

Whitemud Resources Inc.
Condensed Interim Financial Statements
For the three and nine months ended September 30, 2024
(Unaudited – Prepared by Management)

WHITEMUD RESOURCES INC.

September 30, 2024

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by Management and approved by the Audit Committee and Board of Directors of the Company.

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 the interim financial statements by an entity's auditors.

WHITEMUD RESOURCES INC.
Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	September 30, 2024	December 31, 2023
Assets		
Current Assets		
Cash	\$ 656,214	\$ 10,064
Accounts receivable	118,767	55,598
Inventory <i>[note 5]</i>	317,771	309,128
Prepaid expenses and deposits <i>[note 6]</i>	114,448	245,148
Total Current Assets	1,207,200	619,938
Property, plant and equipment <i>[note 7]</i>	8,269,723	1,345,888
Total Assets	\$ 9,476,923	\$ 1,965,826
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Accounts payable and accrued liabilities <i>[note 8]</i>	\$ 656,229	\$ 465,292
Notes payable <i>[note 9, 23]</i>	1,139,561	1,139,561
Total Current Liabilities	1,795,790	1,604,853
Promissory notes payable <i>[note 10]</i>	9,167,260	-
Decommissioning obligation <i>[note 11]</i>	2,542,845	2,474,910
Total Liabilities	13,505,895	4,079,763
Shareholders' Deficit		
Share capital <i>[note 12]</i>	77,902,637	77,902,637
Contributed surplus	5,430,528	5,356,887
Deficit	(87,362,137)	(85,373,461)
Total Shareholders' Deficit	(4,028,972)	(2,113,937)
Total Liabilities and Shareholders' Deficit	\$ 9,476,923	\$ 1,965,826

Going concern *[note 1]*
Contingency *[note 23]*
Comparative figures *[note 24]*
Subsequent events *[note 25]*

On behalf of the Board of Directors:

Stanley Owerko, Director

Randy Findlay, Director

WHITEMUD RESOURCES INC.
Condensed Interim Statements of Net Loss and Comprehensive Loss
For the three and nine months ended September 30
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Revenue	\$ 54,574	\$ 1,530	\$ 82,780	\$ 27,542
Cost of goods sold [note 5]	27,605	343	54,104	10,222
Gross margin	26,969	1,187	28,676	17,320
Expenses				
Operating [notes 5 & 13]	583,474	233,971	1,252,281	788,905
General and administration [note 13]	259,948	112,587	457,369	276,615
Accretion [note 11]	17,963	19,540	60,218	58,620
Depreciation [note 7]	5,003	6,391	14,673	18,505
Decommissioning obligation [note 11]	94,146	-	7,717	-
Share-based compensation [note 14]	24,547	-	73,641	-
	985,081	372,489	1,865,899	1,142,645
Loss before interest and other income	(958,112)	(371,302)	(1,837,223)	(1,125,325)
Interest on promissory notes [note 10]	(93,424)	-	(167,260)	-
Interest and other income	5,534	14,546	15,807	47,946
Net loss and comprehensive loss	\$ (1,046,002)	\$ (356,756)	\$ (1,988,676)	\$ (1,077,379)
Loss per share, basic and diluted [note 16]	\$ (0.0029)	\$ (0.0010)	\$ (0.0055)	\$ (0.0030)

WHITEMUD RESOURCES INC.
Condensed Interim Statements of Changes in Shareholders' Deficiency
For the nine months ended September 30, 2024 and 2023
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Share Capital	Contributed Surplus	Deficit	Total
Balance January 1, 2024	\$ 77,902,637	\$ 5,356,887	\$ (85,373,461)	\$ (2,113,937)
Net loss and comprehensive loss	-	-	(1,988,676)	(1,988,676)
Share-based compensation <i>[note 14]</i>	-	73,641	-	73,641
Balance September 30, 2024	\$ 77,902,637	\$ 5,430,528	\$ (87,362,137)	\$ (4,028,972)
Balance January 1, 2023	\$ 77,902,637	\$ 5,353,381	\$ (83,914,182)	\$ (658,164)
Net loss and comprehensive loss	-	-	(1,077,379)	(1,077,379)
Balance September. 30, 2023	\$ 77,902,637	\$ 5,353,381	\$ (84,991,561)	\$ (1,735,543)

WHITEMUD RESOURCES INC.
Condensed Interim Statements of Cash Flows
For the three and nine months ended September 30
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Three Months Ended		Nine Months Ended	
	Sept. 30, 2024	Sept. 30, 2023	Sept. 30, 2024	Sept. 30, 2023
Cash provided by (used in):				
OPERATING ACTIVITIES:				
Net loss and comprehensive loss	\$ (1,046,002)	\$ (356,756)	\$ (1,988,676)	\$ (1,077,379)
Items not involving cash:				
Depreciation <i>[note 7]</i>	5,003	6,391	14,673	18,505
Change in decommissioning obligation <i>[note 11]</i>	94,146	-	7,717	-
Accretion <i>[note 11]</i>	17,963	19,540	60,218	58,620
Share-based compensation <i>[note 14]</i>	24,547	-	73,641	-
Interest on promissory notes <i>[note 10]</i>	93,424	-	167,260	-
	(810,916)	(330,825)	(1,665,167)	(1,000,254)
Change in non-cash working capital <i>[note 21]</i>	52,764	(45,363)	83,138	336,878
Cash used in operating activities	(758,155)	(376,188)	(1,582,029)	(663,376)
INVESTING ACTIVITIES:				
Property, plant and equipment purchased <i>[note 7]</i>	(971,423)	-	(6,938,508)	(86,357)
Change in non-cash working capital <i>[note 21]</i>	(958,626)	-	166,687	-
Cash used in investing activities	(1,930,049)	-	(6,771,821)	(86,357)
FINANCING ACTIVITIES:				
Promissory notes payable <i>[note 10]</i>	3,000,000	-	9,000,000	-
Cash provided by financing activities	3,000,000	-	9,000,000	-
Increase (decrease) in cash	311,796	(376,188)	646,150	(749,733)
Cash, beginning of period	344,418	1,434,665	10,064	1,808,210
Cash, end of period	\$ 656,214	\$ 1,058,477	\$ 656,214	\$ 1,058,477

1. NATURE OF THE ORGANIZATION AND FUTURE OPERATIONS

Whitemud Resources Inc. (the “Company” or “Whitemud”) was originally incorporated as the General Partner of Whitemud Resources Limited Partnership (the “Partnership”) on April 28, 2005, under the laws of the Province of Alberta, Canada. The Company was restructured through an amalgamation between the Company and the Partnership under the laws of the Province of Alberta on July 27, 2006. The Company is headquartered in Calgary, Alberta, Canada. The registered address of the Company is 3900 Bow Valley Square 2, Calgary, Alberta T2P 2V7. Whitemud is a publicly traded company whose shares are listed on the TSX Venture Exchange under the symbol WMK.

The Company was formed to engage in the business of developing a process to mine and process kaolin into a high reactivity metakaolin that imparts beneficial properties to concrete mixtures containing approximately 10% replacement of Portland cement. Since inception, the efforts of the Company have been devoted to the development of a process of producing kaolin and metakaolin, developing market demand, and planning and constructing the production facilities to manufacture the product. However, the Company has not earned sufficient revenues and the future is dependent on customer acceptance of the product, further development of markets, and its ability to obtain additional financing. A new division was formed in 2015, Midstream Energy Partners, which has historically marketed hydrocarbon products.

Pursuant to a Share Purchase Agreement dated December 15, 2020, SAM Holdings Ltd. acquired 14,976,000 Class A Voting Common shares and 309,245,703 Class B Non-Voting Common shares in the capital of Whitemud Resources Inc from Petrogas Energy Corp. The aggregate consideration paid was \$149,760 in cash and the release of a \$1 million letter of credit in favour of the Government of Saskatchewan, as represented by the Minister of Environment, with respect to the Company’s metakaolin processing facility. SAM Holdings Ltd. is owned and controlled by Stan Owerko. Mr. Owerko is the Chief Executive Officer of Whitemud Resources Inc.

In addition, the Company and Petrogas terminated both the LPG Supply Management Agreement whereby Midstream Energy Partners, a division of Whitemud, negotiated the supply of LPGs for and on behalf of Petrogas, and the Transition Services Agreement whereby Petrogas provided Whitemud with head office administration services.

Going Concern

These interim financial statements were prepared by management in accordance with International Financial Reporting Standards applicable to a going concern entity which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The uncertainty in the use of the going concern assumption is impacted by the following factors:

For the nine months ended September 30, 2024, the Company generated a net loss of \$1,988,676 and an operating cash flow deficit of \$1,582,029. As of September 30, 2024, the Company has a cash balance of \$656,214 an accumulated deficit of \$4,028,972, and a working capital deficiency of \$588,590. In order for the Company to continue operations for the longer term, including generating sufficient cash flows and ultimately attaining profitable operations, additional financing will be required.

The matters and conditions noted above indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Based on the Company’s current projections, future operations are dependent on the Company’s ability to generate improved market acceptance for the Company’s product and the ongoing support of its creditors.

The Company has entered into an interim line of credit agreement with its major shareholder, SAM Holdings Ltd., which will be utilized to fund a capital program. The Company can draw up to \$7,000,000 on the line of credit. The line of credit will bear interest at 5.0% per annum, with the principal and interest payable on the closing of a financing. In the absence of such financing, the interest will be payable April 1, 2026. The interim line of credit agreement was amended to increase the line of credit to \$10,000,000. The funds advanced under the amended interim line of credit agreement may also be used to fund operating expenses and general and administrative costs. The draws on the interim line of credit subsequent to period end, are further described in Note 25.

The Company has been authorized by the Board of Directors to pursue financing.

1. NATURE OF THE ORGANIZATION AND FUTURE OPERATIONS (continued from previous page)

The ability of the Company to continue as a going concern and realize the carrying value of its assets and discharge its liabilities when due, is dependent on the successful completion of the actions taken or planned by management. There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond the foreseeable future as such strategies are contingent upon new equity or debt funds from shareholders, investors and lenders, as well as improved market acceptance and revenues for the Company's product. The interim financial statements do not reflect any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not appropriate for these interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. Those adjustments would be material.

2. BASIS OF PREPARATION

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committees ("IFRIC") effective at January 1, 2023.

These interim financial statements were authorized for issuance by the Board of Directors of the Company on November 25, 2024.

These interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial assets at fair value through profit or loss ("FVTPL") that have been measured at fair value. In addition, these interim financial statements have been prepared using the accrual basis of accounting, except cash flow information.

3. MATERIAL ACCOUNTING POLICIES

The interim financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the Company's material accounting policies as outlined below:

a) Foreign currencies

The presentation and functional currency of the Company is the Canadian dollar, which is the currency of the primary economic environment on which the Company operates. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Any gains or losses are recorded in the statement of net loss and comprehensive loss.

b) Financial instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at FVTPL; (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

b) Financial instruments (continued from previous page)

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods.

All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition). Financial assets with changes taken through profit and loss includes equity investments, financial assets held for trading, financial assets designated upon initial recognition at FVTPL, and financial assets mandatorily required to be measured at fair value i.e. fail the SPPI test. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. All derivatives held by the Company are classified as held for trading and will be subsequently measured at fair value.

Financial liabilities, such as promissory notes payable, are subsequently measured at amortized cost using the effective interest rate method.

For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Expected credit losses

The Company performs impairment testing annually for accounts receivable in accordance with IFRS 9. The expected credit losses ("ECL") model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which are determined on a probability-weighted basis. IFRS 9 outlines a three-stage approach to recognizing ECLs which is intended to reflect the increase in credit risks of a financial instrument based on (i) 12-month expected credit losses or (ii) lifetime expected credit losses. The Company measures provision for ECLs at an amount equal to lifetime ECLs.

The Company applies the simplified approach to determine ECLs on trade receivables by using a provision matrix based on historical credit loss experiences. The historical results were used to calculate the run rates of default which were then applied over the expected life of the trade receivables, adjusted for forward looking estimates.

Financial instrument de-recognition

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognized when the obligation is discharged, cancelled, or expired.

c) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make critical estimates and judgments that affects the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. In the process of applying the Company's accounting policies management takes into consideration existing circumstances and estimates at the date of these financial statements, which affects the reported amounts of income and expenses during the reporting periods. Given the uncertainty inherent in determining these factors, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Significant areas requiring the use of management estimates relate to, but are not limited to:

(i) Impairment tests

The Company assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication of impairment exists, the Company determines the recoverable amount of the asset group. The recoverable amount of an asset is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Inventory

The Company values inventory at the lower of cost and net realizable value through inventory allowances. Cost is determined using the weighted average method. Inventory allowances require estimates and assumptions about forecasted selling prices and the demand for kaolin and metakaolin.

(iii) Asset retirement obligation

The Company applies several assumptions in estimating provisions that are recorded for asset retirement obligations and environmental remediation at the mine site. These factors include estimated future costs, discount rates, anticipated life of the plant and inflation.

(iv) Trade and other receivables

The Company implemented a simplified expected credit loss model. Expected credit losses of trade and other receivables which include receivables from shareholders are constantly monitored. Expected credit losses are based upon historical values, observed customer solvency, external credit ratings, aging of the receivable and industry risks. The Company has recognized expected credit losses of \$Nil (2023 - \$Nil).

(v) Taxes

Uncertainties exist with respect to the interpretation of the amount and timing of future taxable income. Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable earnings will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable earnings together with future tax planning strategies.

(vi) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. The Board of Directors monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

d) Cash

Cash is classified as FVTPL and include balances with Canadian chartered banks.

e) Revenue recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Company sells metakaolin to various customers in the construction industry. The Company recognizes revenue when the product is shipped, and ownership has transferred to the customer and the price charged to customers is fixed and determinable and collectability is reasonably assured.

f) Inventory

Inventories of finished goods, raw materials and operating and maintenance supplies are valued at the lower of cost and net realizable value, with cost determined on a weighted average cost basis. The cost of metakaolin includes direct materials, direct labor, and an allocation of overhead utilities.

g) Property, plant, and equipment

Property, plant, and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. This includes the purchase price, any other costs directly attributable to bringing the assets to a working condition for intended use, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

Where an item of property, plant and equipment comprises significant parts with useful lives that are significantly different from that of the asset as a whole, the parts are accounted for as separate items of property, plant and equipment and depreciated accordingly.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognizing an asset determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of net loss and comprehensive loss.

Expenditures incurred that renew or refurbish plant and equipment to extend its useful life or increase its productive capacity are capitalized when it is determined that a future benefit will flow to the Company as a result of the renewal.

Assets under construction are not depreciated until they are operational and available for use.

The Company depreciates the costs of its property, plant and equipment over their estimated useful lives using the following rates and methods:

Buildings	20% declining balance
Plant and equipment	30% declining balance
Computer equipment	30% declining balance
Furniture and equipment	20% declining balance

h) Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset or a cash generating unit ("CGU") may be impaired. A CGU is the smallest identifiable group of assets that generates cash flows largely independent of the cash inflows from other assets or groups of assets. If any indication of impairment 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 an asset's fair value less costs to sell and its 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 asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired, and an impairment loss is charged to the statement of net loss and comprehensive loss.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset.

These assessments require the use of estimates and assumptions such as long-term selling prices and volumes, discount rates, future capital requirements, exploration potential and operating performance.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The best evidence of fair value is the value obtained from an active market or binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction. This is often estimated using discounted cash flow techniques.

Impairment losses are reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognized.

i) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. The criteria used to determine if objective evidence of an impairment loss include significant financial difficulty of the obligor; delinquencies in interest or principal payments; and the probability that the borrower will enter bankruptcy or other financial reorganization. If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost:

The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

j) Asset retirement obligations

The Company's operations give rise to decommissioning, restoration and rehabilitation activities. Environmental costs arise when environmental disturbances are caused by the exploration, development or ongoing production of a mineral property interest. The net present value of future restoration cost estimates arising from the decommissioning, restoration and rehabilitation are capitalized to related assets with a corresponding increase in the restoration provision in the period incurred. Discounting using risk free rates that reflect the time value of money are used to calculate the net present value. The capitalized restoration costs are charged against income and loss over the economic life of the related asset, through depreciation on a unit of production method. The restoration provision is accreted to net present value each reporting period with the unwinding of the restoration provision being charged to accretion expense in the statement of net loss and comprehensive loss. Actual costs incurred to settle the site restoration obligation are charged against the provision. Any difference between the actual costs incurred and the provision is recognized as a gain or loss in the statement of net loss and comprehensive loss in the period in which the settlement occurs.

j) Asset retirement obligations (continued from previous page)

The Company's estimates of restoration costs could change as result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to related assets with a corresponding entry to the restoration provision. The changes are recorded in the statement of net loss and comprehensive loss if the related assets are fully depreciated or impaired.

k) Taxes

Taxes on the profit or loss for the periods presented comprise current and deferred tax. Tax is recognized in profit or loss except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax legislation enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities using the tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

l) Share-based payments

The Company has a stock option plan whereby employees (including officers), directors and consultants of the Company receive remuneration in the form of stock options granted under the plan for rendering services to the Company. Stock options granted during the year are accounted for in accordance with the fair value method of accounting for share-based payments. The fair value for these options is estimated at the date of grant using the Black-Scholes Option Pricing Model. The Company is also required to estimate the expected future forfeiture rate of options in its calculation of share-based payments. The cost of options is recognized, together with a corresponding increase in share-based payment reserves, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant option holder becomes fully entitled to the award (the "vesting date"). The cumulative expense recognized for option grants at each reporting date until the vesting date reflects the portion of the vesting period that passed and the Company's best estimate of the number of options that will ultimately vest on the vesting date. The Company records share-based compensation expense and share-based payment reserves for all stock options granted which represents the movement in cumulative expense recognized as at the beginning and end of that period. Any consideration received on the exercise of stock options is credited to capital stock.

Where the terms of a stock option award are modified, the minimum expense recognized in share-based payment reserve is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the option or is otherwise beneficial to the option holder as measured at the date of modification.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognized for the award is recognized immediately.

m) Royalties

Royalty payments for kaolin quarried and processed under the Quarrying Regulations are recorded to operating expenses as incurred.

n) Loss per common share

Basic loss per common share amount is calculated using the weighted average number of shares outstanding during the year. Diluted per common share amounts are calculated based on the treasury-stock method, which assumes that any proceeds obtained on the exercise of in-the-money options would be used to purchase shares at the average market price. The weighted average number of basic shares outstanding is then adjusted by the net change.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

o) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' results are reviewed by the Company's management in order to make decisions regarding the allocation of resources to the segment. Segment results include items directly attributable to a segment as those that can be allocated on a reasonable basis.

4. NEW AND PROPOSED ACCOUNTING PRONOUNCEMENTS

The Company has reviewed amended accounting pronouncements and determined that the following pronouncements did not have a material impact on its financial statements:

a) Amendments to IAS 12 Income Taxes

Effective January 1, 2023, amendments to IAS 12 require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

b) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

c) Amendments to IAS 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 require that a company disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

Effective January 1, 2024, amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability with covenants as current or non-current and related disclosure. This amendment is not expected to have a material impact on the financial statements, as the Company has no debt subject to covenants.

WHITEMUD RESOURCES INC.

Notes to the Condensed Interim Financial Statements

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

5. INVENTORY

The Company has inventory as follows:

	September 30, 2024		December 31, 2023	
Metakaolin	\$	38,695	\$	23,840
Spare parts		268,950		268,950
Fuels, coal and other		10,126		16,338
	\$	317,771	\$	309,128

Cost of goods sold on the condensed interim statement of loss and comprehensive loss includes \$35,422 (2023 - \$7,723) related to the cost of inventory from metakaolin sales, including inventory adjustments. Included in operating expenses is \$36,489 (2023 - \$14,989) related to cost of fuel used in the general operations of the plant.

6. PREPAID EXPENSES AND DEPOSITS

	September 30, 2024		December 31, 2023	
Prepaid expenses	\$	81,948	\$	21,787
Deposits	\$	32,500		223,361
	\$	114,448	\$	245,148

The Company began placing deposits on long lead-time items necessary for the upgrades to its calcination process in Q4 of 2023.

7. PROPERTY, PLANT AND EQUIPMENT

Included in land and buildings is land with a cost of \$486,257 (2023 - \$486,257).

Cost		Land and buildings	Plant and equipment	Computer equipment, office furniture	Assets under construction	Total
Balance December 31, 2022	\$	28,946,657	34,099,196	58,234	-	63,104,087
Additions		-	85,957	-	795,163	881,120
Balance December 31, 2023	\$	28,946,657	34,185,153	58,234	795,163	63,985,207
Additions		-	4,027	-	6,934,481	6,938,508
Balance September 30, 2024	\$	28,946,657	34,189,180	58,234	7,729,644	70,923,715

Depreciation and impairment losses

Balance December 31, 2022	\$	28,460,400	34,099,196	58,234	-	62,617,830
Depreciation		-	21,489	-	-	21,489
Balance December 31, 2023	\$	28,460,400	34,120,685	58,234	-	62,639,319
Depreciation		-	14,673	-	-	14,673
Balance September 30, 2024	\$	28,460,400	34,135,358	58,234		62,653,992

Carrying Amounts

At September 30, 2024	\$	486,257	53,822	-	7,729,644	8,296,723
At December 31, 2023		486,257	64,468	-	795,163	1,345,888

7. PROPERTY, PLANT AND EQUIPMENT (continued from previous page)

The Company began performing upgrades and improvements to its calcination process, in order to restart plant operations in September 2024. Included in property, plant and equipment are \$7,729,644 (2023 - \$795,163) of assets under construction. As of September 30, 2024 these process improvements were not available for use, as they had not yet met the operating capacity and throughput of the original design. Therefore, they were not subject to depreciation.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2024		December 31, 2023	
Accounts payable	\$	481,634	\$	367,950
Accrued liabilities	\$	174,595	\$	97,342
	\$	656,229	\$	465,292

9. NOTES PAYABLE

The Company has the following notes payable:

	September 30, 2024		December 31, 2023	
Kasten Resources ("Kasten")	\$	1,139,561	\$	1,139,561

The note has no fixed terms of repayment and interest has not been paid since its inception. The Company has received an opinion from its legal counsel that any claims in respect of the note are statute barred under the Limitations Act (Alberta). That opinion is disputed. The Company intends to engage in discussions to address the matter. The claim in relation to the note is further described in Note 23.

10. PROMISSORY NOTES PAYABLE

On December 1, 2023, the Company entered into an interim line of credit agreement with its major shareholder, SAM Holdings Ltd., which will be utilized to fund a capital program. The Company can draw up to \$7,000,000 on the line of credit. The line of credit will bear interest at 5.0% annum, with the principal and interest payable on the closing of a financing. In the absence of such financing, all principal and interest outstanding shall be payable April 1, 2026. The interim line of credit is secured by a General Security Agreement. On July 22, 2024, interim line of credit agreement was amended and increased to \$10,000,000. The funds advanced under the amended interim line of credit agreement may also be used to fund operating expenses and general and administrative costs. During the third quarter of 2024, the Company had drawn down \$1,000,000 on July 16th, August 19th, and September 18th by way of promissory notes.

10. PROMISSORY NOTES PAYABLE (continued from previous page)

The Company has the following promissory notes payable:

	September 30, 2024	December 31, 2023
Promissory note 1	\$ 1,037,260	\$ -
Promissory note 2	\$ 1,029,178	\$ -
Promissory note 3	\$ 1,027,260	\$ -
Promissory note 4	\$ 1,022,740	\$ -
Promissory note 5	\$ 1,018,630	\$ -
Promissory note 6	\$ 1,014,384	\$ -
Promissory note 7	\$ 1,010,411	\$ -
Promissory note 8	\$ 1,005,753	\$ -
Promissory note 9	\$ 1,001,644	\$ -
	\$ 9,167,260	\$ -

Accrued interest of \$167,260 is included in interest on promissory notes on the condensed interim statements of net loss and comprehensive loss.

11. DECOMMISSIONING OBLIGATION

The Company's decommissioning obligation results from ownership of a processing facility and mine property in southern Saskatchewan. The Company has completed construction of the plant and preparation of the mine and commissioned the facility. A third-party assessment of costs to decommission the plant and clean the plant site amounted to \$2,040,000, to be incurred by 2034. In the prior year, internal assessments of costs to decommission the plant were conducted. Current year revaluations of asset retirement obligation due to inflation factors and discount rate changes as required by IFRS resulted in revisions of \$7,717 (2023 – \$18,925) due to the updated assessment, inflation factor of 3% (2023 – 3%) and a decrease in the risk-free interest rate to 2.96% (2023 – 3.21%). The amounts are subject to measurement uncertainty with respect to estimated costs, the actual timing of reclamation, the inflation rate and the discount rates used.

	September 30, 2024	December 31, 2023
Balance beginning of period	\$ 2,474,910	2,375,704
Change in estimate	7,717	18,925
Accretion	60,218	80,281
Balance end of period	\$ 2,542,845	2,474,910

12. SHARE CAPITAL

Authorized:

Unlimited number of Class A common shares without par value and voting
Unlimited number of Class B common shares without par value and non-voting
Unlimited number of preferred shares

Common shares issued:

	Number of shares		Amount
Class A common shares, December 31, 2023 and September 30, 2024	34,026,300	\$	77,902,637
	Number of shares		Amount
Class B non-voting common shares, December 31, 2023 and September 30, 2024	326,499,700	\$	-

13. NATURE OF EXPENSES

The Company's operating expenses can be broken down into the following categories:

	September 30, 2024	September 30, 2023
Salaries and wages	543,575	135,848
Indirect plant costs	258,685	133,824
Professional fees	182,279	309,500
Property taxes	117,546	109,922
Insurance	39,256	74,215
Fuel	36,489	14,989
Repairs and maintenance	74,451	10,607
Total operating expenses	\$ 1,252,281	788,905

The Company's general and administration expenses can be broken down into the following categories:

	September 30, 2024	September 30, 2023
Professional fees	328,461	214,368
Filing fees	24,498	23,576
Office and communications	46,690	13,138
Travel	36,694	18,782
Bank fees	3,608	3,560
Other	17,418	3,191
Total general and administration expenses	\$ 457,369	276,615

14. SHARE-BASED COMPENSATION

The Company has established a stock option plan (“the Plan”) for its officers, directors, employees, and contractors. The Plan is designated and administered by the Company’s Board of Directors. The exercise price is determined by the Company’s Board of Directors, at the time the option is granted, and is priced based on the closing market price of the common shares on the last trading day prior to grant date.

On December 19, 2023, the Company granted 2,950,000 stock options to officers, directors, employees and contractors of the Company. These options are exercisable at a price of \$0.125 per common share. Each option granted under the plan is for a maximum term of four years and expires on December 19, 2027. One third of the options granted are exercisable each year commencing one year after the date of grant. The Company recognized \$73,641 of share-based compensation on the condensed interim statements of net loss and comprehensive loss for the stock options that were granted.

The assumptions used were as follows:

	September 30, 2024
Share price	\$ 0.125
Exercise price	\$ 0.125
Risk-free rate	3.78%
Expected dividend yield	0.00%
Expected volatility	155.07%
Expected life in years	4.0

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
December 31, 2023	2,950,000	\$0.125
Options granted	-	-
September 30, 2024	\$ 2,950,000	\$0.125

15. CAPITAL MANAGEMENT

As part of the management of capital, the Company prepares annual operating and capital budgets and may from time-to-time issue new equity or debt in order to finance its capital expenditures. The Company has not declared or paid any dividends on its outstanding shares and any decision to pay dividends in the future would be based upon the financial condition of the Company. The Company may elect to alter its capital structure through the issuance of new shares, issuance of new debt, refinancing of existing debt or by acquiring or disposing of assets.

The capital structure, as disclosed on the Condensed Interim Statements of Financial Position, consists of cash, notes payable, and shareholders’ deficiency.

	September 30, 2024		December 31, 2023	
Cash	\$	656,214	\$	10,064
Notes payable	\$	1,139,561	\$	1,139,561
Promissory notes payable	\$	9,167,260	\$	-
Shareholders’ deficiency	\$	(4,028,972)	\$	(2,113,937)

WHITEMUD RESOURCES INC.
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16. LOSS PER SHARE

Loss per share is calculated using the weighted average number of shares outstanding. The weighted average number of shares outstanding for the nine months ended September 30, 2024 is 360,526,000 (2023 – 360,526,000). Stock options are reflected in diluted earnings per share by application of the treasury method, unless they are anti-dilutive in nature.

	September 30, 2024	December 31, 2023
Basic and diluted weighted average shares outstanding	360,526,000	360,526,000

17. TAXES

The following table summarizes the Company's tax recovery:

	2023		2022
Loss before taxes	\$ (1,459,279)	\$	(36,352)
Statutory tax rate	23.00%		23.00%
Expected tax recovery	335,634		8,361
Non-deductible expenditures	(1,038)		-
Change in deferred tax asset not recognised	(334,596)		(8,361)
Tax recovery	\$ -	\$	-

The components of the unrecognized deductible temporary differences are as follows:

	2023		2022
Non-capital losses	\$ 60,339,590	\$	59,004,536
Property, plant and equipment	18,170,542		18,150,036
Asset retirement obligation	2,474,910		2,375,704
Total	\$ 80,895,042	\$	79,530,276

The Company has non-capital losses of approximately \$60,339,590 (2022 – 59,004,536) that are available to offset future taxable income. The non-capital losses will expire as follows:

2032		\$	11,949,769
2033		\$	14,785,331
2034		\$	12,211,068
2035		\$	10,657,924
2036		\$	8,474,685
2041		\$	588,730
2042		\$	338,563
2043		\$	1,333,520
2044		\$	
		\$	60,339,590

The Company has undepreciated capital cost and resource tax pools of \$19,495,341 (2022 - \$18,636,293) which are available for deduction against future taxable income. The realization of tax benefits related to these future potential tax deductions is uncertain and cannot be viewed as probable. Accordingly, no deferred tax asset has been recognized.

18. RELATED PARTY TRANSACTIONS

As and if required related parties, provide marketing, logistical and administrative services to the Company for a fee equal to 15% of the net profits that Whitemud realized through performance by the related parties. These related parties include, El Toro Corp., Midstream LPG Partnership (“MLP”) and Midstream Energy Partners (Canada) Ltd. All the aforementioned parties are related through common ownership and control by SAM Holdings Ltd., Stan Owerko, the CEO of the Company, also controls SAM Holdings Ltd.

On January 1, 2021, the Company entered into an LPG service agreement with MLP. The agreement was intended to retain the services and expertise of a qualified marketer that would enter into purchase and sale contracts for LPG products, consistent with the objective of diversifying the Company’s revenue streams. The contract specified that the fees related to the services provided would equal 15% of the net profits realized, and a portion of the salary of the marketer based on actual time spent providing the services. The Company entered into various purchase and sale contracts totaling \$554,808, less management fees of \$83,221, resulting in a net gain of \$471,588.

As of December 31, 2023, the Company has not entered into any LPG contracts.

During 2024, the Company obtained consulting services from SWAT Contractors Ltd. (“SWAT”). SWAT is controlled by a director of the Company, Kelly Soucy. The Company obtained these services for the purpose of developing business opportunities with new and existing clients. The Company incurred \$181,000 (2023 – \$136,445) of consulting services during the period. As of September 30, 2024, a payable of \$39,506 (2023 – \$Nil) is due to SWAT. Amounts due to SWAT are non-interest bearing and are at arms length terms.

As of September 30, 2024, included in accounts payable and accrued liabilities is a payable of \$Nil (2023 - \$6,150) is due to Koplovich Consulting Group Ltd. (“KCG”). KCG is controlled by an officer of the Company. Amounts due to KCG are non-interest bearing and are at arms length terms.

The remuneration of directors and executive officers during the period is as follows:

	September 30, 2024	September 30, 2023
Consulting services	181,000	136,445
	\$ 181,000	\$ 136,445

19. OPERATING SEGMENTS

For management purposes, the Company is organized into divisions based on their products and services provided. Management monitors the operating results of each division separately for the purpose of making decisions about resource allocation and performance assessment.

The Company has two reportable operating segments as follows:

1. Metakaolin – mining, processing, and marketing kaolin and metakaolin
2. Commodities – Midstream Energy Partners – managing and marketing commodities

The Midstream Energy Partners division is not anticipated to be a material segment of the Company’s business, or expected to impact revenues, for the foreseeable future, as the focus has been on restarting the mining and processing operations.

WHITEMUD RESOURCES INC.
Notes to the Condensed Interim Financial Statements
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20. SEGMENT REPORTING

September 30, 2024	Metakaolin	Commodities	Total
Revenue	82,780	-	82,780
Cost of goods sold	(54,104)	-	(54,104)
Operating costs	(1,252,281)	-	(1,252,281)
Depreciation	(14,673)	-	(14,673)
General and administrative	(457,369)	-	(457,369)
Decommissioning obligation	7,717	-	7,717
Accretion	60,218	-	60,218
Share-based compensation	(73,641)	-	(73,641)
Other income/expense	(151,453)	-	(151,453)
Loss before taxes	(1,988,676)	-	(1,988,676)
Current assets	1,207,200	-	1,207,200
Total assets	9,476,923	-	9,476,923
Current liabilities	1,795,790	-	1,795,790
Total liabilities	13,505,895	-	13,505,895

September 30, 2023	Metakaolin	Commodities	Total
Revenue	27,542	-	27,542
Cost of goods sold	(10,222)	-	(10,222)
Operating costs	(788,905)	-	(788,905)
Depreciation	(18,505)	-	(18,505)
General and administrative	(276,615)	-	(276,615)
Accretion	(58,620)	-	(58,620)
Other income	47,949	-	47,949
Loss before taxes	\$(1,077,379)	-	\$(1,077,379)
Current assets	\$1,501,034	-	\$1,501,034
Total assets	\$2,055,143	-	\$2,055,143
Current liabilities	\$1,356,362	-	\$1,356,362
Total liabilities	\$3,790,686	-	\$3,790,686

21. CHANGE IN NON-CASH WORKING CAPITAL

	3 months ended	9 months ended
	September 30, 2024	September 30, 2023
Accounts receivable	50,719	(63,169)
Inventory	(21,651)	(8,643)
Prepaid expenses and deposits	157,661	130,700
Accounts payable and accrued liabilities	(1,092,591)	190,937
Total	(905,862)	249,825
Investing activities	(958,626)	166,687
Operating activities	52,764	83,138

22. FINANCIAL INSTRUMENTS

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Fair Values

The Company's financial instruments consist of cash, accounts receivable, deposits, accounts payable and accrued liabilities, and notes payable. The fair value of cash, accounts receivable, accounts payable and accrued liabilities, and notes payable approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

The financial assets classified as FVTPL are measured within level 1 of the fair value hierarchy as described below:

Level 1 – Unadjusted quotes prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Inputs to the valuation methodology included quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Inputs to the valuation methodology are not based on observable market data.

The Company's financial assets carried at fair value are considered Level 1.

b) Derivatives

In February 2022, the Company entered into Mont Belview Normal Butane future contract positions with MLP for periods between February to June 2022 for 420,000 US Gallons and 105,000 US Gallons at a price of USD \$0.7650 US Dollars per US Gallon and \$0.8275 US Dollars per US Gallon, respectively.

For the period ended September 30, 2024, the Company recognized \$Nil (2023 - \$Nil) net realized gain upon settlements of the derivative contracts from changes in the fair value of the underlying asset. The Company incurred transaction costs of \$Nil (2023 - \$Nil).

As at December 31, 2023, the Company held no open positions.

c) Risk Management

The Company's risk management program focuses on minimizing the potential adverse effects on the Company's financial performance. The Company manages risks and risk exposure through a combination of a system of internal and disclosure controls, as well as insurance and sound business practices.

Risk management is primarily the responsibility of the Company's corporate finance function. Any significant risks are monitored and when appropriate, actions will be taken according to the Company's policies established related to that purpose. In addition, as required, the risks are reviewed with the Company's Board of Directors.

d) Interest Rate Risk

The Company defines interest rate risk as the financial risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company currently maintains cash balances and notes payable. The Company's current policy is to invest any excess cash not required for operations in guaranteed investment certificates with short-term maturities. The Company's sensitivity to interest rate risk on its guaranteed investment certificates is immaterial as the funds available for investment are minimal due to the funds being needed to fund ongoing operations. Any change in interest rates would not result in any material change in expected interest income. Interest rate risk on promissory notes is mitigated through fixed interest rates.

22. FINANCIAL INSTRUMENTS (continued from previous page)

e) Credit Risk

Credit risk is defined as the financial risk associated with non-performance of contractual obligations by counterparties. Credit risk arises from cash held with the Company's bank along with credit exposure to customers and other outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The Company's objective for managing the counterparty credit risk is to prevent losses on its financial assets. The Company is not yet in full commercial production, but upon full commercial production will assess the credit quality of its counterparties, taking into consideration their financial position, past payment histories and other factors. Management regularly monitors counterparty credit limits and perform credit reviews. The Company's current sensitivity to credit risk is managed by dealing with reputable customers. Prior to significant commercial sales, relatively minimal supplies are required, with the Company's counterparty credit risk limited to government agencies and select companies that do not present any material concerns.

The Company's financial assets consist of accounts receivable of \$118,767 of which \$336 (2023 - \$3,258) are over 90 days past due. The allowance for expected credit losses as at September 30, 2024 is \$Nil (2023 - \$Nil). Approximately 96% (2023 – 96%) of the Company's metakaolin sales in 2024 were with 12 (2023 – five) customers.

f) Foreign Currency Exchange Risk

The Company currently operates in Canada and deals periodically with suppliers and customers in the United States. The functional currency of the Company and reporting currency is the Canadian dollar. Current dealings with suppliers in the United States are very minimal in comparison to dealings with Canadian suppliers. The Company has not entered into any derivative agreements to mitigate this risk.

As at September 30, 2024, the Company had \$Nil (2023 - \$Nil) in US receivables and \$10 (2023 – \$Nil) in US payables. A 1% change in the exchange rate at September 30, 2024 of the US dollar is estimated to have no effect on the net loss and comprehensive loss for the fiscal year.

g) Liquidity Risk

The Company defines liquidity risk as the financial risk that the Company will encounter difficulties meeting its obligations associated with financial liabilities. The Company's objective for managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The matters and conditions noted in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

At September 30, 2024, the Company had working capital of \$(588,590) (2023 - \$862,508). The Company's account payables and accrued liabilities are \$656,229 (2023 - \$177,276) of which \$19,832 was 90 days overdue (2023 - \$189).

The Company has demand notes payable in the amount of \$1,139,561 as described in Note 9 and Note 23.

23. CONTINGENCY

The Company received a Statement of Claim on January 11, 2023 in which Kasten Energy Inc. claims repayment of a loan made effective April 4, 2011 in an amount of \$1,139,561 plus interest, plus punitive damages of \$113,000, plus costs on a solicitor and client basis. The Company has filed a Statement of Defense on January 27, 2023, which states the claim is statute barred by virtue of the Limitations Act. The likelihood of Kasten Energy Inc.'s claim being successful cannot be assessed at this time. Management is of the view that it is improbable there will be a material financial impact to the Company as a result of this claim. Consequently, no provision has been recorded in these interim financial statements.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified for the nine months ended September 30, 2024, to reflect the current year's presentation. The adjustments were not considered material and did not affect the Company's net loss and comprehensive loss.

25. SUBSEQUENT EVENTS

On November 18, 2024, the Company drew on the interim line of credit agreement with its major shareholder SAM Holdings Ltd., by way of a promissory note. The promissory note is in the amount of \$1,000,000. The promissory note bears interest at 5.0% per annum. The principal and interest is payable on the maturity date, April 1, 2026, in absence of financing.