



# **HERCULES**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

**THREE MONTHS ENDED DECEMBER 31, 2025**

These unaudited condensed consolidated interim financial statements of Hercules Resources Corp. for the three months ended December 31, 2025, have been prepared by management and approved by the Board of Directors. These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

**HERCULES RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT**  
(Unaudited)  
(Expressed in Canadian Dollars)

	December 31, 2025	September 30, 2025
		(Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash (Note 2)	\$ 13,278	\$ 2,463
Receivables	31,530	30,524
	\$ 44,808	\$ 32,987
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 3 and 6)	\$ 316,110	\$ 541,431
Loans payable (Note 4)	68,298	67,011
	384,408	608,442
<b>Non-current</b>		
Loans payable (Note 4)	29,118	-
	413,526	608,442
<b>Shareholders' equity</b>		
Capital stock (Note 5)	1,811,061	1,574,186
Reserves (Note 5)	300,670	300,670
Accumulated Deficit	(2,480,449)	(2,450,311)
	(368,718)	(575,455)
	\$ 44,808	\$ 32,987

**Nature of operations** (Note 1)

**Subsequent event** (Note 8)

Approved by the Board of Directors:

<u>“Michael Smith”</u> Michael Smith	Director	<u>“Gordon Lam”</u> Gordon Lam	Director
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The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**HERCULES RESOURCES CORP.****CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

THREE MONTHS ENDED DECEMBER 31,

(Unaudited)

(Expressed in Canadian Dollars)

	2025	2024
<b>EXPENSES</b>		
Consulting fees	\$ 22,500	\$ 46,000
Management fees (Note 6)	-	22,500
Office and miscellaneous	970	3,877
Professional fees (Note 6)	-	24,029
Rent	1,200	1,800
Shareholder communications	-	5,000
Transfer agent and filing fees	4,063	1,431
	(28,733)	(104,637)
<b>OTHER ITEMS</b>		
Interest income	-	32
Interest expense (Note 4)	1,405	-
<b>Comprehensive loss for the period</b>	<b>\$ (30,138)</b>	<b>\$ (104,605)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>3,274,914</b>	<b>2,665,562</b>

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

**HERCULES RESOURCES CORP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**THREE MONTHS ENDED DECEMBER 31,**  
(Unaudited)  
(Expressed in Canadian Dollars)

	2025	2024
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Loss for the period	\$ (30,138)	\$ (104,605)
Items not affecting cash:		
Shares for debt	236,875	-
Change in non-cash working capital items:		
Receivables	1,405	2,090
Accounts payable and accrued liabilities	(225,321)	96,248
Cash used for operating activities	(18,185)	(6,267)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan advances	29,000	-
Cash provided by financing activities	29,000	-
<b>Change in cash during the period</b>	<b>10,815</b>	<b>(6,267)</b>
<b>Cash, beginning of period</b>	<b>2,463</b>	<b>19,189</b>
<b>Cash, end of period</b>	<b>\$ 13,278</b>	<b>\$ 12,922</b>

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

**HERCULES RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Unaudited)  
(Expressed in Canadian Dollars)

	<u>Capital Stock</u>				
	Number	Amount	Reserves	Deficit	Total
<b>Balance at September 30, 2024</b>	2,665,562	\$ 1,574,186	\$ 300,670	\$ (2,219,999)	\$ (345,143)
Loss for the period	-	-	-	(104,605)	(104,605)
<b>Balance at December 31, 2024</b>	2,665,562	\$ 1,574,186	\$ 300,670	\$ (2,324,604)	\$ (449,748)
<b>Balance at September 30, 2025</b>	2,665,562	\$ 1,574,186	\$ 300,670	\$ (2,450,311)	\$ (575,455)
Shares issued for debt	789,583	236,875	-	-	236,875
Loss for the period	-	-	-	(30,138)	(30,138)
<b>Balance at December 31, 2025</b>	3,455,145	\$ 1,811,061	\$ 300,670	\$ (2,480,449)	\$ (368,718)

(1) All common share and per share amounts have been retrospectively adjusted to reflect the 1 for 10 share consolidation that became effective on January 24, 2025 (Note 8)

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

**HERCULES RESOURCES CORP.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

THREE MONTHS ENDED DECEMBER 31, 2025

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**1. NATURE OF OPERATIONS**

Hercules Resources Corp. (the “Company”) was incorporated on January 13, 2021 under the laws of the Province of British Columbia and is considered to be in the exploration stage with respect to its evaluation and exploration asset. Based on the information available to date, the Company has not yet determined whether its exploration and evaluation asset contains ore reserves. Recoverability of the carrying amount of the exploration and evaluation asset is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Effective January 25, 2025, the Company completed a share consolidation on the basis on one new common share for every ten (10) existing common shares held (“Share Consolidation”).

The Company’s head office and principal address is 800 – 1130 West Pender Street, Vancouver, British Columbia, Canada, V6E 4A4. The Company’s registered and records office is 830-999 West Broadway, Vancouver, British Columbia, V5Z 1K5.

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. During the three months ended December 31, 2025, the Company incurred a net loss of \$30,138. As at December 31, 2025, the Company had a working capital deficiency of \$339,600. As an exploration stage company, the Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities, its ability to attain profitable operations and generate funds and raise equity capital or borrowings sufficient to meet current and future obligations.

Since incorporation, the Company has raised equity financing from investors and expects these funds to provide for its early stage exploration and working capital needs for the next twelve months. Additional fundraising may involve further private placements, convertible debentures, third party earn-ins or joint ventures using debt or equity financing structures, to ensure the continuation of the Company’s operations.

There can be no assurances that the Company will be successful in raising additional cash to finance operations or that the continued support of shareholders will be available. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future. The financial statements do not include any adjustments relating to the recoverability of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## **2. BASIS OF PREPARATION**

These unaudited condensed consolidated interim financial statements were authorized for issue on February 6, 2026 by the directors of the Company.

### ***Statement of compliance***

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended September 30, 2025.

### ***Basis of Consolidation***

These condensed consolidated interim financial statements include the accounts of the Company’s wholly owned subsidiary 1469127 BC Ltd. Intercompany balances and transactions are eliminated in preparing the condensed consolidated interim financial statements.

### ***New Accounting Standards***

- a) On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosures in Financial Statements. The objective of the new standard is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity’s assets, liabilities, equity, income and expenses. The new standard is effective for reporting periods beginning on or after January 1, 2027. Management is currently assessing the impact of the new standard on the Company’s interim and annual financial statements.
- b) On May 30, 2024, the IASB issued amendments to the classification and measurement of financial instruments to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. The IASB clarified the recognition and derecognition date of certain financial assets and liabilities, and amended the requirements related to settling financial liabilities using an electronic payment system. It also clarified how to assess the contractual cash flow characteristics of financial assets in determining whether they meet the solely payments of principal and interest criterion, including financial assets that have environmental, social and corporate governance-linked features and other similar contingent features. The IASB added disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks and costs, and amended disclosures relating to equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. Management is currently assessing the impact of the new standard on the Company’s interim and annual financial statements.

**HERCULES RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
THREE MONTHS ENDED DECEMBER 31, 2025

**3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	December 31, 2025	September 30, 2025
Trade payables	\$ 262,585	\$ 337,203
Due to related parties (Note 6)	33,525	184,228
Accrued liabilities	20,000	20,000
<b>Total</b>	<b>\$ 316,110</b>	<b>\$ 541,431</b>

**4. LOANS PAYABLE**

On January 6, 2025, the Company received \$60,000 pursuant to a Loan Agreement (the “Loan”). The Loan was for a period of 12 months, bears interest at 8% and is payable on demand. The Company and the lender may mutually agree to terminate the Loan earlier than 12 months upon full repayment. Subsequent to December 31, 2025, the Loan was extended for an additional 12 months. As at December 31, 2025, the Company has accrued \$4,721 (September 30, 2025 - \$3,511) in interest expense on the Loan.

In September 2025, the Company received \$3,500 pursuant to a Second Loan Agreement (the “Second Loan”). The Second Loan is for a period of 12 months, bears interest at 8% per annum. The Company and the lender may mutually agree to terminate the Loan earlier than 12 months upon full repayment. As at December 31, 2025, the Company has accrued \$77 (September 30, 2025 - \$Nil) in interest expense on the Second Loan.

In December 2025, the Company received \$29,000 pursuant to December Loan Agreements (the “December Loans”). The December Loans are due on December 31, 2027, bears interest at 8% per annum. The Company and the lenders may mutually agree to terminate the December Loans earlier than the due date upon full repayment. As at December 31, 2025, the Company has accrued \$118 in interest expense on the December Loans. The December Loans are classified as long-term.

Total interest expense on all loans during the three months ended December 31, 2025 was \$1,405 (2024 - \$Nil).

**5. CAPITAL STOCK AND RESERVES**

a) Authorized share capital

As at December 31, 2025, the authorized share capital of the Company is an unlimited number of common shares without par value.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the Company’s Annual General Meeting.

The Class A shares have (i) voting rights equivalent to the common shares, (ii) participation rights to distribution of the Company’s assets in the event of liquidation equivalent to the common shares, and (iii) a right of conversion into common shares on a five for one basis, subject to adjustments at any time. No class A shares have been issued.

b) Issued share capital:

Fiscal 2026

During the three months ended December 31, 2025, the Company issued 789,583 shares, with a fair value of \$0.30 per share, to settle debts totalling \$236,875.

**HERCULES RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
THREE MONTHS ENDED DECEMBER 31, 2025

**5. CAPITAL STOCK AND RESERVES (cont'd)**

b) Issued share capital (cont'd):

Fiscal 2025

Effective January 24, 2025, the Company completed a share consolidation on the basis of one new common share for every ten (10) existing common shares held.

Fractional shares resulting from the Share Consolidation were rounded up to the nearest whole number. There was no impact on the total authorized share capital of the Company as a result of the Share Consolidation; neither did the Share Consolidation result in any change to the total value of shareholders' equity. All historical per-share amounts presented in these consolidated financial statements, including basis and diluted loss or earnings per share, have been retrospectively restated to reflect the impact of the share consolidation for all periods presented.

c) Stock options:

The Company has an incentive stock option plan (the "Plan") in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the Plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 10 years and vesting periods are determined by the Board of Directors.

Details of options outstanding as at December 31, 2025 are as follows:

Number of Options	Exercise Price	Expiry Date
60,000	\$1.00	August 21, 2028*
177,500	\$1.55	January 17, 2029*
237,500		

\*these options vested 100% on the date of grant.

There were no stock option transactions during the year ended September 30, 2025 and the three months ended December 31, 2025.

d) Warrants:

There are no warrants outstanding as at September 30, 2025 and December 31, 2025.

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2024	649,232	\$ 1.20
Expired	(649,232)	1.20
Balance, exercisable, September 30, 2025 & December 31, 2025	-	\$ -

**HERCULES RESOURCES CORP.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
(Unaudited)  
THREE MONTHS ENDED DECEMBER 31, 2025

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**6. RELATED PARTY TRANSACTIONS**

The aggregate value of the transactions with key management personnel, consisting of the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and members of the board of directors, for compensation are as follows:

	2025	2024
Management fees	\$ -	\$ 22,500
Professional fees	-	14,000

As at December 31, 2025, accounts payable and accrued liabilities included \$33,525 (September 30, 2025 - \$184,228) owing to directors and officers of the Company.

**7. FINANCIAL AND CAPITAL RISK MANAGEMENT**

**Financial risk factors**

The Company’s Board of Directors has the overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk and price risk. The carrying value of the Company’s financial instruments approximates their fair value due to their short- term nature. Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

The fair values of the Company’s financial instruments, which include cash and accounts payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

*Credit risk*

Credit risk is the risk of financial loss associated with counterparty’s inability to fulfill its payment obligations. The Company’s credit risk is primarily attributable to cash and receivables, the carrying value totalling \$44,808, represents the Company’s maximum exposure to credit risk. Management believes that the credit risk concentration with respect to financial instruments is remote because cash is held with reputable Canadian financial institutions. Receivables consist of GST and interest. The Company does not consider any of its current receivables past due. The Company believes any credit risk associated with its receivables is low due to the historical success of collecting receivables.

*Liquidity risk*

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at December 31, 2025, the Company had a cash balance of \$13,278 to settle current liabilities of \$384,408. All of the Company’s financial liabilities are subject to normal trade terms.

**7. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices. These fluctuations may be significant.

a) Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposits certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

**Capital management**

Hercules's objectives when managing capital is to pursue the exploration and evaluation of its mineral property, possibly acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity.

Hercules manages the capital structure and adjusts it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company monitors its expenditures against its available capital. The Company is currently not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

**8. SUBSEQUENT EVENT**

Subsequent to December 31, 2025, the Company received \$50,000 pursuant to a Loan Agreements (the "Loans"). The Loans are unsecured, due by December 30, 2027, and bear interest at 8% per annum. The Company and the lenders may mutually agree to terminate the Loans earlier than their repayment date upon full repayment.