



BLUE EARTH
RESOURCES INC.

Annual Report

For the Year Ended February 29, 2024

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BLUE EARTH RESOURCES, INC.
311 S. Weisgarber Road
Knoxville, Tennessee 37919



(888) 462-2374

www.berifuels.com

investorrelations@berifuels.com

SIC Code 5172

Annual Report
For the Year Ended February 29, 2024
(the "Reporting Period")

Outstanding Shares

As of February 29, 2024, the number of shares outstanding of our Common Stock was: **114,038,050**

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

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

Current State and Date of Incorporation or Registration: Utah - Incorporated March 15, 1984
Standing in this jurisdiction: Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

None

Describe any trading suspension or halt orders issued by the SEC or FINRA 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:

None

Address 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?

No: ☒ Yes: ☐ If Yes, provide additional details below.

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: 02/29/24
Total shares outstanding:	114,038,050	as of date: 02/29/24
Total number of shareholders of record:	425	as of date: 02/29/24

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

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: 02/29/24
Total shares outstanding:	-0-	as of date: 02/29/24

Exact title and class of securities outstanding:	Series B Convertible Preferred Stock (A)	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	-0-	as of date: 02/29/24 (A)
Total shares outstanding:	-0-	as of date: 02/29/24 (A)

(A) 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: 02/29/24
Total shares outstanding:	9,344,150	as of date: 02/29/24
Total number of shareholders of record:	125	as of date: 02/29/24

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: 02/29/24
Total shares outstanding:	9,594,150	as of date: 02/29/24
Total number of shareholders of record:	126	as of date: 02/29/24

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 for the two most recently completed fiscal years and any subsequent period.

Shares Outstanding <u>Opening Balance:</u>			*Right-click the rows below and select “Insert” to add rows as needed.						
Date 02/28/22 Common: 76,788,402 Preferred: 18,979,300									
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. ***You must disclose the control person(s) fir any entities listed.	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 Registrati on Type.
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 1</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 2 & 3</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 2 & 3</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 4</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 5</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 6</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 6</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 6</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 6</i>	Consulting Services	Restricted	4(a)(2)
11/02/23	Issuance	307,693	Common	\$0.065	No	ClearThink Capital <i>Footnote 6</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)
01/10/24	Issuance	250,000	Common	\$0.0365	No	Jeffrey R. McInturff, CAO	Contract CAO Agreement	Restricted	4(a)(2)
Shares Outstanding on Date of This Report:									
Ending Balance:									
Date 02/29/24 Common: 114,038,050									
Preferred: 18,938,300									

Footnote 1 - Ludlow Business Services, Inc. is controlled by Patrick Gaynes.

Footnote 2 - Platinum Equity Advisors, LLC is controlled by Julie Boruff, spouse of CEO Scott Boruff.

Footnote 3 - 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 4 - US Energy Holdings Group, LLC is controlled by William R. Eaton.

Footnote 5 - McCully Development Group, LLC is controlled by Clarence B. McCully.

Footnote 6 - 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 Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder ***You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
09/16/22	\$4,705,000	\$5,100,000	\$-0-	04/07/23 <i>Footnote 7</i>	Not Convertible	Apex Funding Source, LLC - No Voting Rights	Acquisition and Working Capital
01/01/23	\$8,832,925	\$10,000,000	\$-0-	12/31/24 <i>Footnote 8</i>	Not Convertible	Brabham Oil Company, Inc. - No Voting Rights	AR and Inventory Financing

Footnote 7 - 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. See “Note 17 - Commitments and Contingencies, *Litigation*” of the Notes to the Consolidated Financial Statements incorporated herein.

Footnote 8 - On January 29, 2024, the Plaintiff filed a lawsuit against the Company in the Court of Common Pleas, State of South Carolina, County of Bamberg. The lawsuit is an action for the Plaintiff to recover \$8,832,925 in principal, plus interest from the filing date, for amounts advanced to the Company for the purchase of fuel. See “Note 17 - Commitments and Contingencies, *Litigation*” of the Notes to the Consolidated Financial Statements incorporated herein.

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. On January 15, 2024 we discontinued our wholesale distributor operations, with our emphasis now being on our inventory management and consulting business.

B. Please list any subsidiaries, parent company, 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.

Provide inventory management and consulting services to a variety of clients in the Southern United States.

5) Issuer’s Facilities

In responding to this item, please clearly describe the assets, properties or facilities of the issuer. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases. If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

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) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding any officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer’s securities. 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. 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****

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Notes and names of control person(s) if corporate entity
Scott M. Boruff	CEO & Chairman	1462 Rudder Lane Knoxville, TN 37919	24,550,000	Common	21.27%	Includes shares beneficially owned by Julie Boruff (Spouse)
Charles B. Lobetti, III	CFO & Secretary	814 Evolve Way #108, Knoxville, TN 37915	5,050,000	Common	4.38%	
Jeffrey R. McInturff	CAO	10708 Gallerani Dr, Knoxville, TN 37915	500,000	Common	0.43%	
Julie Boruff	>5% Owner	1462 Rudder Lane Knoxville, TN 37919	24,550,000	Common	21.27%	Includes shares owned by Platinum Equity Advisors, LLC
Platinum Equity Advisors, LLC	>5% Owner	1462 Rudder Lane Knoxville, TN 37919	22,050,000	Common	19.11%	Controlled and owned 100% by Julie Boruff
US Energy Holdings Group, LLC	>5% Owner	1581 Alexander Rd Belleair, FL 33756	11,000,000	Common	9.53%	Controlled by William R. Eaton
Kevin Byrd	>5% Owner	10518 Coward Mill Rd Knoxville, TN 37931	9,804,825	Common	8.50%	
Karim Boghani	>5% Owner	708 Melford Lane Knoxville, TN 37934	8,750,000	Common	7.58%	
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. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding traffic violations);

None

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

None

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

None

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

None

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S Mail.

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 to 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 7**, On September 18, 2023, Apex Funding Source, LLC 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. See "Note 17 - Commitments and Contingencies, *Litigation*" of the Notes to the Consolidated Financial Statements incorporated herein.

As described in **Section 3) B., Footnote 8**, On January 29, 2024, Brabham Oil Company, Inc. filed a lawsuit against the Company in the Court of Common Pleas, State of South Carolina, County of Bamberg. The lawsuit is an action for the Plaintiff to recover \$8,832,925 in principal, plus interest from the filing date, for amounts advanced to the Company for the purchase of fuel. See "Note 17 - Commitments and Contingencies, *Litigation*" of the Notes to the Consolidated Financial Statements incorporated herein.

8) Third Party Service 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) Disclosure & Financial Information

A. This Disclosure Statement as prepared by (name of individual):

Name: **Charles B. Lobetti, III**
Title: **CPA (Inactive)**
Relationship to Issuer: **Chief Financial Officer and Secretary**

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

- ☒ U.S. GAAP
☐ IFRS

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

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

Provide the following financial statements:

- 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

10) Issuer Certification

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.

June 12, 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.

June 12, 2024

/s/ Charles B. Lobetti, III

Chief Financial Officer



BLUE EARTH
RESOURCES INC.

Consolidated Financial Statements

For the Years Ended

February 29, 2024 and February 28, 2023



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
Blue Earth Resources, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Blue Earth Resources, Inc. (the "Company") as of February 29, 2024, and February 28, 2023, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity (deficit) and cash flows for each of the years in the two-year period ended February 29, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2024, and February 28, 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended February 29, 2024, and February 28, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial consolidated statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a history of losses, an accumulated deficit, and has not generated cash from operations to support a meaningful and ongoing business plan. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Rodefer Moss & Co, PLLC

/s/ Rodefer Moss & Co, PLLC

We have served as the Company's auditor since 2022

Johnson City, Tennessee

June 11, 2024

BLUE EARTH RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

	As of	
	February 29, 2024	February 28, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,210,387	\$ 1,618,113
Restricted cash	1,750,000	650,000
Deposits	80,688	1,251,090
Accounts receivable	3,525	1,181,463
Fuel inventory, net	143,931	1,623,630
Prepaid expenses and other current assets	167,908	118,324
Total current assets	3,356,439	6,442,620
OTHER ASSETS		
Pipeline deposits	350,000	350,000
Right-of-use operating asset, net	120,461	17,567
Intangibles, net	-	2,676,611
Goodwill	-	1,183,588
Deferred tax asset, net	1,228	-
Other assets, net	3,382	9,894
Total assets	<u>\$ 3,831,510</u>	<u>\$ 10,680,280</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 242,636	\$ 2,306,728
Short-term borrowings, net	14,704,592	11,962,816
Current portion of operating lease liability	54,373	17,567
Derivative liability	-	57,284
Total current liabilities	15,001,601	14,344,395
OTHER LIABILITIES		
Operating lease liability	68,839	-
Deferred tax liability, net	-	24,995
Total liabilities	<u>15,070,440</u>	<u>14,369,390</u>
STOCKHOLDERS' DEFICIT		
Series C Convertible Preferred stock, 17,000,000 shares authorized, 9,344,150 and 9,364,150 shares outstanding as of February 29, 2024 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 February 29, 2024 and February 28, 2023, respectively	38,376	38,456
Common stock, \$0.004 par, 200,000,000 shares authorized, 114,038,050 and 110,034,866 shares outstanding as of February 29, 2024 and February 28, 2023, respectively	456,152	440,139
Additional paid-in capital	12,816,036	12,774,818
Accumulated deficit	(24,586,871)	(16,880,285)
Accumulated other comprehensive deficit	-	(99,695)
Total stockholders' deficit	<u>(11,238,930)</u>	<u>(3,689,110)</u>
Total liabilities and stockholders' deficit	<u>\$ 3,831,510</u>	<u>\$ 10,680,280</u>

See accompanying notes are an integral part of the consolidated financial statements.

BLUE EARTH RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Year Ended	
	February 29, 2024	February 28, 2023
REVENUE		
Sales, net	\$ 36,985,252	\$ 22,501,798
Direct cost of sales	(35,747,468)	(20,306,939)
Gross margin	<u>1,237,784</u>	<u>2,194,859</u>
OPERATING EXPENSES:		
General and administrative	3,597,445	3,015,811
Depreciation and amortization	195,414	177,173
Stock-based compensation	172,880	217,848
Impairment of intangibles	2,486,310	-
Impairment of goodwill	1,183,588	-
Total operating expenses	<u>7,635,637</u>	<u>3,410,832</u>
OPERATING LOSS	<u>(6,397,853)</u>	<u>(1,215,973)</u>
OTHER INCOME AND EXPENSE:		
Interest expense	(3,750,559)	(3,440,722)
Gain on extinguishment of debt	2,294,666	-
Gain on settlements	13,094	-
Other expense, net	(7,526)	4,613
Total other income and expense	<u>(1,450,325)</u>	<u>(3,436,109)</u>
LOSS BEFORE INCOME TAXES	<u>(7,848,178)</u>	<u>(4,652,082)</u>
Income tax benefit (expense)	<u>20,820</u>	<u>(15,312)</u>
LOSS FROM CONTINUING OPERATIONS	<u>(7,827,358)</u>	<u>(4,667,394)</u>
DISCONTINUED OPERATIONS	<u>120,772</u>	<u>(290,436)</u>
NET LOSS	<u>(7,706,586)</u>	<u>(4,957,830)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized gain (loss) on cash flow hedge	<u>99,695</u>	<u>(99,695)</u>
COMPREHENSIVE LOSS	<u>\$ (7,606,891)</u>	<u>\$ (5,057,525)</u>
NET LOSS PER COMMON SHARE		
Basic and diluted	<u>\$ (0.07)</u>	<u>\$ (0.06)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		
Basic and diluted	<u>110,707,204</u>	<u>87,568,643</u>

See accompanying notes are an integral part of the consolidated financial statements.

BLUE EARTH RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED FEBRUARY 29, 2024 AND FEBRUARY 28, 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 Income	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										(4,957,830)		(4,957,830)
Stock-based compensation							4,944,697	19,779	297,446			317,225
Issuance of shares for services							801,767	3,207	60,918			64,125
Issuance of shares for preferred stock conversions	(1,000)	(4)					16,000,000	64,000	(63,996)			-
Issuance of shares for acquisition							11,000,000	44,000	176,000			220,000
Issuance of shares with debt recorded as debt discount							500,000	2,000	229,000			231,000
Unrealized loss on cash flow hedge											(99,695)	(99,695)
Balances at February 28, 2023	<u>-</u>	<u>\$ -</u>	<u>9,364,150</u>	<u>\$ 37,457</u>	<u>9,614,150</u>	<u>\$ 38,456</u>	<u>110,034,866</u>	<u>\$ 440,139</u>	<u>\$ 12,774,818</u>	<u>\$ (16,880,285)</u>	<u>\$ (99,695)</u>	<u>\$ (3,689,110)</u>
Net loss										(7,706,586)		(7,706,586)
Stock-based compensation							2,791,668	11,166	190,530			201,696
Issuance of shares for services							901,823	3,608	62,767			66,375
Issuance of shares for preferred stock conversions			(20,000)	(80)	(20,000)	(80)	2,000	8	152			-
Issuance of shares for settlement of accounts payable							307,693	1,231	18,769			20,000
Change in fair value of stock liability									(231,000)			(231,000)
Unrealized gain on cash flow hedge											99,695	99,695
Balances at February 29, 2024	<u>-</u>	<u>\$ -</u>	<u>9,344,150</u>	<u>\$ 37,377</u>	<u>9,594,150</u>	<u>\$ 38,376</u>	<u>114,038,050</u>	<u>\$ 456,152</u>	<u>\$ 12,816,036</u>	<u>\$ (24,586,871)</u>	<u>\$ -</u>	<u>\$ (11,238,930)</u>

See accompanying notes are an integral part of the consolidated financial statements.

BLUE EARTH RESOURCES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended	
	February 29, 2024	February 28, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (7,706,586)	\$ (4,957,830)
Adjustments to reconcile loss to net cash used by operating activities:		
Depreciation and amortization	195,414	177,173
Amortization of debt issuance costs	1,000,000	166,667
Stock-based compensation	172,880	217,848
Stock-based compensation included in discontinued operations	28,816	99,377
Shares issued for services	66,375	64,125
Impairment of intangibles and goodwill	3,669,898	-
Gain on extinguishments and settlements	(2,307,760)	-
Change in cash flow hedge	42,411	323,140
Deferred tax benefit	(26,906)	(12,098)
Other	8,668	-
Cash effects of changes in:		
Deposits	1,170,402	(217,620)
Accounts receivable	1,177,938	1,380,695
Fuel inventory	1,479,699	3,660,277
Prepaid expenses and other current assets	(67,961)	89,547
Accounts payable and accrued expenses	277,448	(1,386,162)
Other current liabilities	-	(5,002)
NET CASH PROVIDED USED BY OPERATING ACTIVITIES	(819,264)	(399,863)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for equipment	(3,835)	-
Cash paid for intangibles	-	(5,829)
Cash acquired in acquisition, net of acquisition cost	-	1,251,264
Settlement proceeds from intangible asset	-	7,500
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(3,835)	1,252,935
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from short-term borrowings	1,496,996	955,528
Proceeds from repayment of related party loans	18,377	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,515,373	955,528
Net change in cash, cash equivalents and restricted cash	692,274	1,808,600
Cash, cash equivalents and restricted cash, beginning of period	2,268,113	459,513
Cash, cash equivalents and restricted cash, end of period	\$ 2,960,387	\$ 2,268,113
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 915,483	\$ 2,700,450
SIGNIFICANT NON-CASH FINANCING ACTIVITIES		
Change in fair value of stock make-whole provision	\$ 231,000	
Non-cash decrease in accrued expenses from debt restructuring	\$ 2,308,446	
Common stock issued with debt recorded as debt discount		\$ 2,000,000
Make-whole provision included with debt recorded as liability		\$ 1,769,000
Issuance of common stock for acquisition of subsidiary		\$ 220,000

See accompanying notes are an integral part of the consolidated financial statements.

BLUE EARTH RESOURCES, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
February 29, 2024

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 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, 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.

Basis of Presentation

We have prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Consolidation Policy

Our 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 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 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.

Restricted Cash

At February 29, 2024 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 February 29, 2024, restricted cash secured an irrevocable standby letter of credit that expires in August 2024.

In addition to the restricted cash balances securing irrevocable standby letters of credit to our fuel suppliers, at February 29, 2024 restricted cash includes \$1,500,000 held in escrow by our legal representative pursuant to a Consent Order related to a lawsuit. See *Note 17 - Commitments and Contingencies*.

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 5 - Deposits*.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding customer balances. Credit is extended to customers based on an evaluation of their financial condition and other factors. Interest is not accrued on overdue accounts receivable. The Company does not require collateral.

Management periodically assesses the Company's accounts receivable and, if necessary, establishes an allowance for estimated uncollectible amounts. The Company provides an allowance for doubtful accounts based upon a review of the outstanding accounts receivable, historical collection information and existing economic conditions. Accounts determined to be uncollectible are charged to operations when that determination is made.

At February 29, 2024 and February 28, 2023, accounts receivable was \$3,525 and \$1,181,463, respectively, and neither amount included any reserve for uncollectible accounts. We recorded no bad debt expense for the years ended February 29, 2024 and February 28, 2023.

Concentration of Credit Risk

Credit risk associated with cash and cash equivalents is minimized by periodically evaluating the credit quality of our primary financial institutions. The balances may at times exceed federally insured limits. No loss has been experienced and management does not believe we are exposed to any significant credit risk.

Credit risk with respect to accounts receivables is limited due to the structure of our ongoing consulting arrangements. Although the Company could be directly impacted by the financial condition of its customers in certain circumstances, management does not believe significant credit risk exists with respect to its accounts receivable at February 29, 2024.

At February 29, 2024 and thereafter, the Company is primarily engaged in consulting services related to fuel sourcing, logistics and hedging. The generation of consulting revenue from these services is largely reliant on the existence of favorable conditions in the refined fuel market, as well as our capacity to nominate and secure linespace for our shipper clients during such favorable periods. We have limited or no control over the existence of favorable market conditions, our receipt of linespace nominations, or the willingness of a shipper to accept any received linespace nominations.

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 February 29, 2024 and February 28, 2023, the Company's net fuel inventory balance was \$143,931 and \$1,623,630, respectively.

Derivative Financial Instruments

All derivative instruments are reported in the 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 year ended February 29, 2024. There were no intangible asset impairment charges recorded during the year ended February 28, 2023. See *Note 7 - Goodwill and Intangibles, Net*.

Intangibles, net was \$-0- and \$2,676,611 as of February 29, 2024 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 year ended February 29, 2024. There were no goodwill impairment charges recorded during the year ended February 28, 2023. See *Note 7 - Goodwill and Intangibles, Net*.

As of February 29, 2024, we had no goodwill. Goodwill was \$1,183,588 as of February 28, 2023.

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 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.

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>February 29, 2024</u>	<u>February 28, 2023</u>
Fuel sales – Rack	\$ 21,259,798	\$ 8,098,548
Fuel sales – Bulk	14,491,433	11,837,030
Fuel sales – Renewables	-	13,680
Linespace revenue, net	795,638	1,895,711
Consulting	438,383	656,829
Total Sales, net	<u>\$ 36,985,252</u>	<u>\$ 22,501,798</u>

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 years ended February 29, 2024 and February 28, 2023.

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Gross receipts from linespace transactions	\$ 123,064,912	\$ 143,720,461
Cost of linespace transactions	(122,269,274)	(141,824,750)
Linespace revenue, net	<u>\$ 795,638</u>	<u>\$ 1,895,711</u>

Advertising

Advertising and marketing costs are expensed as incurred in accordance with ASC 720-35, “*Advertising Costs*.” Advertising and marketing costs for the years ended February 29, 2024 and February 28, 2023 were \$328 and \$5,681, 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 Standards

Changes to accounting principles are established by the FASB in the form of Accounting Standards Updates (“ASU’s”) to the FASB’s Codification. We consider the applicability and impact of all ASU’s on our consolidated financial position, results of operations, stockholders’ equity, cash flows, or presentation thereof. Management has evaluated all recent accounting pronouncements issued through the date these financial statements were available to be issued. We found no recent accounting pronouncements issued, but not yet effective, that when adopted will have a material impact on the consolidated financial statements of the Company.

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*.” The ASU requires the retrospective method of transition applied to transactions occurring on or after the beginning of the fiscal year of adoption. We adopted ASU 2021-08 effective March 1, 2023. The adoption of ASU 2021-08 did not have a material impact on our consolidated financial statements.

In March 2022, the Financial Accounting Standards Board (the “FASB”) issued ASU 2022-02, “*Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*”, which eliminates the accounting guidance on troubled debt restructurings (“TDRs”) for creditors in ASC 310, Receivables (Topic 310), and requires entities to provide disclosures about current period gross write-offs by year of origination. Also, ASU 2022-02 updates the requirements related to accounting for credit losses under ASC 326, Financial Instruments - Credit Losses (Topic 326), and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. ASU 2022-02 was effective for the Company March 1, 2023. The adoption of ASU 2022-02 did not have a material impact on our consolidated 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 require additional disclosures for equity securities subject to contractual sale restrictions. We adopted ASU 2022-03 effective March 1, 2023. The adoption of ASU 2022-03 did not have a material impact on our consolidated financial statements.

There are various other updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries, that are not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

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 18 - Subsequent Events*.

NOTE 2 - GOING CONCERN

The accompanying 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 \$7,354,089 for the year ended February 29, 2024. 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 consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The 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		<u>(37,094)</u>
Total identifiable net assets	\$	<u><u>3,220,000</u></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><u>\$ 2,795,000</u></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.

During the fiscal year ended February 29, 2024, management evaluated the intangible assets acquired for potential impairment. Based on the results of the impairment analysis, management concluded the intangible assets acquired had no value and elected to record an impairment charge for the remaining balance of the intangible asset accounts. Accordingly, impairment charges of \$2,453,343 and \$1,183,588 for intangibles and goodwill, respectively, is included in our consolidated statements of operations for the year ended February 29, 2024.

NOTE 4 - DISCONTINUED OPERATIONS

Due to the loss of key personnel, continuing operating losses, negative cash flow, lack of adequate capital, limited prospects for future growth, along with a desire to focus on our consulting, inventory management and linespace transactions, management elected to discontinue the operations of its delivered fuel operations. The loss from the delivered fuel business is presented separately on the consolidated statements of operations and comprehensive loss as discontinued operations.

Discontinued operations consisted of the following for the years ended February 29, 2024 and February 28, 2023:

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Fuel sales - delivered	\$ 39,123,604	\$ 62,365,608
Transportation income	547,997	676,093
Consulting income	105,000	-
Direct cost of sales	(39,134,562)	(62,432,013)
Selling expenses	(492,451)	(600,747)
Factoring fees	-	(200,000)
Stock-based compensation	(28,816)	(99,377)
Discontinued operations	<u>\$ 120,772</u>	<u>\$ (290,436)</u>

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 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 sales - delivered and direct cost of sales for the years ended February 29, 2024 and February 28, 2023 include \$5,903,656 and \$7,287,318, respectively, in fuel taxes paid to our suppliers at purchase and passed through to our customers.

The consolidated balance sheet at February 28, 2023 includes Accounts receivable of \$1,146,916 and Accounts payable and accrued expenses of \$1,320,831 that are associated with discontinued operations.

NOTE 5 - DEPOSITS

Deposits consisted of the following at February 29, 2024 and February 28, 2023:

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Margin deposits held by futures brokers	\$ -	\$ 884,761
Fuel purchase deposits	5,000	324,274
Retainers and due diligence deposits	67,733	35,000
Other	<u>7,955</u>	<u>7,055</u>
Total deposits	<u>\$ 80,688</u>	<u>\$ 1,251,090</u>

NOTE 6 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at February 29, 2024 and February 28, 2023:

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Prepaid insurance	\$ 63,406	\$ 67,784
Prepaid salaries and wages	62,500	-
Prepaid income taxes	7,412	-
Other	<u>34,590</u>	<u>50,540</u>
Total prepaid expenses and other current assets	<u>\$ 167,908</u>	<u>\$ 118,324</u>

NOTE 7 - GOODWILL AND INTANGIBLES, NET

Intangibles, net consisted of the following items:

As of February 29, 2024			
	Cost	Accumulated Amortization/ Impairment	Net
Customer contracts	\$ 1,153,000	\$ (1,153,000)	\$ -
Software	876,000	(876,000)	-
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>\$ (2,883,828)</u>	<u>\$ -</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 year ended February 29, 2024, 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. Management concluded that accumulated losses incurred since the acquisition resulted in the carrying amount of the definite-lived intangible assets exceeding their fair value, which resulted in an impairment charge of \$2,486,310.

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. Management concluded that accumulated losses and much lower-than-expected gross margins since the acquisition, as compared to its previous forecasts, resulted in the carrying amount such assets exceeding their fair value, which resulted in an impairment charge of \$1,183,588 during the year ended February 29, 2024.

After the impairment charge, we had no Goodwill at February 29, 2024. At February 28, 2023, Goodwill was \$1,183,588.

Amortization expense for the years ended February 29, 2024 and February 28, 2023 was \$190,300 and \$175,301, respectively.

NOTE 8 - OTHER ASSETS, NET

Other assets consisted of the following at February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Furniture and equipment, net	\$ 3,382	\$ 4,662
Other	-	5,232
Total prepaid expenses and other current assets	<u>\$ 3,382</u>	<u>\$ 9,894</u>

Depreciation expense related to furniture and equipment for the years ended February 29, 2024 and February 28, 2023 was \$5,114 and \$1,872, respectively.

NOTE 9 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Trade accounts payable	\$ 227,911	\$ 1,659,229
Accrued interest	-	473,369
Taxes payable	632	79,646
Payroll related liabilities	14,093	59,886
Other	-	34,598
Total accounts payable and accrued expenses	<u>\$ 242,636</u>	<u>\$ 2,306,728</u>

NOTE 10 - SHORT-TERM BORROWINGS, NET

We had the following short-term obligations reflected at their respective carrying values on our interim consolidated balance sheet at February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Buy-sell agreement	\$ 8,832,925	\$ 7,335,929
Buy-sell agreement stock make-whole liability	2,000,000	1,769,000
Debt issuance costs	(833,333)	(1,833,333)
Buy-sell agreement, net	9,999,592	7,271,596
Business loan	4,705,000	4,691,220
Total short-term borrowings, net	<u>\$ 14,704,592</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 \$4,705,000 in principal and interest to the Lender. As of the date of the 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, which was 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 year ended February 29, 2024.

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 years ended February 29, 2024 and February 28, 2023.

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 issuance costs. Interest expense for the year ended February 29, 2024 includes \$1,000,000 for amortization of the 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 February 29, 2024, we estimated the fair value of the stock liability to be \$2,000,000 and recorded an increase in the fair value of the stock liability of \$231,000 for the period.

At February 29, 2024 and February 28, 2023, the Company owed \$9,999,592 and \$7,271,596 under the Agreement. During the year ended February 29, 2024, the Company recorded \$1,819,957 of interest expense, which included the amortization of \$1,000,000 of issuance costs, related to the Agreement. During the years ended February 28, 2023, the Company recorded \$265,756 of interest expense, which included the amortization of \$166,667 of issuance costs, related to the Agreement.

On January 29, 2024, the counterparty filed a lawsuit against the Company in the Court of Common Pleas, State of South Carolina, County of Bamberg. The lawsuit is an action for the counterparty to recover \$8,832,925 in contractual amounts due, plus interest from the filing date, for amounts advanced to the Company for the purchase of fuel.

NOTE 11 - LEASES

The Company has operating 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 has operating leases for office space from third parties. There were no lease agreements in place with a remaining term of more than twelve (12) months during the year ended February 28, 2023. Lease expense recognized during the years ended February 29, 2024 and February 28, 2023 was \$77,387 and \$22,101, respectively.

Lease Term and Discount Rate

Weighted average remaining operating lease term (in years)	2.17
Weighted average discount rate	9.95%

Maturities of lease liabilities under noncancellable operating leases as of February 29, 2024 are as follows:

2025	\$	63,537
2026		62,169
2027		10,453
Total undiscounted lease payments		136,159
Less imputed interest		(12,947)
Total operating lease liabilities	\$	123,212

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.

At February 29, 2024, the Company had no commodity derivatives outstanding for future sales of inventory. 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>

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.

Fuel inventory, net was \$143,931 and \$1,623,630 as of February 29, 2024 and February 28, 2023, respectively. The Company was not in compliance with the terms of a buy-sell agreement, which was its primary source of financing for fuel purchases, and the counterparty filed a lawsuit against the Company in the Court of Common Pleas, State of South Carolina, County of Bamberg (See *Note 10 - Short-Term Borrowings, Net*). Upon the loss of its primary financing source for fuel purchases, the Company began liquidating its fuel inventory.

Direct cost of sales for the year ended February 29, 2024, 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 year ended February 29, 2024, related parties loaned the Company \$498,000, all of which was repaid during the period. During the year ended February 28, 2023, 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 February 29, 2024 and February 28, 2023, outstanding shares of common stock were 114,038,050 and 110,034,866, respectively. We issued 4,003,184 shares of common stock during the year ended February 29, 2024, of which 2,791,668 shares were issued to employees for compensation, 901,823 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 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.

On January 10, 2024, we issued 250,000 shares of common stock valued at \$0.0365 per share as compensation for current and future contract services.

Series A Convertible Preferred Stock

At February 29, 2024 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 February 29, 2024 and February 28, 2023, we had no shares of Series B Convertible Preferred Stock (“Series B”) outstanding. 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 February 29, 2024 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 February 29, 2024 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 years ended February 29, 2024 and February 28, 2023, we recorded \$27,317 and \$59,428, respectively, in compensation expense related to stock options and warrants. There were no stock options or warrants issued during the years ended February 29, 2024 or 2023. 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 years ended February 29, 2024 and February 28, 2023:

	February 29, 2024		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	-	-	-	-
Released	-	-	-	-
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 years ended February 29, 2024 and February 28, 2023, we recorded compensation expense of \$174,378 and \$182,797 respectively, related to restricted stock grants. The grant date fair value of restricted stock grants issued during the years ended February 29, 2024 and February 28, 2023 was \$15,125 and \$312,500, respectively.

The following table summarizes our restricted stock activity for the years ended February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Balance at beginning of period	4,300,000	650,000
Granted	275,000	5,500,000
Released	(2,891,668)	(1,850,000)
Forfeited	(916,666)	-
Balance at end of period	766,666	4,300,000

NOTE 16 - INCOME TAXES

The income tax expense and net deferred tax liability, as reported, relates exclusively to FTRM, the Company's wholly owned subsidiary organized under the laws of the Commonwealth of Puerto Rico. FTRM files its corporate income tax returns separately from the consolidated group under the provisions of Puerto Rico's Act 20, also known as the "Export Services Act."

The provision for income taxes consisted of the following for the years ended February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Current income tax expense	\$ 6,086	\$ 27,411
Deferred income tax benefit	(26,906)	(12,099)
Income tax expense (benefit), as reported	\$ (20,820)	\$ 15,312

Deferred taxes result from the future consequences of temporary differences between the amounts of certain assets and liabilities recorded for tax and financial statement purposes. The Company measured deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax assets or liability are expected to be settled or realized.

The following table summarizes the components of the net deferred tax liability (asset) as of February 29, 2024 and February 28, 2023:

	<u>February 29, 2024</u>	<u>February 28, 2023</u>
Deferred tax liabilities (assets):		
Intangible assets	-	34,334
Net operating loss carryover	(1,426)	(9,537)
Other	198	198
Net deferred tax liability (asset), as reported	<u>(1,228)</u>	<u>24,995</u>

In assessing the realizable value of deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which these temporary differences become tax deductible. Based on management's assessment of objective and subjective evidence, we have concluded at this time it is more likely than not that all the deferred tax assets of BERI and FTS will not be realized, and we have provided a valuation allowance for the entire amount of the deferred tax asset of those entities. As of February 29, 2024, our most recent fiscal year end, we had approximately \$12.78 million in federal and state net operating loss carryovers that begin expiring in fiscal 2031.

We conduct business solely in the United States and the Commonwealth of Puerto Rico and file income tax returns in the United States federal jurisdiction, the Commonwealth of Puerto Rico, as well as in the states where we do business. The taxable years ended February 28, 2016 through 2024, remain open to examination by the taxing jurisdictions to which we are subject.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits." A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

If applicable, interest costs related to the unrecognized tax benefits are required to be calculated and would be classified as "Other expenses - Interest expense" and penalties would be recognized as a component of "Operating expenses" in the consolidated statements of operations and comprehensive loss.

No material interest or penalties on unpaid tax were recorded during the years ended February 29, 2024 and February 28, 2023. As of February 29, 2024 and February 28, 2023, no liability for unrecognized tax benefits was required to be reported. The Company does not expect any significant changes in its unrecognized tax benefits in the next year.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Litigation

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 10 - Short-Term Borrowings, Net*). On October 27, 2023, the Company filed an answer and asserted counterclaims against the Lender for making misleading and false statements to our suppliers and customers, which resulted in significant damages

to our operations. On February 20, 2024, the Lender filed an answer to deny our counterclaims and moved forward with a filing on April 18, 2024 seeking partial summary judgment on its First Cause of Action against the Company and its Second Cause of Action against Scott M. Boruff, our CEO, in the amount of \$4,705,900, plus their actual and reasonable attorneys' fees. On May 29, 2024, the Company filed papers in opposition to the Lender's motion for partial summary judgment, requesting the motion be denied as premature since the Company had just served the Lender with requests for discovery for its counterclaims, and the Lender's actions damaged the Company in an amount that equals or exceeds the Lender's affirmative claim.

On January 29, 2024, the counterparty to a buy-sell agreement filed a lawsuit against the Company in the Court of Common Pleas, State of South Carolina, County of Bamberg. The lawsuit is an action for the counterparty to recover \$8,832,925 in contractual amounts due under the buy-sell agreement, plus interest from the filing date, for amounts advanced to the Company for the purchase of fuel (See *Note 10 - Short-Term Borrowings, Net*). As of the date of the consolidated financial statements, a court date has not been set. Our legal representative is currently holding cash of \$1,500,000 in escrow pursuant to a Consent Order related to the cash. The cash is included in restricted cash on our consolidated balance sheet.

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.

NOTE 18 - SUBSEQUENT EVENTS

As of February 29, 2024 and February 28, 2023, we held a 100% ownership interest in the common shares of FTRM. In an effort to retain key employees and members of the FTRM Board of Directors (the "FTRM Board") we deemed critical to the ongoing success of FTRM, on April 12, 2024 the sole shareholder (BERI) and FTRM Board consented to an action to increase the authorized common shares of FTRM from 1,000 shares to 5,000 shares. Simultaneously, the FTRM Board consented to a resolution to issue an additional 1,020 shares of FTRM common stock to a key employee of FTRM and to members of the FTRM Board. Our Chief Executive Officer and sole director, as well as our Chief Financial Officer, both serve on the FTRM Board and each received 255 shares, or

16.8%, of FTRM. After the issuance of the additional 1,020 shares, BERI now owns a non-controlling 32.9% interest in the outstanding common shares of FTRM.

In relation to the Apex Funding Source, LLC (the “Lender”) lawsuit, as more fully described in *Note 17 - Commitments and Contingencies, Litigation*, on May 29, 2024, the Company filed papers in opposition to the Lender’s motion for partial summary judgment, requesting the motion be denied as premature since the Company had just served the Lender with requests for discovery for its counterclaims, and the Lender’s actions damaged the Company in an amount that equals or exceeds the Lender’s affirmative claim.

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 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 consolidated financial statements.