

STEARMAN RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

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 Statement of Financial Position

November 30, 2023 and August 31, 2023

(Expressed in Canadian Dollars)

As at	Note	November 30, 2023	August 31, 2023
		\$	\$
ASSETS			
Current			
Cash and cash equivalents		203,034	237,995
Receivables		4,381	16,839
		207,414	254,834
Non-current assets			
Exploration and evaluation assets	3	175,958	151,180
Total assets		383,373	406,014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable		3,349	5,285
Accrued liabilities		19,600	19,600
Total liabilities		22,949	24,885
Shareholders' equity			
Share capital	5	587,956	587,956
Reserves	5	39,189	39,189
Deficit		(266,721)	(246,016)
Total shareholders' equity		360,424	381,129
Total liabilities and shareholders' equity		383,373	406,014

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors on January 25, 2024:

*"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 Statement of Loss and Comprehensive Loss

For the three months ended November 30, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
GENERAL AND ADMINISTRATIVE EXPENSES		
Accounting fees	1,800	19,500
Bank charges and interest	89	51
Consulting fees	1,275	-
Filing fees	2,250	-
Legal fees	-	75,000
Management fees	15,000	-
Meals and entertainment	58	-
Operating, general and administrative	182	-
Telephone	600	-
Transfer agent fees	1,249	-
Travel	27	-
	(22,530)	(94,551)
Interest income	1,825	2,343
Net loss and comprehensive loss	(20,705)	(92,208)
Loss per share – basic and diluted	(0.00)	(0.03)
Weighted average number of common shares outstanding	12,397,000	3,100,000

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

STEARMAN RESOURCES INC.

Condensed Interim Statement of Changes in Shareholders' Equity

For the three months ended November 30, 2023 and 2022

(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserve - Special Warrants	Reserve – Stock Options	Deficit	Total
		\$	\$	\$	\$	\$
Balance, August 31, 2022	3,100,000	15,500	557,256	34,389	(46,543)	560,602
Exercise of special warrants	8,897,000	548,456	(548,456)	-	-	-
Exercise of finder warrants	200,000	4,000	(4,000)	-	-	-
Common shares issued for property acquisition	200,000	20,000	-	-	-	20,000
Net loss for the year	-	-	-	-	(199,473)	(199,473)
Balance, August 31, 2023	12,397,000	587,956	4,800	34,389	(246,016)	381,129
Net loss for the year	-	-	-	-	(20,705)	(20,705)
Balance, November 30, 2023	12,397,000	587,956	4,800	34,389	(266,721)	360,424

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

STEARMAN RESOURCES INC.

Condensed Interim Statement of Cash Flows

For the three months ended November 30, 2023 and 2022

(Expressed in Canadian Dollars)

	2023	2022
	\$	\$
Cash flows used in operating activities:		
Net loss	(20,705)	(92,208)
Changes in non-cash working capital items:		
Receivables	12,458	(2,674)
Prepaid expenses	-	(17,000)
Accounts payable and accrued liabilities	(1,936)	89,500
Net cash used in operating activities	(10,183)	(22,382)
Investing activities		
Exploration and evaluation expenditures	(24,778)	(11,668)
Net cash used in investing activities	(24,778)	(11,668)
Decrease in cash and cash equivalents	(34,961)	(34,050)
Cash and cash equivalents, beginning	237,995	565,758
Cash and cash equivalents, ending	203,034	531,708
Cash and cash equivalents consist of the following:		
Cash held in banks	28,024	31,708
Guaranteed investment certificates	175,010	500,000
	203,034	531,708

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STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(Expressed in Canadian dollars)

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 November 30, 2023, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$266,721. 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, 2023.

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 “Agreement”) with J2 Metals Inc. (the “Optionor”) to acquire a 75% interest in the mineral claims of the Miniac Property (the “Property”), 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	7,500	120,000
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 requirements of the Company to: (i) make cash payments of \$20,000 to the Optionor on or before the Listing Date; (ii) issue 200,000 shares to the Optionor on the Listing Date; and (iii) incur exploration expenditures in a minimum amount of \$120,000 on the Property on or before the 1st anniversary of the Listing Date, are to be treated as firm commitments.

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

	November 30, 2023	August 31, 2023
	\$	\$
Acquisition costs:		
Balance, beginning of period	40,000	5,000
Additions – cash	-	15,000
Additions – shares (Note 5)	-	20,000
Balance, end of period	40,000	40,000
Deferred exploration expenditures:		
Balance, beginning of period	111,180	-
Consulting	3,803	-
Geological	20,975	110,482
Travel	-	698
Balance, end of period	135,958	111,180
Exploration and evaluations assets	175,958	151,180

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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. There were no remuneration of directors and key management personnel for the three months ended November 30, 2023 and 2022.

	November 30, 2023	November 30, 2022
	\$	\$
Management fees paid to a company controlled by the CEO	7,500	-
Management fees paid by a company controlled by the CFO	7,500	-
	15,000	-

5. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value

Common Shares

On January 18, 2023, the Company issued 2,897,000 shares in relation to the exercise of 2,897,000 special warrants and issued 6,000,000 shares and 6,000,000 share purchase warrants in relation to exercise of 6,000,000 special unit warrants. Each share purchase warrant entitles the holder to purchase one common share of the Company at \$0.10 until September 30, 2024. The value allocated to warrants is \$nil using the residual method. The Company reallocated \$548,456 from reserves to share capital.

On January 20, 2023, the Company issued 200,000 shares in relation with exercise of 200,000 finder warrants and reallocated \$4,000 from reserves to share capital.

On January 25, 2023, the Company issued 200,000 shares with a fair value of \$20,000 pursuant to the acquisition of 75% interest in the Property.

Special Warrants

During the period ended November 30, 2023, the Company issued nil special warrants.

During the year ended August 30, 2023, the Company issued nil special warrants.

On April 8, 2022, the Company issued 265,000 special warrants at \$0.02 per warrant for proceeds of \$5,300. Each special warrant entitles the holder to acquire one common share of the Company on the date that is the earlier of: (i) eighteen months following the closing of the financing, and (ii) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities. During the period ended August 31, 2022, the finders fees were paid to a finder of 200,000 finder warrants with a fair value of \$4,000. Each finder warrant entitles the holder to acquire one common share of the Company until October 8, 2023.

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5. SHARE CAPITAL (continued)*Special warrants (continued)*

On May 4, 2022, the Company issued 6,000,000 special unit warrants at \$0.05 per warrant for proceeds of \$300,000. Each special unit warrant entitles the holder to acquire one unit of the Company consisting of one common share of the Company and one share purchase warrant on the date that is the earlier of: (i) four months and a day following the closing of the financing, and (ii) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities. Each share purchase warrant will entitle the holder to purchase, upon exercise thereof, one common share of the Company \$0.10 per share until September 30, 2024.

On May 22, 2022, the Company issued 492,000 special share warrants at \$0.10 per warrant for proceeds of \$49,200. Each special share warrant entitles the holder to acquire one common share of the Company on the date that is the earlier of: (i) eighteen months following the closing of the financing, and (ii) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities.

On May 26, 2022, the Company issued 2,140,000 special share warrants at \$0.10 per warrant for proceeds of \$214,000. Each special share warrant entitles the holder to acquire one common share of the Company on the date that is the earlier of: (i) four months and a day following the closing of the financing, and (ii) the third business day after a receipt is issued for a final prospectus by the securities regulatory authorities. During the period ended August 31, 2022, the finders fees were paid to the finders of \$4,800 cash and 48,000 finder warrants with a fair value of \$4,800. Each finder warrant entitles the holder to acquire one common share of the Company at \$0.10 per share till September 30, 2024.

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, March 1, 2022 (Incorporation date)	-	-	-
Issued	248,000	0.02	
Balance, August 31, 2022	248,000	0.02	1.45
Exercised	(200,000)	-	-
Issued	6,000,000	0.10	1.08
Balance, August 31, 2023	6,048,000	0.10	1.08
Balance, November 30, 2023	6,048,000	0.10	0.84

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:

	Number	Weighted average exercise price	Weighted average life (years)
		\$	
Outstanding and exercisable, August 31, 2023	800,000	0.10	3.69
Outstanding and exercisable, November 30, 2023	800,000	0.10	3.44

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NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS
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5. SHARE CAPITAL (continued)

Stock options (continued)

During the period ended August 31, 2022, the Company granted 800,000 stock options to the directors of the Company, exercisable at \$0.10 per share till May 9, 2027. The options fully vested upon granting. The fair value of the stock options was \$34,389, calculated using the Black-Scholes Options Pricing Model with assumptions and inputs set out below:

	August 31, 2022
Risk-free interest rate	2.76%
Estimated life (years)	5
Expected volatility	144%
Expected dividend yield	0%
Forfeiture rate	0%

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.

7. FINANCIAL INSTRUMENTS (continued)

STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022

(Expressed in Canadian dollars)

- 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 three months ended November 30, 2023 and accordingly the risk is considered low.

The carrying value of Company's financial assets and liabilities as at November 30, 2023 and August 31, 2023 approximate their fair value due.