HERCULES

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

THREE MONTHS ENDED DECEMBER 31, 2024

These unaudited condensed consolidated interim financial statements of Hercules Resources Corp. for the three months ended December 31, 2024, 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, 2024	September 30, 2024 (Audited)
ASSETS		
Current		
Cash and cash equivalents (Note 2)	$ 12,922	$ 19,189
Receivables	24,824	26,914
	37,746	46,103
Exploration and evaluation asset (Note 3)	-	-
	$ 37,746	$ 46,103
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 4 & 6)	$ 487,494	$ 391,246
Shareholders' equity		
Capital stock (Note 5)	1,574,186	1,574,186
Reserves (Note 5)	300,670	300,670
Accumulated Deficit	(2,324,604)	(2,219,999)
	(449,748)	(345,143)
	$ 37,746	$ 46,103

Nature of operations (Note 1)
Subsequent events (Notes 1 & 10)

Approved by the Board of Directors:

"Michael Smith"	Director	"Gordon Lam"	Director
Michael Smith		Gordon Lam	

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)

	2024	2023
EXPENSES		
Consulting fees	$ 46,000	$ 48,600
Management fees (Note 6)	22,500	22,500
Office and miscellaneous	3,877	4,417
Professional fees (Note 6)	24,029	18,299
Property investigation	-	10,383
Rent	1,800	750
Shareholder communications	5,000	1,550
Transfer agent and filing fees	1,431	4,320
	(104,637)	(110,819)
OTHER ITEMS		
Interest income	32	3,064
Loss on settlement of debt (Note 5)	-	(3,652)
Comprehensive loss for the period	$ (104,605)	$ (111,407)
Basic and diluted loss per common share	$ (0.04)	$ (0.04)
Weighted average number of common shares outstanding – basic and diluted	2,665,562	2,485,132

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)

		2024		2023
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the period	$	(104,605)	$	(111,407)
Items not affecting cash:				
Loss on settlement of debt		-		3,652
Shares for debt		-		12,000
Change in non-cash working capital items:				
Receivables		2,090		1,737
Prepaids		-		(10,000)
Accounts payable and accrued liabilities		96,248		16,580
Cash used for operating activities		(6,267)		(87,438)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares		-		2,250
Cash provided by (used for) financing activities		-		2,250
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation asset, net		-		(167,687)
Cash used for investing activities		-		(167,687)
Decrease in cash and equivalents during the period		(6,267)		(252,875)
Cash and cash equivalents, beginning of period		19,189		419,219
Cash and cash equivalents, end of period	$	12,922	$	166,344

Cash and cash equivalents consists of:				
Cash	$	12,922	$	46,844
Guaranteed Investment Certificate		-		119,500
	$	12,922	$	166,344

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)

	Capital Stock				
	Number	Amount	Reserves	Deficit	Total
Balance at September 30, 2023	2,475,151	$ 1,120,610	$ 68,295	$ (725,892)	$ 463,013
Shares issued for cash	2,250	2,250	-	-	2,250
Shares issued for debt	10,435	15,652	-	-	15,652
Loss for the period	-	-	-	(111,407)	(111,407)
Balance at December 31, 2023	2,488,136	$ 1,138,512	$ 68,295	$ (837,299)	$ 369,508
Balance at September 30, 2024	2,665,562	$ 1,574,186	$ 300,670	$ (2,219,999)	$ (345,143)
Loss for the period	-	-	-	(104,605)	(104,605)
Balance at December 31, 2024	2,665,562	$ 1,574,186	$ 300,670	$ (2,324,604)	$ (449,748)

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

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.

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, 2024, the Company incurred a net loss of $104,605. As at December 31, 2024, the Company had a working capital deficiency of $449,748. 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 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.

Effective at the market opening on January 24, 2025, a share consolidation of the Company's issued and outstanding common shares on the basis of ten (10) pre-consolidated common shares for one (1) post consolidated common share. As a result, the Company's issued and outstanding warrants and stock options were also consolidated on a ten-to-one basis. All information relating to basic and diluted loss per share, issued and outstanding common shares, share purchase warrants, stock options, share and per share amounts in these unaudited condensed consolidated interim financial statements have been adjusted retrospectively to reflect the share consolidation

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements were authorized for issue on February 14, 2025 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, 2024.

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.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

On September 22, 2023, the Company entered into a Letter of Intent ("P3 LOI") with Audax Advisory Group Corporation ("Audax") to acquire a 51% interest (the "Controlling Interest") in the P3 Los Tres Mineral Concession Code 10000775, located at Ponce Enriquez Mining District, Province of Azuay, La Independencia Parish, Republic of Ecuador (the "P3 Property"). Audax has entered into an irrevocable promise of transfer of rights ("IPTR") to acquire a 100% interest in the P3 Property from the underlying property vendors at such time as all payments have been made to the vendors, at least two years has passed since the date of grant (September 27, 2023) and provided that the transfer is authorized by the Mining Regulation and Control Agency, in accordance with the requirements of the Mining Law of 2009 (Ecuador).

Per the terms of the P3 LOI, as consideration for the Controlling Interest, the Company would have paid a total of US$320,000, of which $35,000 was due upon execution of the P3 LOI (paid and included in property investigation costs). In addition, would have paid a proportional share of payments owed to the underlying property vendor under the IPTR ("Additional Payments"). The Additional Payments were expected to come from the proceeds of alluvial gold production from the P3 Property. The Company would also have been granted, by Audax and its partners, a transferable option to acquire 19% additional interest in the P3 Property, this option would have been exercisable for a period of 1 year from the date of a definitive agreement in respect of the proposed transaction (the "Definitive Agreement")..

Upon Registration of Title ("Registration") and closing of a Definitive Agreement, the Company would have issued $50,000 worth of common shares of the Company as a success fee to Audax.

Cash Payment schedule for Controlling Interest

		US$
On execution of P3 LOI (paid)	$	35,000
Title of P3 Los Tres is duly registered (paid)		75,000
To bring alluvial into production following 43-101 Report and registered title (paid USD$40,000)		210,000
Total	$	320,000

As at September 30, 2024, the Company paid $206,785 in acquisition costs relating to the LOI schedule above. Additionally, the Company has incurred legal fees of $42,651 relating to the negotiating and drafting of the Definitive Agreements. Total costs incurred to September 30, 2024 were $249,436.

P3 Additional Payment schedule

Date		US$
6 months after Registration	$	100,000
9 months after Registration		100,000
12 months after Registration		150,000
15 months after Registration		175,000
20 months after Registration		175,000
26 months after Registration		200,000
Total	$	900,000

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (cont'd)

Per the P3 LOI, upon execution of a Definitive Agreement and acquisition of the Controlling Interest, Hercules would have paid 51% of the above noted additional payment schedule for the P3 Property, which is expected to be come from its Alluvial Production revenue. Additionally, the Company would have paid 51% of vein production costs expected to total US$400,000, through its Alluvial Production revenue.

During the year ended September 30, 2024, the Company extended the terms of the P3 LOI, whereby the vendor received US$12,500 on April 1, 2024 (paid) and has been applied against the P3 Additional Payment schedule, noted above.

Upon completion of additional due diligence and contract negotiations with the vendor, the Company was not able to come to satisfactory terms on a Definitive Agreement and determined that P3 was no longer viable and wrote off $249,436 to operations during the year ended September 30, 2024. The Company is no longer pursuing the P3 Project.

<u>VMP Project</u>

On February 26, 2024, the Company entered into a Binding Letter of Intent ("VMP LOI") to acquire 20% of a US entity which holds the right to acquire the VMP project, from True North Liberty Sociedad De Responsabilidad Limitada, for US$650,000. Upon the completion of the Company's due diligence, the Company chose to no longer proceed with VMP and wrote off $5,222 to operations during the year ended September 30, 2024.

Summary of exploration expenditures:

	P3 Project	VMP Project	Total
	$	$	$
Acquisition costs			
Balance, September 30, 2023	48,300	-	48,300
Additions	201,136	5,222	206,358
Write-off of exploration and evaluation assets	(249,436)	(5,222)	(254,658)
Balance, September 30, 2024	-	-	-
Total exploration and evaluation assets, September 30, 2024 & December 31, 2024	-	-	-

4. EQUITY DRAWDOWN FACILITY

In April 2024, the Company signed a Definitive Agreement for a $5million Equity Investment Credit Facility (the "Facility") with Crescita Capital LLC ("Crescita"). Pursuant to the terms of the Facility, the Company will pay (i) an upfront commission of $300,000, representing 6% of the amount available under the Facility, which was paid through the issuance of 114,286 common shares of the Company at a fair value of $308,571 (issued) and (ii) an initial consulting fee of $2,500, which will be paid through the issuance of 953 common shares at a fair value of $2,500 (issued). The Company incurred legal fees relating to the Facility totalling $14,701. The term of the Facility is for three years. The Company can draw down funds from the Facility from time to time during the term at its discretion by providing a notice to Crescita and issuing units to Crescita in exchange. The units issued in connection with any private placement will be priced at 85% of the average closing bid price over the 10 days of trading following the drawdown notice. The amount requested in each drawdown notice cannot exceed 500% of the average daily trading volume of the pricing period. The units will comprise one common share and one-half of a share purchase warrant. The warrants will be exercisable for a period of three years from their date of issuance at an exercise price equal to the greater of 125% of the issuance and the minimum price permitted by the policies of the exchange on the date of the applicable drawdown notice.

(Expressed in Canadian Dollars)

4. EQUITY DRAWDOWN FACILITY (cont'd)

The value of the financing fees was recorded as a deferred financing charge and amortized as share issue costs based on the amount drawn down from the Facility. During the year ended September 30, 2024, the Company received $50,000 from the Facility and, as a result, issued 27,778 shares and allocated deferred financing fees of $3,147 to share issuance costs.

On September 18, 2024, the Company terminated the Facility and wrote off the remaining deferred financing fees of $320,125 to operations.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2024	September 30, 2024
Trade payables	$ 292,519	$ 236,546
Due to related parties (Note 6)	172,225	132,700
Accrued liabilities	22,750	22,000
Total	$ 487,494	$ 391,246

6. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at December 31, 2024, 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.

b) Issued share capital:

Fiscal 2024

During fiscal 2024, the Company issued 31,932 shares, with a fair value of $69,912 to settle debts of $59,000, resulting in a loss of $10,912.

During fiscal 2024, the Company issued 5,464 shares for the exercise of 5,464 agents' warrants, for proceeds of $5,464 and transferred $2,891 from reserves.

On February 29, 2024, the Company issued 10,000 shares from the exercise of 10,000 stock options, for proceeds of $10,000 and transferred $7,385 from reserves. Market price of the shares on the date of exercise was $0.30 per share.

On April 26, 2024, the Company issued 114,286 common shares with a fair value of $308,571 pursuant to the Equity Drawdown Facility (Note 5) and issued 952 common shares with a fair value of $2,500 for the Equity Drawdown Facility consulting fee.

On September 12, 2024, the Company issued 27,778 common shares with a fair value of $50,000 pursuant to the Equity Drawdown Facility (Note 5). Deferred financing fees of $3,147 were allocated to share issuance costs.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK AND RESERVES (cont'd)

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, 2024 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.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2023	70,000	$ 1.00
Granted	177,500	1.55
Exercised	(10,000)	1.00
Balance, exercisable, September 30, 2024 & December 31, 2024	237,500	$ 1.40

c) Warrants:

Details of warrants outstanding as at December 31, 2024 are as follows:

Number of Warrants	Exercise Price	Expiry Date
19,947	$1.00	January 27, 2025*
415,000	$1.20	August 17, 2025
214,286	$1.20	September 22, 2025
649,233		

*expired unexercised subsequent to December 31, 2024.

(Expressed in Canadian Dollars)

6. CAPITAL STOCK AND RESERVES (cont'd)

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2023	654,696	$ 1.20
Exercised	(5,463)	1.00
Balance, exercisable, September 30, 2024 & December 31, 2024	649,233	$ 1.20

7. 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:

	2024	2023
Management fees	$ 22,500	$ 22,500
Professional fees	18,000	14,000

As at December 31, 2024, accounts payable and accrued liabilities included $172,225 (September 30, 2024 - $132,700) owing to directors and officers of the Company.

8. FAIR VALUES

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 carrying value of cash and cash equivalents, receivables and accounts payable approximate their fair value because of the short-term nature of these instruments.

9. 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.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd)

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 cash equivalents, and receivables, the carrying value totalling $37,746, 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 and cash equivalents are held with reputable Canadian financial institutions. Receivables consist mainly of BC Mining Tax Credit, 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, 2024, the Company had a cash and cash equivalents balance of $12,922 to settle current liabilities of $487,494. All of the Company's financial liabilities are subject to normal trade terms.

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 and cash equivalents 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.

10. SUBSEQUENT EVENT

Subsequent to December 31, 2024, the Company received $60,000 pursuant to a Loan Agreement (the "Loan"). The Loan is 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.