

# SLEEPING GIANT CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

AND 2023

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of Sleeping Giant Capital Corp. (“the Company“ or “Sleeping Giant”) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company (the “Board”).

The Company’s independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity’s auditors.

**November 29<sup>th</sup>, 2024**

## CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

Cdn\$ (unaudited)

As at	Note	September 30, 2024	December 31, 2023
<b>Assets</b>			
Current			
Cash		285,633	347,728
Accounts receivable	9	110,884	-
Prepaid expenses and deposits		23,959	-
<b>Total current assets</b>		<b>420,476</b>	<b>347,728</b>
Property, plant and equipment	3	752,018	-
<b>Total assets</b>		<b>1,172,494</b>	<b>347,728</b>
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	9	255,795	20,464
Decommissioning provision	4	5,197	-
<b>Total current liabilities</b>		<b>260,992</b>	<b>20,464</b>
Decommissioning provision	4	465,203	-
<b>Total liabilities</b>		<b>726,195</b>	<b>20,464</b>
<b>Equity</b>			
Share capital	5	646,714	443,314
Contributed surplus		173,230	123,280
Deficit		(373,645)	(239,330)
<b>Total equity</b>		<b>446,299</b>	<b>327,264</b>
<b>Total liabilities and equity</b>		<b>1,172,494</b>	<b>347,728</b>

See accompanying notes to the condensed interim financial statements.

**CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
Cdn\$, except per share amounts (unaudited)

For the Three and Nine Months Ended September 30,	Note	Three Months Ended		Nine Months Ended	
		2024	2023	2024	2023
<b>Revenues and other income</b>					
Oil and natural gas sales		68,967	-	94,961	-
Royalties		(2,910)	-	(6,826)	-
Oil and natural gas revenues		66,057	-	88,135	-
Other income		3,236	-	11,535	-
		69,293	-	99,670	-
<b>Expenses</b>					
Production and operating		48,799	-	61,467	-
Transportation and processing		165	-	679	-
General and administrative		36,351	19,532	77,425	51,800
Salaries		6,000	-	18,100	-
Finance costs	7	3,913	-	5,140	-
Stock based compensation	5	-	-	49,950	-
Depletion and depreciation	3	12,476	-	21,224	-
		107,704	19,532	233,985	51,800
<b>Loss before income taxes</b>		<b>(38,411)</b>	<b>(19,532)</b>	<b>(134,315)</b>	<b>(51,800)</b>
<b>Net loss and comprehensive loss</b>		<b>(38,411)</b>	<b>(19,532)</b>	<b>(134,315)</b>	<b>(51,800)</b>
<b>Net loss per share – Basic and Diluted</b>		<b>(0.003)</b>	<b>(0.0025)</b>	<b>(0.0134)</b>	<b>(0.0066)</b>

See accompanying notes to the condensed interim financial statements.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
Cdn\$ (unaudited)

	Note	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, December 31, 2022		443,314	123,280	(158,724)	407,870
Loss and comprehensive loss		-	-	(51,800)	(51,800)
<b>Balance, September 30, 2023</b>		<b>443,314</b>	<b>123,280</b>	<b>(210,524)</b>	<b>356,070</b>
<b>Balance, December 31, 2023</b>		<b>443,314</b>	<b>123,280</b>	<b>(239,330)</b>	<b>327,264</b>
Equity issuance – acquisitions	3, 5	136,500	-	-	136,500
Equity issuance – private placement	5	66,900	-	-	66,900
Stock based compensation	5	-	49,950	-	49,950
Loss and comprehensive loss		-	-	(134,315)	(134,315)
<b>Balance, September 30, 2024</b>		<b>646,714</b>	<b>173,230</b>	<b>(373,645)</b>	<b>446,299</b>

*See accompanying notes to the condensed interim financial statements.*

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

Cdn\$ (unaudited)

For the Three and Nine Months Ended September 30,	Note	Three Months Ended		Nine Months Ended	
		2024	2023	2024	2023
<b>Cash flow from (used in) operating activities</b>					
Net loss		(38,411)	(19,532)	(134,315)	(51,800)
Items not involving cash					
Accretion of decommissioning provision	7	3,913	-	5,140	-
Stock based compensation	5	-	-	49,950	-
Depletion, depreciation and amortization	3	12,476	-	21,224	-
Changes in non-cash working capital		67,003	(3,637)	59,284	(1,488)
		<b>44,981</b>	<b>(23,169)</b>	<b>1,283</b>	<b>(53,288)</b>
<b>Cash flow from (used in) financing activities</b>					
Issuance of common shares	5	-	-	66,900	-
		-	-	66,900	-
<b>Cash flow from (used in) investing activities</b>					
Asset acquisition	3	-	-	(77,455)	-
Property, plant, and equipment additions	3	(88,776)	-	(88,776)	-
Changes in non-cash working capital		-	-	35,953	-
		<b>(88,776)</b>	<b>-</b>	<b>(130,278)</b>	<b>-</b>
<b>Change in cash</b>		<b>(43,795)</b>	<b>(23,169)</b>	<b>(62,095)</b>	<b>(53,288)</b>
<b>Cash, beginning of period</b>		<b>329,428</b>	<b>401,791</b>	<b>347,728</b>	<b>431,910</b>
<b>Cash, end of period</b>		<b>285,633</b>	<b>378,622</b>	<b>285,633</b>	<b>378,622</b>

See accompanying notes to the interim financial statements.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ unless otherwise noted (unaudited)

### 1. DESCRIPTION OF BUSINESS

Sleeping Giant is incorporated under the Business Corporations Act (Alberta) and is listed as a Tier 2 Oil and Gas issuer on the TSXV. On June 3, 2024, Sleeping Giant, then classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"), completed a qualifying transaction with Harvard Energy Partnership ("Harvard"), whereby Sleeping Giant acquired non-operated working interests in certain oil and gas assets in the Gilby, Niton, Rosebud and Sylvan Lake regions ("the Harvard Acquisition"). These condensed interim financial statements reflect the historical financial information of Sleeping Giant and, commencing on June 3, 2024, also reflect the financial results of the Harvard assets acquired.

Sleeping Giant's common shares trade under the symbol "SSX" and is currently a listed oil & gas company seeking a management recapitalization or a reverse takeover transaction with an experienced management team. Sleeping Giant is controlled by insiders and one large shareholder (holding an aggregate of approximately 50% of Sleeping Giant's shares).

More information regarding Sleeping Giant and its qualifying transaction can be found in Sleeping Giant's Filing Statement dated May 28, 2024, which is available on Sleeping Giant's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The address of the Company's registered office is 4200, Bankers Hall West, 888 - 3 St SW, Calgary, AB T2P 5C5.

### 2. BASIS OF PREPARATION

#### Preparation

The financial statements for the three and nine months ended September 30, 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these condensed financial statements should be read in conjunction with the most recent audited annual financial statements and the notes thereto for the year ended December 31, 2023.

On November 29<sup>th</sup>, 2024, the Board of Directors of the Company approved and authorized for issue the Financial Statements for the period ended September 30, 2024.

#### a) Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### b) New Accounting Policies

The Company has adopted all of the published standards, interpretations or amendments to accounting standards, issued by the International Accounting Standards Board, that are effective for annual periods beginning on or after January 1, 2024 and there was no material impact to the financial statements

#### c) Material Accounting Judgments and Estimates

The preparation of the financial statements in conformity with IFRS requires management to make estimates and judgements regarding the reported amounts of assets, liabilities and disclosures and the reported amounts of expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes can differ from these estimates.

#### Judgements

##### Cash Generating Units

Cash generating units ("CGUs") are defined as the lowest grouping of integrated assets that generate identifiable cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The determination of CGUs requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by shared infrastructure, commodity type, and similar exposure to market risks and materiality.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ unless otherwise noted (unaudited)

### Indicators of Impairment

At each reporting date, the Company is required to assess whether there are any internal or external indicators that its petroleum and natural gas properties and equipment within a CGU may be impaired or recovered. Sleeping Giant is required to consider information from both external sources (such as negative downturn in forecasted oil and gas commodity prices, significant adverse changes in the technological, market, economic or legal environment in which the entity operates) and internal sources (such as downward revisions in the estimate of proved and probable oil and gas reserves and the related cash flows, significant adverse effect on the financial and operational performance of a CGU, evidence of obsolescence or physical damage to the asset). By their nature, these assumptions are subject to management's judgment.

### **Estimates**

#### Reserves

Petroleum and natural gas reserves are used in the calculation of depletion, impairment and impairment reversals and are depleted on a unit of production basis at a rate calculated by reference to proved and probable reserves determined in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities which incorporate the estimated future cost of developing and extracting those reserves. Reserve estimates and their resulting cash flows are based on engineering data, probability assessments of reserve recoveries, future prices and costs, future production rates, discount rates and the timing and extent of future capital expenditures, all of which are subject to many uncertainties and interpretation. Management expects that over time its reserve estimates will be revised, either upward or downward, based on updated information such as the results of future drilling, production costs, testing and production levels and changes to forward petroleum and natural gas prices.

#### Impairment

The impairment calculation is based on significant assumptions of proved plus probable oil and natural gas reserves, production rates, benchmark commodity prices, future costs, discount rates and other relevant assumptions. By their nature, these significant assumptions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

#### Decommissioning provision

Decommissioning provision is recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. A corresponding amount equivalent to the provision is also recognized as part of the cost of the related property, plant and equipment. The amount recognized is the estimated cost of decommissioning, discounted to its present value using a risk-free rate. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment.

The decommissioning provision represents the present value of the decommissioning costs related to oil & natural gas properties, which are expected to be incurred over the economic life of the assets. The provisions have been based on the Company's internal estimates on the cost of decommissioning, the discount rate, the inflation rate and the economic life of the infrastructure. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon the future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when production activities cease to be economically viable. This in turn will depend on and be directly related to the current and future commodity prices, which are inherently uncertain.

### **d) Material Accounting Policies**

#### Revenue recognition

The Company's revenues are primarily derived from its interests in the sale of oil and natural gas production. The Company recognizes revenue from its interests in the sales of crude oil and natural gas in the period that its performance obligations are satisfied. Performance obligations are satisfied when the customer obtains control of the product, when the Company has no further obligations to perform related to the sale, when the transaction price has been determined and when collectability is probable. The sales of oil and natural gas are made under contracts which the third-party operators of the wells have negotiated with customers, which typically include variable consideration that is based on pricing tied to local indices and volumes delivered in the current month. The Company receives payment from the sale of oil and natural gas production from one to three months after delivery. At the end of each month when the performance obligation is satisfied, the variable consideration can be reasonably estimated and amounts due from customers are accrued in trade receivables on the balance sheet.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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The Company's oil is typically sold at delivery points under contract terms that are common in the industry. The Company's natural gas produced is delivered by the well operators to various purchasers at agreed upon delivery points under a limited number of contract types that are also common in our industry. Regardless of the contract type, the terms of these contracts compensate the well operators for the value of the oil and natural gas at specified prices, and then the well operators will remit payment to the Company for its share in the value of the oil and natural gas sold.

### Joint Operations

Sleeping Giant conducts all of its oil and gas operations through jointly controlled operations and the financial statements reflect only the Company's proportionate interest in such activities. Contractual arrangements for the Company's jointly controlled operations govern that the partners have rights to the assets and obligations for the liabilities. It is possible that at some future date allocation adjustments to revenues and expenditures could result from revised billings, audit or litigation with these other participants.

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

All PP&E are stated at cost, less accumulated depreciation and depreciation and impairment. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning provision and borrowing costs for qualifying assets.

The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs include expenditures on the construction, installation or completion of infrastructure such as well sites, pipelines and facilities including activities such as drilling, completion and tie-in costs, equipment and installation costs, associated geological and human resource costs.

### Depletion

Depletion of oil & natural gas reserves are based on estimates of proved producing reserves and the future development costs required to develop those reserves. By their nature, these estimates of reserves, including the estimates of future prices and production costs, required capital expenditures and the related future cash flows are subject to measurement uncertainty, and the impact in the financial statements of future periods could be material. The recoverability of oil & natural gas properties carrying values is assessed at the CGU level.

### Impairment of PP&E

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of fair value less costs to sell or value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of a CGU. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a after- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Impairment charges of continuing operations are recognized in the income statement. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment charges may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depletion, had no impairment charge been recognized for the asset in prior years.

### Business combinations

Management's determination of whether a transaction constitutes a business combination or asset acquisition is determined based on the criteria in IFRS 3 Business Combinations ("IFRS 3").

Business combinations are accounted for using the acquisition method of accounting. Management makes estimates of the acquisition-date fair value of assets acquired and liabilities assumed which includes assessing the estimated fair value of oil and natural gas properties (included in PP&E) derived from estimated recoverable quantities of proved and probable oil and natural gas reserves and the

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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related cash flows being acquired. Transaction costs incurred are expensed.

Management applies the optional concentration test under IFRS 3 and, where appropriate, will apply the asset acquisition accounting method of accounting for these transactions.

### Stock-based compensation

In estimating the fair value of stock options and agents' options using the Black-Scholes option pricing model, the Company uses assumptions related to the risk-free interest rate, expected option life, estimated forfeitures, estimated market price of the Company's shares, and the estimated volatility of the Company's share price.

### 3. PROPERTY, PLANT AND EQUIPMENT

On June 3, 2024, the Company acquired non-operated working interests in certain oil & gas assets from Harvard for total net consideration of \$21,660. This amount was paid for through the issuance of 4,550,000 common shares of the Company and includes \$289,840 of net cash received due to preliminary purchase price adjustments received from the first interim statement of adjustments during the nine months ended September 30, 2024 from Harvard. In connection with the transaction, the Company recognized \$465,260 in decommissioning obligations and capitalized \$197,545 in total transaction costs.

The Company applied the optional concentration test under IFRS 3, which resulted in the acquisition being accounted for as an asset acquisition.

Given that the properties acquired are in close proximity to each other, with similar working interests, cost structure and marketing arrangements, the Company has identified that the acquired assets are a single CGU.

At September 30, 2024, the Company evaluated its single CGU for indicators of impairment and determined that no indicators were present.

	Oil and natural gas properties	Total
<b>Cost</b>		
Balance, December 31, 2023	-	-
Acquisition	684,466	<b>684,466</b>
Additions	88,776	<b>88,776</b>
<b>Balance, September 30, 2024</b>	<b>773,242</b>	<b>773,242</b>
<b>Accumulated Depletion and Depreciation</b>		
Balance, December 31, 2023	-	-
Depletion and depreciation	21,224	<b>21,224</b>
<b>Balance, September 30, 2024</b>	<b>21,234</b>	<b>21,224</b>
Net book value, December 31, 2023	-	-
<b>Net book value, September 30, 2024</b>	<b>752,018</b>	<b>752,018</b>

### 4. DECOMMISSIONING PROVISION

As at	September 30, 2024	December 31, 2023
Balance, beginning of period	-	-
Acquisition	<b>465,260</b>	-
Accretion	<b>5,140</b>	-
Balance, end of period	<b>470,400</b>	-
Current portion	<b>5,197</b>	-
Long-term portion	<b>465,203</b>	-

As at September 30, 2024, the uninflated and undiscounted estimated cash flows required to settle the obligation were \$838,270

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ unless otherwise noted (unaudited)

(December 31, 2023 – \$Nil), which have been inflated at a rate of 1.80% (December 31, 2023 – Nil) and discounted using the Bank of Canada’s long-term bond rate of 3.39% (December 31, 2023 – Nil). The expected timing of payment of the cash flows required for settling the obligations are substantially expected to be incurred between 2024 and 2073.

### 5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares and unlimited number of preferred shares (issuable in series) and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. A summary of the issued and outstanding common shares is presented below:

Issued and outstanding share capital continuity	Common Shares (# Shares)	Share Capital (C\$)
Balance, December 31, 2023	7,800,000	443,314
Equity issuance – acquisitions	4,550,000	136,500
Equity issuance – private placement	445,999	66,900
<b>Balance, September 30, 2024</b>	<b>12,795,999</b>	<b>646,714</b>

On January 28, 2021, the directors, officers and other non-arm’s length parties of the Company subscribed for 2,800,000 common shares at a price of \$0.05 per common share for gross proceeds of \$140,000.

On June 15, 2021, the Company issued 5,000,000 common shares at \$0.10 per share for aggregate gross proceeds of \$500,000 pursuant to a prospectus dated May 20, 2021 (the “Offering”). The Company entered into an agreement with Richardson Wealth Limited (the “Agent”) to raise the gross proceeds of \$500,000 in connection with the Company’s IPO. The Company paid a commission of 10% of gross proceeds to the Agent amounting to \$50,000 and a corporate finance fee of \$15,000. In addition, the Agent was granted non-transferable options to purchase an aggregate of 500,000 Common Shares at \$0.10 per share, valid for five years following the closing of the Offering. The Company reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the Offering, in respect of the Offering the Company incurred costs of \$13,753, in combination with the above costs for a total issuance cost of \$78,753.

On June 3, 2024, the Company issued 4,550,000 common shares to Harvard in connection with the Harvard Acquisition. The value of the share consideration in the in the purchase and sale agreement with Harvard was \$0.15 per share. The Company is required to measure the fair value of the equity consideration at the prevailing share price at the close of the transaction, which was \$0.03 per share.

Concurrently with the Harvard Acquisition, the Company closed a non-brokered private placement of 445,999 common shares at \$0.15 per share, for total gross proceeds of \$66,900.

#### Stock options

The Company has established a stock option plan for its directors, officers and consultants under which the Company may grant options from time to time to acquire a maximum of 10% of the issued and outstanding common shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Directors when the option is granted. Options expire one year after the death of a director or officer and in the event of termination of employment or holding office as director or officer of the Company, subject to the expiry date of the option. The number of common shares issued to any individual director or senior officer in a 12 month period cannot exceed 5% of the issued and outstanding common shares, on a non-diluted basis, as at the date of grant of the stock option.

On June 15, 2021, the Company entered into stock option agreements, granting stock options to officers and directors to acquire up to an aggregate of 780,000 common shares of the Company, at an exercise price of \$0.10 per share any time prior to June 15, 2031.

A total of 499,497 stock options were granted during the nine months ended September 30, 2024 (2023 – Nil), after the completion of the Harvard Acquisition.

#### Agent options

On June 15, 2021, the Company granted stock options to the Agents in relation to the Offering. The options are equal to 10% of the aggregated number of common shares sold in the Offering at a price of \$0.10 per share expiring 5 years from the date of the grant. Not more than 50% of the Common Shares received on the exercise of the agents’ options may be sold prior to the completion of a qualifying

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ unless otherwise noted (unaudited)

transaction.

No additional agent options were granted during the three and nine months ended September 30, 2024 (2023 – Nil).

A summary of all outstanding stock options is as follows:

For the Three and Nine Months Ended September 30,	Three Months Ended				Nine Months Ended			
	2024		2023		2024		2023	
	# Options	Exercise Price	# Options	Exercise Price	# Options	Exercise Price	# Options	Exercise Price
Balance, beginning of period	1,779,597	\$0.12	1,280,000	\$0.10	1,280,000	\$0.10	1,280,000	\$0.10
Granted during the period	-	-	-	-	499,597	\$0.15	-	-
<b>Balance, end of period</b>	<b>1,779,597</b>	<b>\$0.12</b>	<b>1,280,000</b>	<b>\$0.10</b>	<b>1,779,597</b>	<b>\$0.12</b>	<b>1,280,000</b>	<b>\$0.10</b>

## 6. OIL AND NATURAL GAS SALES

For the Three and Nine Months Ended September 30,	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
Oil	52,602	-	70,912	-
Natural gas	2,328	-	4,374	-
Natural gas liquids	14,037	-	19,675	-
Oil and natural gas sales <sup>1</sup>	68,967	-	94,961	-

Note 1: Oil and natural gas sales for the nine months ended September 30, 2024 reflects the revenue from the Harvard Assets beginning on June 3, 2024.

## 7. FINANCE COSTS

For the Three and Nine Months Ended September 30,	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
Accretion of decommissioning provision (note 4)	3,913	-	5,140	-
Finance costs	3,913	-	5,140	-

## 8. NET LOSS PER SHARE

In calculating the basic net loss per share for three and nine months ended September 30, 2024, the weighted average number of shares used in the calculation is shown in the table below:

For the Three and Nine Months Ended September 30,	Three Months Ended		Nine Months Ended	
	2024	2023	2024	2023
Net loss	(38,411)	(19,532)	(134,315)	(51,800)
Weighted average number of shares outstanding	12,795,999	7,800,000	9,996,044	7,800,000
Net loss per share	(0.003)	(0.0025)	(0.0134)	(0.0066)

## 9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

At September 30, 2024, the Company's financial instruments include accounts receivable, accounts payable and accrued liabilities.

The estimated fair values of the financial instruments have been determined based on the Company's assessment of available market information. These estimates may not necessarily be indicative of the amounts that could be realized or settled in a market transaction.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

All amounts are expressed in Cdn\$ unless otherwise noted (unaudited)

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities. These risks include credit risk, and liquidity risk.

### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This will arise principally from outstanding receivables related to oil and natural gas customers, counterparties related to its joint interest partners.

On entering into any business contract, the extent to which the arrangement exposes the Company to credit risk is considered. The Company's policy to mitigate credit risk associated with these balances is to establish relationships with reputable counterparties, review the financial capacity of its counterparties, and may request prepayment. Receivables from oil and natural gas sales are generally collected on or about the 25<sup>th</sup> day of the month following production. Joint operations receivables are typically collected within one to three months of the invoice being issued.

The Company's maximum exposure to credit risk at September 30, 2024 is in respect of accounts receivable, net of expected credit losses provision. As at September 30, 2024, no account receivable balances were past due and are all of considered collectable (December 31, 2023 – \$Nil).

The oil and gas industry has a pre-arranged monthly clearing day for payment of revenues from all buyers of oil and natural gas; this occurs on or about the 25<sup>th</sup> day following the month of sale. As a result, the Company's oil and natural gas sales receivables are current. All other accounts receivable are generally contractually due within 30 days.

### Liquidity risk

Liquidity risk is the risk that Sleeping Giant will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk through actively managing its capital, which it defines as cash, debt and equity. Capital management strategies include continuously monitoring forecasted and actual cash provided by (used in) operating, financing and investing activities and opportunities to issue additional equity. Sleeping Giant actively monitors its credit and working capital to ensure that it has sufficient available funds to meet its financial requirements at a reasonable cost. Management believes that funds generated from these sources currently will be adequate to settle the Company's financial liabilities. After examining the economic factors that are causing the liquidity risk facing the Company, the judgment applied to these factors, and the various initiatives that the Company has and will undertake to strengthen its financial position, the Company believes it will have sufficient liquidity to support its ongoing operations and meet its financial obligations as they come due for at least the next twelve months. A significant decline in commodity prices would hamper the Company's ability to manage its working capital and potentially require the Company to seek other sources of funding. If required, Sleeping Giant will also consider additional short-term financing or issuing equity in order to meet its future liabilities. Any of these events could affect Sleeping Giant's ability to fund ongoing operations.

## 10. RELATED PARTY TRANSACTIONS

An officer and director of the Company participated in the non-brokered placement which closed in conjunction with the Harvard Acquisition on June 3, 2024. A total of 100,000 common shares were issued at a share price of \$0.15, consistent with the share price issued to all investors as part of the offering.

The Company engaged a law firm, of which an officer is a partner of, to provide legal and advisory services in relation to the Harvard Acquisition and the non-brokered private placement. An amount of \$113,187 for the nine months ended September 30, 2024 (2023 - \$10,873) related to these legal fees were incurred by the Company.