



BLUE EARTH
RESOURCES INC.

Quarterly Report

For the Period Ended November 30, 2023

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SIC Code 5172

Quarterly Report
For the Period Ending November 30, 2023
(the "Reporting Period")

Outstanding Shares

As of November 30, 2023, the number of shares outstanding of our Common Stock was: **113,788,050**

As of February 28, 2023, the number of shares outstanding of our Common Stock was: **110,034,866**

As of February 28, 2022, the number of shares outstanding of our Common Stock was: **76,788,402**

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes: ☐ No: ☒

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: ☐ No: ☒

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: ☐ No: ☒

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer and any names used by predecessor entities, along with the dates of the name changes.

Blue Earth Resources, Inc.- Effective March 15, 2010
Century Controls International, Inc. - Effective June 26, 1991
ReaLife Technology, Inc. - Effective March 4, 1987
Happy Trails, Inc. - Formation March 15, 1984

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Utah - Active

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

On September 16, 2022, the Company simultaneously acquired 100% of the membership interest of Fuel Trader Supply, LLC and 100% of the common shares of Fuel Trader Resource Management, Inc.

The address(es) of the issuer's principal executive office:

311 S. Weisgarber Road
Knoxville, TN 37919

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

2) Security Information

Transfer Agent

Name: Pacific Stock Transfer Company
Phone: (800) 785-7782
Email: info@pacificstocktransfer.com
Address: 6725 Via Austi Pkwy #300, Las Vegas, NV 89119

Publicly Quoted or Traded Securities:

Trading symbol:	BERI	
Exact title and class of securities outstanding:	Common Stock	
CUSIP:	09547W209	
Par or stated value:	\$0.004	
Total shares authorized:	200,000,000	as of date: 11/30/23
Total shares outstanding:	113,788,050	as of date: 11/30/23
Total number of shareholders of record:	425	as of date: 11/30/23

Other classes of authorized or outstanding equity securities:

Series A, B, C & D Convertible Preferred Stock are not currently publicly traded, but they are convertible into publicly traded common stock of the Company.

Exact title and class of securities outstanding:	Series A Convertible Preferred Stock	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	56,000,000	as of date: 11/30/23
Total shares outstanding:	-0-	as of date: 11/30/23

Exact title and class of securities outstanding:	Series B Convertible Preferred Stock (1)	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	-0-	as of date: 11/30/23 (1)
Total shares outstanding:	-0-	as of date: 11/30/23 (1)

(1) As of August 30, 2022, our Board of Directors ("BOD") and the holder of our Series B Convertible Preferred Stock ("Series B") agreed to convert all outstanding Series B to Common Stock of the corporation. Simultaneously with the conversion, our BOD approved the cancellation of all authorized shares of Series B.

Exact title and class of securities outstanding:	Series C Convertible Preferred Stock	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	17,000,000	as of date: 11/30/23
Total shares outstanding:	9,344,150	as of date: 11/30/23
Total number of shareholders of record:	125	as of date: 11/30/23

Exact title and class of securities outstanding:	Series D Convertible Preferred Stock	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	17,000,000	as of date: 11/30/23
Total shares outstanding:	9,594,150	as of date: 11/30/23
Total number of shareholders of record:	126	as of date: 11/30/23

Security Descriptions:

1. For common equity, describe any dividend, voting and preemption rights.

Common shareholders are entitled to dividends after the requirements with respect to preferential dividends of preferred stock, if any, have been met. The issuer has never paid a dividend. In all matters as to which the vote or consent of shareholders of the issuer shall be required or be taken, the holders of shares of common stock shall have one vote per share of common stock on all such matters. Common shareholders have no preemptive rights.

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Series A Convertible Preferred Stock - The holder of each share of Series A Convertible Preferred Stock ("Series A") then outstanding will be entitled to receive on a pair passu basis with the holders of the common stock, any dividends that are declared by the Board of Directors ("BOD"). The holder of each share of Series A has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder's Series A is then convertible. The number of shares of common stock issuable upon conversion of Series A shares is one point zero five eight (1.058) common shares for each twenty (20) Series A shares converted. The holder of each share of Series A then outstanding will be entitled to receive, on a pair passu basis with the holders of the common stock, any liquidated assets. There are no redemption or sinking fund provisions.

Series B Convertible Preferred Stock - Cancelled all authorized shares on August 30, 2022.

Series C Convertible Preferred Stock - The holder of each share of Series C Convertible Preferred Stock ("Series C") then outstanding will be entitled to receive on a pair passu basis with the holders of the common stock, any dividends that are declared by the "BOD". The holder of each share of Series C has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder's Series C is then convertible. The number of shares of common stock issuable upon conversion of Series C shares is one point five (1.5) common shares for each twenty (20) Series C shares converted. The holder of each share of Series C then outstanding will be entitled to receive, on a pair passu basis with the holders of the common stock, any liquidated assets. There are no redemption or sinking fund provisions.

Series D Convertible Preferred Stock - The holder of each share of Series D Convertible Preferred Stock ("Series D") then outstanding will be entitled to receive on a pair passu basis with the holders of the common stock, any dividends that are declared by the "BOD". The holder of each share of Series D has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder's Series D is then convertible. The number of shares of common stock issuable upon conversion of Series D shares is one (1) common share for each twenty (40) Series D shares converted. The holder of each share of Series D then outstanding will be entitled to receive, on a pair passu basis with the holders of the common stock, any liquidated assets. There are no redemption or sinking fund provisions.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u> Date 02/28/21 Common: 47,189,252 Preferred: 18,979,300			*Right-click the rows below and select "Insert" to add rows as needed.						
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
03/15/21	Issuance	1,000,000	Common	\$0.03	Yes	Anthony P. Cappiello, Jr.	Cash	Restricted	4(a)(2)
04/22/21	Issuance	300,000	Common	\$0.167	Yes	Bradley H. Hodge	Legal Services	Restricted	4(a)(2)
05/10/21	Issuance	500,000	Common	\$0.20	Yes	William H. Freeman TTEE U/A DTD 7-1-20 <i>Footnote 1</i>	Cash	Restricted	4(a)(2)
05/31/21	Issuance	250,000	Common	\$0.03	Yes	Dickinson Wright PLLC <i>Footnote 2</i>	Payment of amounts owed for legal services	Restricted	4(a)(2)
05/31/21	Issuance	150,000	Common	\$0.033	Yes	Gary W. Ford, Jr.	Cash	Restricted	4(a)(2)
05/31/21	Issuance	1,500,000	Common	\$0.033	Yes	Kevin Byrd	Cash	Restricted	4(a)(2)
05/31/21	Issuance	750,000	Common	\$0.033	Yes	Karim Boghani	Cash	Restricted	4(a)(2)
07/06/21	Issuance	3,000,000	Common	\$0.033	Yes	HacJac Capital, LLC <i>Footnote 3</i>	Cash	Restricted	4(a)(2)
07/13/21	Issuance	750,000	Common	\$0.20	Yes	William H. Freeman TTEE U/A DTD 7-1-20 <i>Footnote 1</i>	Cash	Restricted	4(a)(2)
08/09/21	Issuance	4,500,000	Common	\$0.033	Yes	Lindsay & Kristen Klebenow, JRWROS	Cash	Restricted	4(a)(2)
08/10/21	Issuance	3,750,000	Common	\$0.033	Yes	Diversified Investment Group, LLC <i>Footnote 4</i>	Cash	Restricted	4(a)(2)
08/13/21	Issuance	50,000	Common	\$0.393	No	Pamela C. Phipps	Vesting of Restricted Stock Grant	Restricted	4(a)(2)

11/08/21	Issuance	200,000	Common	\$0.035	No	Charles B. Lobetti, III, CFO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/12/21	Issuance	1,000,000	Common	\$0.10	Yes	Riggs Jordan	Cash	Restricted	4(a)(2)
11/23/21	Issuance	1,590,000	Common	\$0.10	Yes	Kevin Byrd	Cash	Restricted	4(a)(2)
11/23/21	Issuance	1,000,000	Common	\$0.10	Yes	Karim Boghani	Cash	Restricted	4(a)(2)
11/30/21	Issuance	1,000,000	Common	\$0.10	Yes	Karim Boghani	Cash	Restricted	4(a)(2)
11/30/21	Issuance	1,000,000	Common	\$0.10	Yes	Bhavikkumar Patel	Cash	Restricted	4(a)(2)
12/07/21	Cancellation of Shares	(18,000)	Common	N/A	N/A	Michael Wadley	N/A	Unknown	N/A
12/07/21	Issuance	2,000,000	Common	\$0.10	Yes	William H. Freeman TTEE U/A DTD 7-1-20 <i>Footnote 1</i>	Cash	Restricted	4(a)(2)
12/08/21	Issuance	1,000,000	Common	\$0.10	Yes	Kiritkumar Patel	Cash	Restricted	4(a)(2)
12/16/21	Issuance	1,000,000	Common	\$0.10	Yes	George W. Job	Cash	Restricted	4(a)(2)
12/17/21	Issuance	750,000	Common	\$0.033	Yes	Scott M. Boruff, CEO and Director	Current and future BOD fees	Restricted	4(a)(2)
12/17/21	Issuance	750,000	Common	\$0.033	Yes	Charles B. Lobetti, III, CFO	Current and future BOD fees	Restricted	4(a)(2)
12/17/21	Issuance	750,000	Common	\$0.033	Yes	Peter Veillon, Director	Current and future BOD fees	Restricted	4(a)(2)
12/23/21	Issuance	187,500	Common	\$0.04	Yes	Ludlow Business Services, Inc. <i>Footnote 5</i>	Consulting Services	Restricted	4(a)(2)
02/04/22	Issuance	200,000	Common	\$0.20	No	Paul W. Boyd	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
02/11/22	Issuance	689,650	Common	\$0.10	Yes	Peter Veillon, Director	Payment of amounts owed for consulting services	Restricted	4(a)(2)
03/16/22	Issuance	25,000	Common	\$0.10	Yes	Haley Flynn	Payment for Contract Services	Restricted	4(a)(2)
04/12/22	Issuance	187,500	Common	\$0.04	Yes	Ludlow Business Services, Inc. <i>Footnote 5</i>	Consulting Services	Restricted	4(a)(2)

08/10/22	Issuance	50,000	Common	\$0.393	No	Pamela C. Phipps	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
08/25/22	Issuance	25,000	Common	\$0.025	Yes	Haley Flynn	Payment for Contract Services	Restricted	4(a)(2)
08/25/22	Issuance	1,000,000	Common	\$0.025	Yes	Charles B. Lobetti, III, CFO	Current and future BOD fees	Restricted	4(a)(2)
08/25/22	Issuance	1,000,000	Common	\$0.025	Yes	Peter Veillon, Director	Current and future BOD fees	Restricted	4(a)(2)
08/30/22	Issuance/ Conversion	16,000,000	Common	N/A	N/A	Platinum Equity Advisors, LLC <i>Footnotes 6 & 7</i>	Conversion of Series B Preferred to Common	Restricted	4(a)(2)
08/30/22	Cancellation /Conversion	(1,000)	Series B Convertible Preferred Stock	N/A	N/A	Platinum Equity Advisors, LLC <i>Footnotes 6 & 7</i>	Conversion of Series B Preferred to Common	N/A	N/A
09/15/22	Issuance	1,000,000	Common	\$0.02	No	Charles B. Lobetti, III, CFO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
09/15/22	Issuance	1,000,000	Common	\$0.02	No	Gary W. Ford, Jr., Director and President	Award Per Employment Agreement	Restricted	4(a)(2)
09/15/22	Issuance	11,000,000	Common	\$0.02	No	US Energy Holdings Group, LLC <i>Footnote 8</i>	Acquisition of Subsidiary	Restricted	4(a)(2)
10/24/22	Issuance	200,000	Common	\$0.035	No	Charles B. Lobetti, III, CFO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/01/22	Issuance	500,000	Common	\$0.075	No	Billy W. Phipps, Jr., COO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/01/22	Issuance	500,000	Common	\$0.075	No	Andrew Ro	Consulting Services	Restricted	4(a)(2)
12/13/22	Issuance	25,000	Common	\$0.04	No	Haley Flynn	Payment for Contract Services	Restricted	4(a)(2)
01/01/23	Issuance	500,000	Common	\$0.462	No	McCully Development Group, LLC <i>Footnote 9</i>	Shares Issued with Debt	Restricted	4(a)(2)
01/27/23	Issuance	94,697	Common	\$0.053	No	Billy W. Phipps, Jr., COO	Compensation	Restricted	4(a)(2)
02/01/23	Issuance	39,267	Common	\$0.382	No	ClearThink Capital <i>Footnote 10</i>	Consulting Services	Restricted	4(a)(2)

02/04/23	Issuance	100,000	Common	\$0.20	No	Paul W. Boyd	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
03/15/23	Issuance	25,000	Common	\$0.075	No	James T. Forsythe	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
05/01/23	Issuance	71,428	Common	\$0.21	No	ClearThink Capital <i>Footnote 10</i>	Consulting Services	Restricted	4(a)(2)
05/15/22	Issuance	25,000	Common	\$0.04	No	Haley Flynn	Payment for Contract Services	Restricted	4(a)(2)
06/01/23	Issuance/ Conversion	1,500	Common	N/A	N/A	Heather J. McKay	Conversion of Series C Preferred to Common	Restricted	4(a)(2)
06/01/23	Cancellation/ Conversion	(20,000)	Series C Convertible Preferred Stock	N/A	N/A	Heather J. McKay	Conversion of Series C Preferred to Common	N/A	N/A
06/01/23	Issuance/ Conversion	500	Common	N/A	N/A	Heather J. McKay	Conversion of Series D Preferred to Common	Restricted	4(a)(2)
06/01/23	Cancellation/ Conversion	(20,000)	Series D Convertible Preferred Stock	N/A	N/A	Heather J. McKay	Conversion of Series D Preferred to Common	N/A	N/A
08/01/23	Issuance	74,626	Common	\$0.20	No	ClearThink Capital <i>Footnote 10</i>	Consulting Services	Restricted	4(a)(2)
08/10/23	Issuance	50,000	Common	\$0.393	No	Pamela C. Phipps	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
09/15/23	Issuance	333,334	Common	\$0.02	No	Charles B. Lobetti, III, CFO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
09/15/23	Issuance	250,000	Common	\$0.045	No	Jeffrey R. McInturff, CAO	Contract CAO Agreement	Restricted	4(a)(2)
10/18/23	Issuance	250,000	Common	\$0.08	No	Kenton S. Tarver	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	200,000	Common	\$0.08	No	Albert J. Tiede, Jr.	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	175,000	Common	\$0.08	No	Nathaniel Rawlins	Vesting of Restricted Stock Grant	Restricted	4(a)(2)

10/18/23	Issuance	50,000	Common	\$0.08	No	Brian U. Beauchamp Iglesias	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	50,000	Common	\$0.08	No	Tucker W. Kilpatrick	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	50,000	Common	\$0.08	No	Mason J. Chambers	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	175,000	Common	\$0.08	No	Jose M. Del Rio-Velez	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
10/18/23	Issuance	50,000	Common	\$0.08	No	Anthony Michael Elwin Alonso	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/01/23	Issuance	333,334	Common	\$0.075	No	Billy W. Phipps, Jr., COO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/01/23	Issuance	50,000	Common	\$0.02	No	David G. Blanton, II	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/02/23	Issuance	230,769	Common	\$0.065	No	ClearThink Capital <i>Footnote 10</i>	Consulting Services	Restricted	4(a)(2)
11/02/23	Issuance	230,769	Common	\$0.065	No	ClearThink Capital <i>Footnote 10</i>	Settlement of Accounts Payable	Restricted	4(a)(2)
11/03/23	Issuance	250,000	Common	\$0.08	No	Kenton S. Tarver	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	200,000	Common	\$0.08	No	Albert J. Tiede, Jr.	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	175,000	Common	\$0.08	No	Nathaniel Rawlins	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	50,000	Common	\$0.08	No	Brian U. Beauchamp Iglesias	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	50,000	Common	\$0.08	No	Tucker W. Kilpatrick	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	50,000	Common	\$0.08	No	Mason J. Chambers	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
11/03/23	Issuance	175,000	Common	\$0.08	No	Jose M. Del Rio-Velez	Vesting of Restricted Stock Grant	Restricted	4(a)(2)

11/03/23	Issuance	50,000	Common	\$0.08	No	Anthony Michael Elwin Alonso	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date 11/30/23	Common: 113,788,050								
	Preferred: 18,938,300								

Footnote 1 - The William H. Freeman Trust dated July 1, 2020 is controlled by William H. Freeman, Trustee.

Footnote 2 - The shares issued to Dickinson Wright PLLC are controlled by Joel D. Mayersohn.

Footnote 3 - HacJac Capital LLC is controlled by Howard Cooper.

Footnote 4 - Diversified Investment Group, LLC is controlled by Jeff Levitan. On April 30, 2021, we entered into a common stock Securities Purchase Agreement ("SPA") with an accredited investor. Under the terms of the SPA, the investor agreed to purchase 6,000,000 shares of our common stock at a purchase price of \$200,000, or \$0.033 per share, through a series of payments, with the initial payment of \$50,000 due upon execution of the SPA. After receipt of \$125,000 in proceeds under the SPA, on August 10, 2021 both the Company and the investor mutually agreed to settlement of the SPA for the amounts received to date and the issuance of the shares at the agreed upon price per share.

Footnote 5 - Ludlow Business Services, Inc. is controlled by Patrick Gaynes.

Footnote 6 - Platinum Equity Advisors, LLC is controlled by Julie Boruff, spouse of CEO Scott Boruff.

Footnote 7 - On August 30, 2022, our Board of Directors ("BOD") deemed it to be in our best interest to convert all of the authorized and issued Series B Convertible Preferred Stock ("Series B") to 16,000,000 shares of Common Stock of the corporation, with the conversion rate being mutually agreed upon by the holder of the Series B and the BOD as required under the governing document. Simultaneously with the conversion, our BOD approved the cancellation of all authorized shares of Series B. Prior to the conversion and cancellation of all authorized Series B shares, the Series B, as a group, controlled 51% of the votes eligible to be cast by all stockholders with respect to all matters brought before a vote or action by consent of the stockholders.

Footnote 8 - US Energy Holdings Group, LLC is controlled by William R. Eaton.

Footnote 9 - McCully Development Group, LLC is controlled by Clarence B. McCully.

Footnote 10 - ClearThink Capital is controlled by Brian Loper.

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities :

No: ☐

Yes: ☒ (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Principal Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued at 8/31/23 (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)
09/16/22	\$4,705,000	\$5,100,000	\$-0-	04/07/23 <i>Footnote 1</i>	Not Applicable	Apex Funding Source, LLC - No Voting Rights	Acquisition and Working Capital
01/01/23	\$9,674,816	\$10,000,000	\$-0-	12/31/24 <i>Footnote 2</i>	Not Applicable	Brabham Oil Company, Inc. - No Voting Rights	AR and Inventory Financing

Footnote 1 - On September 1, 2023, we received a legal notice of default for non-payment of principal and accrued interest and demand for immediate payment of amounts due under the note totaling \$4,705,000. On September 18, 2023, the Lender filed a lawsuit against the Company in the Supreme Court of the State of New York, County of New York. The lawsuit is an action for breach of the Loan agreement for failure to pay \$4,705,900 in principal and interest to the Lender. We are currently in discussions with the Lender to reach an amicable solution for both parties.

Footnote 2 - We are currently in default under the terms of the agreement. The holder has been advised of our non-compliance with the terms and we are currently in discussions to reach an amicable solution for both parties.

4) Issuer's Business, Products and Services

A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Blue Earth Resources, Inc. and its wholly owned subsidiaries, Fuel Trader Supply and Fuel Trader Resource Management, Inc., is a licensed and registered supplier, wholesale bulk distributor, inventory manager and logistics coordinator of refined fuel products operating primarily in the Southern United States. We buy, sell and trade refined fuels from refineries and trading desks to end users along the Colonial and Plantation pipeline systems. We are currently a licensed supplier in 8 states with fuel supply in 9 terminals. In addition, we are a licensed wholesaler/distributor in 11 states.

B. Please list any subsidiaries, parents, or affiliated companies.

Fuel Trader Supply, LLC - Wholly Owned Subsidiary
Fuel Trader Resource Management, Inc. - Wholly Owned Subsidiary

C. Describe the issuers' principal products or services.

Products supplied and distributed are various grades of refined fuels including, but not limited to Gasoline, Diesel, Kerosene, Biofuels, Ethanol, and Aviation fuel. These products are marketed in the Southern United States along multiple supply points within the pipeline and rail systems.

5) Issuer's Facilities

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

We lease our corporate office space at 311 S. Weisgarber Road in Knoxville, Tennessee. The 36-month lease term commenced on May 1, 2023 at an annual rental rate of \$56,117. The Year 2 and Year 3 annual rental rate increases to \$59,418 and \$62,719, respectively. The lease is a gross lease and the amounts include all taxes, insurance and common area expenses.

6) Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuer's securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

****The information included in this Section is as of the filing date of this report****

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares beneficially owned	Share type/class	Ownership Percentage of Class Outstanding	Note
Scott M. Boruff	CEO & Chairman	1462 Rudder Lane Knoxville, TN 37919	24,550,000	Common	21.58%	Includes shares beneficially owned by Julie Boruff (Spouse)
Charles B. Lobetti, III	CFO & Secretary	814 Evolve Way #108, Knoxville, TN 37915	4,383,334	Common	3.85%	
Billy W. Phipps, Jr.	COO	10116 Longford Dr Knoxville, TN 37922	2,078,031	Common	1.81%	Number of shares includes 150,000 shares owned by Spouse and 1,000,000 vested, but unexercised, options
Jeffrey R. McInturff	CAO	10708 Gallerani Dr, Knoxville, TN 37915	250,000	Common	0.22%	
Peter Veillon	Director	284 Willow St Apt #2 New Haven, CT 06511	3,439,650	Common	3.02%	
Julie Boruff	>5% Owner	1462 Rudder Lane Knoxville, TN 37919	24,550,000	Common	21.58%	Includes shares owned by Platinum Equity Advisors, LLC

Platinum Equity Advisors, LLC	>5% Owner	1462 Rudder Lane Knoxville, TN 37919	22,050,000	Common	19.38%	Controlled and owned 100% by Julie Boruff
US Energy Holdings Group, LLC	>5% Owner	1581 Alexander Rd Belleair, FL 33756	11,000,000	Common	9.67%	Controlled by William R. Eaton
Kevin Byrd	>5% Owner	10518 Coward Mill Rd Knoxville, TN 37931	9,804,825	Common	8.62%	
Karim Boghani	>5% Owner	708 Melford Lane Knoxville, TN 37934	8,750,000	Common	7.69%	
Joe Scott	>5% Owner of Pref C Class	P.O. Box 2983 Casper, WY 82602	1,069,583	Series C Preferred (Unlisted)	11.45%	Represents <5% of eligible voting shares
Judy Marchessault Rev Living Trust – Judy Marchessault	>5% Owner if Pref C Class	3218 Butternut Cir NW Prior Lake, MN 55372	701,800	Series C Preferred (Unlisted)	7.51%	Represents <5% of eligible voting shares. Controlled by Judy Marchessault, Trustee
Robert A. Storm	>5% Owner of Pref C Class	13252 Williamsburg Dr Savage, MN 55378	500,000	Series C Preferred (Unlisted)	5.35%	Represents <5% of eligible voting shares
Joe Scott	>5% Owner of Pref D Class	P.O. Box 2983 Casper, WY 82602	1,069,583	Series D Preferred (Unlisted)	11.15%	Represents <5% of eligible voting shares
Judy Marchessault Rev Living Trust – Judy Marchessault	>5% Owner of Pref D Class	3218 Butternut Cir NW Prior Lake, MN 55372	701,800	Series D Preferred (Unlisted)	7.31%	Represents <5% of eligible voting shares. Controlled by Judy Marchessault, Trustee
Robert A. Storm	>5% Owner of Pref D Class	13252 Williamsburg Dr Savage, MN 55378	500,000	Series D Preferred (Unlisted)	5.21%	Represents <5% of eligible voting shares

7) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

As described in **Section 3) B., Footnote 1**, On September 1, 2023, we received a legal notice of default for non-payment of principal and accrued interest and demand for immediate payment of amounts due under the note totaling \$4,705,000. On September 18, 2023, the Lender filed a lawsuit against the Company in the Supreme Court of the State of New York, County of New York. The lawsuit is an action for breach of the Loan agreement for failure to pay \$4,705,900 in principal and interest to the Lender. We are currently in discussions with the Lender to reach an amicable solution for both parties.

8) Third Party Providers

Provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: Joel D. Mayersohn
Firm: Dickinson Wright PLLC
Address 1: 350 East Las Olas Boulevard, Suite 1750
Address 2: Ft. Lauderdale, FL 33301
Phone: (954) 991-5420

Accountant or Auditor

Name: Lohan Kotze, CPA
Firm: Rodefer Moss & Co, PLLC
Address 1: 204 Lynn Garden Drive
Address 2: Kingsport, TN 37662
Phone: (423) 246-4062

Investor Relations

None – Please Contact the Issuer Directly at InvestorRelations@berifuels.com

Other Service Providers

Provide the name of any other service provider(s) that **assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

None

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- ☒ U.S. GAAP
☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)²:

Name: **Charles B. Lobetti, III**
Title: **CPA (Inactive)**
Relationship to Issuer: **Chief Financial Officer and Secretary**
Qualifications: Seasoned finance executive with 37 plus years of experience in accounting, auditing and financial reporting for both SEC registrant and private companies.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

10) Issuer Certification

Principal Executive Officer:

I, Scott M. Boruff certify that:

1. I have reviewed this Disclosure Statement of Blue Earth Resources, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

January 10, 2024

/s/ Scott M. Boruff

Chief Executive Officer

Principal Financial Officer:

I, Charles B. Lobetti, III certify that:

1. I have reviewed this Disclosure Statement of Blue Earth Resources, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

January 10, 2024

/s/ Charles B. Lobetti, III

Chief Financial Officer



BLUE EARTH
RESOURCES INC.

Interim Consolidated Financial Statements

For the Period Ended November 30, 2023

BLUE EARTH RESOURCES, INC.
INTERIM CONSOLIDATED BALANCE SHEETS

	November 30, 2023	February 28, 2023
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,624,261	\$ 1,618,113
Restricted cash	250,000	650,000
Deposits	481,107	1,251,090
Accounts receivable	1,138,692	1,181,463
Fuel inventory, net	56,567	1,623,630
Prepaid expenses and other current assets	129,940	118,324
Total current assets	4,680,567	6,442,620
OTHER ASSETS		
Pipeline deposits	350,000	350,000
Right-of-use asset, net	135,658	17,567
Intangibles, net	7,188	2,676,611
Goodwill	-	1,183,588
Deferred tax asset, net	9,339	-
Other assets, net	4,721	9,894
Total assets	<u>\$ 5,187,473</u>	<u>\$ 10,680,280</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,607,241	\$ 2,306,728
Short-term borrowings, net	14,379,816	11,962,816
Customer fuel prepayments	-	-
Current portion of lease liability	55,697	17,567
Other current liabilities	47,917	57,284
Total current liabilities	16,090,671	14,344,395
OTHER LIABILITIES		
Lease liability	81,887	-
Deferred tax liability, net	-	24,995
Total liabilities	16,172,558	14,369,390
STOCKHOLDERS' DEFICIT		
Series C Convertible Preferred stock, 17,000,000 shares authorized, 9,344,150 and 9,364,150 shares outstanding as of November 30, 2023 and February 28, 2023, respectively	37,377	37,457
Series D Convertible Preferred Stock, 17,000,000 shares authorized, 9,594,150 and 9,614,150 shares outstanding as of November 30, 2023 and February 28, 2023, respectively	38,376	38,456
Common stock, \$0.004 par, 200,000,000 shares authorized, 113,788,050 and 110,034,866 shares outstanding as of November 30, 2023 and February 28, 2023, respectively	455,152	440,139
Additional paid-in capital	12,927,288	12,774,818
Accumulated deficit	(24,443,278)	(16,880,285)
Accumulated other comprehensive deficit	-	(99,695)
Total stockholders' deficit	(10,985,085)	(3,689,110)
Total liabilities and stockholders' deficit	<u>\$ 5,187,473</u>	<u>\$ 10,680,280</u>

See accompanying notes to the interim consolidated financial statements.

BLUE EARTH RESOURCES, INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	For the Three Months Ended November 30,		For the Nine Months Ended November 30,	
	2023	2022	2023	2022
REVENUE				
Sales, net	\$ 23,175,647	\$ 31,003,672	\$ 69,343,919	\$ 66,702,821
Direct cost of sales	(22,918,137)	(29,855,249)	(68,287,705)	(65,245,512)
Gross margin	257,510	1,148,423	1,056,214	1,457,309
OPERATING EXPENSES:				
Selling	122,999	114,729	430,808	416,014
General and administrative	783,598	850,662	2,689,446	1,427,332
Stock-based compensation	80,480	126,542	214,009	242,875
Depreciation and amortization	9,564	74,874	186,886	88,707
Factoring expense	-	122,500	-	300,000
Impairment of intangibles	-	-	2,486,310	-
Impairment of goodwill	-	-	1,183,588	-
Total operating expenses	996,641	1,289,307	7,191,047	2,474,928
OPERATING LOSS	(739,131)	(140,884)	(6,134,833)	(1,017,619)
OTHER INCOME AND EXPENSE:				
Interest expense	(542,065)	(1,491,443)	(3,417,209)	(1,491,443)
Gain on debt restructuring	-	-	2,294,666	-
Gain on settlements	-	-	13,094	25,000
Other income, net	736	2,583	(1,231)	2,583
Total other income and expense	(541,329)	(1,488,860)	(1,110,680)	(1,463,860)
LOSS BEFORE INCOME TAXES	(1,280,460)	(1,629,744)	(7,245,513)	(2,481,479)
Income tax benefit	-	-	35,017	-
NET LOSS	(1,280,460)	(1,629,744)	(7,210,496)	(2,481,479)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized gain (loss) on cash flow hedge	323,710	(245,578)	99,695	(245,578)
COMPREHENSIVE LOSS	<u>\$ (956,750)</u>	<u>\$ (1,875,322)</u>	<u>\$ (7,110,801)</u>	<u>\$ (2,727,057)</u>
NET LOSS PER COMMON SHARE				
Basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>	<u>\$ (0.03)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING				
Basic and diluted	<u>111,419,764</u>	<u>103,179,765</u>	<u>110,360,745</u>	<u>82,143,685</u>

See accompanying notes to the interim consolidated financial statements.

BLUE EARTH RESOURCES, INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
(Unaudited)

Nine Months Ended November 30, 2023

	Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balances at February 28, 2023	-	\$ -	9,364,150	\$ 37,457	9,614,150	\$ 38,456	110,034,866	\$ 440,139	\$ 12,774,818	\$ (16,880,285)	\$ (99,695)	\$ (3,689,110)
Net loss										(5,930,036)		(5,930,036)
Stock-based compensation							75,000	300	133,229			133,529
Issuance of shares for services							171,054	685	30,315			31,000
Issuance of shares on conversion of Series C and D preferred stock			(20,000)	(80)	(20,000)	(80)	2,000	8	152			-
Change in fair value of stock liability									(61,992)			(61,992)
Unrealized loss on cash flow hedge											(224,015)	(224,015)
Activity for the six months ended August 31, 2023	-	-	(20,000)	(80)	(20,000)	(80)	248,054	993	101,704	(5,930,036)	(224,015)	(6,051,514)
Net loss										(1,280,460)		(1,280,460)
Stock-based compensation							2,966,668	11,866	79,865			91,731
Issuance of shares for services							230,769	923	14,077			15,000
Issuance of shares for settlement of accounts payable							307,693	1,231	18,769			20,000
Change in fair value of stock liability									(61,945)			(61,945)
Unrealized gain on cash flow hedge										(352,497)	323,710	(28,787)
Activity for the three months ended November 30, 2023	-	-	-	-	-	-	3,505,130	14,020	50,766	(1,632,957)	323,710	(1,244,461)
Balances at November 30, 2023	-	\$ -	9,344,150	\$ 37,377	9,594,150	\$ 38,376	113,788,050	\$ 455,152	\$ 12,927,288	\$ (24,443,278)	\$ -	\$ (10,985,085)

Nine Months Ended November 30, 2022

	Series B Convertible Preferred Stock		Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balances at February 28, 2022	1,000	\$ 4	9,364,150	\$ 37,457	9,614,150	\$ 38,456	76,788,402	\$ 307,153	\$ 12,075,450	\$ (11,922,455)	\$ -	\$ 536,065
Net loss										(851,735)		(851,735)
Issuance of shares for services							237,500	950	9,675			10,625
Issuance of shares upon the conversion of Series B preferred stock	(1,000)	(4)					16,000,000	64,000	(63,996)			-
Stock-based compensation							2,050,000	8,200	108,133			116,333
Activity for the six months ended August 31, 2022	(1,000)	(4)	-	-	-	-	18,287,500	73,150	53,812	(851,735)	-	(724,777)
Net loss										(1,629,744)		(1,629,744)
Issuance of shares for services							500,000	2,000	35,500			37,500
Issuance of shares for acquisition							11,000,000	44,000	176,000			220,000
Stock-based compensation							2,700,000	10,800	115,742			126,542
Unrealized loss on cash flow hedge											(245,578)	-
Activity for the three months ended November 30, 2022	-	-	-	-	-	-	14,200,000	56,800	327,242	(1,629,744)	(245,578)	(1,245,702)
Balances at November 30, 2022	-	\$ -	9,364,150	\$ 37,457	9,614,150	\$ 38,456	109,275,902	\$ 437,103	\$ 12,456,504	\$ (14,403,934)	\$ (245,578)	\$ (1,434,414)

See accompanying notes to the interim consolidated financial statements.

BLUE EARTH RESOURCES, INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended	
	November 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (7,210,496)	\$ (2,481,479)
Adjustments to reconcile loss to net cash used by operating activities:		
Depreciation and amortization	186,886	88,707
Amortization of debt issue costs	750,000	-
Stock-based compensation	225,260	242,875
Shares issued for services	46,000	48,125
Cash received from deferred revenue	50,000	-
Impairment of intangibles and goodwill	3,669,898	-
Gain on debt restructuring	(2,294,666)	-
Gain on settlements	(13,094)	-
Change in cash flow hedge	(310,086)	132,985
Deferred tax benefit	(35,017)	-
Other	5,761	-
Cash effects of changes in:		
Deposits	769,983	(653,953)
Accounts receivable	42,771	452,719
Fuel inventory	1,567,063	2,124,684
Prepaid expenses and other current assets	(29,993)	(1,140,478)
Accounts payable and accrued expenses	1,642,053	(1,212,859)
Other current liabilities	-	248,013
NET CASH PROVIDED USED BY OPERATING ACTIVITIES	(937,677)	(2,150,661)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for equipment	(3,835)	-
Acquisition of subsidiaries	-	1,251,264
Settlement proceeds from intangible asset	-	7,500
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(3,835)	1,258,764
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	1,529,283	1,723,097
Proceeds from repayment of related party loans	18,377	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,547,660	1,723,097
Net change in cash, cash equivalents and restricted cash	606,148	831,200
Cash, cash equivalents and restricted cash, beginning of period	2,268,113	459,513
Cash, cash equivalents and restricted cash, end of period	\$ 2,874,261	\$ 1,290,713
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 832,133	\$ 1,398,683
SIGNIFICANT NON-CASH FINANCING ACTIVITIES		
Change in fair value of stock make-whole provision	\$ 123,937	
Non-cash decrease in accrued expenses from debt restructuring	\$ 2,308,446	
Non-cash increase in short-term borrowings from debt restructuring	\$ 13,780	
Issuance of shares for payment of accounts payable and accrued expenses	\$ 20,000	\$ 64,000
Issuance of common stock for acquisition of subsidiary		\$ 220,000

See accompanying notes to the interim consolidated financial statements.

BLUE EARTH RESOURCES, INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
November 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blue Earth Resources, Inc. was established under the laws of the State of Utah in 1984. In August 2020, we began a new fuel wholesale supply business currently operating in the southeastern United States along the Colonial and Plantation pipeline systems. In September 2022, we acquired a 100% interest in Fuel Trader Supply, LLC ("FTS"), a Texas limited liability company, and a 100% interest in an FTS affiliate, Fuel Trader Resource Management, Inc. ("FTRM"), a corporation organized under the laws of the Commonwealth of Puerto Rico. Unless specifically set forth to the contrary, when used herein the terms "Blue Earth Resources, Inc.," the "Company," "we," "us," "our," and similar terms refer to Blue Earth Resources, Inc. and our subsidiaries, FTS and FTRM, collectively.

Following the acquisition of FTS and FTRM, The Company is a licensed and registered supplier, wholesale bulk distributor, inventory manager and logistics coordinator of refined fuel products operating primarily in the southern United States. We buy, sell and trade refined fuels from refineries and trading desks to end users along the Colonial and Plantation pipeline systems. We are currently a licensed supplier in 8 states with fuel supply in 9 terminals. In addition, we are a licensed wholesaler/distributor in 11 states.

Basis of Presentation

We have prepared the accompanying interim consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, they do not contain all information and footnotes required by U.S. GAAP for annual consolidated financial statements. In the opinion of the Company's management, the accompanying interim consolidated financial statements contain all of the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of November 30, 2023 and the results of operations and cash flows for the periods presented. The results of operations for the nine months ended November 30, 2023 are not necessarily indicative of the operating results for the full fiscal year or any future period. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto and the Company's Annual Report for the year ended February 28, 2023 filed with the OTC Markets on May 28, 2023.

Consolidation Policy

Our interim consolidated financial statements are consolidated in accordance with U.S. GAAP and include our accounts and the accounts of our wholly owned subsidiaries. We eliminate all intercompany transactions from our financial results.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation with no changes to previously reported net loss or stockholders' deficit.

Risk and Uncertainties

Factors that could affect our future operating results and cause actual results to vary materially from management's expectation include, but are not limited to: our ability to maintain and secure additional credit facilities in a period of higher inflation and gas prices; our ability to secure adequate capital to provide interim cash for our operations; our ability to source strong opportunities with sufficient risk adjusted returns; the nature and extent of competition from other companies that may reduce market share and create pressure on margins and investment return expectations; changes in the projects in which we plan to invest which result from factors beyond our control,

including, but not limited to, a change in circumstances, capacity and economic impacts; changes in laws, regulations, accounting, taxation, and other requirements affecting our operations and business. Negative developments in these or other risk factors could have a significant adverse effect on our financial position, results of operations and cash flows.

Use of Estimates

The preparation of the interim consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates on experience and various other assumptions that are believed to be reasonable under the circumstances. We evaluate our estimates and assumptions on a regular basis and actual results may differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid short-term investments with a maturity of six months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are stated at fair value. The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institutions. The balance at times may exceed federally insured limits. No loss has been experienced and management does not believe we are exposed to any significant credit risk.

Restricted Cash

At November 30, 2023 and February 28, 2023, restricted cash includes \$250,000 and \$650,000, respectively, of cash temporarily held in an account by our credit provider. The restricted cash balances secure irrevocable standby letters of credit issued to our fuel suppliers. At November 30, 2023, restricted cash secured an irrevocable standby letter of credit that expires in August 2024.

Margin Deposits

All the Company's derivatives are transacted through a futures broker. The margin deposits held by the broker are based upon the changes in fair value of open futures contracts and settlement of closed futures contracts. See *Note 4 - Deposits*.

Accounts Receivable

Accounts receivable are stated at their historical carrying amount, net of any write-offs and an allowance for uncollectible accounts, if applicable. We routinely assess the recoverability of all customer and other receivables to determine their collectability and record a reserve when, based on the judgement of management, it is probable that a receivable will not be collected, and the amount of the reserve may be reasonably estimated. When collection is no longer pursued, we charge uncollectable accounts receivable against the reserve. At November 30, 2023 and February 28, 2023, accounts receivable was \$1,138,692 and \$1,181,463, respectively, and neither amount included any reserve for uncollectible accounts.

In October 2023, we purchased a trade credit insurance policy from Euler Hermes North America Insurance Company ("Euler Hermes"), an affiliate of Allianz SE. Euler Hermes is rated A+ (Superior) by A.M. Best and AA by Standard & Poor's. We utilize Euler Hermes to underwrite and provide credit limits for each of our customers. In the event of a customer default, the Euler Hermes policy will reimburse us for the lesser of the accounts receivable balance or ninety-five percent (95%) of the Euler Hermes underwritten maximum credit for the customer. Our relationship with Euler Hermes enhances balance sheet strength allowing us to seek and improve financing relationships, enables us to expand sales to new and existing customers with less risk, reduces bad debt reserves,

helps us to avoid catastrophic bad debt losses and improves credit department efficiencies. Our annual premium for the trade credit insurance is approximately \$11,000.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of trade receivables and transportation contracts. Transportation contracts typically have a term of one year or less and are market index based with minimum volume commitments. Concentrations are limited due to the large number of customers comprising the Company's customer base. The Company's customers are concentrated in the southeast region of the United States due to logistics. The Company performs ongoing credit evaluations of its customer's financial condition. Three (3) customers accounted for 49% of our consolidated accounts receivable balance at November 30, 2023. Two (2) customers accounted for 37% of our consolidated revenue for the nine months ended November 30, 2023.

Fuel Inventory

Fuel inventory consists of gasoline, ethanol, and diesel fuel. Fuel inventory is stated at the lower of cost or net realizable value. Cost is determined through the use of the first-in, first-out (FIFO) method. As of November 30, 2023 and February 28, 2023, the Company's net fuel inventory balance was \$56,567 and \$1,623,630, respectively.

Derivative Financial Instruments

All derivative instruments are reported in the interim consolidated financial statements at fair value. The Company has designated all open derivatives as cash flow hedges of fuel sales. Changes in the fair value of these derivatives are recorded in Accumulated Other Comprehensive Income (Accumulated OCI). Gains or losses on derivative instruments recorded in Accumulated OCI must be reclassified to earnings in the period in which earnings are affected by the underlying hedged item.

The criteria to determine if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure, (ii) whether or not overall risk is being reduced, and (iii) if there is a correlation between the value of the derivative instrument and the underlying hedged item. On the date a derivative contract is entered into, the Company designates the derivative as a cash flow hedge whose change in fair value is recognized as an economic hedge against changes in cash flows associated with future sales of fuel inventory, the hedged item. The Company does not use derivative instruments for speculative or trading purposes. See *Note 12 - Derivative Activities*.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. A fair value hierarchy has been established for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

Level 3 Inputs - Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, borrowings and commodity derivatives. The fair value of current financial assets and current financial liabilities approximates their carrying value because of the short-term maturity of these financial instruments.

Intangible Assets

The Company's intangible assets relate to perpetual licenses and installation of purchased software, and to intangible assets acquired with the acquisition of FTS and FTRM in September 2022 (See *Note 3 - Acquisitions*), which include customer contracts, trade name, certain licenses, and internally developed software. Intangible assets are initially valued using a methodology commensurate with the intended use of the asset.

The costs of amortizable intangible assets are recognized using the straight-line method over their expected useful lives, which approximate 10-years for trade names, 9-years for the customer contracts, 5-years for internally developed software and 3-years for purchased software. Intangible assets that are subject to amortization are evaluated for impairment at least annually, and additionally whenever events or changes in circumstances indicate that it is more likely than not that an asset may be impaired. The impairment test for indefinite-lived intangible assets consists of a comparison of the fair value of the intangible asset with its carrying amount. An impairment loss would be recognized for the amount by which the carrying value exceeds the fair value of the asset. The Company recognized a \$2,486,310 intangible asset impairment charge during the nine months ended November 30, 2023. There were no intangible asset impairment charges recorded during the nine months ended November 30, 2022. See *Note 6 - Goodwill and Intangibles, Net*.

Intangibles, net was \$7,188 and \$2,676,611 as of November 30, 2023 and February 28, 2023, respectively.

Goodwill

Goodwill results from the excess of purchase price over the net identifiable assets of businesses acquired. All the Company's goodwill relates to the acquisition of FTS and FTRM in September 2022 (See *Note 3 - Acquisitions*). The Company reviews goodwill for impairment annually, at fiscal year-end, and whenever events or changes in circumstances indicate that the fair value of a reporting unit may be below its carrying value. As part of the annual test, the Company may perform a qualitative, rather than quantitative, assessment to determine whether the fair values of its reporting units are "more likely than not" to be greater than their carrying values. In performing this qualitative analysis, the Company considers various factors, including the effect of market or industry changes and the reporting units' actual results compared to projected results.

If the fair value of a reporting unit does not meet the "more likely than not" criteria discussed above, the impairment test for goodwill is a quantitative test. This test involves comparing the fair value of the reporting unit with its carrying value. If the fair value exceeds the carrying value, goodwill is not considered impaired. If the carrying amount exceeds the fair value, then the goodwill is considered impaired and an impairment loss is recognized in an amount by which the carrying value exceeds the reporting unit's fair value, not to exceed the carrying amount of the goodwill allocated to that reporting unit. The Company recognized a \$1,183,588 goodwill impairment charge during the nine months ended November 30, 2023. There were no goodwill impairment charges recorded during the nine months ended November 30, 2022. See *Note 6 - Goodwill and Intangibles, Net*.

Goodwill was \$-0- and \$1,183,588 as of November 30, 2023 and February 28, 2023, respectively.

Leases

The Company's leases accounting policy follows the guidance from ASC 842, "*Leases*", which provides guidance on the recognition, presentation, and disclosure of leases in interim consolidated financial statements.

The Company determines if an arrangement is or contains a lease at inception. Operating leases are included in right-of-use ("ROU") assets and lease liability in the balance sheet. The Company does not have finance leases.

ROU assets and lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. As the Company's leases do not provide an implicit rate, Management used the Company's collateralized incremental borrowing rate ("IBR") based on the information available at commencement date in determining the present value of future payments. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. The Company monitors events or changes in circumstances that change the timing or amount of future lease payments which results in the remeasurement of a lease liability, with a corresponding adjustment to the ROU asset. The lease payment terms may include fixed payment terms and variable payments. See *Note 11 - Leases*.

Business Combinations

We account for business combinations under the acquisition method of accounting provided by ASC Topic 805, "*Business Combinations*." The acquisition method requires that the acquired assets and liabilities, including contingencies, be recorded at fair value determined on the acquisition date and that changes thereafter be reflected in income (loss). The estimation of fair values of the assets acquired and liabilities assumed involves several estimates and assumptions that could differ materially from the actual amounts recorded. The results of the acquired businesses, if any, are included in our results from operations beginning from the day of acquisition.

Related Parties

The Company follows subtopic ASC 850-10 for the identification of related parties and disclosure of related party transactions. Pursuant to Section 850-10-20, the related parties include: (a) affiliates of the Company ("Affiliate" means, with respect to any specified person, any other person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such person, as such terms are used in and construed under Rule 405 under the Securities Act); (b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of Section 825-10-15, to be accounted for by the equity method by the investing entity; (c) trusts for the benefit of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management; (d) principal owners of the Company; (e) management of the Company; (f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and (g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

Federal and State Excise Taxes on Fuel

In the regular course of doing business, federal and state excise taxes on fuel ("fuel taxes") are collected by us on sales to our customers and subsequently remitted to the appropriate government authority. Such fuel taxes are recorded as current liabilities on our consolidated balance sheets and are excluded from revenues in our interim consolidated statements of operations and comprehensive loss.

In certain circumstances, we pay all applicable fuel taxes related to a particular transaction directly to a supplier, who collects the fuel taxes from us and is responsible for remitting the fuel taxes directly to the appropriate government authority. We record the cost of fuel taxes included on purchases and paid to our supplier as a component of direct cost of sales, and the cost of these fuel taxes is passed through to our customers and is included as a component of revenue. Fuel taxes of \$5,035,673 and \$6,075,144 for the nine months ended November 30, 2023 and 2022, respectively, are included in Sales, net and Direct cost of sales in our interim consolidated statements of operations and comprehensive loss.

Revenue Recognition

Revenue is recognized under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 606, “*Revenue from Contracts with Customers*” using the modified retrospective method. Under this method, the Company follows the five-step model provided by ASC Topic 606 to recognize revenue in the following manner: 1) Identify the contract; 2) Identify the performance obligations of the contract; 3) Determine the transaction price of the contract; 4) Allocate the transaction price to the performance obligations; and 5) Recognize revenue. An entity recognizes revenue for the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services.

Revenues are primarily generated from contracts with customers. Revenues are recognized when the Company satisfies its performance obligation to transfer products to customers, which typically occurs at a point in time upon shipment or delivery of the products and for an amount that reflects the transaction price that is allocated to the performance obligation. Revenue from the sale of fuel is recognized when customers obtain control of the fuel, which is typically upon delivery of each promised gallon or barrel to an agreed-upon delivery point. The Company has determined that each gallon or barrel represents a separate performance obligation, and revenue is recognized at the point in time when control of each gallon or barrel transfers to the customer.

When applicable, contract liabilities for uncompleted performance obligations are recorded in accrued expenses as deferred revenue in the consolidated balance sheets. The Company may also incur costs for the transportation of products to the delivery points. Reimbursements of such costs are normally included in the transaction price. In the limited cases, when the Company coordinates shipping and handling activities after the customer obtains control of goods or services, it has elected to account for these shipping and handling costs as activities to fulfill the promise to transfer the goods.

Fuel sales revenue is generally recognized on a gross basis upon delivery of the product to our customer, which is when title and control of the product is transferred. Transaction prices for these products are typically at market rates for the product at the time of delivery to reach this conclusion the Company considered a range of factors, including inventory risk management, latitude in establishing the sales price, discretion in the supplier selection, and that the Company is normally the primary obligor in its sales arrangements. In certain transactions, the Company purchases inventory from, and sells inventory to, the same counterparty. Such transactions that are entered into in contemplation of one another are recorded on a net basis.

In certain circumstances, we may arrange the sale of a product to a customer and have limited control of the product and minimal risk associated with the transaction. After considering the various revenue recognition factors, we record these transactions on a net basis.

Disaggregation of Revenue

The following table presents the Company’s revenue by major category for the periods presented.

	<u>November 30, 2023</u>	<u>November 30, 2022</u>
Fuel sales – Delivered	\$ 34,143,483	\$ 53,256,756
Fuel sales – Rack	21,256,909	5,113,545
Fuel sales – Bulk	12,897,514	6,861,427
Fuel sales – Renewables	-	13,680
Linespace revenue, net	374,875	715,294
Transportation	470,929	540,295
Consulting	200,209	201,824
Total Sales, net	<u>\$ 69,343,919</u>	<u>\$ 66,702,821</u>

Fuel sales for the nine months ended November 30, 2023 and 2022 include \$5,035,673 and \$6,075,144, respectively, in fuel taxes paid to our suppliers at purchase and passed through to our customers. See “*Federal and State Excise Taxes on Fuel*” above.

In certain situations the Company purchases pipeline inventory from, and sells pipeline inventory to, the same counterparty. The pipeline transactions that are entered into in contemplation of one another are recorded on a net basis as Linespace revenue, net.

The following table presents the gross receipts and cost included in Linespace revenue, net for the nine months ended November 30, 2023 and 2022.

	<u>November 30, 2023</u>	<u>November 30, 2022</u>
Gross receipts from linespace transactions	\$ 65,348,059	\$ 22,697,265
Cost of linespace transactions	<u>(64,973,184)</u>	<u>(21,981,971)</u>
Linespace revenue, net	<u>\$ 374,875</u>	<u>\$ 715,294</u>

Contract Liabilities

A contract liability is created when the Company receives contract incentive payments from suppliers for new customers. The contract liability is recognized rateably over the contract term of 10 years. As of November 30, 2023, we had \$47,917 in contract liabilities recorded in Other current liabilities and recognized \$2,083 as revenue during the nine months ended November 30, 2023. As of February 28, 2023, we had no contract liabilities. As of November 30, 2023, and February 28, 2023, we had no contract assets.

Advertising

Advertising and marketing costs are expensed as incurred in accordance with ASC 720-35, “*Advertising Costs*.” Advertising and marketing costs for the nine months ended November 30, 2023 and 2022 were \$328 and \$30,304, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with ASC Topic 718, “*Compensation - Stock Compensation*” (“ASC 718”), which establishes financial accounting and reporting standards for stock-based employee compensation. It defines a fair value-based method of accounting for an employee stock option or similar equity instrument. The Company accounts for compensation cost for stock option plans, if any, in accordance with ASC 718.

Stock-based payments, excluding restricted stock, are valued using a Black-Scholes option pricing model. Grants of stock-based payment awards issued to non-employees for services rendered are recorded at the fair value of the stock-based payment, which is the more readily determinable value. The grants are amortized on a straight-line basis over the requisite service periods, which is generally the vesting period. If an award is granted, but vesting does not occur, any previously recognized compensation cost is reversed in the period related to the termination of service. Stock-based compensation expenses are included in direct cost of sales or operating expenses, depending on the nature of the services provided, in the consolidated statements of operations and comprehensive loss. Stock-based payments issued to placement agents are classified as a direct cost of a stock offering and are recorded as a reduction in additional paid in capital.

The Company recognizes all forms of stock-based payments, including stock option grants, warrants and restricted stock grants, at their fair value on the grant date, which are based on the estimated number of awards that are ultimately expected to vest. See *Note 15 - Stock-Based Compensation*.

Income Taxes

We use the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, “*Income Taxes*.” Under this method, income tax expense is recognized for the amount of: (1) taxes payable or refundable for the current year and (2) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity’s financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date. A valuation allowance is provided to reduce the deferred tax assets reported, if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all the deferred tax assets will not be realized.

ASC Topic 740-10-30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740-10-40 provides guidance on de-recognition, classification, interest and penalties, accounting in periods, disclosure, and transition. We have no material uncertain tax positions for any of the reporting periods presented.

Net Loss Per Common Share

We determine basic loss per share and diluted loss per share in accordance with the provisions of ASC 260, “*Earnings Per Share*.” Basic loss per share excludes dilution and is computed by dividing earnings available to common stockholders by the weighted-average number of common shares outstanding for the period. The calculation of diluted income loss per share is similar to that of basic earnings per share, except the denominator is increased, if the earnings are positive, to include the number of additional common shares that would have been outstanding if all potentially dilutive common shares had been exercised.

Recent Accounting Pronouncements

In October 2021, the FASB issued ASU 2021-08, “*Business Combinations: Accounting for Contract Asset and Contract Liabilities from Contracts with Customers*,” to require that an acquirer recognize and measure contract assets and liabilities acquired in a business combination in accordance with ASC 606, “*Revenue from Contracts with Customers*.” This ASU is effective for us in the first quarter of fiscal 2024 and, if adopted early, requires the retrospective method of transition applied to transactions occurring on or after the beginning of the fiscal year of adoption. We are evaluating the timing and effects of adoption of this ASU on our financial statements.

In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement (Topic 820): “*Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*,” which clarifies that a contractual restriction on the sale of an equity security is not considered in measuring fair value. The amendments also require additional disclosures for equity securities subject to contractual sale restrictions. ASU 2022-03 is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, and we expect to adopt ASU 2022-03 prospectively. We are evaluating the timing and effects of adoption of this ASU on our financial statements.

Management has evaluated all recent accounting pronouncements as issued by the FASB in the form of Accounting Standards Updates through the date these interim consolidated financial statements were available to be issued, and found no recent accounting pronouncements issued, but not yet effective, that will have a material impact on the interim consolidated financial statements of the Company when adopted.

Subsequent Events

The Company evaluates subsequent events and transactions that occur after the balance sheet date for potential recognition or disclosure. Any material events that occur between the balance sheet date and the date that the

financial statements are issued are disclosed as subsequent events and the financial statements are adjusted to reflect any conditions that existed at the balance sheet date. See *Note 17 - Subsequent Events*.

NOTE 2 - GOING CONCERN

The accompanying interim consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern. We had a net loss of \$7,210,496 for the nine months ended November 30, 2023 and a net loss of \$4,957,830 for our most recently completed fiscal year ended February 28, 2023. We have a history of losses, an accumulated deficit, and have not yet generated cash from our operations necessary to support the ongoing business. It is management's opinion that these conditions raise substantial doubt about the Company's ability to continue as a going concern.

In view of these matters, our ability to continue as a going concern is dependent upon increasing our sales and gross margins through effective marketing, sales growth, and securing additional credit and improved financing terms to achieve better terms with our suppliers. We intend to finance our future sales growth and our working capital needs largely from the sale of private equity securities with additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. Although the Company believes in the viability of management's strategy to generate sufficient revenues and margins, control costs, and the ability to raise additional funds, there can be no assurances to that effect. Accordingly, the accompanying interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should we be unable to continue as a going concern.

NOTE 3 - ACQUISITIONS

On September 16, 2022, the Company simultaneously acquired 100% of the membership interest of FTS and 100% of the common shares of FTRM, an FTS affiliate. The Company incurred \$106,830 of acquisition-related costs. These expenses are included in general and administrative on the consolidated statement of operations and comprehensive income (loss).

The following tables summarize the fair value of consideration transferred to acquire FTS and FTRM and the recognized amounts of identifiable assets acquired and liabilities assumed at the acquisition date:

Fair Value of Consideration Transferred

Cash	\$	3,000,000
Common stock		<u>220,000</u>
Total consideration transferred	\$	<u><u>3,220,000</u></u>

Recognized Amounts of Identifiable Assets Acquired and Liabilities Assumed

Cash and cash equivalents	\$	4,251,264
Margin deposits		658,089
Accounts receivable		557,452
Fuel inventory		5,283,907
Prepaid expenses and other current assets		501,391
Derivative assets		365,581
Pipeline deposits		354,000
Other assets		36,164
Intangibles, net		2,795,000
Goodwill		1,183,588
Accounts payable and accrued expenses		(1,635,123)
Short-term borrowings		(11,071,621)
Other current liabilities		(22,598)
Deferred tax liability		(37,094)
Total identifiable net assets	\$	<u>3,220,000</u>

The measurements of fair value were based upon estimates utilizing the assistance of third-party valuation specialists.

Identifiable Intangible Assets Acquired

The following table summarizes the fair value of identifiable intangible assets acquired as part of the acquisition:

	<u>Estimates of Fair Value</u>	<u>Estimated Useful Life</u>
Definite-lived intangible assets:		
Customer contracts	\$ 1,153,000	9
Trade name	354,000	10
Software	793,000	5
Indefinite-lived asset:		
Licenses	<u>495,000</u>	
Total identifiable intangible assets	<u>\$ 2,795,000</u>	

The fair value of the identifiable intangible assets was determined based on the following approaches:

Customer contracts - The estimate of fair value assigned to customer contracts was determined using the income approach, which requires an estimate or forecast of the expected future cash flows from the customers through the application of the multi-period excess earnings approach.

Trade Name - The value attributed to the trade name was determined using the relief from the royalty method, a variation of the income approach, which requires an estimate or forecast of the expected future cash flows. The trade name has an indefinite life.

Software - The value attributed to software was determined using an estimated after-tax royalty stream that is discounted to present value.

Licenses - The licenses value was determined using the present value of the cash flow differential comparing the after-tax cash flow with and without transfer of the license.

The fair value of the definite-lived intangible assets are being amortized using the straight-line method to recognize the expense over the estimated useful life. Indefinite-lived intangible assets are not amortized, but instead are evaluated for potential impairment on an annual basis. Goodwill of \$1,183,588, resulting from the acquisition, was recorded and consists of future growth prospects as well as intangible assets that do not qualify for separate recognition.

NOTE 4 - DEPOSITS

Deposits consisted of the following at November 30, 2023 and February 28, 2023:

	November 30, 2023	February 28, 2023
Margin deposits held by futures brokers	\$ 316,864	\$ 884,761
Fuel purchase deposits	100,000	324,274
Retainers and due diligence deposits	54,000	35,000
Other	10,243	7,055
Total deposits	<u>\$ 481,107</u>	<u>\$ 1,251,090</u>

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at November 30, 2023 and February 28, 2023:

	November 30, 2023	February 28, 2023
Prepaid insurance	\$ 13,918	\$ 67,784
Prepaid software subscriptions	16,013	13,577
Other	100,009	36,963
Total prepaid expenses and other current assets	<u>\$ 129,940</u>	<u>\$ 118,324</u>

NOTE 6 – GOODWILL AND INTANGIBLES, NET

Intangibles, net consisted of the following items:

	As of November 30, 2023		
	Cost	Accumulated Amortization/ Impairment	Net
Customer contracts	\$ 1,153,000	\$ (1,153,000)	\$ -
Software	876,000	(868,812)	7,188
Licenses (indefinite life)	495,000	(495,000)	-
Trade name	354,000	(354,000)	-
Intangibles in process	5,828	(5,828)	-
Total intangibles, net	<u>\$ 2,883,828</u>	<u>\$ (2,876,640)</u>	<u>\$ 7,188</u>

	As of February 28, 2023		
	Cost	Accumulated Amortization/ Impairment	Net
Customer contracts	\$ 1,153,000	\$ (58,718)	\$ 1,094,282
Software	876,000	(132,274)	743,726
Licenses (indefinite life)	495,000	-	495,000
Trade name	354,000	(16,225)	337,775
Intangibles in process	5,828	-	5,828
Total intangibles, net	<u>\$ 2,883,828</u>	<u>\$ (207,217)</u>	<u>\$ 2,676,611</u>

Impairments

During the three months ended August 31, 2023, the Company reassessed the existence of impairment indicators on its definite-lived intangible assets derived from the acquisition of the membership interest of FTS and the common shares of FTRM. The Company determined that indicators of impairment existed and, as a result, a quantitative impairment analysis was required. The Company concluded the carrying amount of the definite-lived intangible assets exceeded their fair value, which resulted in an impairment charge of \$2,486,310 during the nine months ended November 30, 2023.

Additionally, the Company has reassessed the existence of impairment indicators on goodwill and indefinite-lived intangible assets derived from the acquisition of the membership interest of FTS and the common shares of FTRM, and determined that quantitative impairment analyses were required due to much lower-than-expected gross margins as compared to its previous forecasts. As such, the Company reassessed its estimates and concluded that the carrying amount such assets exceeded their fair value, which resulted in an impairment charge of \$1,183,588 during the nine months ended November 30, 2023.

Amortization expense for the nine months ended November 30, 2023 and 2022 was \$183,112 and \$23,458, respectively.

The remaining estimated aggregate amortization expense is expected to be as follows:

2024	\$ 2,397
2025	4,791
Total expected amortization expense	<u>\$ 7,188</u>

NOTE 7 - OTHER ASSETS, NET

Other assets consisted of the following at November 30, 2023 and February 28, 2023:

	November 30, 2023	February 28, 2023
Furniture and equipment, net	\$ 4,721	\$ 4,662
Other	-	5,232
Total prepaid expenses and other current assets	<u>\$ 4,721</u>	<u>\$ 9,894</u>

Depreciation expense related to furniture and equipment for the nine months ended November 30, 2023 and 2022 was \$3,774 and \$850, respectively.

NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at November 30, 2023 and February 28, 2023:

	November 30, 2023	February 28, 2023
Trade accounts payable	\$ 1,435,234	\$ 1,659,229
Accrued interest	-	473,369
Taxes payable	28,254	79,646
Payroll related liabilities	60,427	59,886
Other	83,326	34,598
Total accounts payable and accrued expenses	<u>\$ 1,607,241</u>	<u>\$ 2,306,728</u>

NOTE 9 - SHORT-TERM BORROWINGS, NET

We had the following short-term obligations reflected at their respective carrying values on our interim consolidated balance sheet at November 30, 2023 and February 28, 2023:

	November 30, 2023	February 28, 2023
Buy-sell agreement	\$ 8,865,212	\$ 7,335,929
Buy-sell agreement stock make-whole liability	1,892,937	1,769,000
Debt issuance costs	(1,083,333)	(1,833,333)
Buy-sell agreement, net	9,674,816	7,271,596
Business loan	4,705,000	4,691,220
Total short-term borrowings, net	<u>\$ 14,379,816</u>	<u>\$ 11,962,816</u>

Accounts Receivable Factoring Arrangement

On July 11, 2022, the Company entered into a Standard Merchant Cash Advance Agreement with Apex Funding Source, LLC (the “Purchaser”), under which we sold \$1,499,000 of current and future accounts receivable to the Purchaser for \$1,000,000, less applicable expenses of \$20,000. Upon receipt of the \$980,000 in net proceeds from the advance, we agreed to sell, assign, and transfer to the Purchaser all of our rights in customer accounts receivables and all future proceeds thereof, and the Purchaser was granted a continuing first priority security interest in all of the Company’s assets. The term of the facility is indefinite and shall continue until the Purchaser receives full payment for the amount of the purchased receivables. The Company made weekly payments to the Purchaser, and the weekly payments were capped at \$62,400. We had the option to repurchase the rights to the receivables sold to the Purchaser for \$1,180,000 if payment was made on or before ninety (60) calendar days from the date of the initial funding. On September 13, 2022, we exercised our option to repurchase the rights to our customer receivables previously sold to Apex Funding Source, LLC under an accounts receivable factoring arrangement and our obligations under the arrangement were fully satisfied on such date.

Business Loan

On September 15, 2022, we closed a \$5,100,000 business loan (the “Loan”) with Apex Funding Source, LLC (the “Lender”). After the payment of \$100,000 of applicable expenses, the net proceeds of \$5,000,000 were used to reimburse related parties for short-term loans used to settle our accounts receivable factoring obligation discussed above, secure a letter of credit to increase our available credit with a fuel supplier, provide working capital, and fund the acquisition of subsidiaries discussed in *Note 3 - Acquisitions*. The repayment terms of the Loan require eight (8) initial weekly payments of \$125,000, followed by twenty (20) weekly payments of \$332,000, and a final payment of \$4,900. The term of the loan is indefinite until the full repayment amount of \$7,644,900 has been paid. The Business Loan and Security Agreement pledges all property the Company now owns, or acquires, or creates immediately upon the acquisition thereof, to the Lender.

On September 18, 2023, the Lender filed a lawsuit against the Company in the Supreme Court of the State of New York, County of New York. The lawsuit is an action for breach of the Loan agreement for failure to pay \$4,705,900 in principal and interest to the Lender. As of the date of the interim consolidated financial statements, a court date has not been set. We are currently in settlement discussions with the Lender.

The Company had previously accrued \$2,308,445 of interest expense related to the Loan based our calculation of the imputed interest rate on the Loan. Based on the Lender's calculation of the amount due included in the demand for payment and subsequent lawsuit, we adjusted the Loan's principal and accrued interest balances to reflect the Lender's calculated amount due. As a result of the balance adjustments, we recognized a gain of \$2,294,666 from restructuring the debt during the nine months ended November 30, 2023.

Buy-sell Agreement

The Company entered into a Product Buy-Sell Agreement (the "Agreement"), whereby the Company has use of \$10,000,000 of available funds to purchase and sell products along the Colonial Pipeline. Prices are agreed upon at the time of purchase with no volume commitments. Under the terms of the Agreement, all amounts due pursuant to any invoice submitted by the counterparty to the Company shall be due and payable within two business days. As part of the original Agreement, purchases by the Company accrued interest from the invoice date until paid in full at a variable interest rate of one month LIBOR. Additionally, the original terms of the Agreement required the Company to pay a profit sharing fee. The profit sharing fee was equal to ten percent (10%) of the Company's net profit exceeding \$100,000 on the buy-sell transactions, if any, in each calendar month of the term. We recorded \$39,638 of expense for profit sharing fees under the original Agreement during the nine months ended November 30, 2023 and 2022.

The Agreement was modified as of January 1, 2023 to extend the maturity date to December 31, 2024. In addition to the extension of the maturity date, the modified Agreement increased the variable interest rate to one month LIBOR plus 3.75%, calculated on a minimum average daily balance of \$7,000,000, and the profit sharing fee provision was eliminated. Additionally as part of the modification, we issued 500,000 shares of our common stock to the counterparty and agreed to a "make-whole" provision if the shares are worth less than \$2,000,000 at the maturity date of the Agreement. The value of the shares on the maturity date is the volume weighted average price per share, as listed or quoted as reported by Bloomberg L.P., for the twenty (20) trading day period immediately prior to the maturity date. The "make-whole" amount, if any, is payable by us in cash or additional shares of common stock, or in a combination of both, at our sole discretion.

Upon the issuance of our common stock in connection with the Agreement, we recorded \$2,000,000 in debt issuance costs. Interest expense for the nine months ended November 30, 2023 includes \$750,000 for amortization of the debt issuance costs related to the Agreement. Additionally, we recorded a liability at its estimated fair value of \$1,769,000 for the make-whole provision associated with the common stock issuance. At November 30, 2023, we estimated the fair value of the stock liability to be \$1,892,937 and recorded an increase in the fair value of the stock liability of \$123,937 for the nine month period.

At November 30, 2023 and 2022, the Company owed \$9,674,816 and \$7,271,596 under the Agreement. During the nine months ended November 30, 2023, the Company recorded \$1,236,607 of interest expense, which included the amortization of \$750,000 of debt issuance costs, related to the Agreement. During the nine months ended November 30, 2022, the Company recorded \$97,068 of interest expense related to the Agreement.

We are not in compliance with the terms of the Agreement. The lender has been advised of our non-compliance with the terms and we are currently in discussions to reach an amicable solution for both parties.

NOTE 10 - OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following at November 30, 2023 and February 28, 2023:

	<u>November 30, 2023</u>	<u>February 28, 2023</u>
Contract liabilities	\$ 47,917	\$ -
Derivative liability	-	57,284
Total other current liabilities	<u>\$ 47,917</u>	<u>\$ 57,284</u>

NOTE 11 - LEASES

The Company has lease agreements with a single lease component. The Company has elected the practical expedients of accounting for lease and non-lease components as a single combined lease component for all classes of underlying assets, and to not recognize ROU assets and lease liabilities for leases with a term of twelve (12) months or less. The Company leases their office spaces from third parties. There were no lease agreements in place with a term of more than twelve (12) months during the nine months ended November 30, 2022. Lease expense recognized during the nine months ended November 30, 2023 and 2022 was \$56,164 and \$16,909, respectively.

Lease Term and Discount Rate

Weighted average remaining lease term (in years)	2.33
Weighted average discount rate	9.95%

Maturities of lease liabilities under noncancellable operating leases as of November 30, 2023 are as follows:

2024	\$ 17,531
2025	63,537
2026	62,169
2027	10,453
Total undiscounted lease payments	<u>153,960</u>
Less imputed interest	<u>(16,106)</u>
Total lease liabilities	<u>\$ 137,584</u>

NOTE 12 - DERIVATIVE ACTIVITIES

The Company has implemented a comprehensive strategy to reduce the effects of volatility of fuel prices on the Company's future sales of inventory. Inherent in the Company's portfolio of short-term derivative contracts related to fuel are certain business risks, including market risk and credit risk. Market risk is the risk that the price of fuel will change, either favorably or unfavorably, in response to changing market conditions. Credit risk is the risk of loss from non-performance by the Company's counterparty to a contract.

The following is a summary of the Company's commodity derivatives at February 28, 2023:

Settlement Period	Type / Index	Balance Sheet Location	Monthly Volumes	Average Fixed Price	Fair Value
	Ultralow				
April 2023	Sulfur diesel	Other current liabilities	714,000	\$2.71	\$ (53,428)
April 2023	RBOB gas	Other current liabilities	42,000	\$2.34	(3,856)
					<u>\$ (57,284)</u>

At November 30, 2023, the company had no commodity derivatives outstanding for future sales of inventory. Fuel inventory, net was \$56,657 and \$1,623,630 as of November 30, 2023 and February 28, 2023, respectively. The Company is currently not in compliance with the terms of a buy-sell agreement (See Note 9 - *Short-Term Borrowings, Net*) that was its primary source of financing for fuel purchases. The lender has been advised of our non-compliance and, as a result, the Company has recently significantly reduced its fuel purchases and began liquidating its fuel inventory.

Fair value was determined with assumptions about commodity prices based on those observed in underlying markets provided by third parties using commodity futures prices which represent the primary input.

Direct cost of sales for the nine months ended November 30, 2023, includes the reclassification of \$352,497 from accumulated other comprehensive income to realized losses for hedging transactions that occurred during the period.

NOTE 13 - RELATED PARTY TRANSACTIONS

To continue operations and meet operating cash requirements, we have periodically relied on short term loans from related parties, primarily shareholders, until such time as our cash flow from operations meets our cash requirements, or we are able to obtain adequate financing through sales of our equity securities and/or traditional debt financing. There is no formal written commitment for continued support by shareholders or others. Amounts loaned primarily relate to amounts paid to vendors. The loans are considered temporary in nature and have not been formalized by any written agreement. The amounts are payable on demand and carry no interest. During the nine months ended November 30, 2023, related parties loaned the Company \$498,000, all of which was repaid during the period. During the nine months ended November 30, 2022, related parties loaned the Company \$117,500 and the full amount was repaid during the period. The amounts and terms of the related party loans may not necessarily be indicative of the amounts and terms that would have been incurred had comparable transactions been entered into with independent third parties.

We entered into a Non-Employee Chief Executive Officer Engagement Agreement (the “Platinum Agreement”) with Platinum Equity Advisors, LLC (“PEA”), a related party, to provide the services as our Chief Executive Officer and Chairman of the Board of Directors. At February 28, 2023, PEA owed the Company \$18,217 and this amount has been repaid.

NOTE 14 - STOCKHOLDERS’ EQUITY

Common Stock

At November 30, 2023 and February 28, 2023, outstanding shares of common stock were 113,788,050 and 110,034,866, respectively. We issued 3,753,184 shares of common stock during the nine months ended November 30, 2023, of which 3,041,668 shares were issued to employees for compensation, 401,823 shares were issued for services, 307,693 shares were issued to settle outstanding accounts payable, and 2,000 shares were issued upon the conversion of series C and D convertible preferred stock. During the fiscal year ended February 28, 2023, we issued 33,246,464 shares of common stock, of which 16,000,000 shares were issued upon the conversion of series B convertible preferred stock, 11,000,000 shares were issued for an acquisition, 4,944,697 shares were issued to directors and employees for compensation, 801,767 shares were issued for services, and 500,000 shares were issued as a component of a financing arrangement.

Issuance of Common Stock

On March 15, 2023, we issued 25,000 shares of common stock to an employee as long-term incentive compensation pursuant to the vesting of a restricted stock grant.

On May 1, 2023, we issued 71,428 shares of common stock valued at \$0.21 per share as compensation for current and future contract services.

On May 15, 2023, we issued 25,000 shares of common stock valued at \$0.04 per share as compensation for current and future contract services.

On June 1, 2023, we issued 1,500 shares of common stock upon the conversion of 20,000 shares of series C convertible preferred stock.

On June 1, 2023, we issued 500 shares of common stock upon the conversion of 20,000 shares of series D convertible preferred stock.

On August 1, 2023, we issued 74,626 shares of common stock valued at \$0.20 per share as compensation for current and future contract services.

On August 10, 2023, we issued 50,000 shares of common stock to an employee as long-term incentive compensation pursuant to the vesting of a restricted stock grant.

On September 15, 2023, we issued 333,334 shares of common stock to an employee as long-term incentive compensation pursuant to the vesting of a restricted stock grant.

On September 15, 2023, we issued 250,000 shares of common stock valued at \$0.045 per share as compensation for current and future contract services.

On October 18, 2023, we issued 1,000,000 shares of common stock to our employees as long-term incentive compensation pursuant to the vesting of a restricted stock grants.

On November 1, 2023, we issued 383,334 shares of common stock to our employees as long-term incentive compensation pursuant to the vesting of a restricted stock grants.

On November 2, 2023, we issued 230,769 shares of common stock valued at \$0.065 per share as compensation for current and future contract services.

On November 2, 2023, we issued 307,693 shares of common stock valued at \$0.065 per share as settlement of accounts payable to a contract service provider.

On November 3, 2023, we issued 1,000,000 shares of common stock to our employees as long-term incentive compensation pursuant to the vesting of a restricted stock grants.

Series A Convertible Preferred Stock

At November 30, 2023 and February 28, 2023, we had -0- shares of Series A Convertible Preferred Stock ("Series A") outstanding.

Series A Stockholder Rights

- *Dividends* - The holder of each share of Series A then outstanding will be entitled to receive on a pari passu basis with the holders of the common stock any dividends that should be declared by the Board of Directors. No dividends were paid or declared during the periods presented.
- *Voting* - The holder of each share of Series A has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder's Series A is then convertible.

- *Conversion* - The number of shares of common stock issuable upon conversion of Series A shares is one point zero five eight (1.058) common shares for each twenty (20) Series A shares converted.

Series B Convertible Preferred Stock

At November 30, 2023 and February 28, 2022, we had -0- and 1,000 shares of Series B Convertible Preferred Stock (“Series B”) outstanding, respectively. On August 30, 2022, all outstanding shares of Series B were converted by the holder into common stock of the Company. The conversion rate was mutually agreed upon by the Series B holder and the Board of Directors as required under the governing document. Simultaneously with the conversion, the Board of Directors approved the cancellation of all authorized shares of Series B.

Series C Convertible Preferred Stock

At November 30, 2023 and February 28, 2023, we had 9,344,150 and 9,364,150 shares of Series C Convertible Preferred Stock (“Series C”) outstanding, respectively.

Series C Stockholder Rights

- *Dividends* - The holder of each share of Series C shall be entitled to receive dividends from the initial issuance date at the option and in the sole discretion of the Board of Directors in cash or (in full or in part) by the issuance of validly issued fully paid and nonassessable shares of common stock of the Company. No dividends were paid or declared during the periods presented.
- *Voting* - The holder of each share of Series C has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder’s Series C is then convertible.
- *Conversion* - The number of shares of common stock issuable upon conversion of Series C shares is one point five (1.5) common shares for each twenty (20) Series C shares converted.

Conversion of Series C Convertible Preferred Stock

On June 1, 2023, a shareholder elected to convert 20,000 shares of series C convertible preferred stock into 1,500 shares of our common stock.

Series D Convertible Preferred Stock

At November 30, 2023 and February 28, 2023, we had 9,594,150 and 9,614,150 shares of Series D Convertible Preferred Stock (“Series D”) outstanding, respectively.

Series D Stockholder Rights

- *Dividends* - The holder of each share of Series D then outstanding will be entitled to receive on a pari passu basis with the holders of the common stock any dividends that should be declared by the Board of Directors. No dividends were paid or declared during the periods presented.
- *Voting* - The holder of each share of Series D has that number of votes on all matters submitted to the stockholders that is equal to the number of shares of common stock into which such holder’s Series D is then convertible.
- *Conversion* - The number of shares of common stock issuable upon conversion of Series C shares is one (1) common share for each forty (40) Series D shares converted.

Conversion of Series D Convertible Preferred Stock

On June 1, 2023, a shareholder elected to convert 20,000 shares of series D convertible preferred stock into 500 shares of our common stock.

NOTE 15 - STOCK-BASED COMPENSATION

Our stock-based compensation programs are long-term retention awards that are intended to attract, retain, and provide incentives for employees, officers, and directors, and to align stockholder and employee interest. We utilize grants of both stock options and warrants and restricted stock to achieve those goals.

Summary of Stock Options and Warrants

During each of the nine months ended November 30, 2023 and 2022, we recorded \$27,317 and \$44,571, respectively, in compensation expense related to stock options and warrants. There were no stock options or warrants issued during the nine months ended November 30, 2023 or 2022. When applicable, we estimate the grant date fair value of stock options and warrants using the Black-Scholes pricing model and the assumptions described below.

Expected Volatility

Due to the fact we do not consider historical volatility is the best indicator of future volatility, we use implied volatility of our options to estimate future volatility.

Expected Term

Where possible, we use the simplified method to estimate the expected term of employee stock options. Where we are unable to use the simplified method due to the terms of a stock option, we may use a modified simplified method to estimate the expected term. We do not have adequate historical exercise data to provide a reasonable basis for estimating the expected term for the current share options granted. The simplified method assumes that employees will exercise share options evenly between the period when the share options are vested and ending on the date when the options would expire.

Risk-Free Interest Rate

The risk-free rate for the expected term of the option is based on the U.S. Treasury yield curve at the date of grant.

Dividend Yield

We have not estimated any dividend yield as we currently do not pay a dividend and do not anticipate paying a dividend over the expected term.

The following table summarizes our options and warrant activity for the nine months ended November 30, 2023 and the fiscal year ended February 28, 2023:

	November 30, 2023		February 28, 2023	
	Number of Options and Warrants	Weighted Average Exercise Price	Number of Options and Warrants	Weighted Average Exercise Price
Balance at beginning of year	2,500,000	\$ 0.08	2,500,000	\$ 0.08
Granted	-	-	-	-
Exercised	-	-	-	-
Balance at end of period	2,500,000	\$ 0.08	2,500,000	\$ 0.08
Options and warrants exercisable	2,500,000	\$ 0.08	1,875,000	\$ 0.08

Summary of Restricted Stock Grants

During the nine months ended November 30, 2023 and 2022, we recorded compensation expense of \$186,692 and \$128,304 respectively, related to restricted stock grants. The grant date fair value of restricted stock grants issued during the nine months ended November 30, 2023 and 2022 was \$15,125 and \$312,500, respectively.

The following table summarizes our restricted stock activity for the nine months ended November 30, 2023 and the fiscal year ended February 28, 2023:

	November 30, 2023	February 28, 2023
Balance at beginning of period	4,300,000	650,000
Granted	275,000	5,500,000
Released	(2,791,668)	(1,850,000)
Balance at end of period	1,783,332	4,300,000

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Bulk Fuel Supply Agreements

When advantageous to us, we may enter into bulk fuel supply agreements with our fuel suppliers. The typical agreement has a term of one year and provides us with a guaranteed supply of certain refined fuels at an indexed price plus or minus a fixed margin. Under these types of agreements, the supplier is required to supply, and we are required to purchase, a fixed monthly volume of product and the failure to perform, by either party, is generally subject to a liquidated damages clause. Management periodically evaluates both our and the supplier's performance under these types of agreements for compliance and potential liquidated damages. At November 30, 2023 and February 28, 2023, potential liquidated damages, if any, under these agreements would not have a significant adverse effect on our financial position, results of operations or cash flows.

Employment and Consulting Agreements

On September 15, 2022, in connection with the appointment of Scott M. Boruff as Chief Executive Officer and Chairman of the Board of the Company, the Company and Platinum Equity Advisors, LLC ("PEA") entered into a Non-Employee Chief Executive Officer Engagement Agreement (the "Platinum Agreement") with a term of thirty-six (36) months. As compensation for the services, the Company shall pay PEA an annual base fee of \$260,000 and a mandatory bonus fee of \$25,000 per quarter. The mandatory bonus fee may be accrued at the option of the Board of Directors ("BOD"). In the event the Platinum Agreement is terminated without cause, PEA shall be entitled to a severance payment equal to Three (3) months of base fee. If the Platinum Agreement is terminated without cause within two (2) years of a change in control, or in the ninety (90) days prior to the change in control upon the request

of the acquiror, PEA shall be entitled to a severance payment in an amount equal to 2.99 times the annualized base fee PEA is then earning.

On September 15, 2022, in connection with the appointment of Charles B. Lobetti, III as Chief Financial Officer of the Company, the Company and Mr. Lobetti entered into an employment agreement with an initial term of Three (3) years. As compensation for his services, under the terms of the agreement the Company shall pay Mr. Lobetti an annual base salary of \$150,000 as compensation for his services. In the event Mr. Lobetti's employment with the Company is terminated without cause, Mr. Lobetti shall be entitled to payment of any accrued but unpaid salary through the termination date plus, as severance, his annual base salary for one (1) full year. If Mr. Lobetti is terminated without cause within two (2) years of a change in control, or in the ninety (90) days prior to a change in control at the request of the acquiror, Mr. Lobetti shall be entitled to a severance payment in an amount equal to 2.99 times the annualized base salary he is then earning. In addition, Mr. Lobetti is eligible for equity awards as approved by the BOD as defined in the agreement.

On September 15, 2022, in connection with the appointment of Gary W. Ford, Jr. as President of the Company, the Company and Mr. Ford entered into an employment agreement with an initial term of Three (3) years. As compensation for his services, under the terms of the agreement the Company shall pay Mr. Ford an annual base salary of \$200,000 and a mandatory bonus of \$25,000 per quarter. The mandatory bonus may be accrued at the option of the BOD. In the event Mr. Ford's employment with the Company is terminated without cause, Mr. Ford shall be entitled to a severance payment equal to his base salary for one (1) full year. If Mr. Ford is terminated without cause within two (2) years of a change in control, or in the ninety (90) days prior to a change in control upon the request of the acquiror, Mr. Ford shall be entitled to a severance payment in an amount equal to 2.99 times the annualized base salary he is then earning. In addition, Mr. Ford is eligible for equity awards as approved by the BOD as defined in the agreement. On September 25, 2023, Mr. Ford resigned as a member of our Board of Directors and from his position as President of the Company to be effective October 1, 2023.

On September 16, 2022, in connection with the appointment of William R. Eaton as Chief Operating Officer of the Company, the Company and Mr. Eaton entered into an employment agreement with an initial term of Three (3) years. As compensation for his services, under the terms of the agreement the Company shall pay Mr. Eaton an annual base salary of \$200,000 and a mandatory bonus of \$25,000 per quarter. If Mr. Eaton is terminated without cause within two (2) years of a change in control, or in the ninety (90) days prior to a change in control upon the request of the acquiror, Mr. Eaton shall be entitled to a severance payment in an amount equal to 2.99 times the annualized base salary he is then earning. In addition, Mr. Eaton is eligible for equity awards as approved by the BOD as defined in the agreement. Effective September 20, 2023, Mr. Eaton resigned as a member of our Board of Directors and from his position as Chief Operating Officer of the Company.

On November 1, 2022, in connection with the appointment of Billy W. Phipps, Jr. as Chief Marketing Officer of the Company, the Company and Mr. Phipps entered into an employment agreement with an initial term of Three (3) years. As compensation for his services, under the terms of the agreement the Company shall pay Mr. Phipps an annual base salary of \$200,000 and a mandatory bonus of \$15,000 per quarter. The mandatory bonus may be paid in cash or common stock of the Company at the option of the BOD. In the event Mr. Phipps' employment with the Company is terminated without cause, Mr. Phipps shall be entitled to a severance payment equal to his base salary for one (1) full year. If Mr. Phipps is terminated without cause within two (2) years of a change in control, or in the ninety (90) days prior to a change in control upon the request of the acquiror, Mr. Phipps shall be entitled to a severance payment in an amount equal to 2.99 times the annualized base salary he is then earning. In addition, Mr. Phipps is eligible for equity awards as approved by the BOD as defined in the agreement. On September 25, 2023, Mr. Phipps transitioned from his position as Chief Marketing Officer to Chief Operating Officer of the Company.

Litigation

From time to time, the Company may become involved in litigation relating to claims arising in the ordinary course of the business. There are no claims or actions pending or threatened against the Company that, if adversely determined, would in the Company's management's judgment have a material adverse effect on the Company.

On September 18, 2023, Apex Funding Source, LLC (the “Lender”) filed a lawsuit against the Company in the Supreme Court of the State of New York, County of New York. The lawsuit is an action for breach of the loan agreement for failure to pay \$4,705,900 in principal and interest to the Lender when due (See Note 9 - *Short-Term Borrowings, Net*). As of the date of the interim consolidated financial statements, a court date has not been set. We are currently in settlement discussions with the Lender.

NOTE 17 - SUBSEQUENT EVENTS

We evaluate subsequent events and transactions that occur after the balance sheet date for the period presented and up to the issuance date of the interim consolidated financial statements. Based on our review, other than those items listed above, we did not identify any subsequent events that would require adjustment to or disclosure in the interim consolidated financial statements.