



Hercules Metals Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months ended March 31, 2025 and 2024

(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 March 31, 2025 and December 31, 2024

(Expressed in Canadian dollars)

	As at March 31, 2025 \$	As at December 31, 2024 \$
<u>Assets</u>		
Current Assets		
Cash and cash equivalents (Note 4)	737,934	608,283
Short-term investments (Note 5)	8,422,979	8,709,372
Sales tax recoverable (Note 6)	18,097	22,844
Other receivables (Note 12)	45,000	-
Prepaid expenses (Note 7)	495,333	226,651
Total Current Assets	9,719,343	9,567,150
Non-Current Assets		
Investment (Note 8)	1,581,360	1,582,790
Property and equipment (Note 9)	943,285	974,801
Right-of-use assets (Note 11)	360,961	-
Total Assets	12,604,949	12,124,741
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 10 and 16)	239,934	744,442
Lease liability – current portion (Note 11)	75,440	-
Total Current Liabilities	315,374	744,442
Non-Current Liabilities		
Lease liability (Note 11)	287,287	-
Total Liabilities	602,661	744,442
<u>Shareholders' Equity</u>		
Share capital (Note 12)	47,919,581	46,335,377
Warrants reserve (Note 13)	4,083,357	4,400,042
Options reserve (Note 14)	973,658	1,044,900
RSU reserve (Note 15)	1,630,436	1,385,138
Accumulated other comprehensive loss	(210,174)	(226,228)
Accumulated deficit	(42,394,570)	(41,558,930)
Total Shareholders' Equity	12,002,288	11,380,299
Total Liabilities and Shareholders' Equity	12,604,949	12,124,741

Nature of operations and going concern (Note 1)

Commitments (Notes 11 and 18)

Contingencies (Note 23)

Subsequent events (Note 24)

Approved on behalf of the Board of Directors:"Christopher Paul"

Christopher Paul, Director

"Kelly Malcolm"

Kelly Malcolm, Director

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

Hercules Metals Corp.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive loss
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

	2025	2024
	\$	\$
Expenses		
Share-based compensation (Notes 12,13, and 14)	316,548	173,136
Exploration and evaluation expenditures (Notes 16, 19 and 23)	263,928	820,932
General and administrative (Notes 16 and 17)	186,081	285,643
Professional fees (Note 16)	122,888	223,766
Depreciation expense (Notes 9 and 11)	32,096	28,301
Foreign exchange loss (gains)	31,737	(145,652)
Dividend and interest income (Notes 4 and 5)	(79,338)	(317,361)
Total Expenses	873,940	1,068,765
Other Items		
Unrealized (loss) gain on investment (Note 8)	(1,430)	17,820
Total Other (Expenses) Income	(1,430)	17,820
Net Loss	(875,370)	(1,050,945)
Other Comprehensive Loss		
Exchange gain on translation of foreign operations	16,054	14,331
Comprehensive Loss	(859,316)	(1,036,614)
Net Loss per Share – Basic and diluted	(0.00)	(0.01)
Weighted Average Number of Outstanding Shares		
- Basic and diluted	256,160,401	236,759,768

The accompany 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 Three Months ended March 31, 2025 and 2024
(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, 2023	231,128,716	42,081,995	5,104,257	714,536	190,448	(170,144)	(22,576,475)	25,344,617
Issuance of shares on exercises of RSUs (Notes 12 and 15)	500,000	45,000	-	-	(45,000)	-	-	-
Issuance of shares on exercises of warrants (Notes 12 and 13)	6,249,166	966,443	(191,160)	-	-	-	-	775,283
Issuance of shares on exercises of options (Notes 12 and 14)	1,400,000	248,612	-	(106,987)	-	-	-	141,625
Share-based compensation (Notes 14 and 15)	-	-	-	81,650	91,486	-	-	173,136
Exchange differences on translating foreign operations	-	-	-	-	-	14,331	-	14,331
Net loss for the period	-	-	-	-	-	-	(1,050,945)	(1,050,945)
Balance, March 31, 2024	239,277,882	43,342,050	4,913,097	689,199	236,934	(155,813)	(23,627,420)	25,398,047
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 warrants (Notes 12 and 13)	3,592,280	1,347,641	(316,685)	-	-	-	-	1,030,956
Issuance of shares on exercises of options (Notes 12 and 14)	757,500	236,563	-	(102,763)	-	-	-	133,800
Share-based compensation (Notes 14 and 15)	-	-	-	71,251	245,298	-	-	316,549
Cancellation of options (Note 14)	-	-	-	(39,730)	-	-	39,730	-
Exchange differences on translating foreign operations	-	-	-	-	-	16,054	-	16,054
Net loss for the period	-	-	-	-	-	-	(875,370)	(875,370)
Balance, March 31, 2025	258,513,279	47,919,581	4,083,357	973,658	1,630,436	(210,174)	(42,394,570)	12,002,288

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 Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

	2025	2024
	\$	\$
<u>Operating Activities</u>		
Net loss for the period	(875,370)	(1,050,945)
Items not affecting cash:		
Interest earned on short-term investments (Note 5)	(79,338)	(184,799)
Unrealized loss (gain) on investment (Note 8)	1,430	(17,820)
Depreciation expense (Notes 9 and 11)	32,096	28,301
Share-based compensation (Notes 14 and 15)	316,548	173,136
Interest and accretion (Notes 11 and 17)	3,216	-
Foreign exchange loss (gains)	8,351	(65,648)
	(593,067)	(1,117,775)
Change in working capital items:		
Sales tax recoverable	4,747	140,370
Prepaid expenses	(268,682)	112,368
Accounts payable and accrued liabilities	(504,507)	386,944
Cash Flows (used in) Operating Activities	(1,361,509)	(478,093)
<u>Financing Activities</u>		
Proceeds from exercise of warrants (Notes 12 and 13)	985,956	775,283
Proceeds from exercise of stock options (Notes 12 and 14)	133,800	141,625
Cash Flows provided by Financing Activities	1,119,756	916,908
<u>Investing Activities</u>		
Redemption of short-term investments (Note 5)	357,380	-
Additions of property and equipment (Note 9)	-	(981,349)
Cash Flows provided by (used in) Investing Activities	357,380	(981,349)
Increase (decrease) in cash and cash equivalents	115,627	(542,534)
Effect of foreign exchange on cash and cash equivalents	14,024	513
Cash and cash equivalents, beginning of period	608,283	12,723,946
Cash and cash equivalents, end of period	737,934	12,181,925

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

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

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'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 "8Q7".

The Company is a junior mining company focused on the exploration and development of its 100% owned Hercules Property (the "Hercules Property"), located in Washington County, Idaho, in the United States (the "U.S."). The Hercules Property represents 24,276 acres consisting of private, state, and federal mineral rights. The Company holds surface mining rights on 1,770 acres, granting the right to conduct exploration, drilling, road construction, mining, and milling activities, as well as a 7,669-acre state lease that provides the ability to explore, develop, and mine within the Hercules Property.

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.

As at March 31, 2025, the Company had accumulated losses of \$42,394,570 (December 31, 2024 – accumulated deficit of \$41,558,930) and available working capital of \$9,403,969 (December 31, 2024 – \$8,822,708), including a cash balance of \$737,934 (December 31, 2024 – \$608,283), which it can deploy to fulfill financial requirements for the 12-month period ending March 31, 2026. Nevertheless, it is not possible to predict whether financing efforts will continue to be successful in the future or if the Company will attain profitable levels of operations. These conditions, including the volatile and speculative nature of the mining business, represent material uncertainties which 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 and IFRIC® Interpretations of the IFRS Interpretations Committee. 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 May 30, 2025.

(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.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

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
Hercules Metals Corp.	Ontario, Canada	100%
BE Gold Canada Inc. ¹	Ontario, Canada	100%
Frontera Gold Nevada Inc. ²	Nevada, U.S.	100%
1218530 B.C. Ltd.	British Columbia, Canada	100%
Anglo-Bomarc, U.S., Inc.	Idaho, U.S.	100%
Frontier Metals Canada Holdings Corp. ³	Ontario, Canada	100%
Frontier Metals LLC	Idaho, U.S.	100%

¹ Dissolved on October 29, 2024.

² Dissolved on October 2, 2024.

³ Dissolved on November 15, 2024.

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 subsidiaries 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, 2024 and 2023, 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, 2024 and 2023, unless otherwise noted.

4. Cash and Cash Equivalents

As at March 31, 2024, the Company had total cash and cash equivalents of \$12,181,925, including a balance of \$3,087,199 invested in high interest savings funds (the "High Interest Savings Funds"), which are available on demand, and a balance of \$8,123,692 invested in certain guaranteed investment certificates ("GICs") with a maturity of less than three months. During the three months ended March 31, 2024, dividend income of \$29,053 was received and reinvested into the High Interest Savings Funds, and interest income of \$96,605 was received on the GICs, respectively.

As of March 31, 2025 and December 31, 2024, there were no cash equivalents on hand.

5. Short-Term Investments

As at March 31, 2025, the Company had invested in various short-term GICs with maturity ranging between six months to one year valued at \$8,422,979 (December 31, 2024 – \$8,709,372), which are measured at amortized cost. These short-term investments were held in order to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. During the three months ended March 31, 2025, interest income of \$79,338 (2024 – \$184,799) was received on these short-term GICs.

During the three months ended March 31, 2025, the Company also redeemed short-term GICs for total proceeds of \$375,380 (2024 – \$nil).

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

6. Sales Tax Recoverable

As at March 31, 2025, the Company's sales tax recoverable balance comprises amounts in respect of Harmonized Sales Tax refunds. Subsequent to period-end, the Company received these amounts in full.

7. Prepaid Expenses

As at March 31, 2025 and December 31, 2024, the Company's prepaid expenses are comprised of the following items:

	March 31, 2025	December 31, 2024
	\$	\$
Prepaid insurance	21,018	26,422
Advances made to suppliers	24,016	12,344
Advances made to suppliers related to E&E activities	450,299	187,885
	495,333	226,651

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). The Investment was recorded at fair value at initial recognition.

On November 14, 2023, the Company participated in a second round of the Investment with Scout Discoveries 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.

As a result of this investment, at March 31, 2025, the Company holds 1.1 million shares of Scout Discoveries, representing approximately 3.2% of Scout Discoveries (December 31, 2024 – approximately 3.2% of Scout Discoveries).

As at March 31, 2025, the Investment in Scout Discoveries was recorded at a fair value of \$1,581,360 (December 31, 2024 – \$1,582,790), based on the subscription price of the most recent private placement financing closed by Scout Discoveries. An unrealized loss of \$1,430 due to changes in foreign exchange, was recorded on the consolidated statements of loss and comprehensive loss during the three months ended March 31, 2025 (2024 – unrealized gain of \$17,820 due to changes in foreign exchange).

9. Property and Equipment

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost at:						
December 31, 2023	-	-	35,438	7,542	-	42,980
Additions	956,542	18,032	-	-	6,775	981,349
Effect of FX on translation	13,894	42	-	-	-	13,936
March 31, 2024	970,436	18,074	35,438	7,542	6,775	1,038,265
Accumulated depreciation at:						
December 31, 2023	-	-	7,875	629	-	8,504
Depreciation expense	24,146	600	2,953	377	225	28,301
Effect of FX on translation	115	2	-	-	1	118
March 31, 2024	24,261	602	10,828	1,006	226	36,923
	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Net Book Value:						
March 31, 2024	946,175	17,472	24,610	6,536	6,549	1,001,342

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

9. Property and Equipment (continued)

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Cost at:						
December 31, 2024	1,030,524	24,529	35,438	7,542	7,195	1,105,228
Effect of FX on translation	(931)	(22)	-	-	(7)	(960)
March 31, 2025	1,029,593	24,507	35,438	7,542	7,188	1,104,268
Accumulated depreciation at:						
December 31, 2024	103,053	4,230	19,688	2,137	1,319	130,427
Depreciation expense	25,697	1,223	2,953	377	359	30,609
Effect of FX on translation	(50)	(2)	-	-	(1)	(53)
March 31, 2025	128,700	5,451	22,641	2,514	1,677	160,983
	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
Net Book Value:						
December 31, 2024	927,471	20,299	15,750	5,405	5,876	974,801
March 31, 2025	900,893	19,056	12,797	5,028	5,511	943,285

10. Accounts Payable and Accrued Liabilities

	March 31, 2025	December 31, 2024
	\$	\$
Trade payables	178,991	658,842
Accrued liabilities	60,943	85,600
	239,934	744,442

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. Right-of-Use Assets and Lease Liability

On March 1, 2025, Anglo-Bomarc, U.S., Inc. ("Anglo-Bomarc"), the Company's wholly-owned subsidiary in the U.S., 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% net smelter royalty ("NSR") on any minerals produced from the leased area.

To incentivize production, minimum annual royalty amounts are due each year, regardless of if 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.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

11. Right-of-Use Assets and Lease Liability (continued)

On initial recognition, the Mineral Lease had been recognized as a right-of-use ("ROU") asset as follows

	\$
Cost at:	
December 31, 2024	-
Additions	364,014
Effect of foreign exchange on translation	(1,563)
March 31, 2025	362,451
Accumulated depreciation at:	
December 31, 2024	-
Depreciation	1,487
Effect of foreign exchange on translation	3
March 31, 2025	1,490
	\$
Net Book Value:	
December 31, 2024	-
March 31, 2025	360,961

For the three months ended March 31, 2025, depreciation expense related to the ROU asset was \$1,487 (2024 – \$nil), and the amount was recorded as depreciation on the consolidated statements of loss and comprehensive loss.

The following table summarizes the changes on the Mineral Lease for the three months ended March 31, 2025:

	\$
Balance, beginning of period	-
Additions	364,014
Lease payments	(35,835)
Portion of lease payments classified as prepaid expenses	32,889
Interest expense	3,216
Foreign currency adjustment	(1,557)
Balance, end of period	362,727
	\$
Current portion	75,440
Long-Term portion	287,287
Balance, end of period	362,727

As at March 31, 2025, future minimum annual lease payments for the Mineral Lease are as follows:

	\$
2025	36,910
2026	117,508
2027	772,648
Total lease payments	927,066

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

12. Share Capital*Authorized share capital*

The Company is authorized to issue an unlimited number of common shares without par value. Common shares issued and outstanding for the periods ended March 31, 2025 and 2024 are as follows:

Share capital transactions for the three months ended March 31, 2024

During the three months ended March 31, 2024, the Company issued a total of 500,000 common shares as a result of the exercises of restricted share units (each a "RSU"). The fair value of these RSUs was estimated to be \$45,000.

During the three months ended March 31, 2024, the Company issued 6,249,166 common shares as a result of the exercise of warrants (each a "Warrant") for total cash proceeds of \$775,283.

During the three months ended March 31, 2024, the Company also issued 1,400,000 common shares as a result of the exercise of stock options for total cash proceeds of \$141,625.

Share capital transactions for the three months ended March 31, 2025

During the three months ended March 31, 2025, the Company issued 3,592,280 common shares as a result of the exercise of Warrants for total cash proceeds of \$1,030,956. As at March 31, 2025, proceeds of \$45,000 for these exercises of Warrants were not yet received, and were classified as other receivables on the consolidated statements of financial position. Subsequent to period-end, the Company received these amounts in full.

During the three months ended March 31, 2025, the Company also issued 757,500 common shares as a result of the exercise of stock options for total cash proceeds of \$133,800.

13. Warrants

The following summarizes the Warrants activities for the three months ended March 31, 2025 and 2024:

	2025		2024	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
	#	\$	#	\$
Outstanding, beginning of period	13,837,198	0.80	33,366,977	0.41
Exercised	-	-	(5,786,666)	0.11
Exercised	(467,280)	0.20	-	-
Exercised	(3,125,000)	0.30	(462,500)	0.30
Outstanding, end of period	10,244,918	0.98	27,117,811	0.48

Warrants activities for the three months ended March 31, 2024

During the three months ended March 31, 2024, 6,249,166 Warrants were exercised for total cash proceeds of \$775,283. An amount of \$191,160, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

Warrants activities for the three months ended March 31, 2025

During the three months ended March 31, 2025, 3,592,280 Warrants were exercised for total cash proceeds of \$1,030,956, of which \$45,000 was received subsequent to period-end. An amount of \$316,685, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

13. Warrants (continued)

The following table summarizes information of warrants outstanding as at March 31, 2025:

Date of expiry	Number of warrants outstanding	Exercise price	Weighted average remaining life
	#	\$	Years
April 20, 2025	3,440,000	0.30	0.05
November 7, 2025	6,804,918	1.32	0.61
	10,244,918	0.98	0.42

Subsequent to period-end, 3,065,000 Warrants were exercised at \$0.30, with the remaining 375,000 Warrants exercisable at \$0.30 expiring unexercised (see Note 24).

14. 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 of awards under the Stock Option Plan was 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 options activities for the three months ended March 31, 2025 and 2024:

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Outstanding, beginning of period	4,872,500	0.28	6,847,500	0.17
Granted	175,000	0.72	-	-
Exercised	(7,500)	0.09	(1,275,000)	0.09
Exercised	(625,000)	0.17	(125,000)	0.17
Exercised	(125,000)	0.215	-	-
Cancelled	(625,000)	0.17	-	-
Outstanding, end of period	3,665,000	0.33	5,447,500	0.18

Options activities for the three months ended March 31, 2024

During the three months ended March 31, 2024, 1,400,000 options were exercised for total cash proceeds of \$141,625. An amount of \$106,987, representing the grant date fair value of these options was transferred to share capital upon the exercises.

Options activities for the three months ended March 31, 2025

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

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

14. Stock Options (continued)

Options activities for the three months ended March 31, 2025 (continued)

On March 19, 2025, the Company granted 175,000 stock options to a consultant. 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 with the following assumptions: expected volatility of 117% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.16% and an expected life of five years. The grant date fair value attributable to these options was \$87,804, of which \$2,994 was recorded as SBC in connection with the vesting of options during the three months ended March 31, 2025.

During the three months ended March 31, 2025, 757,500 options were exercised for total cash proceeds of \$113,800. An amount of \$102,763, representing the grant date fair value of these options was transferred to share capital upon the exercises.

In total, SBC of \$71,251 was recorded in connection with the vesting of options during the three months ended March 31, 2025 (2024 – \$81,650).

The following table summarizes information of stock options outstanding and exercisable as at March 31, 2025:

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	2.32
March 1, 2028	750,000	750,000	0.265	2.92
May 22, 2028	1,125,000	750,000	0.17	3.15
July 10, 2028	125,000	-	0.215	3.34
August 2, 2028	90,000	90,000	0.0833	3.34
April 4, 2029	200,000	50,000	0.83	4.01
June 24, 2029	200,000	50,000	0.72	4.24
July 30, 2029	500,000	375,000	0.62	4.33
March 19, 2030	175,000	-	0.72	4.97
	3,665,000	2,565,000	0.33	3.35

15. Restricted Share Units

RSUs activities for the three months ended March 31, 2024

On February 9, 2024, the Company granted 600,000 RSUs to certain consultants. The RSUs vest 50% after the one-year anniversary, and 25% at each six-month anniversary thereafter up to February 9, 2026. The RSUs were valued at \$552,000 based on the Company's closing share price on the date of grant, of which \$31,437 was recorded as SBC in connection with the vesting of RSUs during the three months ended March 31, 2025 (2024 – \$60,953). 330,000 of these RSUs have since been cancelled upon the resignation of one of the consultants.

In total, SBC of \$245,298 was recorded in connection with the vesting of RSUs during the three months ended March 31, 2025 (2024 – \$91,486).

As at March 31, 2025, the Company had a total of 2,936,000 RSUs outstanding (December 31, 2024 – 2,936,000 RSUs).

16. 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.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

16. Related Party Transactions and Balances (continued)*Remuneration to key management personnel and directors*

The remuneration of directors and other members of key management personnel during the three months ended March 31, 2025 and 2024 were as follows:

	2025	2024
	\$	\$
Consulting fees, salaries and wages included in G&A expenses	21,875	11,250
Consulting fees, salaries and wages included in E&E expenditures	65,625	101,180
Professional fees	59,778	56,250
Share-based compensation – options	5,135	48,365
Share-based compensation – RSUs	213,861	28,319
	366,274	245,364

During the three months ended March 31, 2025, Clearwater Resources Inc. ("Clearwater"), an entity controlled by the Chief Executive Officer and also a director of Hercules Metals, charged fees of \$21,875 (2024 – \$11,250), for services provided to the Company, which are included in consulting fees, salaries and wages under general and administrative ("G&A") expenses (see Note 17). During the period, Clearwater also charged fees of \$65,625 (2024 – \$33,750) which are included in exploration and evaluation ("E&E") expenditures. As at March 31, 2025, \$32,253 (December 31, 2024 – \$nil) 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 months ended March 31, 2025, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is also a partner, charged fees of \$29,778 (2024 – \$33,750) for legal services provided, which are included in professional fees. As at March 31, 2025, \$26,722 (December 31, 2024 – \$356) owing to Gowling was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three months ended March 31, 2025, Blueknight Advisory Services Inc. ("Blueknight"), where the Chief Financial Officer ("CFO") and Corporate Secretary of Hercules Metals is the principal, charged professional fees of \$30,000 (2024 – \$nil) for CFO and accounting services provided to the Company, which are included in professional fees. As at March 31, 2025, \$11,437 (December 31, 2024 – \$nil) owing to Blueknight was included in accounts payable and accrued liabilities. The amount outstanding is unsecured, non-interest bearing and due on demand.

During the three months ended March 31, 2024, salaries of \$67,430 (USD \$50,000) for the former VP-Exploration of the Company were included in E&E expenditures. The former VP-Exploration's employment was terminated effective November 19, 2024. As at March 31, 2025, no balance was owed to the former VP-Exploration (December 31, 2024 – \$nil).

During the three months ended March 31, 2024, Branson Corporate Services Ltd. ("Branson"), where the CFO was formerly a director, charged fees of \$22,500 for accounting and administrative services which are included in professional fees. Branson's services were terminated effective June 30, 2024. As at March 31, 2025, no balance was owed to Branson (December 31, 2024 – \$nil).

Other related party transactions

During the three months ended March 31, 2025, the Company recorded SBC of \$5,135 in connection with the vesting of options previously granted to its officers and directors (2024 – \$48,365).

During the three months ended March 31, 2025, the Company also recorded SBC of \$213,861 in connection with the vesting of RSUs previously granted to its officers and directors (2024 – \$28,319).

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

17. General and Administrative Expenses

The Company's G&A expenses for the three months ended March 31, 2025 and 2024 were comprised of the following:

	2025	2024
	\$	\$
Business development	73,297	57,946
Filing fees	42,242	46,347
Consulting fees, salaries and wages	27,291	89,864
Office and general	23,932	75,186
Insurance	16,103	16,300
Interest on lease obligations	3,216	-
	186,081	285,643

18. Lease Option Agreement

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

Pursuant to the terms and subject to the conditions of the Lease Option Agreement, the Company and/or the Lessee is required to 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	USD \$nil	Paid
September 27, 2024	USD \$60,000	USD \$60,000	Paid
September 27, 2025	USD \$70,000	USD \$70,000	Outstanding
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

Upon execution of the Lease Option Agreement, the Company 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 Property.

At any time prior to the eighth anniversary of the Lease Option Agreement, the Lessee has the right to purchase the 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 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 Property pursuant to the Option, then the Lessee has the sole and exclusive right and discretion to continue to lease the Property by providing the Lessor with (i) annual lease payments of USD \$160,000, and (ii) a 2% NSR from the sale of all minerals on the 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 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 Property.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

19. Exploration and Evaluation Expenditures

The Company's E&E expenditures incurred for the three months ended March 31, 2025 and 2024 were comprised of the following:

	2025	2024
	\$	\$
Exploration drilling	261,536	508,877
Minimum royalty payment (Note 11)	2,392	-
Claims maintenance	-	236,450
Geological work and technical studies	-	75,605
	263,928	820,932

20. 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 of the Company does not establish quantitative return on capital criteria for management but rather relies on the expertise of management to sustain future development of the business. In order to carry out the planned business activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds 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 reasonable. There have been no changes to the Company's approach for managing capital since the Company's last reporting period.

The Company considers its capital to be shareholders' equity, which is comprised of share capital, warrants reserve, options reserve, RSUs reserve, accumulated other comprehensive loss and accumulated deficit. As at March 31, 2025, the Company's capital consisted of a balance of \$12,002,288 (December 31, 2024 – \$11,380,299).

The Company's objective when managing capital is to obtain adequate levels of funding to support its business activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the development of its business. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numerical target for its capital structure.

Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Company will be able to continue raising capital in this manner.

The Company is not subject to externally imposed capital requirements.

21. Financial Instruments

The Company is exposed to various risks as it relates to 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 cash and short-term investments, which expose the Company to credit risk should the borrower default on the maturity of the instruments. Cash 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 short-term investments is minimal.

The Company's second exposure to credit risk is on receivables. At each reporting period, management assesses the credit risk of its receivables balance. As the Company does not currently have any trade receivable, management believes that the credit risk concentration with respect to trade receivable 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.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

21. Financial Instruments (continued)*Liquidity risk (continued)*

The Company generates cash flow primarily from its financing activities. The Company endeavors to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted. As at March 31, 2025, the Company had a cash balance of \$737,934 (December 31, 2024 – \$608,283) and short-term investments of \$8,422,979 (December 31, 2024 – \$8,709,372), to settle current liabilities of \$315,374 (December 31, 2024 – \$744,442).

The following table summarizes the carrying amount and the contractual maturities of both the interest and principal portion of significant financial liabilities as at March 31, 2025:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	239,934	239,934	-	-
Lease liability	362,727	75,440	79,471	207,816

The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecasts and actual cash flows for a rolling period of 12 months 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 short-term investments position as at March 31, 2025.

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.

Price risk

The Company is exposed to price risk with respect to commodity prices. Price risk is remote since the Company is not a producing entity.

Foreign exchange risk

Foreign exchange risk is the risk that the Company will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities. As the Company's E&E activities are primarily based in the U.S., it is exposed to foreign exchange risk with respect to USD. The Company raises funds in CAD for its operations in the US. Foreign exchange risk arises on cash and trade payables from operations in the U.S. The Company believes that its results of operations and cash flows would be affected by a sudden change in foreign exchange rates. The Company mitigates this risk by maintaining sufficient USD-denominated cash to meet its USD-denominated obligations.

As at March 31, 2025, the Company had the following USD assets and liabilities in Canadian dollars:

	March 31, 2025
	\$
Cash	60,271
Accounts payable and accrued liabilities	(109,636)
Net Exposure to USD	(49,365)

Had the value of the USD increased or decreased by 10%, the net loss and comprehensive loss for the three months ended March 31, 2025 would have increased or decreased by \$4,937 as a result of this exposure.

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three Months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

21. Financial Instruments (continued)*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, short-term investments, the Investment in Scout Discoveries, accounts payable and accrued liabilities, and lease liability. The fair value of these financial instruments 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 March 31, 2025, the Company's financial instruments carried at a fair value of \$1,581,360 consisted of the Investment in Scout Discoveries, which have been classified as Level 3 (December 31, 2024 – \$1,582,790).

22. Segmented information

The Company has one operating segment focused on the exploration and development of the Leviathan and Hercules Properties in Idaho, U.S.

23. 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 March 31, 2025, 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.

The Company may also, from time to time, be subject to various administrative, regulatory, and other legal proceedings arising in the ordinary course of business. Liabilities associated with legal proceedings are recorded when (i) the liabilities are a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligations, and (iii) a reliable estimate can be made of the amount of obligation.

The Company was previously responsible for payment of a dispute in connection to certain exploration drilling services provided by an arm's length party (the "Contractor"), for an alleged breach of the terms pursuant to a drilling services agreement between the parties, for the Contractor's failure to complete drilling as required. During the three months ended March 31, 2024, the Company settled the dispute by making a payment of USD \$150,000 to the Contractor, for which the amount was previously included in accounts payable and accrued liabilities as of December 31, 2023.

24. Subsequent Events*Issuance of common shares from exercises of warrants, options and RSUs*

Subsequent to March 31, 2025, the Company issued the following common shares:

- 3,065,000 common shares from exercises of Warrants for total cash proceeds of \$919,500;
- 125,000 common shares from exercises of options for total cash proceeds of \$21,250, and
- 135,000 common shares from exercises of RSUs.

Expiry of warrants

On April 20, 2025, the remaining 375,000 Warrants exercisable at \$0.30 expired unexercised.