HERCULES

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

YEAR ENDED SEPTEMBER 30, 2023

Independent Auditor's Report

To the Shareholders of Hercules Resources Corp.

Opinion

We have audited the financial statements of Hercules Recourses Corp. (the “Company”), which comprise the statements of financial position as at September 30, 2023 and 2022, and the statements of loss and comprehensive loss, cash flows and changes in shareholders’ equity for the years then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $568,330 during the year ended September 30, 2023 and, as of that date, the Company has a working capital of $414,713. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters, that in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Goertz.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

January 29, 2024

HERCULES RESOURCES CORP.
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30,
(Expressed in Canadian Dollars)

	2023	2022
ASSETS		
Current		
Cash and cash equivalents (Note 2)	$ 419,219	$ 212,331
Receivables (Note 3)	47,049	18,692
Prepaids (Note 4)	-	21,500
	466,268	252,523
Exploration and evaluation asset (Note 5)	48,300	131,835
	$ 514,568	$ 384,358
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 6 & 8)	$ 51,555	$ 80,595
Shareholders' equity		
Capital stock (Note 7)	1,120,610	461,325
Reserves (Note 7)	68,295	-
Accumulated Deficit	(725,892)	(157,562)
	463,013	303,763
	$ 514,568	$ 384,358

Nature of operations (Note 1)
Subsequent events (Note 13)

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 financial statements.

HERCULES RESOURCES CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEAR ENDED SEPTEMBER 30,
(Expressed in Canadian Dollars)

	2023	2022
EXPENSES		
Consulting fees (Note 8)	$ 63,200	$ 33,000
Management fees (Note 8)	52,000	36,000
Office and miscellaneous	6,754	2,542
Professional fees (Note 8)	98,348	51,445
Property investigation (Note 9)	28,300	-
Transfer agent and filing fees	35,848	-
Share-based payments (Note 7)	54,842	-
	(339,292)	(122,987)
OTHER ITEMS		
Interest income	8,944	899
Loss on settlement of debt (Note 7)	(12,941)	-
Write-off mineral property (Note 5)	(225,041)	-
Comprehensive loss for the year	$ (568,330)	$ (122,088)
Basic and diluted loss per common share	$ (0.03)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	17,628,764	13,717,809

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

HERCULES RESOURCES CORP
STATEMENTS OF CASH FLOWS
YEAR ENDED SEPTEMBER 30,
(Expressed in Canadian Dollars)

		2023		2022
CASH FLOWS USED IN OPERATING ACTIVITIES				
Loss for the year	$	(568,330)	$	(122,088)
Items not affecting cash:				
Loss on settlement of debt		12,941		-
Share-based payments		54,842		-
Write-off mineral property		225,041		-
Change in non-cash working capital items:				
Receivables		9,445		(16,948)
Prepaids		-		(21,500)
Accounts payable and accrued liabilities		14,960		46,095
Cash used for operating activities		(251,101)		(114,441)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares		694,600		281,325
Share issuance costs		(63,803)		-
Cash provided by financing activities		630,797		281,325
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on exploration and evaluation asset, net		(172,808)		(63,320)
Cash used for investing activities		(172,808)		(63,320)
Increase in cash and equivalents during the year		206,888		103,564
Cash and cash equivalents, beginning of year		212,331		108,767
Cash and cash equivalents, end of year	$	419,219	$	212,331

Cash and cash equivalents consists of:				
Cash	$	114,219	$	12,331
Guaranteed Investment Certificate		305,000		200,000
	$	419,219	$	212,331

Supplemental disclosure with respect to cash flows

a) issued 254,100 finders warrants with a fair value of $13,453, during the year ended September 30, 2023;
b) capitalized exploration and evaluation asset expenses of $1,500 included in prepaids at September 30, 2022;
c) capitalized share issuance costs of $20,000 included in prepaids at September 30, 2022;
d) during the year ended September 30, 2023, settled $44,000 of debt, by way of the issuance of 517,647 common shares, resulting in a loss on the settlement debt of $12,941; and,
e) issued 50,000 shares valued at $5,000 for exploration and evaluation asset acquisition costs, during the year ended September 30, 2023.

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

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

	Capital Stock				
	Number	Amount	Reserves	Deficit	Total
Balance at September 30, 2021	12,000,000	$ 180,000	$ -	$ (35,474)	$ 144,526
Issuance of common shares	3,250,000	300,000	-	-	300,000
Share issuance costs	-	(18,675)	-	-	(18,675)
Loss for the year	-	-	-	(122,088)	(122,088)
Balance at September 30, 2022	15,250,000	461,325	-	(157,562)	303,763
Shares issued for cash	8,833,858	694,600	-	-	694,600
Shares issued for exploration and evaluation asset	50,000	5,000	-	-	5,000
Shares issued for debt	517,647	56,941	-	-	56,941
Share issuance costs	100,000	(97,256)	13,453	-	(83,803)
Share-based payments	-	-	54,842	-	54,842
Loss for the year	-	-	-	(568,330)	(568,330)
Balance at September 30, 2023	24,751,505	$ 1,120,610	$ 68,295	$ (725,892)	$ 463,013

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 2080 – 777 Hornby Street, Vancouver, British Columbia, V6K 2A4.

These 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 year ended September 30, 2023, the Company incurred a net loss of $568,330. As at September 30, 2023, the Company had a working capital of $414,713 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

These financial statements were authorized for issue on January 29, 2024 by the directors of the Company.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement

They have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. These financial statements are presented in Canadian dollars unless otherwise noted.

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Significant estimates and assumptions (cont'd)

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of exploration and evaluation assets, fair value measurements for financial instruments, measurement of share-based transactions and the recoverability and measurement of deferred tax assets and liabilities.

Significant judgements

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification of financial instruments;
- the classification and allocation of expenses as exploration and evaluation expenditures or operating expenses; and
- assess the recoverability of exploration and evaluation assets.

Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined to be the Canadian dollar for the Company. Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in a currency other than the Canadian dollar are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net loss in the year in which they arise.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Expenditures incurred before the Company has obtained the legal rights to explore an area are recognized in net loss.

Subsequent to the acquisition of the legal rights to explore, exploration and evaluation expenditures are capitalized. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Share-based payments

The Company has a stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods based on the number of options that are expected to vest. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding credit amount is recorded as a reserve in shareholders' equity. The fair value of options is determined using a Black–Scholes Pricing Model. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. When the options are exercised, the applicable amounts included in reserves are transferred to capital stock.

Financial instruments

Financial assets and liabilities are initially recognized at fair value on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Subsequently, financial assets and liabilities are recognized based on the classification of these financial assets. The Company has classified financial assets into one of the following categories: (1) financial assets at fair value through profit or loss ("FVTPL"), (2) financial assets at fair value through other comprehensive income ("FVTOCI"), (3) financial assets at amortized cost. Financial liabilities are classified as either (1) financial liabilities at FVTPL or (2) financial liabilities at amortized cost.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in profit or loss. Financial assets at FVTOCI are subsequently measured at fair value with changes in those fair values recognized in other comprehensive income (loss), net of tax. Financial assets and liabilities at amortized cost are measured at amortized cost using the effective interest rate method.

Cash and cash equivalents and receivables are classified as financial assets at amortized cost and accounts payable and accrued liabilities are classified as liabilities at amortized cost. Accounts receivable, where applicable are net of a provision for expected credit losses.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Due to the nature of its receivables and that expected credit loss is nominal, no provision for credit loss was recognized by the Company (Note 11).

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Impairment of non-financial assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. A reversal of an impairment loss is recognized immediately in net loss.

Loss per share

Basic loss per share is calculated by dividing the loss by the weighted average number of common shares outstanding in the year. In calculating the diluted loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year.

Income taxes

Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided for temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the income taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd)

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. The premium is recognized as other income and the related deferred tax is recognized as a tax provision which is reduced when qualifying flow-through expenditures are incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures within a two-year period in accordance with Government of Canada flow-through share regulations.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through share regulations. When applicable, this tax is accrued as a financial expense until paid.

Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to reserves.

Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to reserves. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in reserves is transferred to share capital. Charges for options or warrants that are cancelled, forfeited, or expired are reclassified from reserves to deficit.

3. RECEIVABLES

	2023	2022
GST	$ 6,700	$ 2,604
Interest	2,547	-
Mining tax credit	37,802	16,088
	$ 47,049	$ 18,692

(Expressed in Canadian Dollars)

4. PREPAIDS

		2023		2022
Broker costs	$	-	$	20,000
Geological costs		-		1,500
	$	-	$	21,500

The 2022 amount is comprised of a retainer paid to a consultant to maintain the mineral titles and a retainer to Canaccord Genuity.

5. EXPLORATION AND EVALUATION ASSET

P3 Property

On September 22, 2023, the Company entered into a binding 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 to acquire a 100% interest in the P3 Property from the underlying property vendors.

As consideration for the Controlling Interest, the Company will pay US$320,000, of which US $35,000 is due upon execution of the P3 LOI (paid). In addition, a proportional share of payment owed to the underlying property vendor under the Irrevocable Promise of Transfer of Rights ("IPTR") ("Additional Payments"). The Additional Payments are expected to come from the proceeds of alluvial gold production from the P3 Property. The Company will also be granted by Audax and its partners, a transferable option to acquire 19% additional interest in the P3 Property, this option will be exercisable for a period of 1 year from the date of a definitive agreement in respect of the proposed transaction (the "Definitive Agreement"), which has yet to be executed. Exclusivity under the P3 LOI has expired, but the parties continue to work towards the completion of the Definitive Agreement. At anytime, but only following the cash payments totalling US$320,000, the Company is granted the option to withdraw from any further funding and initiate steps to divest of their interest in the concession.

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

Cash Payment schedule for Controlling Interest

		USD
On execution of P3 LOI (paid CAD $48,300)	$	35,000
Title of P3 Los Tres is duly registered*		75,000
To bring alluvial into production following 43-101 Report and registered title*		210,000
Total	$	320,000

*Paid subsequent to September 30, 2023

P3 Additional Payment schedule

Date		USD
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)

5. EXPLORATION AND EVALUATION ASSET (cont'd)

P3 Property (cont'd)

Upon execution of a Definitive Agreement and acquisition of the Controlling Interest, Hercules would pay 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 pay 51% of vein production costs expected to total US$400,000, through its Alluvial Production revenue.

MP Copper Project

MP Copper Project (the "Property") consisted of 6 mineral claims situated southeast of Prince George, British Columbia. On March 18, 2021, the Company entered into an option agreement (the "Option Agreement") consisting of 4 mineral claims.

On March 19, 2021, the Company staked 2 additional mineral claims. These two additional mineral claims are contiguous to the original 4 claims optioned on March 18, 2021 and form a part of the Property pursuant to the Option Agreement.

During the year ended September 30, 2023, the Company decided not to proceed with the Option Agreement, therefore it wrote off all costs associated with the Property totaling $225,041, during the year.

Summary of exploration expenditures:

	MP Copper Project	P3 Project	Total
	$	$	$
Acquisition costs			
Balance, September 30, 2021	10,000	-	10,000
Additions	15,000	-	15,000
Balance, September 30, 2022	25,000	-	25,000
Additions	5,000	48,300	53,300
Write-off of exploration and evaluation assets	(30,000)	-	(30,000)
Balance, September 30, 2023	-	48,300	48,300
Exploration costs			
Balance, September 30, 2021	58,515	-	58,515
Assay	36,039	-	36,039
Camp accommodations and travel	5,146	-	5,146
Geological	22,722	-	22,722
Mineral exploration tax credit	(16,087)	-	(16,087)
Title renewal fees	500	-	500
Balance, September 30, 2022	106,835	-	106,835
Geological	126,008	-	126,008
Mineral exploration tax credit	(37,802)	-	(37,802)
Write-off of exploration and evaluation assets	(195,041)	-	(195,041)
Balance, September 30, 2023	-	-	-
Total exploration and evaluation assets, September 30, 2022	131,835	-	131,835
Total exploration and evaluation assets, September 30, 2023	-	48,300	48,300

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payables	$ 21,555	$ 5,775
Due to related parties (Note 8)	10,500	29,050
Accrued liabilities	19,500	45,770
Total	$ 51,555	$ 80,595

7. CAPITAL STOCK AND RESERVES

a) Authorized share capital

As at September 30, 2023, 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:

2023

On January 30, 2023, the Company completed its initial public offering of 2,541,000 common shares at a price of $0.10 per share, for gross proceeds of $254,100. The Company paid cash share issuance costs of 83,803 ($53,410 in finance fees and commissions, and $30,393 in legal fees), issued 100,000 common shares valued at $0.10 per share for a total of $10,000, and issued 254,100 non-transferable warrants at a price of $0.10 per share until January 27, 2025, valued at $13,453 using the Black-Scholes Option Pricing model, with an expected life of 2 years, risk-free rate of 3.68%, volatility of 98% and dividend and forfeiture rate of 0%.

In February 2023, and pursuant to the MP Copper Project Option Agreement, the Company issued 50,000 common shares valued at $0.10 per share, totalling $5,000.

In August 2023, the Company completed the first tranche of a private placement, for gross proceeds of $290,500 through the issuance of 4,150,000 units, valued at $0.07 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.12 per share, for a 24 month period.

In September 2023, the Company completed the second tranche of a private placement, for gross proceeds of $150,000 through the issuance of 2,142,858 units, valued at $0.07 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $0.12 per share, for a 24 month period.

In September 2023, the Company settled $44,000 of debt, by way of the issuance of 517,647 common shares with a market value of $0.11 per share, resulting in a loss on the settlement debt of $12,941.

2022

On January 31, 2022, the Company issued 500,000 common shares at a price of $0.05 per common share for proceeds of $25,000.

On March 31, 2022, the Company issued 2,750,000 common shares at a price of $0.10 per common share, for proceeds of $275,000. Of the total 2,750,000 common shares issued, 1,250,000 of those common shares were flow through shares. The flow through shares are issued at the same price as the non-flow through shares, as such no share liability has been recorded. As at September 30, 2022, $116,512 was unspent from the flow through shares fund (amounts spent and renounced during the year ended September 30, 2023).

(Expressed in Canadian Dollars)

7. CAPITAL STOCK AND RESERVES (cont'd)

b) 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 September 30, 2023 are as follows:

Number of Options	Exercise Price	Expiry Date
700,000	$0.10	August 21, 2028*

*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, 2021 & 2022	-	$ -
Granted	700,000	0.10
Balance, exercisable, September 30, 2023	700,000	$ 0.10

c) Share-based payments

During the year ended September 30, 2023, the Company granted 700,000 (2022 – Nil) stock options to directors, officers and consultants of the Company, with a grant date fair value of $0.10 (2022 – $Nil) per option resulting in share-based payments expense of $54,842 (2022 - $Nil), using the Black-Scholes Option Pricing model.

The Company applies the fair value method using the Black-Scholes Option Pricing model to account for stock options granted to directors, officers and consultants. The following assumptions were used to calculated the fair value of stock options granted during the year:

	2023	2022
Risk-free interest rate	4.14%	-
Expected life of options	5 years	-
Annualized volatility	105%	-
Dividend rate	0%	-
Forfeiture rate	0%	-

(Expressed in Canadian Dollars)

7. CAPITAL STOCK AND RESERVES (cont'd)

d) Warrants

Details of warrants outstanding as at September 30, 2023 are as follows:

Number of Warrants	Exercise Price	Expiry Date
254,100*	$0.10	January 27, 2025
4,150,000	$0.12	August 17, 2025
2,142,858	$0.12	September 22, 2025
6,546,958		

*Subsequent to September 30, 2023, 22,500 warrants were exercised for proceeds of $2,250.

Warrant transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2021 & 2022	-	$ -
Issued	6,292,858	0.12
Balance, exercisable, September 30, 2023	6,292,858	$ 0.12

8. 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:

	2023	2022
Management fees	$ 52,000	$ 36,000
Consulting	1,000	-
Professional fees	19,700	9,300
Share-based payments	39,173	-
Geological & geophysical costs	18,887	5,791

As at September 30, 2023, accounts payable and accrued liabilities included $10,500 (2022 - $29,050) owing to directors and officers of the Company.

9. PROPERTY INVESTIGATION COSTS

During the year ended September 30, 2023, the Company incurred property investigation costs of $28,300 (2022 - $Nil), relating to multiple properties that the Company was investigating.

10. 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.

10. FAIR VALUES (cont'd)

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. 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.

11. 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.

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 $466,268, 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 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 September 30, 2023, the Company had a cash and cash equivalents balance of $419,219 to settle current liabilities of $51,555. 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.

(Expressed in Canadian Dollars)

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

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.

12. INCOME TAXES

A reconciliation of income taxes at statutory rate of 27% (2022 – 27%) with the reported taxes is as follows:

		2023		2022
Loss before taxes	$	(568,330)	$	(122,088)
Expected income tax recovery	$	(153,449)	$	(32,964)
Share issuance costs		(24,874)		(3,735)
Change in deferred tax assets not recognized		131,093		50,514
Non-deductible expenditures		14,807		-
Other		32,423		(13,815)
Deferred tax recovery expense	$	-	$	-

The significant components of the Company's recognized deferred tax assets are as follows:

		2023		2022
Deferred tax assets:				
Non-capital losses available for future periods	$	128,147	$	43,550
Share issuance costs		28,538		5,042
Exploration and evaluation asset		53,000		30,000
Unrecognized deferred tax assets		209,685		78,592
		(209,685)		(78,592)
Net deferred tax assets	$	-	$	-

The Company has non-capital losses of approximately $474,600 which may be carried forward to reduce taxable income in future years that expire in 2044.

The conditions required under IFRS, to recognize net potential deferred tax assets based on the establishment of likely recovery through future profitability have not been met. Accordingly, a 100% valuation allowance has been provided.

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the Company;

a) Issued 104,348 common shares, for the settlement of $12,000 in debt; and

b) Granted 1,775,000 stock options to directors, officers and consultants, with an exercise price of $0.155 per share, expiring September 17, 2029.