **39,754** | 11,128 |
| Advances made to suppliers related to E&E activities | **309,366** | 125,802 |
| | **418,608** | 166,073 |

## 8. Investment

On July 28, 2023, the Company participated in a private placement investment (the "Investment") and acquired a minority interest in Scout Discoveries Corp. ("Scout Discoveries"), a mineral exploration company with a 100% interest in four precious and base metals projects based in Idaho, U.S. The Company subscribed for 500,000 shares of Scout Discoveries for a sum of $340,425 (USD$250,000). On November 14, 2023, the Company participated in a second round of the Investment and subscribed for an additional 600,000 shares of Scout Discoveries for a sum of $426,990 (USD$300,000). The Investment was recorded at fair value at initial recognition.

On April 30, 2026, the Company entered into a share purchase agreement (the "SPA") with an arm's length third party (the "Purchaser") to sell the Investment in Scout Discoveries for an aggregate amount of USD$1.32 million, or USD$1.20 per common share (the "Purchase Price"), subject to the satisfaction of certain customary closing conditions set out in the SPA. Subsequent to period-end, the Company completed the sale of the Investment (see Note 24 for more details).

As at June 30, 2026, the Company holds 1.1 million shares of Scout Discoveries, representing approximately 2.7% of Scout Discoveries (December 31, 2025 – approximately 2.7%), and the Investment in Scout Discoveries was recorded at a fair value of $1,875,720 based on the Purchase Price under the SPA (December 31, 2025 – $2,261,490 based on the subscription price of a private placement financing which closed on the same day).

As a result of the decrease in the fair value of the Investment, partially offset by the appreciation of the USD against the CAD, an unrealized loss of $424,215, including a foreign exchange gain of $35,772, was recorded on the unaudited condensed consolidated statements of loss and comprehensive loss during the three months ended June 30, 2026 (2025 – unrealized loss of $80,630 due to changes in foreign exchange). For the six months ended June 30, 2026, an unrealized loss of $385,770, including a foreign exchange gain of $66,528, was recorded on the unaudited condensed consolidated statements of loss and comprehensive loss (2025 – unrealized loss of $82,060 due to changes in foreign exchange).

## 9. Property and Equipment

| | Building | Leasehold improvements | Drilling Equipment | Trailer Equipment | Vehicle | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | **$** |
| Cost | | | | | | |
| December 31, 2024 | 1,030,524 | 24,529 | 35,438 | 7,542 | 7,195 | 1,105,228 |
| Effect of FX on translation | (53,428) | (1,272) | - | - | (373) | (55,073) |
| **June 30, 2025** | **977,096** | **23,257** | **35,438** | **7,542** | **6,822** | **1,050,155** |
| Accumulated depreciation | | | | | | |
| December 31, 2024 | 103,053 | 4,230 | 19,688 | 2,137 | 1,319 | 130,427 |
| Depreciation expense | 50,470 | 2,403 | 5,906 | 754 | 705 | 60,238 |
| Effect of FX on translation | (6,958) | (296) | - | - | (92) | (7,346) |
| **June 30, 2025** | **146,565** | **6,337** | **25,594** | **2,891** | **1,932** | **183,319** |

| | Building | Leasehold improvements | Drilling Equipment | Trailer Equipment | Vehicle | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Net Book Value | | | | | | |
| **June 30, 2025** | **830,531** | **16,920** | **9,844** | **4,651** | **4,890** | **866,836** |

## 9. Property and Equipment (continued)

| | Building | Leasehold improvements | Drilling Equipment | Trailer Equipment | Vehicle | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | **$** |
| Cost | | | | | | |
| December 31, 2025 | 981,608 | 23,365 | 35,438 | 7,542 | 6,853 | 1,054,806 |
| Effect of FX on translation | 36,096 | 859 | - | - | 252 | 37,207 |
| **June 30, 2026** | **1,017,704** | **24,224** | **35,438** | **7,542** | **7,105** | **1,092,013** |
| Accumulated depreciation | | | | | | |
| December 31, 2025 | 196,322 | 8,702 | 31,501 | 3,645 | 2,627 | 242,797 |
| Depreciation expense | 49,349 | 2,349 | 3,937 | 754 | 690 | 57,079 |
| Effect of FX on translation | 8,755 | 393 | - | - | 118 | 9,266 |
| **June 30, 2026** | **254,426** | **11,444** | **35,438** | **4,399** | **3,435** | **309,142** |

| | Building | Leasehold improvements | Drilling Equipment | Trailer Equipment | Vehicle | **Total** |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Net Book Value | | | | | | |
| December 31, 2025 | 785,286 | 14,663 | 3,937 | 3,897 | 4,226 | 812,009 |
| **June 30, 2026** | **763,278** | **12,780** | **-** | **3,143** | **3,670** | **782,871** |

## 10. Accounts Payable and Accrued Liabilities

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| | **$** | $ |
| Trade payables | **837,490** | 797,534 |
| Accrued liabilities | **523,943** | 381,976 |
| | **1,361,433** | 1,179,510 |

Accounts payable and accrued liabilities of the Company are composed primarily of amounts outstanding for trade purchases incurred in the normal course of business.

## 11. Share Capital

*Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2026, the Company had 342,898,421 common shares issued and outstanding (December 31, 2025 – 289,410,421).

*Share capital transactions for the six months ended June 30, 2025*

During the six months ended June 30, 2025, the Company issued 135,000 common shares as a result of the exercises of restricted share units (each, an “RSU”). The fair value of these RSUs was estimated to be $62,100.

During the six months ended June 30, 2025, the Company issued 6,657,280 common shares as a result of the exercise of warrants (each, a “Warrant”) for total cash proceeds of $1,950,456.

During the six months ended June 30, 2025, the Company also issued 882,500 common shares as a result of the exercise of stock options for total cash proceeds of $155,050.

## 11. Share Capital (continued)

*Share capital transactions for the six months ended June 30, 2026*

On May 20, 2026, the Company closed a bought deal private placement Offering (as defined below) of 53,353,000 common shares of the Company at a price of $0.59 (the "Offering Price") per common share, for gross proceeds of $31,478,270. Pursuant to the Offering, the Company issued 36,353,000 common shares at the Offering Price for gross proceeds of $21,448,270 under the Listed Issuer Financing Exemption (the "LIFE Offering") and 17,000,000 common shares at the Offering Price for gross proceeds of $10,030,000 pursuant to available prospectus exemptions other than the Listed Issuer Financing Exemption (the "Concurrent Offering" and together with the LIFE Offering, the "Offering"). In connection with the Offering, the Company incurred total issuance costs of $2,282,419, including cash commission of $1,888,696.

During the six months ended June 30, 2026, the Company also issued 135,000 common shares as a result of the exercises of RSUs. The fair value of these RSUs was estimated to be $62,100.

## 12. Warrants

On April 20, 2025, 375,000 Warrants exercisable at $0.30 expired. An amount of $28,933, representing the grant date fair value of these Warrants was reallocated to accumulated deficit upon their expiry.

During the six months ended June 30, 2025, 6,657,280 Warrants were exercised for total cash proceeds of $1,950,456. An amount of $553,163, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

As at June 30, 2026, the Company did not have any Warrants outstanding (December 31, 2025 – $nil).

## 13. Stock Options

The Company previously had a stock option plan (the "Stock Option Plan") for qualified directors, officers, employees, and consultants of the Company (the "Eligible Participants"). The Stock Option Plan provided for the granting of options up to 10% of its issued and outstanding common shares. The designation of Eligible Participants, number of options, exercise price and vesting provisions under the Stock Option Plan were determined by the Board at the time of issuance.

On July 15, 2022, shareholders of the Company approved a new omnibus incentive plan (the "Omnibus Plan"), and the Company will no longer be issuing options pursuant to the Stock Option Plan. The Stock Option Plan will remain in force and effect solely for the purposes of governing previously existing options granted thereunder. The Omnibus Plan provides for the issuance of options and RSUs to Eligible Participants. Pursuant to the terms and conditions of the Omnibus Plan, the maximum amount of the Company's common shares reserved for issuance is limited to 29,341,745 common shares less any other common shares reserved for issuance pursuant to other securities-based compensation arrangements.

The following summarizes the option activities for the six months ended June 30, 2026 and 2025:

| | **2026** | | 2025 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | Number of options | Weighted average exercise price |
| | **#** | **$** | # | $ |
| **Outstanding, beginning of period** | **4,415,000** | **0.39** | 4,872,500 | 0.28 |
| Granted | **1,325,000** | **0.64** | 175,000 | 0.72 |
| Granted | **-** | **-** | 200,000 | 0.68 |
| Exercised | **-** | **-** | (7,500) | 0.09 |
| Exercised | **-** | **-** | (750,000) | 0.17 |
| Exercised | **-** | **-** | (125,000) | 0.215 |
| Cancelled | **(500,000)** | **0.17** | (625,000) | 0.17 |
| Cancelled | **(200,000)** | **0.68** | - | - |
| **Outstanding, end of period** | **5,040,000** | **0.47** | 3,740,000 | 0.36 |

**13. Stock Options (continued)**

*Option activities for the six months ended June 30, 2025*

On February 17, 2025, 625,000 options exercisable at $0.17 were cancelled. An amount of $39,730, representing the share-based compensation previously recognized on these vested options, was reallocated to accumulated deficit upon the cancellation.

On March 19, 2025, the Company granted 175,000 stock options to an officer. The options are exercisable at a price of $0.72 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to March 19, 2027. The options were valued using the Black-Scholes valuation model ("Black-Scholes") with the following assumptions: expected volatility of 114% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.66% and an expected life of five years. The grant date fair value attributable to these options was $101,919.

On June 9, 2025, the Company granted 200,000 stock options to a consultant. The options are exercisable at a price of $0.68 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to June 9, 2027. The options were valued using Black-Scholes with the following assumptions: expected volatility of 111% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 2.96% and an expected life of five years. The grant date fair value attributable to these options was $109,105.

During the six months ended June 30, 2025, 882,500 options were exercised for total cash proceeds of $155,050. An amount of $119,088, representing the grant date fair value of these vested options was transferred to share capital upon the exercises.

*Option activities for the six months ended June 30, 2026*

On March 18, 2026, the Company granted 1,325,000 stock options to certain officers and consultants. The options are exercisable at a price of $0.64 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to March 18, 2028. The options were valued using Black-Scholes with the following assumptions: expected volatility of 103% based on historical share price, expected dividend yield of 0%, risk-free interest rate of 3.01% and an expected life of five years. The grant date fair value attributable to these options was $626,778, of which $162,041 and $185,190, respectively, were recorded as share-based compensation in connection with the vesting of options during the three and six months ended June 30, 2026.

On April 24, 2026, 200,000 options granted on June 9, 2025 were cancelled following the termination of the related service arrangement with the holder. The unvested portion of the options was forfeited upon termination, resulting in the reversal of $60,459 of previously recognized share-based compensation.

On June 5, 2026, 500,000 options exercisable at $0.17 were cancelled. An amount of $65,302, representing the share-based compensation previously recognized on these vested options, was reallocated to accumulated deficit upon the cancellation.

In total, share-based compensation of $376,213 was recorded in connection with the vesting of options during the six months ended June 30, 2026 (2025 – $145,732).

The following table summarizes information of stock options outstanding and exercisable as at June 30, 2026:

| Date of expiry | Number of options outstanding | Number of options exercisable | Exercise price | Weighted average remaining contractual life |
|---|---|---|---|---|
| | # | # | $ | Years |
| July 27, 2027 | 500,000 | 500,000 | 0.09 | 1.07 |
| March 1, 2028 | 750,000 | 750,000 | 0.265 | 1.67 |
| May 22, 2028 | 500,000 | 500,000 | 0.17 | 1.90 |
| August 2, 2028 | 90,000 | 90,000 | 0.0833 | 2.09 |
| June 24, 2029 | 200,000 | 200,000 | 0.72 | 2.99 |
| July 30, 2029 | 500,000 | 500,000 | 0.62 | 3.08 |
| March 19, 2030 | 175,000 | 87,500 | 0.72 | 3.72 |
| December 17, 2030 | 1,000,000 | 250,000 | 0.60 | 4.47 |
| March 18, 2031 | 1,325,000 | - | 0.64 | 4.72 |
| | **5,040,000** | **2,877,500** | **0.47** | **3.26** |

## 14. Restricted Share Units

No RSUs were granted during the six months ended June 30, 2026 and 2025. In total, share-based compensation of $56,127 was recorded in connection with the vesting of RSUs during the six months ended June 30, 2026 (2025 – $386,156).

As at June 30, 2026, the Company had a total of 2,666,000 RSUs outstanding (December 31, 2025 – 2,801,000 RSUs outstanding).

## 15. Related Party Transactions and Balances

In accordance with IAS 24 – Related Party Disclosures, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee of the Board.

*Remuneration to key management personnel and directors*

The remuneration of directors and other members of key management personnel during the three and six months ended June 30, 2026 and 2025 was as follows:

| | Three Months ended | | Six Months ended | |
|---|---|---|---|---|
| | **June 30, 2026** | June 30, 2025 | **June 30, 2026** | June 30, 2025 |
| | **$** | $ | **$** | $ |
| Consulting fees, salaries and wages included in G&A expenses | **42,500** | 17,292 | **80,000** | 39,167 |
| Consulting fees, salaries and wages included in E&E expenditures | **110,001** | 108,909 | **205,002** | 178,034 |
| Professional fees | **78,949** | 65,612 | **162,500** | 125,390 |
| | **231,450** | 191,813 | **447,502** | 342,591 |

During the three and six months ended June 30, 2026, Clearwater Resources Inc. (“Clearwater”), an entity controlled by the Chief Executive Officer and also a director of Hercules Metals, charged fees of $20,000 and $35,000, respectively, (2025 – $17,292 and $39,167, respectively), for services provided to the Company, which are included in consulting fees, salaries and wages under general and administrative (“G&A”) expenses (see Note 16). During the same periods, Clearwater also charged fees of $60,000 and $105,000, respectively, (2025 – $51,875 and $117,500, respectively) which are included in exploration and evaluation (“E&E”) expenditures. As at June 30, 2026, $37,374 (December 31, 2025 – $23,389) owing to Clearwater was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended June 30, 2026, the Company’s non-executive directors received fees of $22,500 and $45,000, respectively, (2025 – $nil and $nil) as consideration for their services provided, which are included in consulting fees, salaries and wages under G&A expenses. As at June 30, 2026, no fees were owed to any of the directors (December 31, 2025 – $nil).

During the three and six months ended June 30, 2026, Hume Exploration Services (“Hume Exploration”), an entity controlled by the Vice President of Exploration of Hercules Metals, charged fees of $50,001 and $100,002, respectively, (2025 – $57,034 and $60,534, respectively), for services provided to the Company, which are included in E&E expenditures. As at June 30, 2026, $16,667 (December 31, 2025 – $16,667) owing to Hume Exploration was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three and six months ended June 30, 2026, Gowling WLG (Canada) LLP (“Gowling”), a law firm in which a director of the Company is a partner, charged fees of $48,949 and $102,500, respectively, (2025 – $35,612 and $65,390, respectively) for legal services provided, which are included in professional fees. As at June 30, 2026, $12,674 (December 31, 2025 – $9,050) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

## 15. Related Party Transactions and Balances (continued)

*Remuneration to key management personnel and directors (continued)*

During the three and six months ended June 30, 2026, Blueknight Advisory Services Inc. ("Blueknight"), an entity controlled by the Chief Financial Officer and Corporate Secretary of Hercules Metals, charged fees of $30,000 and $60,000, respectively, (2025 – $30,000 and $60,000, respectively) for CFO and accounting services provided to the Company, which are included in professional fees. As at June 30, 2026, $11,586 (December 31, 2025 – $11,481) owing to Blueknight was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

*Other related party transactions*

During the three and six months ended June 30, 2026, the Company recorded share-based compensation of $203,254 and $346,577, respectively, in connection with the vesting of stock options previously granted to its officers and directors (2025 – $30,990 and $36,125, respectively). Amounts of $4,304 and $52,729, respectively, were also recorded as share-based compensation in connection with the vesting of RSUs previously granted to its officers and directors (2025 – $122,796 and $336,657, respectively).

In connection with the Offering which closed on May 20, 2026, Gowling also charged fees of $180,048 for legal services related to the financing, which are included in share issuance costs.

## 16. General and Administrative Expenses

The Company's G&A expenses for the three and six months ended June 30, 2026 and 2025 were comprised of the following:

| | Three Months ended | | Six Months ended | |
|---|---|---|---|---|
| | **June 30, 2026** | June 30, 2025 | **June 30, 2026** | June 30, 2025 |
| | $ | **$** | $ | **$** |
| Office and general | **112,775** | 80,642 | **194,246** | 104,574 |
| Consulting fees, salaries and wages | **74,124** | 30,782 | **130,141** | 58,073 |
| Business development | **81,043** | 54,910 | **120,128** | 128,207 |
| Filing fees | **22,649** | 23,427 | **65,817** | 65,669 |
| Insurance | **24,858** | 38,617 | **43,669** | 54,720 |
| | **315,449** | 228,378 | **554,001** | 411,243 |

## 17. Property Agreements

*Lease Option Agreement*

On September 27, 2023, the Company entered into a Lease Option Agreement between the Company, Anglo-Bomarc, U.S., Inc. ("Anglo-Bomarc" or the "Lessee"), and a local prospector (the "Lessor"), which grants Anglo-Bomarc, as Lessee, the option to acquire a 100% interest in a mineral property, comprising 87 unpatented lode mining claims within the Mineral mining district (the "Mining District Property") located on Bureau of Land Management (BLM)-administered lands, 14 miles southwest of the Hercules Property.

Pursuant to the terms and subject to the conditions of the Lease Option Agreement, Anglo-Bomarc will make lease payments in accordance with the following schedule:

| Payment Date | Cash Payments | Share Consideration | Status |
|---|---|---|---|
| Within five business days of TSXV Approval | USD$100,000 | - | Paid |
| September 27, 2024 | USD$60,000 | USD$60,000 | Paid |
| September 27, 2025 | USD$70,000 | USD$70,000 | Paid |
| September 27, 2026 | USD$80,000 | USD$80,000 | Outstanding |
| September 27, 2027 | USD$80,000 | USD$80,000 | Outstanding |
| September 27, 2028 | USD$80,000 | USD$80,000 | Outstanding |
| September 27, 2029 | USD$80,000 | USD$80,000 | Outstanding |
| September 27, 2030 | USD$80,000 | USD$80,000 | Outstanding |

**17. Property Agreements (continued)**

*Lease Option Agreement (continued)*

Upon execution of the Lease Option Agreement, Anglo-Bomarc shall also pay the annual maintenance fees for the claims. The Lease Option Agreement provides the Lessee with certain rights, including but not limited to, the right to access, enter, occupy, improve, explore, use, market, sell and dispose mineral and mineral substances on or from the Mining District Property.

At any time prior to the eighth anniversary of the Lease Option Agreement, the Lessee has the right to purchase the Mining District Property for an aggregate of USD$3 million (the "Option"), comprised of USD$1.5 million in cash and common shares equal to USD$1.5 million at a deemed value per common share equal to the 10-day volume-weighted average price ("VWAP") of the common shares on the TSXV on the day preceding the delivery of the common shares to Lessor pursuant to the Option. In the event that the Option is exercised, the Lessee will receive credit for all lease payments previously made pursuant to the Lease Option Agreement, which will serve to reduce the cash and common share value owed upon potential exercise of the Option.

At the conclusion of the eight-year term, if the Lessee elects not to purchase the Mining District Property pursuant to the Option, then the Lessee has the sole and exclusive right and discretion to continue to lease the Mining District Property by providing the Lessor with: (i) annual lease payments of USD$160,000, and a 2% net smelter royalty ("NSR") from the sale of all minerals on the Mining District Property.

In the event that the Lessee pays an aggregate total of USD$2,000,000 in royalties, then the Lessee may reduce the royalty rate to 1% upon payment of a one-time lump sum of USD$1,000,000 to Lessor. Thereafter, Lessor shall receive a 1% NSR royalty for production on any or all unpatented claims within the Mining District Property. If Lessee does not elect to "buy down" the royalty, then Lessor shall receive a 2% NSR for production on any or all unpatented claims within the Mining District Property.

*Mineral Lease Agreement*

On March 1, 2025, Anglo-Bomarc entered into a 20-year mineral lease agreement (the "Mineral Lease") with the Idaho Department of Lands (the "IDL") to explore, develop and mine metallic minerals on approximately 7,669 acres of state-owned land adjacent to the Hercules Property, and 640 acres adjacent to its nearby mineral property.

The Mineral Lease has a primary term of 20 years, commencing on March 1, 2025, and expiring on February 28, 2045, with the potential to extend the Mineral Lease beyond its initial term, subject to Idaho law and a negotiated extension agreement with the IDL. Under the terms of the Mineral Lease, Anglo-Bomarc will pay an annual rental fee of USD$24,927, which will increase by 3% each year over the 20-year lease term. Anglo-Bomarc will remit a 5% NSR on any minerals produced from the leased area.

To incentivize production, minimum annual royalty amounts are due each year, regardless of whether the Mineral Lease has reached production, starting at USD$20,000 per year for the first five years of the agreement, increasing to USD$30,000 in years 6-10, USD$70,000 in years 11-15, and USD$100,000 in years 16-20. If production occurs, the production royalty payments can be credited against the minimum annual royalty for that year.

Pursuant to the terms of the Mineral Lease, the Company is required to make annual rental fees and royalty payments to the IDL in accordance with the following schedule:

| Payment Date | Rental Fees | Royalty Payments | Status |
|---|---|---|---|
| March 1, 2025 | USD$24,927 | USD$20,000 | Paid |
| March 1, 2026 | USD$25,675 | USD$20,000 | Paid |
| March 1, 2027 | USD$26,445 | USD$20,000 | Outstanding |
| March 1, 2028 | USD$27,238 | USD$20,000 | Outstanding |
| March 1, 2029 | USD$28,056 | USD$20,000 | Outstanding |
| March 1, 2030 | USD$28,987 | USD$30,000 | Outstanding |
| March 1, 2031 | USD$29,764 | USD$30,000 | Outstanding |
| March 1, 2032 | USD$30,657 | USD$30,000 | Outstanding |
| March 1, 2033 | USD$31,577 | USD$30,000 | Outstanding |
| March 1, 2034 | USD$32,524 | USD$30,000 | Outstanding |
| March 1, 2035 | USD$33,500 | USD$70,000 | Outstanding |

**17. Property Agreements (continued)**

*Mineral Lease Agreement (continued)*

| Payment Date | Rental Fees | Royalty Payments | Status |
|---|---|---|---|
| March 1, 2036 | USD$34,505 | USD$70,000 | Outstanding |
| March 1, 2037 | USD$35,540 | USD$70,000 | Outstanding |
| March 1, 2038 | USD$36,606 | USD$70,000 | Outstanding |
| March 1, 2039 | USD$37,704 | USD$70,000 | Outstanding |
| March 1, 2040 | USD$38,835 | USD$100,000 | Outstanding |
| March 1, 2041 | USD$40,001 | USD$100,000 | Outstanding |
| March 1, 2042 | USD$41,201 | USD$100,000 | Outstanding |
| March 1, 2043 | USD$42,437 | USD$100,000 | Outstanding |
| March 1, 2044 | USD$43,710 | USD$100,000 | Outstanding |

*Strategic Option Agreement*

On July 27, 2025, the Company completed the closing (the "Closing") of a strategic option agreement (the "Strategic Option Agreement"), as amended effective August 8, 2025, with Anglo-Bomarc and Barrick Gold Exploration Inc. ("BGE"), a wholly-owned U.S. subsidiary of Barrick Mining Corporation ("Barrick") to earn a 100% interest (the "Barrick Option") in over 74,000 acres of unpatented mining claims (the "Olympus Claims") surrounding the Hercules Property and the Leviathan porphyry discovery in western Idaho. In exchange, Barrick increased its equity position in the Company.

Pursuant to the Strategic Option Agreement, Hercules will make staged payments, either through issuance of common shares, or cash, at its election (the "Option Payments"), to BGE or its designee totaling $8 million, over three years. On exercise of the Barrick Option, Anglo-Bomarc will grant BGE an NSR of 1% on the Olympus Claims, which can be bought back and reduced to 0.25%.

The Company has the Barrick Option to earn a 100% interest in the Olympus Claims, subject to the NSR royalty, by issuing common shares to BGE or its designee according to the following schedule:

| Payment Date | Option Payments (VWAP C$)* | Status |
|---|---|---|
| Upfront within 5 days of receipt of TSXV Approval | 2,000,000 | Issued |
| Unless Hercules terminates the option in advance of an anniversary, the Company will issue: | | |
| First Anniversary | 2,000,000 | Outstanding |
| Second Anniversary | 2,000,000 | Outstanding |
| Third Anniversary | 2,000,000 | Outstanding |

* *The Option Payments issuable pursuant to the Agreement will be: (i) for the first payment, equal to the greater of the 5-day VWAP of the Company's common shares on the TSXV prior to the issuance, and the price reflecting the maximum permitted discount for the common shares under the rules of the TSXV; and (ii) for the remaining Option Payments, equal to the greater of the 10-day VWAP of the common shares on the TSXV prior to each issuance, and the price reflecting the maximum permitted discount for the common shares under the rules of the TSXV.*

During the term of the Strategic Option Agreement, the Company may elect to deliver cash payments to BGE, in lieu of share issuances, for the Option Payments. In addition, the Company has the right to accelerate its exercise of the option by making all of the Option Payments at any time. The Company shall also reimburse BGE for dollar amounts required by the BLM and recorders for the counties in which the Olympus Claims are located, to maintain the claims in good standing and record annual notices of intent to hold, for each relevant assessment year.

On exercise of the Barrick Option, Anglo-Bomarc will also grant BGE a 1% NSR from the sale of all mineral products on the Olympus Claims, of which ¾ (0.75% NSR) can be repurchased for a one-time lump sum payment of USD$7.5 million to BGE, reducing the overall NSR to 0.25%.

Subsequent to period-end, the Company, Anglo-Bomarc and BGE entered into a second amendment (the "Second Amendment") to the Strategic Option Agreement, which reduced the number of Olympus Claims subject to the Barrick Option and revised the claims comprising the Barrick Option (see Note 24 for more details).

## 17. Property Agreements (continued)

*Lease with Option to Purchase Agreement*

On March 20, 2026, Anglo-Bomarc entered into a definitive real property lease with option to purchase agreement (the "Lease with Option to Purchase Agreement") with an arm's length private landowner, to secure an additional 1,473 acres of private land (the "Private Property"), contiguous with the Hercules Property.

Pursuant to the Lease with Option to Purchase Agreement, Anglo-Bomarc has been granted an eight-year lease over the Private Property, together with an exclusive option to acquire a 100% interest in the Private Property. In consideration for the rights granted under the Agreement, Anglo-Bomarc will make annual lease payments of USD$125,000, payable in advance at the commencement of each lease year. The first annual lease payment, made on March 25, 2026, was expensed as E&E expenditures during the period.

The Lease with Option to Purchase Agreement may be terminated by Anglo-Bomarc at any time, upon 30 days' written notice, subject to the satisfaction of any outstanding obligations, including reclamation. The lease grants Anglo-Bomarc the exclusive right to conduct mineral exploration activities on the Private Property during the term of the lease, including drilling and geophysical surveys.

The Lease with Option to Purchase Agreement also provides Anglo-Bomarc with an exclusive and irrevocable option to purchase the Private Property at any time during the lease term at fair market value, subject to a minimum purchase price of USD$4.5 million and a maximum purchase price of USD$5.8 million. The purchase price will be determined through an independent appraisal process, subject to the minimum and maximum purchase prices set out in the agreement.

## 18. Exploration and Evaluation Expenditures

The Company's E&E expenditures incurred for the three and six months ended June 30, 2026 and 2025 were comprised of the following:

| | Three Months ended | | Six Months ended | |
|---|---|---|---|---|
| | **June 30, 2026** | June 30, 2025 | **June 30, 2026** | June 30, 2025 |
| | $ | **$** | $ | **$** |
| Exploration drilling | **4,189,205** | 3,280,863 | **5,918,856** | 3,542,399 |
| Geological work and technical studies | **142,557** | 42,536 | **207,545** | 42,536 |
| Property acquisition costs | **-** | - | **171,462** | - |
| Minimum lease and royalty payment | **-** | 7,004 | **15,414** | 9,396 |
| Claims maintenance | **-** | - | **6,456** | - |
| | **4,331,752** | 3,330,403 | **6,319,733** | 3,594,331 |

## 19. Capital Management

The Company manages its capital structure and adjusts it based on the funds available to the Company in order to support the development of its planned business activities. The Board does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain the future development of the business. To carry out its planned business activities and meet administrative costs, the Company uses its existing working capital and raises additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. There have been no changes to the Company's approach to managing capital since the Company's last reporting period.

The Company considers its capital to consist of shareholders' equity, comprising share capital, options reserve, RSU reserve, accumulated other comprehensive loss and accumulated deficit. As at June 30, 2026, the Company's capital was $35,005,658 (December 31, 2025 – $12,616,805).

The Company does not have a numerical target for its capital structure. Funds are primarily secured through equity financing, including private placements, and the Company raises capital as necessary to fund its exploration and corporate activities and to support the development of its business. There can be no assurance that the Company will be able to continue raising capital on acceptable terms or at all.

The Company is not subject to externally imposed capital requirements.

## 20. Financial Instruments and Risk Management

The Company is exposed to various risks arising from its financial instruments. Management, in conjunction with the Board, mitigates these risks by assessing, monitoring and approving the Company's risk management process. There have not been any changes in the nature of these risks or the process of managing these risks from the previous reporting periods.

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and short-term investments, which expose the Company to credit risk in the event that the counterparties fail to meet their obligations. Cash and cash equivalents and short-term investments are held with reputable Canadian chartered banks and financial institutions, which are closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents and short-term investments is minimal.

The Company's other exposure to credit risk is on receivables. As the Company does not currently have any trade receivables, management believes that the credit risk associated with receivables is minimal.

*Liquidity risk*

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company.

The Company generates cash flow primarily from its financing activities. During the six months ended June 30, 2026, the Company completed the Offering for gross proceeds of $31,478,270. The Company endeavors to maintain sufficient liquidity to meet expected operational expenses, including the servicing of financial obligations. As at June 30, 2026, the Company had cash and cash equivalents of $25,603,581 (December 31, 2025 – $10,532,346) and short-term investments of $7,609,577 (December 31, 2025 – $nil), which were available to settle current liabilities of $1,361,433 (December 31, 2025 – $1,179,510).

The following table summarizes the carrying amount and the contractual maturity of both the interest and principal portion of significant financial liabilities as at June 30, 2026:

| | Carrying amount | Year 1 | Year 2 to 3 | Year 4 to 5 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Accounts payable and accrued liabilities | 1,361,433 | 1,361,433 | - | - |

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling 12-month period to identify financial requirements. Where insufficient liquidity may exist, the Company may pursue various debt and equity instruments for short or long-term financing of its operations. Management believes there will be sufficient capital to meet short-term business obligations, after taking into account cash flow requirements from operations and the Company's cash and cash equivalents and short-term investments as at June 30, 2026.

*Market risk*

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity and commodity prices.

*Foreign exchange risk*

Foreign exchange risk is the risk that changes in foreign exchange rates will adversely affect the Company's financial position, results of operations or cash flows. As the Company's E&E activities are primarily based in the U.S., it is exposed to fluctuations in the USD relative to its CAD functional currency. The Company primarily raises funds in CAD and incurs expenditures in USD in connection with its U.S. activities.

## 20. Financial Instruments and Risk Management (continued)

*Foreign exchange risk (continued)*

The Company's foreign exchange exposure arises primarily from its USD-denominated monetary assets and liabilities, including cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities. The Company is also exposed to fluctuations in the CAD/USD exchange rate on future expenditures denominated in USD. Changes in the exchange rate can result in foreign exchange gains or losses on existing USD-denominated monetary balances and can affect the CAD cost of future USD-denominated expenditures. The Company manages its foreign exchange exposure by maintaining sufficient USD-denominated cash and short-term investments to fund its USD-denominated obligations and, from time to time, converting CAD funds into USD based on prevailing exchange rates and anticipated USD funding requirements.

As at June 30, 2026, the Company had the following USD assets and liabilities in Canadian dollars:

| | **$** |
|---|---|
| Cash and cash equivalents | **16,123,200** |
| Short-term investments | **5,355,086** |
| Accounts payable and accrued liabilities | **(860,566)** |
| **Net Exposure to USD** | **20,617,720** |

Had the value of the USD increased or decreased by 10%, the net loss and comprehensive loss for the six months ended June 30, 2026 would have increased or decreased by approximately $2.06 million, as a result of this exposure.

*Fair value*

Fair value estimates of financial instruments are made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values. The Company's financial instruments consist of cash and cash equivalents, short-term investments, the Investment in Scout Discoveries, and accounts payable and accrued liabilities. The fair value of cash and cash equivalents, short-term investments, and accounts payable and accrued liabilities approximates their carrying value due to their short-term nature.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2026, the Company's financial instruments carried at a fair value of $1,875,720 consisted of the Investment in Scout Discoveries, which has been classified as Level 2 (December 31, 2025 – $2,261,490).

## 21. Segmented information

The Company has one operating segment focused on the exploration and development of the Hercules Property in Idaho.

## 22. Contingencies

The Company's E&E activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. As at June 30, 2026, the Company believes its operations are materially in compliance with all applicable laws and regulations. The Company expects to make future expenditures to comply with such laws and regulations.

## 23. Reclassification of Comparative Figures

For comparison purposes, the Company had reclassified and adjusted certain items on the unaudited condensed interim consolidated statements of loss and comprehensive loss and cash flows to conform with certain audit adjustments recorded for the year ended December 31, 2025.

## 24. Subsequent Events

*Sale of Investment in Scout Discoveries*

On July 8, 2026, the Company completed the sale of the Investment pursuant to the SPA for aggregate proceeds of USD$1.32 million, or USD$1.20 per common share.

*Purchase of short-term investments*

On July 23, 2026, the Company purchased additional GICs with one-year maturity for USD$1.5 million (approximately $1,788,500).

*Anniversary payment and Amendment to Strategic Option Agreement*

On July 28, 2026, the Company paid the first anniversary payment of $2 million under Strategic Option Agreement in cash.

On August 1, 2026, the Company, Anglo-Bomarc and BGE entered into the Second Amendment to the Strategic Option Agreement to reduce the number of Olympus Claims subject to the Barrick Option. As a result, the estimated annual amounts payable to maintain the claims in good standing for the second, third and fourth payment years were reduced from USD$740,000, based on 3,700 claims, to USD$630,400, based on 3,152 claims. All other terms of the Strategic Option Agreement remain unchanged.

*Option grants*

On July 30, 2026, the Company granted 18,650,000 stock options to certain members of the incoming management team. The options are exercisable at a price of $0.59 per common share for a period of five years. The options vest in three equal tranches, with one-third vesting on September 1, 2026, and the remaining two-thirds vesting on the first and second anniversaries of September 1, 2026, respectively.

On August 7, 2026, the Company granted 2,350,000 stock options to certain officers and directors. The options are exercisable at a price of $0.88 per common share for a period of five years. The options vest in three equal tranches, with one-third vesting immediately, and the remaining two-thirds vesting on the first and second anniversaries of the grant date, respectively.

*Management Investment*

On August 5, 2026, the Company announced that the incoming management team had committed to invest an aggregate of approximately $4.5 million of personal capital in the Company through a non-brokered private placement. The investment is expected to be subscribed for by seven members of the incoming management team at $0.62 per common share. Closing is expected on or about September 1, 2026, subject to acceptance by the TSXV and satisfaction of customary closing conditions.