

Condensed Consolidated Interim Financial Statements of:
Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

For the three and nine months ended
September 30, 2024 and 2023
(Expressed in Canadian dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Blue Sky Global Energy Corp. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Board of Directors has reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Condensed Consolidated Interim Financial Statements

September 30, 2024 and 2023

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Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

As at	Note	September 30, 2024	December 31, 2023
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	8	\$ 483,438	\$ 293,318
Restricted cash	9	202,485	-
Accounts receivable and other receivables	7,14	972,745	9,096
Prepaid expenses		295,815	1,717
Deposits	10	853,942	457,097
Total current assets		2,808,425	761,228
<i>Non-current assets</i>			
Exploration and evaluation assets	11	1,627,775	317,660
Oil & gas assets	7,12	16,401,219	-
Total assets		\$ 20,837,419	\$ 1,078,888
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable and accrued liabilities	13,14	\$ 136,708	\$ 179,272
Total liabilities		136,708	179,272
SHAREHOLDERS' EQUITY			
Share capital	15	20,116,260	2,344,368
Accumulated other comprehensive loss		(48,842)	(3,866)
Retained earnings (deficit)		633,293	(1,440,886)
Total shareholders' equity		20,700,711	899,616
Total liabilities and shareholders' equity		\$ 20,837,419	\$ 1,078,888

Going Concern (Note 2)**Commitments** (Note 20)

These condensed consolidated interim financial statements were approved by the Board of Directors on November 28, 2024:

Approved on behalf of the Board:

"Dean Casorso" (signed)
Director

"James Tworek" (signed)
Director

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

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Condensed Consolidated Interim Statements of Net and Comprehensive Income (Loss)

For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

	Note	For the three months ended September 30,		For the nine months ended September 30,	
		2024	2023	2024	2023
REVENUES					
Revenue from oil and gas interest	7	\$ 2,114,018	\$ -	\$ 6,719,267	\$ -
Royalties		(228,920)	-	(712,101)	-
		1,885,098	-	6,007,166	-
EXPENSES					
Consulting fees		\$ 18,492	\$ 4,391	\$ 39,038	\$ 14,320
Depletion	12	281,960	-	439,441	-
Filing fees		14,242	930	89,174	930
Interest and bank charges		2,381	1,413	3,543	3,701
Office and administrative		11,307	508	38,118	1,167
Operating expenses on oil and gas interests	16	654,757	-	2,933,747	-
Professional fees	14	71,197	68,781	286,117	104,500
Salaries & benefits		5,642	-	29,549	-
Travel and entertainment		7,044	747	7,825	747
Total operating expenses		\$ (1,067,022)	\$ (76,770)	\$ (3,866,552)	\$ (125,365)
Income (loss) before other items		\$ 818,076	\$ (76,770)	\$ 2,140,614	\$ (125,365)
OTHER ITEMS					
BSP expense funding	7	-	-	(106,455)	-
Interest income		517	9,658	3,401	22,138
Listing expense		-	(642,794)	-	(642,794)
Foreign exchange gain		7,487	18,920	36,619	1,647
Net income (loss)		\$ 826,080	\$ (690,986)	\$ 2,074,179	\$ (744,374)
Other comprehensive income (loss)					
Cumulative translation adjustment		(27,318)	(11,888)	(44,976)	(1,355)
Net income (loss) and comprehensive income (loss)		798,762	(702,874)	2,029,203	(745,729)
Income (loss) per share					
Basic and diluted	15	\$ 0.01	\$ (0.08)	\$ 0.03	\$ (0.16)
Weighted average number of shares outstanding					
Basic and diluted	15	69,693,659	9,010,159	59,672,030	4,687,257

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

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

	Number of Shares	Share capital \$	Accumulated other comprehensive loss \$	Retained earnings (deficit) \$	Total shareholders' equity \$
Balance, December 31, 2022	1,605,616	881,251	(14,723)	(469,444)	397,084
Shares issued for cash (Note 15)	1,468,531	1,050,000	-	-	1,050,000
Share split upon RTO	5,727,439	-	-	-	-
Shares retained by former Blue Sky Global shareholders upon RTO	1,652,468	413,117	-	-	413,117
Cumulative translation adjustment	-	-	(1,355)	-	(1,355)
Net loss for the period	-	-	-	(744,374)	(744,374)
Balance, September 30, 2023	10,454,054	2,344,368	(16,078)	(1,213,818)	1,114,472
Balance, December 31, 2023	10,454,054	2,344,368	(3,866)	(1,440,886)	899,616
Shares issued to BSR nominees (Note 7)	59,239,641	17,771,892	-	-	17,771,892
Cumulative translation adjustment	-	-	(44,976)	-	(44,976)
Net income for the period	-	-	-	2,074,179	2,074,179
Balance, September 30, 2024	69,693,659	20,116,260	(48,842)	633,293	20,700,711

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

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

For the nine months ended September 30,	2024	2023
OPERATING ACTIVITIES		
Net income (loss)	\$ 2,074,179	\$ (744,374)
Non-cash items:		
Listing expense	-	642,794
Foreign exchange	-	(2,254)
Depletion	439,441	-
Changes in non-cash working capital items:		
Accounts receivable and other receivables	(957,194)	(2,570)
Prepaid expenses	(123,404)	(1,439)
Accounts payable and accrued liabilities	(91,977)	(222,342)
Net cash provided by (used in) operating activities	1,341,045	(330,185)
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(128,300)	-
Oil and gas asset expenditures	(361,269)	-
Cash assumed upon closing of Qualifying Transaction	-	967
Cash received on acquisition transaction	207,629	-
Refund of deposit	150,000	-
Deposit on oil and gas asset expenditures	(775,175)	-
Net cash provided by (used in) investing activities	(907,115)	967
FINANCING ACTIVITIES		
Shares issued for cash	-	1,050,000
Cash received from promissory note	136,772	-
Repayment of promissory note	(136,772)	-
Net cash provided by financing activities	-	1,050,000
Effect of exchange rate changes on cash	(41,325)	-
Increase in cash and restricted cash	392,605	720,782
Cash and restricted cash, beginning	293,318	175,016
Cash and restricted cash, ending	\$ 685,923	\$ 895,798
Reconciliation of cash and restricted cash:		
Cash, end of period	\$ 483,438	\$ 895,798
Restricted cash, end of period	202,485	-
Cash and restricted cash, end of period	\$ 685,923	\$ 895,798

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

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF BUSINESS

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.) (the "Company" or "Blue Sky") was incorporated under the Business Company's Act of Ontario on January 21, 2005 and its shares have been listed for trading on the TSX Venture Exchange (the "Exchange") on May 2, 2008. On May 25, 2023, the Company changed its name from ITOK Capital Corp. to Blue Sky Global Energy Corp.

On July 18, 2023, the Company completed the acquisition of all the issued and outstanding shares of a private company, 2413017 Alberta Ltd. ("241") through a reverse takeover transaction ("RTO"), constituting its Qualifying Transaction under the applicable policies of the TSX Venture Exchange. Upon completion of the RTO, the shareholders of 241 obtained control of the consolidated entity. As a result, 241 has been identified as the accounting acquirer, and accordingly, the entity is considered to be a continuation of 241 with the net assets of the Company at the date of the RTO deemed to have been acquired by 241.

241 has two wholly-owned subsidiaries, Fire Creek (Barbados) Ltd. ("FCBL") which was incorporated under the Companies Act of Barbados on May 6, 2022, and FCRL Belize Ltd. ("FCRL" or "FCRL Belize") which was incorporated under the Companies Act of Belize on December 10, 2014. On January 28, 2020, FCRL entered into a production Sharing Agreement with the Government of Belize whereas FCRL has been granted the right to the exploration and production of petroleum resources in and throughout the contract area (Note 11).

In connection with the closing of the Qualifying Transaction, the newly amalgamated entity received approval by the TSX Venture Exchange and trading commenced on July 20, 2023 under the symbol "BGE".

On May 28, 2024, the Company closed a purchase agreement with Blue Sky Resources Ltd. ("BSR") incorporated in Alberta to acquire 100% of the issued and outstanding securities of BSR's wholly-owned subsidiary, Blue Sky Paus Ltd. ("BSP"), a company incorporated in Alberta, as well as a 50% interest in certain oil and gas assets located in Canada (the "Acquisition") (Note 7). In connection with the Acquisition, the Company completed a 5-for-1 reverse split of its common shares ("the Consolidation"). Except where otherwise indicated, all historical share numbers and per share amounts have been adjusted on a retroactive basis to reflect the Consolidation. Subsequent to the transaction, nominees of BSR held approximately 85% of the issued and outstanding shares of the Company and as such, BSR is deemed to be a related party.

2. GOING CONCERN

These condensed consolidated 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. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. These condensed consolidated interim financial statements do not give effect to any adjustments to the amounts or classification of assets and liabilities which might be necessary should the Company be unable to continue as a going concern.

3. BASIS OF PRESENTATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect as of January 1, 2024.

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The condensed consolidated interim financial statements were authorized for issue by the directors of the Company on November 28, 2024.

Basis of Presentation

These condensed consolidated interim financial statements of the Company have been prepared on a historical cost basis except for certain financial instruments measured at fair value. All amounts are rounded to the nearest dollar.

The preparation of the condensed consolidated interim financial statements requires that management make estimates, judgment, and assumptions based on available information. Accordingly, actual results may differ from estimates as future confirming events occur.

Certain amounts for the prior quarter ended June 30, 2024, have been reclassified for consistency with the current period presentation. In the six months ended June 30, 2024 condensed consolidated interim financial statements, revenues were presented on a net of royalties and operating expense basis. For the purpose of these condensed consolidated interim financial statements, revenues are presented on a gross basis and royalties and operating expenses have been presented separately.

Functional and presentation currency

The functional currency of each legal entity is measured using the currency of the primary economic environment in which it operates. These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional currency. The functional currency of Blue Sky and 241 is the Canadian dollar, and the wholly-owned subsidiaries, FCRL, FCBL, and BSP is the United States dollar.

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Subsidiaries are entities over which the Company has the power to govern financial and operating policies. Details of controlled subsidiaries are as follows:

Entity	Country of Company	Percentage Owned
2413017 Alberta Ltd.	Canada	100%
Fire Creek (Barbados) Ltd.	Barbados	100%
FCRL Belize Ltd.	Belize	100%
Blue Sky Paus Ltd.	Indonesia	100%

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

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3. BASIS OF PRESENTATION (CONTINUED)

Assets, liabilities, and expenses of the subsidiaries are recognized in accordance with the Company's accounting policies. Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

4. MATERIAL ACCOUNTING POLICY INFORMATION

These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023. The material accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 4 of the Company's annual audited consolidated financial statements for the year ended December 31, 2023 except for the following:

Joint Arrangements

The Company has a 50% interest in revenue-generating oil and gas properties located in BC and is entitled to receive the net cashflows generated from the operations of the properties. Management has assessed the relationship as a joint operation as both parties have joint control of assets, and obligations for the liabilities. Therefore, these condensed consolidated interim statements of net and comprehensive income (loss) include the Company's share of the jointly controlled assets and its share of the relevant revenues and related royalties and operating expenses.

Oil and Gas Properties

Oil and gas assets consist of the Company's 50% interest in the properties located in BC. The acquisition of this 50% interest is further discussed in Note 7. The Company's assets are aggregated into cash generating units ("CGUs") based on an assessment of the units ability to generate independent cash inflows of other assets or group of assets. The determination of the Company's CGUs was based on management's judgement in regard to shared infrastructure, geographical proximity, petroleum type and similar exposure to market risk and materiality.

Oil and gas assets include acquisition, development and productions costs, less accumulated depletion and accumulated impairment loss. Oil and gas assets are grouped into CGUs for impairment testing. The Company has grouped its oil and gas assets into one CGU: the British Columbian property.

When significant parts of an item of oil and gas assets have different useful lives, they are accounted for as separate items (major components). Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of O&G are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in the consolidated statements of net and comprehensive income (loss) as incurred.

Such capitalized items generally represent costs incurred in developing proved reserves and bringing on or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognized. The costs of the day-to-day servicing of oil and gas properties are recognized in the consolidated statements of loss and comprehensive loss as incurred.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

The net carrying value of oil and gas assets is depleted using the unit-of-production method by reference to the ratio of production in the year to the related proved reserves, considering estimated future development costs necessary to bring those reserves into production. The estimated future development costs is added to the carrying value of the oil and gas assets to calculate depletion. These estimates are reviewed by independent reservoir engineers at least annually. Well equipment is also depleted using the unit-of-production method along with the related reserves when the assets are designed to have a life similar to the reserves of related well with little to no residual value.

Impairment

At the end of each reporting period, the Company reviews its long-lived assets for circumstances that indicate the assets may be impaired. Assets are grouped together into CGUs for the purpose of impairment testing. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to dispose and its value in use.

When the recoverable amount is less than the carrying amount, the asset or CGU is impaired. For impairment losses identified on a CGU, the loss is first allocated to reduce the carrying amount of goodwill, should it exist, then allocated on a pro rata basis to the assets within the CGU. Impairment losses are recognized in the statement of earnings and comprehensive earnings.

At the end of each subsequent reporting period these impairments are assessed for indicators of reversal. Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss have been recognized for the asset or CGU in prior periods. A reversal of an impairment loss is recognized in the statement of earnings and comprehensive earnings.

5. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the condensed consolidated interim financial statements and reported amounts of income and expenses during the reporting period. Estimates, judgments, and assumptions 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. However, actual outcomes can differ from these estimates.

The significant accounting judgements, estimates, and assumptions applied in the preparation of these condensed consolidated interim financial statements are consistent with the accounting policies disclosed in Note 5 of the Company's annual consolidated financial statements for the year ended December 31, 2023. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2023.

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian dollars)

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6. REVERSE TAKEOVER

On February 24, 2023, the Company and 241 entered into an amalgamation agreement whereby, the Company would acquire all issued and outstanding shares of 241, and shareholders of 241 would receive shares in the Company at a rate of approximately 2.8631 for each share held in 241. The transaction closed July 18, 2023 and constitutes a Qualifying Transaction under the policies of the TSX Venture Exchange.

Upon completion of the Qualifying Transaction, former shareholders of 241 own 84% and the existing shareholders of Blue Sky own 15% of the issued and outstanding common shares of the Company. As part of the Qualifying Transaction, 650,000 common shares were issued to a finder. As a result, former shareholders of 241 acquired control of the Company, thereby constituting a reverse takeover of the Company. The reverse takeover is considered a purchase of the Company's net assets by the shareholders of 241.

The Qualifying Transaction is accounted for in accordance with the guidance provided in IFRS 2 Share-Based Payment. As the Company did not qualify as a business according to the definition in IFRS 3 as there were no substantive processes in place, the Qualifying Transaction does not constitute a business combination; rather, it is treated as an issuance of shares by 241 for the net assets of the Company.

The fair value of the consideration issued to acquire the net assets of the Company is as follows:

Consideration:		
Fair value of shares retained by former shareholders (1,652,468 shares at \$0.25)	\$	413,117
Total consideration		413,117
Net Assets of the Company:		
Cash	\$	967
Accounts payable and accrued liabilities		(230,644)
Total net assets	\$	(229,677)
Listing expense	\$	642,794

The fair value of \$0.25 per share was based on the most recent financing completed prior to the RTO.

7. ACQUISITION TRANSACTION

On November 10, 2023, the Company entered into an agreement with BSR to acquire 50% of BSR's oil and gas producing and revenue generating assets in the Province of British Columbia and 100% of the issued and outstanding securities of BSP, a company incorporated in Alberta, that holds a Production Sharing Contract in Indonesia that may be prospective for oil and gas resource development.

On May 28, 2024, the Company closed the acquisition mentioned above. The acquisition is considered to be non-arm's length and a related party transaction by the TSXV, but does not meet the requirements to be classified as an RTO for accounting purposes. Pursuant to the acquisition, the Company announced a share consolidation on the basis of one new share for every five existing common shares, effective May 24, 2024. Following the consolidation, the Company has 69,693,659 common shares issued and outstanding, of which 59,239,641 were issued and valued at a price of \$0.30 to BSR. The remaining 10,454,018 common shares are owned by existing Company shareholders. As per TSXV policies, 52,169,494 common shares issued to BSR are held in escrow to maintain the TSXV public float requirements for the Company.

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended September 30, 2024 and 2023
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7. ACQUISITION TRANSACTION (CONTINUED)

Under IFRS 3, the acquisition does not constitute a business combination as there were no processes or outputs acquired and was accounted for as an asset acquisition recognized in oil and gas assets.

The following table summarizes the fair value of consideration paid on the acquisition date and the net assets acquired:

Consideration	
Fair value of 59,239,641 common shares issued	\$ 17,771,892
Total consideration	\$ 17,771,892
Assets acquired	\$ 464,535
Fair value of liabilities assumed	(49,412)
Total allocated to oil & gas assets	\$ 16,479,391
Total allocated to exploration and evaluation assets	\$ 877,379

The initial accounting treatment for the acquisition of the 50% interests in the oil and gas assets and 100% of the issued and outstanding securities of BSP is incomplete pending completion of a purchase price allocation valuation. In order to complete the accounting treatment, the valuation will allow management to allocate the purchase price to the oil and gas assets and the Indonesian E&E asset based on valuations. Currently, allocations are based on management's best estimate. In addition, the valuation will also include any decommissioning liabilities to be recognized on the statement of financial position. The Company expects the valuation to be complete in the final quarter of 2024 and incorporated into the year-ended December 31, 2024 audited consolidated financial statements. As a result, the purchase price allocation reflected above is provisional for the purposes of these condensed consolidated interim financial statements.

During the nine months ended September 30, 2024, the Company recognized \$6,719,267 in revenues, royalty expense of \$712,101 and operating expenses of \$2,933,747, resulting in net income of \$3,073,419 from its interest in the oil and gas properties. As at September 30, 2024, \$904,868 of the net income was in accounts receivable and other receivables.

8. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023
Cash held in bank	\$ 483,438	\$ 11,647
Term deposits	-	281,671
	\$ 483,438	\$ 293,318

Blue Sky Global Energy Corp. (formerly ITOK Capital Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

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9. RESTRICTED CASH

The Company's restricted cash represents cash collateral held with a financial institution in relation to a performance bond (Note 11). The financial institution will guarantee the value of the performance for three years in return for a posting fee of USD\$45,000 (CA\$60,745) and a cash collateral of USD\$150,000 (CA\$202,485). The Company was also required to insure the amount of the performance bond to obtain the bank guarantee for USD\$148,490 (CA\$200,446).

10. DEPOSITS

On November 24, 2023, the Company entered into a Non-binding Letter of Intent ("LOI") with BSR to acquire an interest in certain assets made up of oil lands, that may be prospective for heavy oil and natural gas in Alberta. As part of the LOI, the Company paid a refundable deposit of \$457,097, which may form part of the purchase price of the assets, if the LOI is formalized and pursued. On January 29, 2024, the Company was refunded \$150,000 on the deposit paid for the Non-Binding LOI, which the companies mutually agreed upon to reduce the deposit amount. On August 19, 2024, the Company and BSR completed the acquisition of the assets (the "Cache Cold Lake Property") and the deposit was applied against the acquisition price of the property (Note 11).

On January 25, 2024, the Company entered into a LOI with BSR to acquire 100% of the issued and outstanding shares of a group of private companies which own oil and gas assets located offshore in the Republic of Philippines. As part of the LOI, the Company paid a refundable deposit of US\$100,000 on January 25, 2024. Further to the LOI, an amending agreement was made on February 20, 2024, in which both parties mutually agreed on further refundable deposit payments of US\$100,000 on February 24, 2024 and US\$150,000 on March 12, 2024. The deposits will form part of the purchase price of the assets, if the LOI is formalized and pursued. On September 30, 2024, the LOI was terminated and the deposit was refunded.

On May 28, 2024, the Company completed a transaction which transferred 100% ownership of BSP to the Company. As at September 30, 2024, BSP held deposits consisting of a retainer to a vendor of \$78,768.

In September 2024, the Company paid a deposit of \$775,175 to BSR for its portion of the estimated expenditures on the oil and gas property for the remainder of the year.

11. EXPLORATION AND EVALUATION ASSETS

Belize Property

On January 28, 2020, FCRL entered into a Production Sharing Agreement ("PSA") with the Government of Belize whereas FCRL has been granted the right to exploration and production of petroleum resources in and throughout the contract area.

FCRL was granted an initial exploration period of two years and, subject to conditions, three successive renewal periods of two years each to the initial exploration period. On March 20, 2020, a Notice of Force Majeure was provided to the Government of Belize, in attempts to contain the spread of COVID-19, which restricted movement and closed borders.

On November 22, 2021, FCRL sent a letter to end the Force Majeure Notice effective January 15, 2022, and to resume exploration efforts under the initial exploration period. The initial exploration period expired in January 2024.

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11. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Upon expiration of the initial exploration period and expiration of each renewal period, FCRL is required to relinquish 25% of the original contract area, which shall be determined by FCRL subject to Government approval. FCRL has been unable to reach an agreement with the landowner to obtain surface land rights which are guaranteed by the Government of Belize. The access to surface rights and the contract area are guaranteed within the PSA and FCRL is working with the minister to gain surface access. This delay has affected FCRL's ability to fulfill its obligations under the PSA. As a result, FCRL is currently in discussions with the Government of Belize to either 1) amend the PSA to move work commitments to the first renewal period and delay the relinquishment of 25% of land to the end of the first renewal period, which would result in 50% relinquishment (January 27, 2026) or 2) request a force majeure under the PSA starting July 1, 2023 as the Company has been unable to strike an agreement with the current landowner for surface rights which are guaranteed by the Government of Belize. The final determination has not been made as of the date of approval of these financial statements.

The Government of Belize has directed both parties to reach an agreement by November 30, 2024. If an agreement cannot be reached, the Minister of Natural Resources, Petroleum and Mining will issue an order akin to eminent domain, legally enforcing terms that will allow the Company to lease the required land. This assurance from the government significantly mitigates concerns over long-term access to the land and supports the conclusion that no impairment indicators exist on the PSA.

Indonesia Property

On February 28, 2023, BSP entered into a Performance Sharing Agreement ("PA") with Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bumi ("SKK Migas"), a task force created by the Government of the Republic of Indonesia to conduct the management of upstream oil and gas business activities. The Government of the Republic of Indonesia approved the PSA on March 13, 2023 and the PA became effective as of that date. Under the PA, the Company was granted the right to the exploration and production of petroleum resources in and throughout the contract area. The Company was granted an initial exploration period of six years and, subject to conditions, a renewal period of four years to the initial exploration period.

Under the terms of the PA, the Company is obligated to incur minim work expenditures of US\$14,657,600 during the first three years of the initial exploration period (the "Firm Commitment") and work expenditures of US\$30,656,000 during the following three years of the initial exploration period. If during the first three years, the Company fails to complete the Firm Commitment, it may carry forward the remaining Firm Commitment to be performed in the following three years with the consent of SKK Migas.

The Company is required to post a performance bond of US\$1,500,000 in relation to the Firm Commitment (Note 9). The performance bond may be reduced if the value of the remaining Firm Commitment that has been satisfied is less than the value of the performance bond, to a minimum value of the value of the remaining amount of the Firm Commitment. In the event that the Company fails to meet the Firm Commitment and does not extend the performance bond, SKK Migas may process claim to the performance bond.

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(Unaudited)

11. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

During the term of the PA, the Company's portion of the total production of oil and gas will be as follows:

	Oil	Gas
Base split	43%	48%
Variable components	32%	32%
Progressive components*	2.5%	2.5%

*Progressive component split is estimated based on current oil and gas prices

Cache Cold Lake Property

On August 19, 2024, the Company acquired a 50% interest of BSR's interest in certain Alberta crown oil sands leases for a cash payment of \$307,850. The Cache Cold Lake property may be prospective for heavy oil and natural gas.

The following table represents the expenditures incurred on the property during the nine months ended September 30, 2024 and the year ended December 31, 2023:

	Belize Property	Indonesia Property	Cache Cold Lake Property	Total
Balance, December 31, 2022	\$ 324,710	\$ -	\$ -	\$ 324,710
Currency translation adjustment	(7,050)	-	-	(7,050)
Balance, December 31, 2023	\$ 317,660	\$ -	\$ -	\$ 317,660
Acquisitions (Notes 7 and 10)	-	877,379	307,850	1,185,229
Additions	-	128,300	-	128,300
Currency translation adjustment	6,050	(9,464)	-	(3,414)
Balance, September 30, 2024	\$ 323,710	\$ 996,215	\$ 307,850	\$ 1,627,775

12. OIL AND GAS ASSETS

The Company acquired oil and gas assets via its acquisition of 50% of BSR oil and gas producing and revenue generating assets in the Province of British Columbia (Note 7) coming from 5 primary areas in British Columbia, being (1) Horn River, (2) NEBC Minor, (3) Laprise, (4) Boundary Lake, and (5) Monias. The oil and gas assets are upstream oil and gas assets and earn revenues from the sale of unrefined oil, natural gas and liquid natural gas. BSR continues to remain the operator and the interests in these assets are reflected as a joint operation within these condensed consolidated interim financial statements.

The following table represents the expenditures incurred on the property during the nine months ended September 30, 2024 and the year ended December 31, 2023:

Cost	Total
Balance, December 31, 2022 and 2023	\$ -
Acquisitions (Note 7)	16,479,391
Additions	361,269
Balance, September 30, 2024	\$ 16,840,660

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12. OIL AND GAS ASSETS (CONTINUED)

Accumulated depletion		Total
Balance, December 31, 2022 and 2023	\$	-
Depletion		439,441
Balance, September 30, 2024	\$	439,441
Net book value, December 31, 2023	\$	-
Net book value, September 30, 2024	\$	16,401,219

13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024	December 31, 2023
Accounts payable	\$ 105,850	\$ 68,892
Accrued liabilities	26,177	110,380
Taxes payable	4,681	-
	\$ 136,708	\$ 179,272

14. RELATED PARTY TRANSACTIONS

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.

Key management compensation consisted of the following:

	Nine months ended September 30,		Three months ended September 30,	
	2024	2023	2024	2023
Management fees ¹	\$ 103,500	30,677	\$ 34,500	30,677
Legal fees	77,849	-	71,907	-
	\$ 181,349	30,677	\$ 106,407	30,677

¹ Management fees are reflected as part of professional fees in the presentation of the condensed consolidated interim statements of net and comprehensive income (loss).

Other related party transactions and balances:

During the three and nine months ended September 30, 2024, the Company earned revenues net of royalties and operating expenses from oil and gas assets of \$1,230,341 and \$3,073,419, respectively, from its 50% interest in the oil and gas property acquired from BSR.

As at September 30, 2024, accounts payable and accrued liabilities includes \$Nil (December 31, 2023 - \$10,000) relating to management fees due to a company controlled by the CEO and Director of the Company.

As at September 30, 2024, accounts payable and accrued liabilities includes \$3,000 (December 31, 2023 - \$1,500) relating to management fees due to the former CFO of the Company.

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14. RELATED PARTY TRANSACTIONS (Continued)

As at September 30, 2024, accounts payable and accrued liabilities includes \$6,464 (December 31, 2023 - \$71,137) relating to professional fees due to a company controlled by a Director of the Company.

As at September 30, 2024, accounts receivable and other receivables included \$904,824 due from BSR related to the income earned on oil and gas interest.

On March 12, 2024, the Company received US\$100,000 in the form of a promissory note from the CEO and Director of the Company. The promissory note is non-interest bearing and is due on June 30, 2024. On June 17, 2024, the maturity of the note was extended to October 30, 2025. The note was fully repaid in September 2024.

Transactions with related parties are incurred in the normal course of operations and are initially recorded at fair value.

15. SHARE CAPITAL

Authorized

Authorized share capital consists of the following:

- An unlimited number of common shares without par value

For the nine months ended September 30, 2024

On May 24, 2024, the Company underwent a 5:1 share consolidation and issued 59,239,641 common shares pursuant to the acquisition transaction (Note 7).

For the year ended December 31, 2023

On March 15, 2023, the Company issued 1,468,531 shares at a price of \$0.715 per share for gross proceeds of \$1,050,000 as part of a private placement that was required to close the Qualifying Transaction (Note 6).

On July 18, 2023, the Company issued 5,727,439 common shares in conjunction with the Qualifying Transaction (Note 6). As part of the Qualifying Transaction, the issued and outstanding shares of 241 were exchanged for the Company's shares at an approximate rate of 1:2.8631 basis, resulting in the issuance of 5,727,439 common shares.

On July 18, 2023, as a result of the closing of the Qualifying Transaction, 1,652,468 common shares were retained by former Blue Sky shareholders, the fair value was measured to be \$413,117 (Note 6).

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15. SHARE CAPITAL (CONTINUED)**Stock options**

On March 21, 2024, the Company implemented a Stock Option Plan (the "Plan"), to encourage directors, officers, employees, and consultants of the Company to acquire common shares in the Company by furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of affairs. The Plan will provide eligible individuals or corporations with stock options to exercise into common shares of the Company's authorized but unissued common shares. The aggregate number of shares upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding common shares of the Company at the time of grant.

As at the date of these condensed consolidated interim financial statements, no stock options have been granted.

16. OPERATING EXPENSES ON OIL & GAS INTERESTS

	For the three months ended September 30, 2024	For the nine months ended September 30, 2024
Chemicals	\$ 62,467	\$ 232,870
Downhole Services	1,228	63,478
Equipment Rentals	3,016	14,361
Field Office	1,251	9,230
Fuel	20,047	37,435
Health, safety, compliance, environmental	15,950	95,982
Instrumentation	22,656	39,499
Insurance, taxes, fees and levies	4,253	19,672
Labour	222,837	718,775
Lease rentals	55,162	148,340
Miscellaneous	2,204	10,996
Overhead recoveries	21,170	72,976
Parts	798	17,877
Power and communication	19,812	141,776
Processing charges	136,396	1,003,655
Property taxes	1,050	6,037
Regulatory	2,634	32,431
Repairs and maintenance	56,102	178,787
Road and lease maintenance	3,586	40,078
Trucking	2,138	49,492
Total	\$ 654,757	\$ 2,933,747

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17. CAPITAL MANAGEMENT

The Company's objective for managing capital is to safeguard its ability to continue as a going concern and maintain sufficient capital to identify, evaluate and complete financings. In the management of capital, the Company's capital structure consists of share capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new debt.

The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's approach to capital management during the nine months ended September 30, 2024.

18. FINANCIAL RISK MANAGEMENT

The Company, as part of its operations, carries financial instruments consisting of cash and cash equivalents, sales tax receivables, deposits and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents, sales tax receivable, prepaid expenses and accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial assets consist of cash and cash equivalents and deposits. The Company's maximum exposure to credit risk, as at the period-end, is the carrying value of its financial assets. The Company mitigates credit risk by holding financial instruments within financial institutions of high creditworthiness and reputable companies.

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18. FINANCIAL RISK MANAGEMENT (CONTINUED)**Interest rate risk**

The Company has no debt which would expose itself to fluctuations in interest rates. As a result, interest rate risk is deemed insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by receiving funds from the issuance of share capital and income through its interest in oil and gas assets of the Company in order to meet obligations as they become due. The Company's ability to meet its short-term liquidity requirements is dependent upon its ability to raise financing.

Other risks

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's financial instruments will be affected by foreign exchange risk, price risk or other risk.

19. OPERATING SEGMENTS

For the nine months ended September 30, 2024, the Company had the following three operating segments:

	Canada	Belize	Indonesia	Total
Total assets	\$ 18,726,654	\$ 323,711	\$ 1,787,054	\$ 20,837,419
Total liabilities	32,970	302	103,436	136,708
Exploration and evaluation assets	307,850	323,710	996,215	1,627,775
Oil and gas assets	16,401,219	-	-	16,401,219
Net income from oil and gas interest	3,073,419	-	-	3,073,419
Depletion	439,441	-	-	439,441
Net income (loss)	\$ 2,104,064	\$ 16,552	\$ (46,437)	\$ 2,074,179

For the year ended December 31, 2023, the Company had the following two operating segments:

	Canada	Belize	Total
Total assets	\$ 761,228	\$ 317,660	\$ 1,078,888
Total liabilities	176,994	2,278	179,272
Exploration and evaluation assets	-	317,660	317,660
Listing expense	(642,794)	-	(642,794)
Net loss	\$ (939,985)	\$ (31,457)	\$ (971,442)

20. COMMITMENTS

Belize Exploration & Evaluation Property

Under the terms of the PSA, FCRL is obligated to incur minimum work expenditures of US\$250,000 during the initial exploration period, US\$100,000 during the first renewal period, US\$2,100,000 during the second renewal period and US\$2,100,000 during the third renewal period. Please refer to Note 11 for additional information regarding the status of the PSA.

Indonesian Exploration & Evaluation Property

Under the terms of the PSA, the Company is obligated to incur minimum work expenditures of US\$14,657,600 during the first three years of the initial exploration period and work expenditures of US\$30,656,000 during the following three years of the initial exploration period. If during the first three years the Company fails to complete the Firm Commitment, it may carry forward the remaining Firm Commitment to be performed in the following three years with the consent of SKK Migas. Please refer to Note 11 for additional information regarding the status of the PA.