

STEARMAN RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023

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, 2024 and August 31, 2024

(Expressed in Canadian Dollars)

| As at | Note | November 30, 2024 | August 31, 2024 |
|---|-------------|------------------------------|----------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Current | | | |
| Cash and cash equivalents | | 106,989 | 100,180 |
| Receivables | | 11,379 | 44,019 |
| | | 118,368 | 144,199 |
| Non-current assets | | | |
| Exploration and evaluation assets | 3 | 153,191 | 153,191 |
| Total assets | | 271,559 | 297,390 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current | | | |
| Accounts payable | | 919 | 3,864 |
| Accrued liabilities | | 22,231 | 20,431 |
| Total liabilities | | 23,150 | 24,295 |
| Shareholders' equity | | | |
| Share capital | 5 | 592,756 | 592,756 |
| Reserves | 5 | 39,189 | 39,189 |
| Deficit | | (383,537) | (358,850) |
| Total shareholders' equity | | 248,408 | 273,095 |
| Total liabilities and shareholders' equity | | 271,558 | 297,390 |

Nature of operations and going concern (Note 1)

These financial statements were approved by the Board of Directors on January 9, 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 Statement of Loss and Comprehensive Loss

For the three months ended November 30, 2024 and 2023

(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|---|-------------------|-------------|
| | \$ | \$ |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Accounting fees | 1,800 | 1,800 |
| Bank charges and interest | 42 | 89 |
| Consulting fees | 1,785 | 1,275 |
| Filing fees | 2,625 | 2,250 |
| Management fees | 15,000 | 15,000 |
| Meals and entertainment | 19 | 58 |
| Operating, general and administrative | 1,446 | 182 |
| Telephone | 600 | 600 |
| Transfer agent fees | 1,949 | 1,249 |
| Travel | 17 | 27 |
| | (25,283) | (22,530) |
| Interest income | 596 | 1,825 |
| Net loss and comprehensive loss | (24,687) | (20,705) |
| Loss per share – basic and diluted | (0.00) | (0.00) |
| Weighted average number of common shares outstanding | 12,517,000 | 12,397,000 |

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, 2024 and 2023

(Expressed in Canadian Dollars)

| | 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 |
| Net loss for the period | - | - | - | - | (20,705) | (20,705) |
| Balance, November 30, 2023 | 12,397,000 | 587,956 | 4,800 | 34,389 | (266,721) | 360,424 |
| | | | | | | |
| Balance, August 31, 2024 | 12,517,000 | 592,756 | 4,800 | 34,389 | (358,850) | 273,095 |
| Net loss for the period | - | - | - | - | (24,687) | (24,687) |
| Balance, November 30, 2024 | 12,517,000 | 592,756 | 4,800 | 34,389 | (383,537) | 248,408 |

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, 2024 and 2023

(Expressed in Canadian Dollars)

| | 2024 | 2023 |
|--|----------------|-------------|
| | \$ | \$ |
| Cash flows used in operating activities: | | |
| Net loss | (24,687) | (20,705) |
| Changes in non-cash working capital items: | | |
| Receivables | 32,640 | 12,458 |
| Accounts payable and accrued liabilities | (1,144) | (1,936) |
| Net cash received (used) in operating activities | 6,809 | (10,183) |
| Investing activities | | |
| Exploration and evaluation expenditures | - | (24,778) |
| Net cash used in investing activities | - | (24,778) |
| Increase (decrease) in cash and cash equivalents | 6,809 | (34,961) |
| Cash and cash equivalents, beginning | 100,180 | 237,995 |
| Cash and cash equivalents, ending | 106,989 | 203,034 |
| Cash and cash equivalents consist of the following: | | |
| Cash held in banks | 31,989 | 28,024 |
| Guaranteed investment certificates | 75,000 | 175,010 |
| | 106,989 | 203,034 |

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 THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023
(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, 2024, the Company is not able to finance day to day activities through operations and has an accumulated deficit of \$383,537. 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.

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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 (issued) | 7,500 (paid) | 120,000 (incurred) |
| 2 nd Anniversary of Listing Date | 120,000 | 100,000 | 50,000 |
| 3 rd Anniversary of Listing Date | 120,000 | 110,000 | 200,000 |
| 4 th Anniversary of Listing Date | 120,000 | 110,000 | 200,000 |
| 5 th Anniversary of Listing Date | 120,000 | 110,000 | 400,000 |
| Total | 800,000 | 457,500 | 970,000 |

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

| | November 30, 2024 | August 31, 2024 |
|---|------------------------------|--------------------|
| | \$ | \$ |
| Acquisition costs: | | |
| Balance, beginning of period | 55,116 | 40,000 |
| Additions – cash | - | 7,500 |
| Additions – shares (Note 5) | - | 4,800 |
| Claims fees | | 2,816 |
| Balance, end of period | 55,116 | 55,116 |
| Deferred exploration expenditures: | | |
| Balance, beginning of period | 98,075 | 111,180 |
| Consulting | - | 3,803 |
| Geological | - | 20,975 |
| Quebec Mining Tax Credit | | (37,883) |
| Balance, end of period | 98,075 | 98,075 |
| Exploration and evaluations assets | 153,191 | 153,191 |

STEARMAN RESOURCES INC.

NOTES TO THE CODENSED INTERIM FINANCIAL STATEMENTS
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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 period ended November 30, 2024 and 2023, the Company incurred the following remuneration to key management personnel.

| | November 30, 2024 | November 30, 2023 |
|---|------------------------------|----------------------|
| | \$ | \$ |
| Management fees paid to a company controlled by the CEO | 7,500 | 7,500 |
| Management fees paid by a company controlled by the CFO | 7,500 | 7,500 |
| | 15,000 | 15,000 |

5. SHARE CAPITAL*Authorized share capital*

Unlimited number of common shares without par value

Common Shares

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.

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, November 30, 2024 | 6,000,000 | 0.06 | 0.83 |

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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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:

| | Number | Weighted average exercise price \$ | Weighted average life (years) |
|--|---------|---|-------------------------------------|
| Outstanding and exercisable, August 31, 2024 | 800,000 | 0.10 | 2.69 |
| Outstanding and exercisable, November 30, 2024 | 800,000 | 0.10 | 2.44 |

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.

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7. FINANCIAL INSTRUMENTS (continued)

- 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 three months ended November 30, 2024 and accordingly the risk is considered low.

The carrying value of Company's financial assets and liabilities as at November 30, 2024 and August 31, 2024 approximate their fair value due.