

STEARMAN RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

SIX MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company and all information contained in the report have been prepared by and are the responsibility of the Company's management. The Board of Directors has reviewed the condensed interim financial statements and related financial reporting matters.

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

STEARMAN RESOURCES INC.

Condensed Interim Statements of Financial Position

February 28, 2025 and August 31, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

As at	Note	February 28, 2025	August 31, 2024
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		86,212	100,180
Receivables		3,466	44,019
		89,678	144,199
Non-current assets			
Exploration and evaluation assets	3	158,590	153,191
Total assets		248,268	297,390
896			
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		23,194	3,864
Accrued liabilities		1,800	20,431
Total liabilities		24,994	24,295
Shareholders' equity			
Share capital	5	594,756	592,756
Reserves	5	52,513	39,189
Deficit		(423,995)	(358,850)
Total shareholders' equity		223,574	273,095
Total liabilities and shareholders' equity		248,268	297,390

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors on April 15, 2025:

*"Steve Mathiesen"**Steve Mathiesen, Director*

*"Howard Milne"**Howard Milne, Director*

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

STEARMAN RESOURCES INC.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six months ended February 28, 2025 and February 29, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

		For the three months		For the six months	
	Note	February 28, 2025	February 29, 2024	February 28, 2025	February 29, 2024
		\$	\$	\$	\$
EXPENSES					
Accounting fees		2,895	1,800	4,695	3,600
Bank charges and interest		82	72	123	161
Consulting fees		1,573	-	3,358	1,275
Filing fees		5,146	5,021	7,771	7,271
Legal fees		911	817	911	817
Management fees	4	15,000	15,000	30,000	30,000
Meals and entertainment		98	872	117	930
Operating, general and administrative		246	147	1,692	329
Share-based compensation		13,324	-	13,324	-
Telephone		600	600	1,200	1,200
Transfer agent fees		2,078	1,654	4,027	2,903
Travel		24	-	41	27
		(41,977)	(25,983)	(67,259)	(48,513)
Interest income		1,519	1,053	2,114	2,878
Net loss and comprehensive loss		(40,458)	(24,930)	(65,145)	(45,635)
Loss per share – basic and diluted		(0.00)	(0.00)	(0.01)	(0.00)
Weighted average number of common shares outstanding		12,537,556	12,432,604	12,527,221	12,414,802

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STEARMAN RESOURCES INC.

Condensed Interim Statements of Changes in Shareholders' Equity

For the six months ended February 28, 2025 and February 29, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Reserve - Special Warrants	Reserve – Stock Options	Deficit	Total
		\$	\$	\$	\$	\$
Balance, August 31, 2023	12,397,000	587,956	4,800	34,389	(246,016)	381,129
Common shares issued pursuant to option agreement	120,000	4,800	-	-	-	4,800
Net loss for the period	-	-	-	-	(45,635)	(45,635)
Balance, February 29, 2024	12,517,000	592,756	4,800	34,389	(291,651)	340,294
Balance, August 31, 2024	12,517,000	592,756	4,800	34,389	(358,850)	273,095
Common shares issued pursuant to option agreement	50,000	2,000	-	-	-	2,000
Share-based compensation	-	-	-	13,324	-	13,324
Net loss for the period	-	-	-	-	(65,145)	(65,145)
Balance, February 28, 2025	12,567,000	594,756	4,800	47,713	(423,995)	223,274

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STEARMAN RESOURCES INC.

Condensed Interim Statements of Cash Flows

For the six months ended February 28, 2025 and February 29, 2024

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the six months ended	
	February 28, 2025	February 29, 2024
	\$	\$
Cash flows used in operating activities:		
Net loss for the period	(65,145)	(45,635)
Share-based compensation	13,324	-
Changes in non-cash working capital items:		
Receivables	40,553	13,499
Accounts payable and accrued liabilities	699	(534)
Net cash used in operating activities	(10,569)	(32,670)
Investing activity		
Exploration and evaluation expenditures	(3,399)	(32,278)
Net cash used in investing activity	(3,399)	(32,278)
Decrease in cash and cash equivalents	(13,968)	(64,948)
Cash and cash equivalents, beginning	100,180	237,995
Cash and cash equivalents, ending	86,212	173,047
Cash and cash equivalents consist of the following:		
Cash held in banks	46,212	23,047
Guaranteed investment certificates	40,000	150,000
	86,212	173,047
Non-cash transaction:		
Common shares issued pursuant to option agreement	2,000	4,800

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

STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS AND GOING CONCERN

Stearman Resources Inc. (the "Company") was incorporated in the Province of British Columbia on March 1, 2022 under the Business Corporations Act of British Columbia. The Company is focused on acquisition, exploration, and development of mineral properties in Canada. The Company's business office is located at Suite 170 422 Richards Street, Vancouver BC V6B 2Z4. On January 24, 2023, the Company's shares were listed on the Canadian Securities Exchange ("CSE") under the symbol "STMN".

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at February 28, 2025, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$423,995. The continuing operations of the Company are dependent upon its ability to obtain sufficient financing and the success of its exploration activities. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs with loans from directors and companies controlled by directors and/or issuance of common shares. If the Company is unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

2. SUMMARY SIGNIFICANT ACCOUNTING

Basis of preparation

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2024.

Basis of measurement

These unaudited condensed interim financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The unaudited condensed interim financial statements are presented in Canadian dollars, unless otherwise noted.

Accounting Standards and Interpretations Issued but Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS

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3. EXPORATION AND EVALUATION ASSET

On March 11, 2022 and amended January 23, 2024, the Company entered into an option agreement (the “Miniac Agreement”) with J2 Metals Inc. (the “Miniac Optionor”) to acquire a 75% interest in the mineral claims of the Miniac Property (“Miniac”), located in Quebec, Canada. Pursuant to the Agreement, total consideration consists of the following:

Date	Number of Shares	Cash Payments	Minimum Expenditures
		\$	\$
Agreement Date	-	5,000(paid)	-
January 24, 2023 (“Listing Date”)	200,000 (issued)	15,000(paid)	-
1st Anniversary of Listing Date	120,000 (issued)	7,500(paid)	120,000 (incurred)
2 nd Anniversary of Listing Date	120,000	100,000	50,000
3rd Anniversary of Listing Date	120,000	110,000	200,000
4th Anniversary of Listing Date	120,000	110,000	200,000
5th Anniversary of Listing Date	120,000	110,000	400,000
Total	800,000	457,500	970,000

The parties are currently working on an extension of the Agreement.

On January 14, 2025, the Company entered into an option agreement (the “Brassie Agreement”) with Kenneth Ellerbeck. (the “Brassie Optionor”) to acquire a 100% interest in the mineral claims of the Brassie Creek Property (“Brassie”), located in British Columbia, Canada. Pursuant to the Agreement, total consideration consists of the following:

Date	Number of Shares	Cash Payments	Minimum Expenditures
		\$	\$
Agreement Date	50,000 (issued)	2,500(paid)	-
May 31, 2025	-	-	1,500
July 31, 2025	50,000	2,500	-
May 31, 2026	-	-	7,500
May 31, 2027	-	-	15,000
May 31, 2028	-	-	15,000
May 31, 2029	200,000	195,000	15,000
Total	300,000	200,000	54,000

The Company may elect to purchase from the Brassie Optionor at any time prior to the commencement of Commercial Production 50% of the NSR Royalty (being one percent (1.0%)), upon the payment to the Brassie Optionor of \$1,000,000.

STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED FEBRUARY 28, 2025 AND FEBRUARY 29, 2024

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A continuity of the Company's exploration and evaluation asset is as follows:

	Miniac	Brassie	Total
	\$		\$
Acquisition costs:			
Balance, August 31, 2023	40,000	-	40,000
Additions – cash	7,500		7,500
Additions – shares (Note 5)	4,800		4,800
Claims fees	2,816	-	2,816
Balance, August 31, 2024	55,116	-	55,116
Additions – cash	-	2,500	2,500
Additions – shares (Note 5)		2,000	2,000
Balance, February 28, 2025	-	4,500	59,616
Deferred exploration expenditures:			
Balance, August 31, 2023	111,180	-	111,180
Consulting	3,803	-	3,803
Geological	20,975	-	20,975
Quebec Mining Tax Credit	(37,883)	-	(37,883)
Balance, August 31, 2024	98,075	-	98,075
Geological report	-	1,000	1,000
Quebec Mining Tax Credit	(101)	-	(101)
Balance, February 28, 2025	97,974	1,000	98,974
Total exploration and evaluation assets, August 31, 2024	153,191	-	153,191
Total exploration and evaluation assets, February 28, 2025	153,090	5,500	158,590

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4. RELATED PARTY TRANSACTIONS*Key management compensation*

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. During the six months ended February 28, 2025 and February 29, 2024 the Company incurred the following remuneration to key management personnel.

	February 28, 2025	February 29, 2024
	\$	\$
Management fees paid to a company controlled by the CEO	15,000	15,000
Management fees paid by a company controlled by the CFO	15,000	15,000
Share-based compensation	13,324	-
	43,324	30,000

5. SHARE CAPITAL*Authorized share capital*

Unlimited number of common shares without par value

Common Shares

During the six months ended February 28, 2024:

On January 22, 2025, the Company issued 50,000 shares with a fair value of \$2,000 pursuant to the terms of an option agreement.

During the year ended August 31, 2024:

On February 2, 2024, the Company issued 120,000 shares with a fair value of \$4,800 pursuant to the terms of an option agreement.

Share Purchase Warrants

The following is a summary of the Company's share purchase warrants and broker warrants:

	Number	Weighted average exercise price	Weighted average life (years)
		\$	
Balance, August 31, 2023 and 2024	6,048,000	0.06	1.08
Expired	(48,000)	0.10	-
Balance, February 28, 2025	6,000,000	0.06	0.59

The Company extended the expiry date of the 6,000,000 warrants to September 30, 2025 and repriced 5,400,000 warrants to \$0.06. 48,000 warrants expired unexercised.

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NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS

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5. SHARE CAPITAL (continued)*Stock options*

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with Exchange policies, grant to directors, officers and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the common shares issued and outstanding from time to time. Such options are non-transferable and are exercisable at a price per share not below the closing traded price on the day before the date of grant for a period of up to ten years from the date of grant.

A summary of stock options activities are as follows:

On January 15, 2025, the Company granted 400,000 stock options exercisable at \$0.05 per share to directors, expiring January 15, 2028.

	Number	Weighted average exercise price \$	Weighted average life (years)
Outstanding and exercisable, August 31, 2024	800,000	0.10	2.69
Issued	400,000	0.05	
Outstanding and exercisable, February 28, 2025	1,200,000	0.08	2.42

At February 28, 2025, the Company has 1,200,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Exercise Price	Expiry Date
800,000	\$0.10	May 9, 2027
400,000	\$0.05	January 15, 2028
1,200,000		

The fair value of the stock options granted for the nine months ended February 28, 2025 was estimated using the Black-Scholes Option Pricing Model with the assumptions set out below:

	2025
Stock price at grant date	\$0.04
Risk-free interest rate	2.97%
Estimated life (years)	3
Expected volatility	163.63%
Expected dividend yield	0%
Forfeiture rate	0%

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6. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue its operations and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company considers its capital for this purpose to be its shareholders' equity.

The Company's primary source of capital is through the issuance of equity. The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long term but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital.

7. FINANCIAL INSTRUMENTS

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The fair values of other financial instruments, which include cash, accounts payable and accrued liabilities, and promissory notes approximate their carrying values due to the relatively short-term maturity of these instruments.

- a) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.
- b) Credit risk: Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash, which is held with a high-credit financial institution and amounts receivable from the Government of Canada. As such, the Company's credit exposure is minimal.
- c) Liquidity risk: Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.
- d) Currency risk: Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange. The Company has minimal exposure to foreign currency transactions during the six months ended February 28, 2025 and accordingly the risk is considered low.

The carrying value of Company's financial assets and liabilities as at February 28, 2025 and August 31, 2024 approximate their fair value due.