

HOMERUN RESOURCES INC.

(formerly ENVIROTEK REMEDIATION INC.)

Consolidated Interim Financial Statements

The Nine Months Ended September 30, 2021 and 2020

(unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by the auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Consolidated Interim Statements of Financial Position

As at September 30, 2021 and December 31, 2020

	Notes	September 30, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash		\$ 5,145	\$ 27,860
GST receivable		3,955	8,440
Prepaid expenses		-	500
		9,100	36,800
Exploration and evaluation assets			
		115,398	10,000
TOTAL ASSETS		\$ 124,498	\$ 46,800
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable	7	\$ 790,067	\$ 1,270,808
Accrued liabilities	7	44,088	108,588
Loans payable	8	83,384	168,766
		917,539	1,548,162
Shareholders' deficiency			
Share capital	8	23,359,566	22,159,424
Share subscriptions received	8	-	-
Contributed surplus	9	1,971,224	1,724,224
Deficit		(26,123,831)	(25,385,010)
		(793,041)	(1,501,362)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		\$ 124,498	\$ 46,800

Nature of operations and going concern (Note 1)

Subsequent event (Note 10)

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

"Brian Leeners"

Director

"Gregory Pearson"

Director

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)**Consolidated Interim Statements of Comprehensive Income (Loss)****For the Three and Nine Months Ended September 30, 2021 and 2020**

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

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	Notes	2021	2020	2021	2020
Expenses					
Consulting and management fees	6	\$ 70,500	\$ 54,000	\$ 211,500	\$ 227,500
Exploration and evaluation expenditures		30,500	31,600	156,610	114,909
Foreign exchange loss (gain)		2,998	(3,896)	9,936	5,004
Marketing and advertising		-	2,635	-	2,635
Office and miscellaneous	6	30,035	26,006	90,129	94,004
Professional fees	6	4,100	35,700	17,320	43,353
Stock-based compensation		247,000	-	247,000	-
Transfer agent and filing fees		2,383	697	6,326	5,000
		387,516	146,742	738,821	492,405
Other Items					
Forgiveness of debt		-	450,733	-	450,733
		-	450,733	-	450,733
Net (loss) income for the period		(387,516)	303,991	(738,821)	(41,672)
Comprehensive (loss) income for the period		\$ (387,516)	\$ 303,991	\$ (738,821)	\$ (41,672)
Basic and diluted loss per share		\$ (0.02)	\$ 0.03	\$ (0.05)	(0.00)
Weighted average number of common shares outstanding		20,650,984	11,878,381	16,089,616	11,878,381

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Consolidated Interim Statements of Cash Flows

For the Nine Months Ended September 30, 2021 and 2020

	For the Nine Months Ended September 30,	
	2021	2020
Cash provided by (used in):		
Operating activities		
Comprehensive loss for the period	\$ (738,821)	\$ (41,672)
Stock-based compensation	247,000	-
Gain on settlement of debt	-	450,733
Changes in non-cash working capital items:		
GST receivable	4,485	1,892
Accounts payable	305,719	(560,239)
Prepaid expenses	500	-
Accrued liabilities	5,500	91,338
Cash used in operating activities	(175,617)	(57,948)
Investing activities		
Loans received	-	57,903
Exploration and evaluation expenditures	(56,398)	-
Net cash used (provided) in investing activities	(56,398)	57,903
Financing activities		
Shares issued for cash	220,500	-
Share issuance costs	(11,200)	-
Cash provided by financing activities	209,300	-
Net decrease in cash	(22,715)	(45)
Cash, beginning of the period	27,860	113
Cash, end of the period	\$ 5,145	\$ 68
Supplemental schedule of non-cash activities:		
Shares issued for property	\$ 49,000	\$ -

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

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)**Consolidated Interim Statements of Changes in Shareholder's Equity
For the Nine Months Ended September 30, 2021 and 2020**

	Number of common shares outstanding	Share capital	Contributed surplus	Deficit	Total Shareholders' Deficiency
Balance, December 31, 2019	11,878,381	\$ 22,159,424	\$ 1,724,224	\$ (28,544,641)	\$ (4,660,993)
Debt forgiveness	-	-	-	904,604	904,604
Net and comprehensive income for the period	-	-	-	41,672	41,672
Balance, September 30, 2020	11,878,381	\$ 22,159,424	\$ 1,724,224	\$ (27,598,364)	\$ (3,714,716)
Balance, December 31, 2020	11,878,381	\$ 22,159,424	\$ 1,724,224	\$ (25,385,010)	\$ (1,501,362)
Shares issued for cash	6,117,640	305,882	-	-	305,882
Shares issued for property	700,000	49,000	-	-	49,000
Finders' fees	-	(11,200)	-	-	(11,200)
Shares for debt	8,564,598	856,460	-	-	856,460
Stock-based compensation	-	-	247,000	-	247,000
Net and comprehensive income for the period	-	-	-	(738,821)	(738,821)
Balance, September 30, 2021	27,260,619	\$ 23,359,566	\$ 1,971,224	\$ (26,123,831)	\$ (793,041)

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

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

1. Nature of operations and going concern

Homerun Resources Inc. (formerly EnviroTek Remediation Inc.) (“the Company”) was incorporated in British Columbia on October 21, 1980 and is a public company listed on the TSX Venture Exchange (“TSX-V”). The Company terminated its previously announced change-of-business transaction. The principal business activity of the Company is mineral exploration and development. The corporate head office of the Company is located at Suite 2110, 650 West Georgia Street, Vancouver, B.C., V6B 4N9.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern which contemplates that the Company will be able to realize its assets and settle its liabilities in the normal course as they come due for the foreseeable future. As at September 30, 2021, the Company had no source of operating cash flows and reported a comprehensive loss for the nine months ended September 30, 2021 of \$738,821 (2020 - \$41,672), working capital deficit of \$908,439 (December 31, 2020 - \$25,385,010), and has an accumulated deficit of \$26,123,831 (December 31, 2020 - \$25,385,010), and the Company expects to incur further losses in the development of its business. These factors cast substantial doubt about the Company’s ability to continue as a going concern. Management has estimated that the Company will require additional financing to meet its obligations for the next fiscal year. Continued operations are dependent on the Company’s ability to complete equity or debt financing.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

2. Basis of preparation

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB have been condensed or omitted and these unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2020. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary AKA Ventures USA Inc. All inter-company transactions have been eliminated upon consolidation. The Board of Directors approved these consolidated financial statements on November 26, 2021.

b) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

c) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and contingency liabilities as at the date of the financial statements, and the reported amount of revenues and expenses during the reporting year. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key critical judgment and sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are as follows:

Critical judgment in applying accounting policies:

Going concern

These consolidated financial statements have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations. There are several adverse conditions that cast substantial

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

doubt upon the soundness of this assumption. Refer to note 1 for more details.

2. Basis of preparation (continued)

Key sources of estimation uncertainty:

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Share-based payments

The Company has an equity-settled share-based scheme for directors, officers, employees and consultants. Management determines values for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and for stock based compensation, future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain, and any changes in these assumptions affect the fair value estimates.

3. Significant accounting policies

The significant accounting policies of the Company are as follows:

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

b) Foreign currency translation

The functional and reporting currency of the Company and its subsidiary is the Canadian dollar. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign exchange gains and losses are included in comprehensive loss.

c) Cash and cash equivalents

Cash is comprised of cash on hand and deposits in banks. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Restricted cash, as to withdrawal or use, are under terms of certain contractual agreements.

d) Impairment of non-financial assets

Non-financial assets are evaluated at the end of each reporting period by management for indicators that carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit ("CGU"), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, where the recoverable amount of the CGU is the greater of the CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments to the time value of money and the risks specific to the asset for which the estimates of future cash flows have

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

3. Significant accounting policies (continued)

d) Impairment of non-financial assets (continued)

not been adjusted. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized in the statement of comprehensive loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in the statement of comprehensive loss.

e) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date using the Black-Scholes option pricing model.

The fair value is estimated at grant date and each tranche is recognized on a graded-vesting basis over the period the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to contributed surplus.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

f) Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing profit or loss attributable to ordinary equity holders (numerator) by the weighted average number of ordinary shares outstanding (denominator) during the period. The denominator is calculated by adjusting the shares issued at the beginning of the period by the number of shares bought back during the period, multiplied by a time-weighting factor.

Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential units. The effects of anti-dilutive potential units are ignored in calculating diluted EPS.

g) Income taxes

Tax expense comprises current and deferred tax. Tax expense is recognized in profit or loss except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amount of assets in the statement of financial position and their corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

3. Significant accounting policies (continued)

g) Income taxes (continued)

Deferred tax liabilities are recognized for all taxable temporary differences. However, deferred tax liabilities are not recognized for taxable temporary differences arising on investments in subsidiary where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future, or on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognized to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

h) Financial instruments

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the classification of financial assets and liabilities:

Financial assets/liabilities	Classification
Cash	FVTPL
Accounts payable	Amortized cost
Loans payable	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of comprehensive loss in the period in which they arise.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

3. Significant accounting policies (continued)

h) Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset 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 Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are recognized in profit or loss.

4. Capital management

The Company classifies its share capital and contributed surplus as capital, which at September 30, 2021 totalled \$25,330,790 (December 31, 2020 - \$23,883,648). When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent upon external financing to fund its activities. In order to carry out its business activity and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

5. Financial instruments and financial risk management

a) Fair value

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature.

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

5. Financial instruments and financial risk management (continued)

b) Fair value hierarchy

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

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 (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial instruments are carried at amortized cost with the exception of cash. Cash is measured using level 1 inputs.

There were no transfers between levels 1 and 2 during the year.

c) Financial risks

(i) Interest rate risk

The Company's interest rate risk arises primarily from the interest received on cash, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures. Therefore, interest rate risk is considered minimal.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, demand loan payable, accounts payable and accrued liabilities that are denominated in US dollars. The Company does not use derivative instruments to reduce its exposure to foreign exchange risk. A 10% change in the value of the US dollar against the Canadian dollar would have an impact of \$10,682 on the Company's comprehensive loss.

(iii) Credit risk

The Company's credit risk is primarily attributable to cash. The Company limits its exposure to credit risk on cash as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote.

(v) Liquidity risk

The Company manages liquidity risk by maintaining cash. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short term and long-term obligations. As at September 30, 2021, the Company did not have sufficient cash on hand to pay its short-term creditors and does not generate cash from its operations. Accordingly, liquidity risk is considered high.

6. Exploration and evaluation assets

In December 2020, the Company entered into an option agreement for the right to acquire a 100-per-cent interest in the Homathko gold project, located in the Caribou regional district of British Columbia. Under the terms of the option agreement, the company can earn a 100-per-cent interest in the claims by making such payments necessary to keep the property in good standing and by completing the following:

- Making the following cash payments and issuing the following common shares to Transition Metals:
 - A \$10,000 cash payment on or before Dec. 31, 2020; (paid)
 - 700,000 common shares upon TSX Venture Exchange acceptance of the option agreement and no later than June 30, 2021 (issued);
 - \$40,000 in common shares at a 30-day volume-weighted average price on or before the first anniversary of the option agreement;

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

6. Exploration and evaluation assets (continued)

- \$50,000 in common shares at a 30-day volume-weighted average price on or before the second anniversary of the option agreement;
- \$50,000 in common shares at a 30-day volume-weighted average price on or before the third anniversary of the option agreement.
- Completing the following work expenditures on the property:
 - Cumulative \$100,000 by June 30, 2021 (completed)
 - Cumulative \$550,000 by Dec. 31, 2022.

The optionor will retain a 1% net smelter royalty on all mineral production, 0.5 per cent of which can be purchased by the Company for \$1 million. The property is also subject of a pre-existing 1% royalty in favour of a third party. During the nine month period ended September 30, 2021, the Company staked an additional 30,770 hectares at its Homathko gold project bringing the total area to 30,970 hectares. The Company incurred cost of \$56,398 to stake the claims.

7. Related party transactions

During the nine months ended September 30, 2021 and 2020, the Company entered into transactions with the related parties as below:

Name	Relationship	Nature of Transaction	Fees incurred for the nine months ended Sep. 30, 2021	Fees incurred for the nine months ended Sep. 30, 2020	Balance payable at Sep. 30, 2021	Balance payable at December 31, 2020
Nexvu Services Inc.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Rent and corporate services	\$ 90,000	\$ 90,000	\$ 70,335	\$ 196,525
Nexvu Capital Corporation	Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Demand loan	-	-	2,000	115,428
Brian Leeners	Chief executive officer and director	Management services	90,000	90,000	80,875	174,625
Maria Conejo	President	Technical services	-	60,000	-	100
Global Link Capital	Greg Pearson, director of the Company, is a shareholder	Management services	90,000	90,000	72,585	166,335
Greg Pearson	Director	Loan	-	-	-	5,400
Gordon J. Fretwell, Law Corporation	Gordon Fretwell is a shareholder of Nexvu Capital Corporation.	Legal services	7,500	7,500	79,625	152,125
0733351 BC Ltd.	Owned by Nexvu Capital Corporation, which Brian Leeners, Greg Pearson and Gordon Fretwell are shareholders	Property option	-	-	-	9,609
CBDS Health Inc.	Director	Corporate Services	-	-	-	8,965
AE Financial Management Ltd.	Edward Low, chief financial officer, is a shareholder	Accounting services	31,500	31,500	36,588	78,588
			\$ 309,000	\$ 369,000	\$ 342,008	\$ 907,700

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

7. Related party transactions (continued)

The amounts payable to related parties summarized as above were included in accounts payable and accrued liabilities. Balances owing are unsecured, non-interest bearing and have no specified terms of repayment.

During the nine month period ended September 30, 2021, the Company granted incentive stock options to officers, directors, and consultants. The stock-based compensation related to officers and directors is \$163,000 (2020- nil).

8. Share capital

Authorized: Unlimited common voting shares, without par value.

During the nine-month period ended September 30, 2021:

- the Company completed a non-brokered private placement for gross proceeds of \$305,882 by issuing 6,117,640 units. Each unit consists of one common share of the company and one-half of a common share purchase warrant, with each full warrant entitling the holder to acquire one additional common share of the company at a price \$0.15 per share for 12 months. The warrants are subject to the right of the company to accelerate the exercise period of the warrant if shares of the company trade at or above \$0.25 for a period of 10 consecutive trading days.
- Issued 700,000 common shares for property acquisition (Homathko project).
- Issued 8,564,598 common shares to settle outstanding loan and accounts payable obligations of \$856,460.

Options and warrants

a) Stock options

During the nine-month period ended September 30, 2021, the Company granted 3,500,000 incentive stock options to officers, directors, and consultants. These options are exercisable for up to five years at a price of \$0.10 per share. The company recognized a stock-based compensation of \$247,000 determined by the Black-Scholes option pricing model using the following assumptions: risk free interest rate 0.79%, volatility of 93%, annual rate of dividend of 0% and an expected life of the option of 5 years.

As at September 30, 2021, there are 3,500,000 stock options outstanding (December 31, 2020 – Nil).

b) Contributed surplus

The contributed surplus records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

c) Warrants

During the nine-month period ended September 30, 2021, the Company issued 3,058,820 share purchase warrants, with an exercise price of \$0.15 to acquire one common share for a period of 12 months.

	Number	Weighted Average Price
Number outstanding at December 31, 2019 and 2020	-	\$ -
Issued	3,058,820	\$ 0.15
Number outstanding at September 30, 2021	3,058,820	\$ 0.15

As at September 30, 2021, the following warrants were outstanding:

Expiry Date	Weighted Average Exercise price	Number of warrants outstanding	Weighted Average Remaining Years
May 4, 2022	\$ 0.15	3,058,820	0.59

HOMERUN RESOURCES INC. (formerly ENVIROTEK REMEDIATION INC.)

Notes to the Consolidated Financial Statements

For the Nine Months Ended September 30, 2021 and 2020

9. Segmented information

All of the Company's assets are located in Canada.

10. Subsequent event

- a) On October 22, 2021, the Company a non-brokered private placement financing for aggregate gross proceeds of up to \$200,000. The financing will consist of up to two million units at 10 cents, each unit consisting of one common shares of the Company and one common share purchase warrant with each warrant being exercisable for an additional common share at an exercise price of 20 cents for 12 months. The warrants will be subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above 50 cents for a period of 10 consecutive trading days. Finders' fees in accordance with the TSX Venture Exchange policies may apply to the financing and all securities issued will be subject to a statutory four-month hold period. Proceeds raised from the financing will be used for exploration expenditures on the Company's Homathko project and working capital expenditures.
- b) On November 1, 2021, the Company arranged a non-brokered private placement financing of up to one million flow-through units at 15 cents per unit, with each flow-through unit consisting of one flow-through common share of the company and one common share purchase warrant, with each warrant being exercisable for an additional share of the company at an exercise price of 25 cents for 12 months. The warrants will be subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above 50 cents for a period of 10 consecutive trading days. Finders' fees in accordance with the TSX Venture Exchange policies may apply to the financing and all securities issued will be subject to a statutory four-month hold period. Proceeds raised from the financing will be used for exploration expenditures on the Homathko project.
- c) On November 19, 2021, the Company completed the non-brokered private placement for one-million flow-through units at 15 cents per unit, with each flow-through unit consisting of one flow-through common share of the company and one common share purchase warrant, with each warrant being exercisable for an additional share of the company at an exercise price of 25 cents for 12 months. The warrants will be subject to the right of the Company to accelerate the exercise of the warrants if the shares of the Company trade at or above 50 cents for a period of 10 consecutive trading days. Finders' fees in accordance with the TSX Venture Exchange policies may apply to the financing and all securities issued will be subject to a statutory four-month hold period. Proceeds raised from the financing will be used for exploration expenditures on the Homathko project. Finders' fees of 2% cash and 2% broker warrants will be paid.