WEDGEMOUNT RESOURCES CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JANUARY 31, 2025

(Unaudited - Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED 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 interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

		January 31, 2025		July 31, 2024
ASSETS				
Current				
Cash	$	310,520	$	99,476
Receivables (Note 5)		126,593		148,956
Prepaids and advances		23,051		10,853
Inventory		386,545		155,199
		846,709		414,484
Deposits		70,656		67,363
Investment (Note 6)		202,500		202,500
Property, plant and equipment (Note 7)		13,156,491		6,747,421
	$	14,276,357	$	7,431,768
LIABILITIES				
Current				
Accounts payable and accrued liabilities (Notes 8 and 13)	$	5,419,090	$	2,714,082
Loans payable (Notes 9 and 13)		802,463		755,656
		6,221,554		3,469,738
Loans payable (Notes 9 and 13)		869,040		828,540
Convertible debenture (Note 10)		2,061,111		-
Decommissioning obligations (Note 11)		4,895,391		1,337,689
		7,825,542		5,635,967
SHAREHOLDERS' EQUITY				
Share capital (Note 12)		6,269,854		6,209,953
Share-based reserves (Note 12)		1,112,258		650,573
Foreign currency translation reserves (Note 12)		(121,040)		(11,403)
Deficit		(7,031,811)		(5,053,322)
		229,261		1,795,801
	$	14,276,357	$	7,431,768

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors by:

/s/ "Mark Vanry"
Mark Vanry, Director

/s/ "Richard Barth"
Richard Barth, Director

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

WEDGEMOUNT RESOURCES CORP.

CONDENSES INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

For the three and six months ended January 31,

	Three months ended January 31		Six months ended January 31		
	2025	**2024**	**2025**		**2024**
Revenue					
Oil and gas sales	384,036	135,261	825,721		390,491
Royalties	(72,315)	(24,482)	(156,721)		(81,856)
	311,721	110,779	669,001		308,635
Expenses					
Accretion (Note 11)	69,711	12,948	118,960		22,692
Foreign exchange	(210,931)	104,398	(259,015)		(25,973)
General and administrative	223,580	221,838	747,331		376,937
Loan interest (Note 11 and 13)	113,748	33,978	213,698		68,472
Operating (Note 8)	907,679	82,469	1,808,506		352,509
Share-based payments (Notes 12 and 13)	8,012	66,714	18,009		127,042
	(1,111,798)	(522,345)	(2,647,490)		(921,680)
Flow through share recovery	-	118,169	-		118,169
Inventory impairment	-	(80,069)	-		(80,069)
Interest income	-	6,037	-		6,037
Loss for the period	(800,077)	(367,429)	(1,978,489)		(568,908)
Other comprehensive income					
Foreign currency translation adjustment	(85,752)	8,592	(109,637)		(185)
Comprehensive loss for the period	(885,829)	(358,837)	(2,088,126)	$	(569,093)
Loss per common share –basic and diluted	(0.02)	(0.01)	(0.04)	$	(0.01)
Weighted average number of common shares outstanding – basic and diluted	52,387,935	52,197,718	52,387,935		51,926,142

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

WEDGEMOUNT RESOURCES CORP.
CONDENSES INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Share Capital					
	Number of shares	**Amount**	**Reserves**	**Foreign currency translation reserves**	**Deficit**	**Total**
July 31, 2023	50,762,935	$ 6,037,453	$ 573,267	$ 1,818	$ (3,616,409)	$ 2,996,129
Warrants exercised	1,425,000	142,500	-	-	-	142,500
Share-based payments	100,000	15,000	112,042	-	-	127,042
Foreign currency translation	-	-	-	(185)	-	(185)
Loss for the period	-	-	-	-	(568,907)	(568,907)
January 31, 2024	52,287,935	$ 6,194,953	$ 685,309	$ 1,633	$ (4,185,316)	$ 2,696,579
July 31, 2024	52,387,935	$ 6,209,953	$ 650,573	$ (11,403)	$ (5,053,322)	$ 1,795,801
Convertible debenture – equity component	-	-	503,576	-	-	503,576
Share-based payments	100,000	15,000	3,009	-	-	18,009
Warrants expired	-	44,901	(44,901)	-	-	-
Foreign currency translation	-	-	-	(130,535)	-	(130,535)
Loss for the period	-	-	-	-	(1,978,489)	(1,957,591)
January 31, 2025	**52,487,935**	**$ 6,269,854**	**$ 1,112,258**	**$ (141,938)**	**$ (7,031,811)**	**$ 229,261**

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

WEDGEMOUNT RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
For the six months ended January 31,

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,978,489)	$ (568,908)
Adjust for items not involving cash:		
Share-based payments	18,009	127,042
Accretion	118,960	22,692
Depletion	140,564	190,665
Foreign exchange	(269,408)	(26,077)
Loan interest	213,698	57,401
Change in non-cash working capital items:		
Receivables	22,363	191,763
Prepaids and advances	(12,198)	3,374
Inventory	(142,923)	(233,624)
Accounts payable and accrued liabilities	738,359	45,512
Net cash used in operating activities	(1,151,065)	(110,091)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,101,561)	(607,677)
Net cash used in investing activities	(1,101,561)	(607,677)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from convertible debenture	2,450,000	-
Convertible debenture issue costs	(12,435)	-
Warrants exercised	-	142,500
Proceeds from loans payable	150,000	-
Repayment of loans payable	(123,895)	(40,000)
Net cash provided by financing activities	2,463,670	102,500
Change in cash	211,044	(615,268)
Cash, beginning of year	99,476	950,618
Cash, end of period	$ 310,520	$ 335,350

Supplemental cash flow information (Note 14)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Wedgemount Resources Corp. (the "Company") was incorporated on August 27, 2020 under the Business Corporations Act of British Columbia. The Company is engaged in the exploration for and the development and operation of petroleum and natural gas in the U.S.A. The Company's head office and registered and records office address is 2303 Lawson Avenue, West Vancouver, BC, V7V2E5. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol WDGY.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The continued operations of the Company and the recoverability of amounts shown for property, plant, and equipment, the ability of the Company to obtain necessary financing to complete the development of the properties and upon future profitable production or proceeds from the disposition thereof. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. Although the Company raised capital in current and prior periods through private placements of its common shares, warrants exercises and from loans, management estimates additional funding will be required to further operations in the upcoming twelve months and additional capital may not be available on acceptable terms or at all. These factors indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to political conflicts in other regions. It is not possible for the Company to predict the duration or magnitude of the adverse results of such events and resulting effects on the Company's business or results of operations or its ability to raise funds.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Approval of the consolidated financial statements

These consolidated financial statements were authorized by the Board of Directors of the Company on March 31, 2025.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value as explained in the material accounting policy information set out in Note 3.

Reclassification of prior amounts

The Company has reclassified certain comparative information on the consolidated statements of loss and comprehensive loss to conform with current period presentation.

Functional and presentation currency

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company, Wedgemount Resources Corp., and its subsidiary, 1265459 B.C. Ltd., is the Canadian dollar and the functional currency of Company's subsidiary, Wedgemount Texas Corp., is the United States ("US") dollar.

Principles of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
1265459 B.C. Ltd.	Canada	100%	Holding company
Wedgemount Texas Corp. ("WTC")	U.S.A.	100%	Oil and gas in U.S.A.

Significant estimates

The preparation of these consolidated financial statements 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.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial period and are, but are not limited to, the following:

Accounting for acquisitions

The determination of fair value of assets acquired and liabilities assumed as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including acquired oil and gas reserves and resources, exploration potential, decommissioning obligations, future operating costs and capital expenditures, future oil and gas prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided. The estimated acquisition-date fair value of property, plant and equipment ("PP&E"), including oil and gas properties, decommissioning obligations, and exploration and evaluation ("E&E") assets acquired generally require the most judgement. The determination of the estimated acquisition-date fair value of oil and gas properties involves significant estimates, including proved and probable oil and gas reserves and discount rates. The estimate of proved and probable reserves includes significant assumptions related to forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

Cash Generating Units ("CGU's")

The Company's oil and gas properties are aggregated into cash-generating units ("CGU's"), based on the identifiable, independent group of assets ability to generate independent cash inflows. The determination of the Company's CGUs is based on management's judgments in regards to shared infrastructure, geographical proximity, resource type, similar exposure to market risk, and materiality.

Reserves

Estimating proved and probable oil and gas reserves requires significant judgment based on geological and geophysical engineering and economic data, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs. Estimated changes in expected future cash flows in reported reserves can impact the impairment of assets, decommissioning obligations, the economic feasibility of exploration and evaluation assets and depletion and depreciation of property, plant, and equipment. As information becomes available, these estimates may change which could have a material impact on earnings.

Decommissioning obligations

The Company's decommissioning obligations for its operations are based on current legal requirements and expected plans for remediation. The actual costs and cash outflows may differ from these estimates due to changes in laws and regulations, site conditions, cleanup requirements, prices, and future removal technologies. In most circumstances, the retirement and remediation of the Company's assets occurs many years into the future. The amounts recorded for these decommissioning obligations and the related accretion expense require the use of estimates with respect to the amount and timing of the related cashflows, future environmental and regulatory legislation, as well as the credit-adjusted risk-free rate applied.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the consolidated statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings (loss) and equity reserves.

Property, plant and equipment ("PP&E")

Oil and gas properties included in PP&E are depleted using the unit-of-production method based on estimated proved and probable oil and gas reserves determined using a number of significant assumptions, such as forecasted oil and gas commodity prices, forecasted production volumes, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

Significant judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are, but are not limited to, the following:

Carrying value and the recoverability of exploration and evaluation assets

Management makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of a mineral property exceeds its recoverable amount. Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management reviews the carrying values of its mineral properties on an annual basis, or when an impairment indicator exists, to determine whether an impairment should be recognized. In making its assessment, management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

<u>Title to exploration and evaluation assets and oil and gas leases</u>

Although the Company takes steps to verify title to exploration and evaluation assets and oil and properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

<u>Business combinations versus asset acquisitions</u>

Transactions are assessed against the criteria in IFRS 3 Business Combinations ("IFRS 3") to assess whether they constitute a business combination or an asset acquisition. Determination of whether a set of assets acquired, and liabilities assumed, constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. During the year ended July 31, 2024, the acquired assets of TCS were calculated to be an asset acquisition.

<u>Determination of functional currency</u>

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

<u>Impairment of property, plant and equipment</u>

Judgments are required to assess when internal or external indicators of impairment, or indicators of impairment reversal, exist and impairment testing is required. In determining the recoverable amount of PP&E, which includes oil and gas properties, impairment tests are based on estimates of proved and probable oil and gas reserves which are based upon a number of significant assumptions, such as forecasted production volumes, forecasted oil and gas commodity prices, forecasted operating costs, forecasted royalty costs and forecasted future development costs.

<u>Financial instruments</u>

Management uses its judgement to determine the category in which a financial asset or a financial liability is recorded.

Going concern

The Company has exercised judgment in determining whether its available funds are sufficient to continue operations for 12 months from the end of the reporting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION

These condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation as in the Company's consolidated financial statements for the year ended July 31, 2024, with the exception of the following which has been added for the six-months ended January 31, 2024:

Convertible debentures

Convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debenture in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition. Upon conversion, the carrying value of the equity portion is transferred to common shares.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgement from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability component is also based on a number of assumptions, including contractual future cash flows, discount rates and the presence of any derivative financial instruments.

New standards, interpretations and amendments to existing standards not yet effective

New standards adopted during the year:

The Company adopted the following amendments to accounting standards, which are effective for annual reporting periods beginning on or after January 1, 2023:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

The amendment was applied effective August 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

(Unaudited - Expressed in Canadian Dollars)

New accounting standards issued but not yet effective:

IFRS 18 - Presentation and Disclosure in Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1):

In January 2020, the IASB issued amendments to IAS 1 - Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. These amendments are effective for annual periods beginning on or after January 1, 2024, and are not expected to have a material impact on the Company's future reporting periods.

4. OIL AND GAS ACQUISITIONS

Millican

On March 20, 2023, the Company completed the acquisition of a 100% working interest in oil and gas assets ("Millican"), located in the Permian Basin of west central Texas. The acquisition of Millican was completed for total cash consideration of USD $160,000 ($219,086). The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. Fair value of consideration paid is allocated to assets and liabilities acquired.

The fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:	
Cash consideration	$ 219,086
	$ 219,086
Allocated as follows:	
Oil and gas properties	$ 440,888
Decommissioning obligations	(221,802)
	$ 219,086

Willowbend

On March 31, 2023, the Company completed the acquisition of a 100% working interest in oil and gas assets ("Willowbend"), located in the Permian Basin of west Texas. The acquisition of Willowbend was completed for total cash consideration of USD $1,500,000 ($2,029,418) plus transactions costs of $19,940. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. Fair value of consideration paid is allocated to assets and liabilities acquired.

(Unaudited - Expressed in Canadian Dollars)

The fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Cash consideration	$	2,029,418
Transactions costs	$	19,940
	$	**2,049,358**
Allocated as follows:		
Inventory	$	56,388
Oil and gas properties	$	2,398,790
Decommissioning obligations		(405,820)
	$	**2,049,358**

TCS

On November 1, 2023, the Company closed a purchase and sale agreement (the "TCS Transaction") for the purchase of 100% working interest in the TCS oil and gas assets located in Runnels County, Texas. Closing of the TCS Transaction was completed for total consideration of USD $650,000 comprised of USD $50,000 in cash ($69,355 paid) and a USD $600,000 vendor take back ("VTB") loan ($832,260). The VTB loan bears interest at 10% per annum and will be repaid from 50% of the net operating profit of the acquired assets over a period of 24 months. The Company applied the optional IFRS 3 concentration test to this acquisition which resulted in the acquired assets being accounted for as an asset acquisition. Fair value of consideration paid is allocated to assets and liabilities acquired.

The fair value assigned to the identified assets acquired and liabilities assumed are presented below:

Cost of acquisition:		
Cash consideration	$	69,355
VTB loan	$	832,260
	$	**901,615**
Allocated as follows:		
Oil and gas properties	$	1,242,174
Decommissioning obligations		(340,559)
	$	**901,615**

(Unaudited - Expressed in Canadian Dollars)

Huggy

On August 16, 2024, the Company completed the acquisition of a 100% working interest in the Huggy oil and gas assets located in Coleman County, Texas. The acquisition of Huggy was completed for a total cash consideration of USD $840,000.

Cost of acquisition:		
Cash consideration	$	840,000
Allocated as follows:		
Inventory	$	83,069
Oil and gas properties		3,979,166
Accounts payable		(83,069)
Compliance requirements		(750,000)
Decommissioning obligations		(2,389,166)
	$	**840,000**

The purchase price allocation for the Huggy transaction reflects various fair value estimates and analyses, which are subject to change within the respective measurement periods. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquisition date. Measurement period adjustments that the Company determined to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements, and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could also be affected.

The Company determined the estimated fair value of the acquired identifiable assets, asset retirement obligations and goodwill after review and consideration of relevant information including discounted cash flow analyses, market data and management's estimates.

The fair value of the acquired assets and liabilities are provisional pending receipt of the final valuations for those assets and liabilities.

5. RECEIVABLES

		January 31, 2025		**July 31, 2024**
Trade receivables	$	102,146	$	123,598
GST receivable		24,447		25,358
	$	126,593	$	148,956

(Unaudited - Expressed in Canadian Dollars)

6. INVESTMENT

During year ended July 31, 2023, the Company purchased 150,000 common shares at a cost of $150,000 in a private British Columbia company ("BC Co."). As at January 31, 2025, the fair value of the Company's investment is estimated as $202,500 (July 31, 2024 - $202,500).

7. PROPERTY, PLANT AND EQUIPMENT

		Oil and gas properties
Cost		
July 31, 2023	$	3,788,169
Acquisitions (Note 4)		1,242,174
Additions		2,052,888
Reclamation provision adjustment		(44,910)
Adjustment on currency translation		197,908
July 31, 2024	$	7,236,229
Acquisitions (Note 4)		5,763,424
Additions		681,761
Adjustment on currency translation		379,753
January 31, 2025	$	14,061,168
Accumulated depletion		
July 31, 2023	$	125,564
Depletion		352,015
Adjustment on currency translation		11,229
July 31, 2024	$	488,808
Depletion		377,141
Adjustment on currency translation		38,728
January 31, 2025	$	904,677
Net Book Value		
July 31, 2024	$	6,747,421
January 31, 2025	$	13,156,491

During the six-months January 31, 2025, depletion of $236,577 (2024 - $190,665) was included in operating expenses and $140,564 (2024 - $64,855) was recognized in inventory.

(Unaudited - Expressed in Canadian Dollars)

Oil and gas assets

Millican

During the year ended July 31, 2023, the Company completed the acquisition of Millican (Note 4). In connection with the acquisition, the Company acquired certain leases, producing wells, and surface facilities of $440,888. Millican is subject to a 19% underlying royalty.

Willowbend

During the year ended July 31, 2023, the Company completed the acquisition of Willowbend (Note 4). In connection with the acquisition, the Company acquired certain leases, producing wells, and surface facilities of $2,398,790. Willowbend is subject to a 19% underlying royalty.

TCS

During the year ended July 31, 2024, the Company completed the acquisition of TCS (Note 4). In connection with the acquisition, the Company acquired certain leases, producing wells, and surface facilities of $1,242,174. TCS is subject to a 19% underlying royalty.

Huggy

During the six-months ended January 31, 2025, the Company completed the acquisition of Huggy (Note 4). In connection with the acquisition, the Company acquired certain leases, producing wells, and surface facilities of $5,537,407. Huggy is subject to average underlying royalties of 20%.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		January 31, 2025		July 31, 2024
Accounts payable	$	3,816,227	$	2,434,840
Accrued liabilities		1,602,863		279,242
	$	5,419,090	$	2,714,082

9. LOANS PAYABLE

During the year ended July 31, 2023, the Company entered into a loan agreement with the President and CEO, under which USD $400,000 ($535,000) was loaned (the “Vanry Loan”). The Vanry Loan bears interest at a rate of 15% per annum, payable monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Vanry Loan commencing June 30, 2023 at the rate of USD $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Vanry Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Vanry

Loan at any time without penalty. The Vanry Loan is secured by a pledge of the shares of WTC and a general security interest over the assets of WTC. Additionally, the Company, as further compensation, issued 275,000 warrants to the President. Each warrant is exercisable at a price of $0.30 until February 21, 2026. The warrants were valued at $39,440, calculated using the Black-Scholes option pricing model assuming a life expectancy of three years, a risk-free interest rate of 3.96%, a dividend rate of nil%, a forfeiture rate of nil%, and volatility of 134%. The fair value of the warrants was recorded as transaction cost of the loan and will be amortized to loan interest over the term of the loan, which for the six-months ended January 31, 2025 was $9,834 (2024 - $9,834). As at January 31, 2025, the Vanry Loan has a current liability of $262,463 (July 31, 2024 - $365,656) and a long-term liability of $nil (July 31, 2024 - $nil). During the six-months ended January 31, 2025, the Company accrued interest of $22,494 (2024 - $28,688), recorded in loan interest. As at January 31, 2025, accrued and unpaid interest on the Vanry Loan totals $96,487 (July 31, 2024 - $70,127).

During the year ended July 31, 2023, the Company also entered into a loan agreement with an arm's length individual, under which $450,000 was loaned (the "Loan"). The Loan bears interest at a rate of 15% per annum, payable monthly for the first 22 months and thereafter at the rate of 18% per annum. The Company will make payments on account of principal on the Loan commencing June 30, 2023 at the rate of $20,000 per month plus an amount equal to 25% of net cash flows over USD $200,000. The Loan matures, and all outstanding principal shall be payable, on February 28, 2025. The Company may repay the Loan at any time without penalty. The Loan is guaranteed by a general security interest over the assets of WTC. As at January 31, 2025, the Loan has a current liability of $390,000 (July 31, 2024 - $390,000) and a long-term liability of $nil (July 31, 2024 - $nil). During the six-months ended January 31, 2025, the Company accrued interest of $29,490 (2024 - $29,951), recorded in loan interest. As at January 31, 2025, accrued and unpaid interest on the Loan totals $83,133 (July 31, 2024 - $53,642).

On November 1, 2023, the Company closed a purchase and sale agreement for the TCS assets (Note 4), the consideration for which included a USD$600,000 VTB loan ($832,260). The VTB loan bears interest at 10% per annum. In addition to monthly interest, commencing February 28, 2024, monthly principal payments equal to 50% of the net operating profit of the acquired assets from the prior month shall be paid (no such principal payments were triggered and owing during 2024). The loan matures and all outstanding principal shall be payable on November 1, 2025. As at January 31, 2025, the loan has a long-term liability of $869,040 (July 31, 2024 - $828,540) and accrued interest payable of $40,778 (July 31, 2024 - $40,778).

10. CONVERTIBLE DEBENTURES

During August and September 2024, the Company closed a non-brokered private placement offering of convertible debenture units for gross proceeds of $2,450,000. Each debenture unit comprises $1,000 principal amount of unsecured redeemable convertible debenture and 2,941 common share purchase warrants. Each warrant will entitle the holder thereof to purchase one common share of the Company at a price of $0.30 until September 10, 2027. The convertible debentures bear interest at a rate of 10% per annum, calculated and payable semi-annually in arrears, with the first payment being February 25, 2025, and maturing 36 months from the date of issuance. The principal amount of each convertible debenture will be convertible into common shares of the Company at a price of $0.17 at the option of the holder of a convertible debenture at any time prior to the close of business on September 10, 2027. On or after September 10, 2025, the convertible debentures may be redeemed in whole or in part from time to time at the option of the Company at $1,050 per debenture unit plus accrued and unpaid interest. Under the offerings, the Company paid finder's fees consisting of $4,700 in cash, and a total of 149 debenture units.

(Unaudited - Expressed in Canadian Dollars)

The component parts of the convertible debt, a compound instrument, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is an equity instrument. The warrants have also been classified as equity.

At initial recognition, the Convertible Debt proceeds of $2,450,000 were allocated between the debt and equity components. The fair value of the debt portion was estimated at $1,958,712 net of transaction costs of $216,878 using a discounted cash flow model method with an expected life of 36 months and a discount rate of 20.0%.

The conversion option and warrants are classified as separate components in equity and fair value was estimated based on the residual value of $436,692 net of transaction costs of $54,595. The residual value was allocated between the conversion option and warrant components based on their relative fair values using the Black Scholes option pricing model with the following assumptions:

	Warrants	Conversion Option
Grant date share price	$ 0.13	$ 0.13
Exercise price	$ 0.30	$ 0.17
Risk-free interest rate	3.13%	3.13%
Expected life (years)	3.0	3.0
Expected annualized volatility	133.02%	133.02%
Expected dividend yield	0.0%	0.0%
Fair value	$ 0.084	$ 0.095

This amount is not subsequently remeasured and will remain in equity until the conversion option and warrants are exercised, in which case, the balance recognized in equity will be transferred to share capital. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance will be reclassified to contributed surplus.

Total transaction costs of $112,808 that relate to the issuance of the Convertible Debt were allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible debentures using the effective interest method.

In connection with the Convertible Debenture issue, the Company issued 149 debenture units to finders. The component parts of the finders' units were similarly allocated to debt and equity.

(Unaudited - Expressed in Canadian Dollars)

The following table summarizes the continuity of the Company's Convertible Debt:

Balance, July 31, 2024	$	-
Issuance of convertible debt		2,450,000
Fair value convertible debenture units issued to finders		119,039
Equity component of convertible debt		(491,288)
Transaction costs		(216,878)
Interest expense		112,698
Accretion		88,328
Balance, January 31, 2025	$	2,061,111

11. DECOMMISSIONING OBLIGATIONS

The decommissioning obligations represent costs to reclaim and abandon the wells and facilities on the Company's oil and gas assets (Note 8). As at January 31, 2025, the Company had decommissioning obligations of $4,895,391 (July 31, 2024 - $1,337,689). The obligation is recognized based on the estimated future reclamation costs of USD $5,145,494 (July 31, 2024 – USD $1,149,774) which has been inflated using an inflation rate of 2.34% and then discounted a risk-free discount rate of 4.35% with an estimated timeline to abandoned between 5 and 24 years. During the six-months ended January 31, 2025, the Company recorded accretion related to the decommissioning obligations of $30,632 (2024 - $26,666), which was recorded as an increase to the decommissioning obligations, with an offsetting amount to accretion expense in profit and loss, and a foreign currency translation loss of $269 (2024 – gain of $1,371).

12. SHARE CAPITAL

Authorized share capital

The Company's authorized capital consists of an unlimited number of common shares without par value.

Issued share capital

During the six-months ended January 31, 2025 the Company issued:

a) 100,000 common shares pursuant to the settlement of RSUs.

During the year ended July 31, 2024, the Company issued:

a) 1,425,000 common shares pursuant to the exercise of warrants for proceeds of $142,500; and
b) 200,000 common shares pursuant to the settlement of RSUs.

During the year ended July 31, 2023, the Company issued:

a) 3,652,500 units at a price of $0.20 per unit by way of a non-brokered private placement, for total proceeds of $730,500. Each unit was comprised of one common share and one common share purchase warrant, with each full warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until December 21, 2024. The 3,652,600 warrants were valued at $36,525, calculated using the residual value method. The Company paid a total of $14,350 in cash for fees and issued 71,750 finders' warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until December 21, 2024. The finders' warrants were valued at $8,376, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.72%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 140%;
b) issued 3,580,557 units at a price of $0.17 per unit by way of a non-brokered private placement, for total proceeds of $608,695. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until March 24, 2025. The 3,580,557 warrants were valued at $nil, calculated using the residual value method. The Company paid a total of $26,709 in cash for fees and other share issue costs and issued 146,487 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until March 24, 2025. The finder's warrants were valued at $15,186, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.42%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 134%;
c) issued 708,224 units at a price of $0.17 per unit by way of a non-brokered private placement, for total proceeds of $120,398. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until April 20, 2025. The 708,224 warrants were valued at $7,082, calculated using the residual value method. The Company paid a total of $350 in cash for fees and issued 2,058 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until April 20, 2025. The finder's warrants were valued at $181, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.79%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 132%;
d) issued 5,375,000 units at a price of $0.17 per unit by way of a non-brokered private placement, for total proceeds of $913,750. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until May 19, 2025. The 5,375,000 warrants were valued at $53,750, calculated using the residual value method. The Company paid a total of $36,653 in cash for fees and issued 215,600 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of $0.30 per common share until May 19, 2025. The finder's warrants were valued at $18,887, calculated using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 3.99%, a dividend rate of nil%, a forfeiture rate of nil% and volatility of 132%;
e) issued 589,118 units at a price of $0.17 per unit by way of a non-brokered private placement, for total proceeds of $100,150. Each unit was comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire one additional common share of the Company at a price of $0.30 per common share until July 19, 2025. The 589,118 warrants were valued at $23,565, calculated using the residual value method; and

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f) issued 11,611,000 common shares pursuant to the exercise of warrants for proceeds of $1,161,100.

Escrow shares

On January 12, 2021, the Company entered into an escrow agreement pursuant to which 1,125,000 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. As at January 31, 2025, there are nil (July 31, 2024 – nil) shares held in escrow.

Stock options

The Company's shareholders approved an amended equity incentive plan ("the Plan") on June 15, 2023, which provides for the grant of stock options and RSUs that enable the acquisition of common shares of the Company. The options are equity-settled awards and will be exercisable for a period not to exceed ten years and are subject to such vesting provisions as may be determined by the Board. Common shares reserved and available for issuance upon exercise of options granted pursuant this Plan shall be 10,000,000. Under the Plan the maximum number of shares of the Company that are reserved pursuant to the Plan is limited to 15% of all issued and outstanding common shares of the Company at any given time.

During the six-months ended January 31, 2025, the Company did not have any options transactions.

During the year ended July 31, 2024:

a) the Company granted 1,430,000 options (2023 – 2,000,000), and recorded share-based payments of $220,118 (2023 - $219,987);
b) 437,500 (2023 – 800,000) fully vested stock options were cancelled; accordingly, the fair value associated with the options of $83,283 (2023 - $302,232) was reclassified from reserves to deficit; and
c) 412,500 (2023 – nil) unvested stock options were cancelled

The weighted average fair value of stock options granted during the year ended July 31, 2024 was $0.10 (2023 - $0.18 per option). The fair value was calculated using the Black-Scholes option pricing model using the following weighted average assumptions:

	Year ended July 31, 2024	Year ended July 31, 2023
Share price	$ 0.10	$ 0.20
Risk-free interest rate	3.43%	3.20%
Volatility	129%	138%
Expected life	5 years	5 years
Expected dividend yield	-	-
Expected forfeiture rate	-	-

(Unaudited - Expressed in Canadian Dollars)

During the year ended July 31, 2024, 850,000 (2023 – 800,000) fully vested stock options were cancelled; accordingly, the fair value associated with the options of $113,469 (2023 - $302,232) was reclassified from reserves to deficit.

Option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance as at July 31, 2022	1,725,000	$	0.32
Granted	2,000,000		0.20
Cancelled	(800,000)		0.45
Balance as at July 31, 2023	2,925,000	$	0.20
Granted	1,430,000		0.10
Cancelled	(850,000)		0.26
Balance as at July 31, 2024 and January 31, 2025	3,505,000	$	0.15
Exercisable as at July 31, 2024 and January 31, 2025	3,205,000	$	0.14

As at January 31, 2025, the Company had outstanding options enabling the holders to acquire common shares as follows:

Number of options	Number of exercisable options		Exercise price	Weighted average remaining life (years)	Expiry date
300,000	300,000	$	0.10	1.15	December 23, 2025
350,000	350,000	$	0.165	2.09	December 3, 2026
350,000	350,000	$	0.23	3.04	November 14, 2027
550,000	250,000	$	0.21	3.18	January 5, 2028
100,000	100,000	$	0.17	3.43	April 5, 2028
425,000	425,000	$	0.17	3.48	April 25, 2028
700,000	700,000	$	0.08	4.13	December 15, 2028
300,000	300,000	$	0.08	4.21	January 16, 2029
430,000	430,000	$	0.15	4.45	April 11, 2029
3,505,000	3,205,000			3.11	

The weighted average remaining life of exercisable options is 3.12 years.

(Unaudited - Expressed in Canadian Dollars)

Restricted share units

On June 15, 2023, the Board approved a new share compensation plan, which included the grant of RSUs. The RSUs and can be cash-settled or equity-settled awards as determined by the Board. The maximum number of shares of the Company that are reserved pursuant to the share compensation plan is limited to 10,000,000 shares, provided that the aggregate number of shares available for issuance under this share compensation plan together with all other share compensation arrangements may not exceed 15% of all issued and outstanding common shares at any given time.

During the year ended July 31, 2024, the Company granted nil (2023 – 400,000) RSUs with a fair value of $nil (2023 - $60,000, which vest over a period of 24 months).

During the year ended July 31, 2024, the Company expensed $46,030 (2023 - $1,853) for the fair value of RSUs, which was recorded in share-based compensation.

The continuity of RSUs transactions of the Company was as follows:

	Number of RSUs
Balance as at July 31, 2023	400,000
Settled	(200,000)
Balance as at July 31, 2024	200,000
Settled	(100,000)
Balance as at January 31, 2025	100,000

(Unaudited - Expressed in Canadian Dollars)

Warrants

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance as at July 31, 2023	17,598,561	$	0.31
Exercised	(1,425,000)		0.10
Expired	(1,557,267)		0.62
Balance as at July 31, 2024	14,616,294	$	0.30
Expired	(3,724,250)		0.30
Balance as at July 31, 2024 and January 31, 2025	10,892,044	$	0.30

As at January 31, 2025, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants		Exercise price	Weighted average remaining life (years)	Expiry date
3,727,044	$	0.30	0.39	March 24, 2025
710,282	$	0.30	0.47	April 20, 2025
5,590,600	$	0.30	0.55	May 19, 2025
589,118	$	0.30	0.72	July 19, 2025
275,000	$	0.30	1.31	February 21, 2026
10,892,044			0.27	

Escrow warrants

On January 12, 2021, the Company entered into an escrow agreement pursuant to which 699,999 warrants have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed warrants will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six-month interval thereafter, over a period of 36 months. As at January 31, 2025, there are nil (July 31, 2024 – nil) warrants held in escrow.

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13. RELATED PARTY DISCLOSURES

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel:

		Six months ended January 31, 2025		Six months ended July 31, 2024
Management fees (in general and administrative)	$	75,000	$	75,000
Professional fees (in general and administrative)		48,000		26,500
Share-based payments		5,350		49,664
	$	128,351	$	151,164

During the year ended July 31, 2023, the Company entered into a loan agreement with:

- its President (Note 10) whereby the President advanced USD $400,000 ($535,000). The Company issued 275,000 warrants, valued at $39,440, to the President as compensation for the loan. During the six-months ended January 31, 2025, interest expense was $22,494 (2024 - $28,532).
- The son of its CFO (appointed in fiscal 2024) (Note 10) whereby he advanced $450,000. During the year ended July 31, 2024, interest expense was $29,490 (2024 - $29,951).

As at January 31, 2025, included in accounts payable and accrued liabilities was $468,847 (July 31, 2024 - $322,921) owing to a director, a corporation controlled by a director, and an officer.

The Company has a management services agreement with its President which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of an amount equal to 200% of the current annual compensation plus an amount equal to two times the average of the cash discretionary bonuses paid for the two most recently completed years will be payable.

The Company has a management services agreement with its Chief Financial Officer which provides that in the event the President's services are terminated without cause or upon a change of control of the Company, a termination payment of an amount equal to 100% of the current annual compensation plus an amount equal to two times the average of the cash discretionary bonuses paid for the two most recently completed years will be payable.

(Unaudited - Expressed in Canadian Dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION

The significant non-cash financing and investing activities are as follows:

		Six months ended January 31, 2025		Six months ended January 31, 2024
Property, plant, and equipment included in accounts payable and accrued liabilities	$	2,241,806	$	183,066
Property, plant and equipment included in loans payable		869,040		-
Decommissioning obligations on acquisition of oil and gas properties	$	3,324,763	$	-
Compliance deficiencies on acquisition of oil and gas properties	$	1,043,700	$	-
Fair value of equity component convertible debenture	$	217,666	$	-
Fair value of transaction costs on issue of convertible debenture	$	478,066	$	-

During the six months ended January 31, 2025, the Company paid interest of $nil (2024 - $5,478) and paid income taxes of $nil (2024 - $nil).

15. SEGMENTED INFORMATION

The Company has an operating segment of oil and gas production; all property, plant, and equipment relates to this and is located in the U.S.A. All revenue is derived from these assets (Note 8). The Company also had an operating segment of the acquisition and exploration of exploration and evaluation assets; these are located in Canada (Note 7).

16. FINANCIAL INSTRUMENT RISK

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at January 31, 2025, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The maximum credit risk of the investments is their carrying value. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank account as required to cover current expenditures, minimizing the risk to the Company. Receivables are due from a government agency and from oil and gas marketers. The Company's policy to mitigate credit risk going forward is to maintain marketing relationships with established and reputable purchasers that are considered to be creditworthy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have sufficient cash as at January 31, 2025 to settle its current liabilities as they come due and additional funds are required to continue current operations for the upcoming twelve months (Note 1).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

<u>Foreign currency exchange risk</u>

This risk relates to any changes in foreign currencies in which the Company transacts. The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payables and accrued liabilities, and loans that are denominated in United States Dollars. The effect of a 10% change in foreign exchange rates would be approximately $582,000 for the six months ended January 31, 2025.

<u>Interest rate risk</u>

This risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with variable interest rates, with the exception of cash. Loans payable carry fixed interest rates. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in interest rates would result in a nominal difference for the six months ended January 31, 2025.

<u>Price risk</u>

This risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, and of oil and gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

Fair value hierarchy

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

<u>Level 1</u>

Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2

Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3

Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, receivables, accounts payable and accrued liabilities, and loans payable approximates their carrying values because of the short-term nature of these instruments. The long-term portion of the loans payable approximates its carrying value because it bears interest at the market rate. The BC Co. shares, recorded in investment, are measured using level 3 of the fair value hierarchy. Investments classified within level 3 may have significant unobservable inputs. During fiscal 2024 the carrying value of the investment was increased to $202,500 (2023 - $150,000) due to an evidence-based re-assessment of its fair value made at year end.

17. CAPITAL MANAGEMENT

The Company defines capital as cash, debt, and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financings, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There have been no significant changes in the Company's objectives, policies, and processes for managing its capital during the six months ended January 31, 2025.