



Hercules Metals Corp.

**Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Nine Months ended September 30, 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 September 30, 2025 and December 31, 2024

(Expressed in Canadian dollars)

	As at September 30, 2025 \$	As at December 31, 2024 \$
<u>Assets</u>		
Current Assets		
Cash and cash equivalents (Note 4)	11,908,682	608,283
Short-term investments (Note 5)	3,538,840	8,709,372
Sales tax recoverable (Note 6)	79,376	22,844
Prepaid expenses (Note 7)	911,468	226,651
Total Current Assets	16,438,366	9,567,150
Non-Current Assets		
Investment (Note 8)	1,531,310	1,582,790
Property and equipment (Note 9)	854,414	974,801
Right-of-use assets (Note 11)	340,739	-
Total Assets	19,164,829	12,124,741
<u>Liabilities</u>		
Current Liabilities		
Accounts payable and accrued liabilities (Notes 10 and 16)	1,352,288	744,442
Lease liability – current portion (Note 11)	91,977	-
Total Current Liabilities	1,444,265	744,442
Non-Current Liabilities		
Lease liability (Note 11)	260,900	-
Total Liabilities	1,705,165	744,442
<u>Shareholders' Equity</u>		
Share capital (Note 12)	67,289,063	46,335,377
Warrants reserve (Note 13)	3,817,946	4,400,042
Options reserve (Note 14)	970,226	1,044,900
RSU reserve (Note 15)	1,842,727	1,385,138
Accumulated other comprehensive income (loss)	97,676	(226,228)
Accumulated deficit	(56,557,974)	(41,558,930)
Total Shareholders' Equity	17,459,664	11,380,299
Total Liabilities and Shareholders' Equity	19,164,829	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 and Nine Months ended September 30, 2025 and 2024

(Expressed in Canadian dollars)

	Three Months ended		Nine Months ended	
	September 30,	September 30,	September 30,	September 30,
	2025	2024	2025	2024
	\$	\$	\$	\$
<u>Expenses</u>				
Exploration & evaluation expenditures (Notes 16,19 & 23)	7,191,301	7,218,744	10,785,632	13,159,278
Property acquisition costs (Notes 12 and 18)	2,155,966	162,226	2,155,966	162,226
Share-based compensation (Notes 12, 14, and 15)	199,893	635,325	731,781	1,389,457
General and administrative (Notes 16 and 17)	237,691	632,670	661,672	1,415,495
Professional fees (Note 16)	277,966	89,516	536,096	564,801
Foreign exchange loss (gain)	(32,681)	41,867	339,270	(185,254)
Depreciation expense (Notes 9 and 11)	33,914	29,255	100,042	86,810
Dividend and interest income (Notes 4 and 5)	(35,881)	(190,404)	(187,008)	(791,439)
Total Expenses	10,028,169	8,619,199	15,123,451	15,801,374
<u>Other Items</u>				
Unrealized gain (loss) on investment (Note 8)	30,580	(10,340)	(51,480)	15,015
Total Other Income (Expenses)	30,580	(10,340)	(51,480)	15,015
Net Loss	(9,997,589)	(8,629,539)	(15,174,931)	(15,786,359)
<u>Other Comprehensive Loss</u>				
Exchange gain (loss) on translation of foreign operations	319,063	(132,067)	323,904	(5,057)
Comprehensive Loss	(9,678,526)	(8,761,606)	(14,851,027)	(15,791,416)
Net Loss per Share – Basic and diluted	(0.04)	(0.03)	(0.06)	(0.06)
Weighted Average Number of Outstanding Shares				
- Basic and diluted	275,880,489	252,627,783	265,669,815	246,170,540

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 Nine Months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

	Number of Shares #	Share Capital \$	Warrants Reserve \$	Options Reserve \$	Restricted Share Units Reserve \$	Accumulated Other Comprehensive Income (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)	18,882,279	3,220,463	(654,257)	-	-	-	-	2,566,206
Issuance of shares on exercises of options (Notes 12 and 14)	2,450,000	578,316	-	(193,566)	-	-	-	384,750
Issuance of shares pursuant to option agreement (Notes 12 and 18)	130,004	80,602	-	-	-	-	-	80,602
Share-based compensation (Notes 14 and 15)	-	-	-	437,115	952,342	-	-	1,389,457
Exchange differences on translating foreign operations	-	-	-	-	-	(5,057)	-	(5,057)
Net loss for the period	-	-	-	-	-	-	(15,786,359)	(15,786,359)
Balance, September 30, 2024	253,090,999	46,006,376	4,450,000	958,085	1,097,790	(175,201)	(38,362,834)	13,974,216
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 private placement (Note 12)	24,644,500	17,251,150	-	-	-	-	-	17,251,150
Share issue costs (Note 12)	-	(1,242,970)	-	-	-	-	-	(1,242,970)
Issuance of shares on exercises of RSUs (Notes 12 and 15)	135,000	62,100	-	-	(62,100)	-	-	-
Issuance of shares on exercises of warrants (Notes 12 and 13)	6,657,280	2,503,619	(553,163)	-	-	-	-	1,950,456
Issuance of shares on exercises of options (Notes 12 and 14)	1,007,500	321,737	-	(139,812)	-	-	-	181,925
Issuance of shares pursuant to option agreements (Notes 12 and 18)	2,802,642	2,058,050	-	-	-	-	-	2,058,050
Share-based compensation (Notes 14 and 15)	-	-	-	212,092	519,689	-	-	731,781
Cancellation of options (Note 14)	-	-	-	(146,954)	-	-	146,954	-
Expiry of warrants (Note 13)	-	-	(28,933)	-	-	-	28,933	-
Exchange differences on translating foreign operations	-	-	-	-	-	323,904	-	323,904
Net loss for the period	-	-	-	-	-	-	(15,174,931)	(15,174,931)
Balance, September 30, 2025	289,410,421	67,289,063	3,817,946	970,226	1,842,727	97,676	(56,557,974)	17,459,664

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 Nine Months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

	Three Months ended		Nine Months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
<u>Operating Activities</u>				
Net loss for the period	(9,997,589)	(8,629,539)	(15,174,931)	(15,786,359)
Items not affecting cash:				
Interest earned on short-term investments (Note 5)	(35,881)	(134,140)	(187,008)	(485,914)
Unrealized (gain) loss on investment (Note 8)	(30,580)	10,340	51,480	(15,015)
Depreciation expense (Notes 9 and 11)	33,914	29,255	100,042	86,810
Share-based compensation (Notes 14 and 15)	199,893	635,325	731,781	1,389,457
Option payment issued in shares (Notes 12 and 18)	2,058,050	80,602	2,058,050	80,602
Interest and accretion (Notes 11 and 17)	9,517	-	22,255	-
Foreign exchange (gain) loss	(60,228)	18,032	296,402	(98,050)
	(7,822,904)	(7,990,125)	(12,101,929)	(14,828,469)
Change in working capital items:				
Sales tax recoverable	(62,329)	(2,436)	(56,532)	140,007
Prepaid expenses	430,973	80,362	(684,817)	92,241
Accounts payable and accrued liabilities	(979,446)	(15,538)	607,846	2,295,527
Cash Flows (used in) Operating Activities	(8,433,706)	(7,927,737)	(12,235,432)	(12,300,694)
<u>Financing Activities</u>				
Proceeds from financing (Note 12)	17,251,150	-	17,251,150	-
Share issuance costs (Note 12)	(1,242,970)	-	(1,242,970)	-
Proceeds from exercise of warrants (Notes 12 and 13)	-	631,456	1,950,456	2,566,206
Proceeds from exercise of options (Notes 12 and 14)	26,875	101,875	181,925	384,750
Cash Flows provided by Financing Activities	16,035,055	733,331	18,140,561	2,950,956
<u>Investing Activities</u>				
Redemption of short-term investments (Note 5)	3,335,292	3,508,463	5,061,138	9,687,452
Purchases of short-term investments (Note 5)	-	-	-	(7,685,359)
Additions of property and equipment (Note 9)	-	-	-	(986,446)
Cash Flows provided by Investing Activities	3,335,292	3,508,463	5,061,138	1,015,647
Increase (decrease) in cash and cash equivalents	10,936,641	(3,685,943)	10,966,267	(8,334,091)
Effect of foreign exchange on cash and cash equivalents	293,434	(119,160)	334,132	(15,749)
Cash and cash equivalents, beginning of period	678,607	8,179,209	608,283	12,723,946
Cash and cash equivalents, end of period	11,908,682	4,374,106	11,908,682	4,374,106

The accompanying 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 and Nine Months ended September 30, 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 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, one of the most important new discoveries in the region to date. 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 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 September 30, 2025, the Company had accumulated losses of \$56,557,974 (December 31, 2024 – accumulated deficit of \$41,558,930) and available working capital of \$14,994,101 (December 31, 2024 – \$8,822,708), including a cash balance of \$11,908,682 (December 31, 2024 – \$608,283), which it can deploy to fulfill financial requirements for the 12-month period ending September 30, 2026. While the Company was able to complete a financing during the current period, 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 November 17, 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 and Nine Months ended September 30, 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 ⁴	Idaho, U.S.	100%

¹ Dissolved on October 29, 2024.

² Dissolved on October 2, 2024.

³ Dissolved on November 15, 2024.

⁴ 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 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 the same as 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 September 30, 2024, the Company had total cash on hand of \$4,374,106 invested in high interest savings funds (the "High Interest Savings Funds"), which were available on demand. During the three and nine months ended September 30, 2024, dividend income of \$nil and \$61,858, respectively, was received and reinvested into the High Interest Savings Funds, and interest income of \$56,264 and \$236,764, respectively, was received on certain guaranteed investment certificates ("GICs") with a maturity of less than three months. As of September 30, 2025 and December 31, 2024, there were no cash equivalents on hand.

5. Short-Term Investments

As at September 30, 2025, the Company had invested in various short-term GICs with maturity ranging between six months to one year valued at \$3,538,840 (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 and nine months ended September 30, 2025, interest income of \$35,881 and \$187,008, respectively, (2024 – \$134,140 and \$485,914, respectively) was received on these short-term GICs.

During the three and nine months ended September 30, 2025, the Company redeemed short-term GICs for total proceeds of \$3,335,292 and \$5,061,138, respectively, (2024 – \$3,508,463 and \$9,687,452, respectively).

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Nine Months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

5. Short-Term Investments (continued)

During the three and nine months ended September 30, 2024, the Company also re-invested total funds of \$nil and \$7,685,359, respectively, into these short-term GICs.

6. Sales Tax Recoverable

As at September 30, 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 September 30, 2025 and December 31, 2024, the Company's prepaid expenses are comprised of the following items:

	September 30, 2025	December 31, 2024
	\$	\$
Prepaid insurance	45,027	26,422
Advances made to suppliers	22,330	12,344
Advances made to suppliers related to E&E activities	844,111	187,885
	911,468	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). 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). These Investments were recorded at fair value at initial recognition.

As a result of these Investments, at September 30, 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 September 30, 2025, the Investment in Scout Discoveries was recorded at a fair value of \$1,531,310 (December 31, 2024 – \$1,582,790), based on the subscription price of the most recent private placement financing closed by Scout Discoveries. Due to changes in foreign exchange, an unrealized gain of \$30,580 and an unrealized loss \$51,480, respectively, was recorded on the unaudited condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2025 (2024 – unrealized loss of \$10,340 and unrealized gain of \$15,015, respectively, due to changes in foreign exchange).

9. Property and Equipment

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
December 31, 2023	-	-	35,438	7,542	-	42,980
Additions	956,542	23,129	-	-	6,775	986,446
Effect of FX on translation	10,242	(117)	-	-	(25)	10,100
September 30, 2024	966,784	23,012	35,438	7,542	6,750	1,039,526
<u>Accumulated depreciation</u>						
December 31, 2023	-	-	7,875	629	-	8,504
Depreciation expense	73,073	2,840	8,860	1,131	907	86,811
Effect of FX on translation	(564)	(22)	-	-	(7)	(593)
September 30, 2024	72,509	2,818	16,735	1,760	900	94,722
<u>Net Book Value</u>						
September 30, 2024	894,275	20,194	18,703	5,782	5,850	944,804

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Nine Months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

9. Property and Equipment (continued)

	Building	Leasehold improvements	Drilling Equipment	Trailer Equipment	Vehicle	Total
	\$	\$	\$	\$	\$	\$
<u>Cost</u>						
December 31, 2024	1,030,524	24,529	35,438	7,542	7,195	1,105,228
Effect of FX on translation	(33,518)	(798)	-	-	(235)	(34,551)
September 30, 2025	997,007	23,731	35,438	7,542	6,960	1,070,678
<u>Accumulated depreciation</u>						
December 31, 2024	103,053	4,230	19,688	2,137	1,319	130,427
Depreciation expense	75,135	3,577	8,860	1,131	1,049	89,752
Effect of FX on translation	(3,712)	(155)	-	-	(48)	(3,915)
September 30, 2025	174,476	7,652	28,548	3,268	2,320	216,264
	\$	\$	\$	\$	\$	\$
<u>Net Book Value</u>						
December 31, 2024	927,471	20,299	15,750	5,405	5,876	974,801
September 30, 2025	822,531	16,079	6,890	4,274	4,640	854,414

10. Accounts Payable and Accrued Liabilities

	September 30, 2025	December 31, 2024
	\$	\$
Trade payables	765,630	658,842
Accrued liabilities	586,658	85,600
	1,352,288	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
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(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 asset as follows

	\$
<u>Cost</u>	
December 31, 2024	-
Additions	364,014
Effect of foreign exchange on translation	(13,034)
September 30, 2025	350,980
<u>Accumulated depreciation</u>	
December 31, 2024	-
Depreciation	10,290
Effect of foreign exchange on translation	(49)
September 30, 2025	10,241
	\$
<u>Net Book Value</u>	
December 31, 2024	-
September 30, 2025	340,739

For the three and nine months ended September 30, 2025, depreciation expense related to the right-of-use asset was \$4,400 and \$10,290, respectively, and the amount was recorded on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

The following table summarizes the changes on the Mineral Lease for the nine months ended September 30, 2025:

	\$
Balance, beginning of period	-
Additions	364,014
Lease payments	(34,008)
Portion of lease payments classified as prepaid expenses	14,451
Interest expense	22,255
Foreign currency adjustment	(13,835)
Balance, end of period	352,877
	\$
Current portion	91,977
Long-term portion	260,900
Balance, end of period	352,877

As at September 30, 2025, future minimum annual lease payments for the Mineral Lease are as follows:

	\$
2026	35,742
2027	36,814
2028	37,919
2029	39,056
2030 to 2044	748,194
Total lease payments	897,725

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Nine Months ended September 30, 2025 and 2024
(Expressed in Canadian dollars)

11. 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 September 30, 2025 and 2024 are as follows:

Share capital transactions for the nine months ended September 30, 2024

On September 30, 2024, the Company issued 130,004 common shares as share consideration pursuant to a lease option agreement (the "Lease Option Agreement") (see Note 18). These common shares were valued at \$80,602, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

During the nine months ended September 30, 2024, the Company issued 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 nine months ended September 30, 2024, the Company issued 18,882,279 common shares as a result of the exercise of warrants (each, a "Warrant") for total cash proceeds of \$2,566,206.

During the nine months ended September 30, 2024, the Company also issued 2,450,000 common shares as a result of the exercise of stock options for total cash proceeds of \$384,750.

Share capital transactions for the nine months ended September 30, 2025

On August 14, 2025, the Company closed a brokered private placement (the "Offering"), pursuant to which it sold 24,644,500 common shares in the capital of the Company at a price of \$0.70 per common shares, for aggregate gross proceeds to of \$17,251,150. In connection with the Offering, the Company incurred total issuance costs of \$1,242,970, including cash commission of \$878,349 paid to the Agents.

On August 18, 2025, the Company completed the Closing (defined hereafter) of a strategic option agreement (the "Strategic Option Agreement") (see Note 18) with Anglo-Bomarc and Barrick Gold Exploration Inc. ("BGE"), a wholly-owned U.S. subsidiary of Barrick Mining Corporation ("Barrick"). In connection with the Closing and as the first payment under the terms of the Strategic Option Agreement, the Company has issued 2,681,427 common shares to Barrick at a price of \$0.74587136, being the 5-day volume-weighted average price ("VWAP") of the common shares on the TSXV prior to the issuance. These common shares were valued at \$1,957,442, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

On September 29, 2025, the Company issued 121,215 common shares as share consideration due on the second anniversary of the Lease Option Agreement (see Note 18). These common shares were valued at \$100,608, based on the Company's closing share price on the date of issuance, and the amount was recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss.

During the nine months ended September 30, 2025, the Company 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.

During the nine months ended September 30, 2025, the Company issued 6,657,280 common shares as a result of the exercise of Warrants for total cash proceeds of \$1,950,456.

During the nine months ended September 30, 2025, the Company also issued 1,007,500 common shares as a result of the exercise of stock options for total cash proceeds of \$181,925.

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13. Warrants

The following summarizes the Warrants activities for the nine months ended September 30, 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	0.13
Exercised	-	-	(16,224,999)	0.11
Exercised	(467,280)	0.20	(157,280)	0.20
Exercised	(6,190,000)	0.30	(2,500,000)	0.30
Expired	(375,000)	0.30	-	-
Outstanding, end of period	6,804,918	1.32	14,484,698	0.78

Warrants activities for the nine months ended September 30, 2024

During the nine months ended September 30, 2024, 18,882,279 Warrants were exercised for total cash proceeds of \$2,566,206. An amount of \$654,257, representing the grant date fair value of these Warrants was transferred to share capital upon the exercises.

Warrants activities for the nine months ended September 30, 2025

During the nine months ended September 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.

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

The following table summarizes information of warrants outstanding as at September 30, 2025:

Date of expiry	Number of warrants outstanding #	Exercise price \$	Weighted average remaining life Years
November 7, 2025	6,804,918	1.32	0.10
	6,804,918	1.32	0.10

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 was no longer 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.

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14. Stock Options (continued)

The following summarizes the options activities for the nine months ended September 30, 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	200,000	0.68	200,000	0.83
Granted	175,000	0.72	200,000	0.72
Granted	-	-	500,000	0.62
Exercised	(7,500)	0.09	(1,900,000)	0.09
Exercised	(750,000)	0.17	(125,000)	0.17
Exercised	(250,000)	0.215	(125,000)	0.215
Exercised	-	-	(300,000)	0.50
Cancelled	(625,000)	0.17	-	-
Cancelled	(200,000)	0.83	-	-
Outstanding, end of period	3,415,000	0.33	5,297,500	0.26

Options activities for the nine months ended September 30, 2024

On April 4, 2024, the Company granted 200,000 stock options to an investor relations consultant. The options are exercisable at a price of \$0.83 per common share for a period of five years. The options vest 25% at each six-month anniversary from grant up to April 4, 2026. The options were valued using the Black-Scholes valuation model ("Black-Scholes") with the following assumptions: expected volatility of 106% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.58% and an expected life of five years. The grant date fair value attributable to these options was \$128,238, of which \$nil and \$23,606, respectively, was recorded as share-based compensation ("SBC") in connection with the vesting of options during the three and nine months ended September 30, 2025 (2024 – \$33,621 and \$65,414, respectively).

On June 24, 2024, the Company granted 200,000 stock options to an employee. 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 June 24, 2026. The options were valued using Black-Scholes with the following assumptions: expected volatility of 117% based on comparable companies, expected dividend yield of 0%, risk-free interest rate of 3.37% and an expected life of five years. The grant date fair value attributable to these options was \$96,750, of which \$7,109 and \$32,692, respectively, was recorded as SBC in connection with the vesting of options during the three and nine months ended September 30, 2025 (2024 – \$25,365 and \$27,020, respectively).

On July 18, 2024, the Board further extended the date of expiry of 250,000 options previously granted on May 19, 2019, and subsequently extended to July 22, 2022, to July 27, 2027. The extension constituted a modification in accordance with the guidance of IFRS 2 – Share-Based Payments. As the modification in connection to the 250,000 options did not increase the fair value of the options, measured immediately before and after the modification, no incremental fair value was recorded.

On July 30, 2024, the Company granted 500,000 stock options to a consultant. The options are exercisable at a price of \$0.62 per common share for a period of five years. The options vest 50% on grant, and 25% at each six-month anniversary from grant up to July 30, 2025. The options were valued using Black-Scholes 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 \$255,189, of which \$5,244 and \$47,282, respectively, was recorded as SBC in connection with the vesting of options during the three and nine months ended September 30, 2025 (2024 – \$159,928 and \$159,928, respectively).

During the nine months ended September 30, 2024, 2,450,000 options were exercised for total cash proceeds of \$384,750. An amount of \$193,566, representing the grant date fair value of these options was transferred to share capital upon the exercises.

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14. Stock Options (continued)*Options activities for the nine months ended September 30, 2025*

On February 17, 2025, 625,000 options exercisable at \$0.17 were cancelled. An amount of \$39,730, representing the SBC previously recognized on these 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 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, of which \$25,120 and \$54,949, respectively, was recorded as SBC in connection with the vesting of options during the three and nine months ended September 30, 2025.

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, of which \$28,604 and \$35,134, respectively, was recorded as SBC in connection with the vesting of options during the three and nine months ended September 30, 2025.

On August 29, 2025, 200,000 options exercisable at \$0.83 were cancelled. An amount of \$107,224, representing the SBC previously recognized on these options was reallocated to accumulated deficit upon the cancellation.

During the nine months ended September 30, 2025, 1,007,500 options were exercised for total cash proceeds of \$181,925. An amount of \$139,812, representing the grant date fair value of these options was transferred to share capital upon the exercises.

In total, SBC of \$212,092 was recorded in connection with the vesting of options during the nine months ended September 30, 2025 (2024 – \$437,115).

The following table summarizes information of stock options outstanding and exercisable as at September 30, 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	1.82
March 1, 2028	750,000	750,000	0.265	2.42
May 22, 2028	1,000,000	1,000,000	0.17	2.64
August 2, 2028	90,000	90,000	0.0833	2.84
June 24, 2029	200,000	100,000	0.72	3.73
July 30, 2029	500,000	500,000	0.62	3.83
March 19, 2030	175,000	43,750	0.72	4.47
June 9, 2030	200,000	-	0.68	4.69
	3,415,000	2,983,750	0.33	2.93

15. Restricted Share Units*RSUs activities for the nine months ended September 30, 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 \$12,357 and \$61,855, respectively, was recorded as SBC in connection with the vesting of RSUs during the three and nine months ended September 30, 2025 (2024 – recovery of \$43,863 and SBC of \$125,851, respectively). 330,000 of these RSUs have since been cancelled upon the resignation of one of the consultants.

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15. Restricted Share Units (continued)

RSUs activities for the nine months ended September 30, 2024 (continued)

On April 8, 2024, the Company granted 1,916,000 RSUs to certain officers and directors. The RSUs vest 25% at each six-month anniversary from grant up to April 8, 2026. The RSUs were valued at \$1,571,120 based on the Company's closing share price on the date of grant, of which \$121,176 and \$453,755, respectively, was recorded as SBC in connection with the vesting of RSUs during the three and nine months ended September 30, 2025 (2024 – \$411,907 and \$783,520, respectively).

In total, SBC of \$519,689 was recorded in connection with the vesting of RSUs during the nine months ended September 30, 2025 (2024 – \$952,342).

As at September 30, 2025, the Company had a total of 2,801,000 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.

Remuneration to key management personnel and directors

The remuneration of directors and other members of key management personnel during the three and nine months ended September 30, 2025 and 2024 were as follows:

	Three Months ended		Nine Months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Consulting fees, salaries and wages included in G&A expenses	15,000	334,375	54,167	451,875
Consulting fees, salaries and wages included in E&E expenditures	95,001	133,825	273,035	337,185
Professional fees	167,904	44,579	293,294	228,420
	277,905	512,779	620,496	1,017,480

During the three and nine months ended September 30, 2025, Clearwater Resources Inc. ("Clearwater"), an entity controlled by the Chief Executive Officer and also a director of Hercules Metals, charged fees of \$15,000 and \$54,167, respectively, (2024 – \$21,875 and \$44,375, 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 17). Clearwater also charged fees of \$45,000 and \$162,500, respectively, (2024 – \$65,625 and \$133,125, respectively) which are included in exploration and evaluation ("E&E") expenditures. As at September 30, 2025, no balance was owed to Clearwater (December 31, 2024 – \$nil).

During the three and nine months ended September 30, 2024, the CEO, through Clearwater, also received a management bonus of \$265,000 and \$265,000, respectively, which are included in consulting fees, salaries and wages under G&A expenses.

During the three and nine months ended September 30, 2024, the Company's non-executive directors and the Chairman of the Audit Committee received fees of \$47,500 and \$142,500, respectively, as consideration for the services provided to the Company, which are included in consulting fees, salaries and wages under G&A expenses. No fees were paid during the three and nine months ended September 30, 2025, and as of that date, no fees were owed to any of the directors (December 31, 2024 – \$nil).

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

During the three and nine months ended September 30, 2025, Hume Exploration Services ("Hume Exploration"), an entity controlled by the current VP of Exploration of Hercules Metals, charged fees of \$50,001 and \$110,535, respectively, (2024 – \$nil and \$nil), for services provided to the Company, which are included in E&E expenditures. As at September 30, 2025, \$16,667 (December 31, 2024 – \$nil) 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 nine months ended September 30, 2024, salaries of \$68,200 (USD \$50,000) and \$204,060 (USD \$150,000), respectively, 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 September 30, 2025, no balance was owed to the former VP-Exploration (December 31, 2024 – \$nil).

During the three and nine months ended September 30, 2025, Gowling WLG (Canada) LLP ("Gowling"), a law firm in which a director of the Company is also a partner, charged fees of \$137,904 and \$203,294, respectively, (2024 – \$14,579 and \$153,420, respectively) for legal services provided, which are included in professional fees. As at September 30, 2025, \$16,437 (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 and nine months ended September 30, 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 and \$90,000, respectively, (2024 – \$30,000 and \$30,000, respectively) for CFO and accounting services provided to the Company, which are included in professional fees. As at September 30, 2025, \$11,446 (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 nine months ended September 30, 2024, Branson Corporate Services Ltd. ("Branson"), where the CFO was formerly a director, charged fees of \$45,000 for accounting and administrative services which are included in professional fees. Branson's services were terminated effective June 30, 2024. As at September 30, 2025, no balance was owed to Branson (December 31, 2024 – \$nil).

Share-based compensation

During the three and nine months ended September 30, 2025, the Company recorded SBC of \$25,120 and \$61,245, respectively, in connection with the vesting of options previously granted to its officers and directors (2024 – \$25,901 and \$109,989, respectively). The Company also recorded SBC of \$121,176 and \$457,833, respectively, in connection with the vesting of RSUs previously granted to its officers and directors (2024 – \$418,161 and \$824,277, respectively).

In connection with the Offering which closed on August 14, 2025, Gowling also charged fees of \$172,745 for legal services related to the financing, which is included in the amount of share issuance costs paid.

17. General and Administrative Expenses

The Company's G&A expenses for the three and nine months ended September 30, 2025 and 2024 were comprised of the following:

	Three Months ended		Nine Months ended	
	September 30,	September 30,	September 30,	September 30,
	2025	2024	2025	2024
	\$	\$	\$	\$
Business development	76,624	130,116	204,832	277,968
Office and general	66,533	76,814	171,108	361,156
Filing fees	32,724	25,249	98,393	109,739
Consulting fees, salaries and wages	33,542	379,202	91,614	610,290
Insurance	18,750	21,289	73,470	56,342
Interest on lease obligations	9,518	-	22,255	-
	237,691	632,670	661,672	1,415,495

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18. Option Agreements*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	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

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.

During the three and nine months ended September 30, 2025, property acquisition costs of \$198,524 and \$198,524, comprised of the respective cash payment and share consideration of USD \$70,000 due on September 27, 2025, were recorded as property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss (2024 – \$162,226 and \$162,226, respectively, comprised of the respective cash payment and share consideration of USD \$60,000 due on September 27, 2024).

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.

Strategic Option Agreement

On August 18, 2025, the Company completed the closing (the "Closing") of a strategic option agreement (the "Strategic Option Agreement") with Anglo-Bomarc and BGE, a wholly-owned U.S. subsidiary of Barrick to lead a consolidated district-scale exploration strategy and 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 flagship Leviathan porphyry discovery in western Idaho. In exchange, Barrick will increase 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 Strategic Option Agreement, Anglo-Bomarc will grant BGE a NSR Royalty of 1% on the Olympus Claims, which can be bought back and reduced to 0.25%.

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18. Option Agreements (continued)*Strategic Option Agreement (continued)*

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 United States Bureau of Land Management 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 Strategic Option Agreement, Anglo-Bomarc, will also grant BGE a 1% NSR from the sale of all mineral products on the Olympus Claims, of which $\frac{3}{4}$ (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%.

In connection with the Closing and as the first payment under the terms of the Strategic Option Agreement, the Company has issued 2,681,427 Shares to Barrick at a deemed price of \$0.74587136, being the 5-day VWAP of the common shares of Hercules on the TSXV prior to the issuance. These common shares were valued at \$1,957,442 and \$1,957,442, respectively, and were recorded property acquisition costs on the unaudited condensed interim consolidated statements of loss and comprehensive loss during the three and nine months ended September 30, 2025.

19. Exploration and Evaluation Expenditures

The Company's E&E expenditures incurred for the three and nine months ended September 30, 2025 and 2024 were comprised of the following:

	<u>Three Months ended</u>		<u>Nine Months ended</u>	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
	\$	\$	\$	\$
Exploration drilling	5,826,815	6,926,153	9,369,214	12,384,202
Claims maintenance	1,244,694	201,573	1,244,694	537,407
Geological work and technical studies	112,869	91,018	155,405	237,669
Minimum royalty payment (Note 11)	6,923	-	16,319	-
	7,191,301	7,218,744	10,785,632	13,159,278

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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 income (loss) and accumulated deficit. As at September 30, 2025, the Company's capital consisted of a balance of \$17,459,664 (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.

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 September 30, 2025, the Company had a cash balance of \$11,908,682 (December 31, 2024 – \$608,283) and short-term investments of \$3,538,840 (December 31, 2024 – \$8,709,372) which it can deploy, to settle current liabilities of \$1,444,265 (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 September 30, 2025:

	Carrying amount	Year 1	Year 2 to 3	Year 4 to 5
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,352,288	1,352,288	-	-
Lease liability	352,877	35,742	72,667	244,468

Hercules Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
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(Expressed in Canadian dollars)

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

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 September 30, 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 September 30, 2025, the Company had the following USD assets and liabilities in Canadian dollars:

	\$
Cash	487,593
Accounts payable and accrued liabilities	(862,697)
Net Exposure to USD	(375,104)

Had the value of the USD increased or decreased by 10%, the net loss and comprehensive loss for the nine months ended September 30, 2025 would have increased or decreased by approximately \$37,510 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, 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 September 30, 2025, the Company's financial instruments carried at a fair value of \$1,531,310 consisted of the Investment in Scout Discoveries, which have been classified as Level 3 (December 31, 2024 – \$1,582,790).

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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 September 30, 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 nine months ended September 30, 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*Expiry of warrants*

On November 7, 2025, the remaining 6,804,918 Warrants exercisable at \$1.32 expired unexercised.