



**BLUE EARTH**  
RESOURCES INC.

## **Quarterly Report**

For the Interim Period Ended November 30, 2024

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



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SIC Code 5172

**Quarterly Report**  
**For the Period Ended November 30, 2024**  
(the "Reporting Period")

**Outstanding Shares**

As of November 30, 2024, the number of shares outstanding of our Common Stock was: **115,404,716**

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 Control<sup>1</sup> of the company has occurred over this reporting period:

Yes: ☐ No: ☒

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<sup>1</sup> "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: 11/30/24
Total shares outstanding:	115,404,716	as of date: 11/30/24
Total number of shareholders of record:	425	as of date: 11/30/24

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

**Series A, 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:	66,000,000	as of date: 11/30/24
Total shares outstanding:	-0-	as of date: 11/30/24

Exact title and class of securities outstanding:	Series C Convertible Preferred Stock	
CUSIP:	None	
Par or stated value:	\$0.004	
Total shares authorized:	17,000,000	as of date: 11/30/24
Total shares outstanding:	9,344,150	as of date: 11/30/24
Total number of shareholders of record:	125	as of date: 11/30/24

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: 11/30/24
Total shares outstanding:	9,594,150	as of date: 11/30/24
Total number of shareholders of record:	126	as of date: 11/30/24

**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 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.	Exemptio n 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 &amp; 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 &amp; 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., Prior 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., Prior 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., Prior 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, Prior 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., Prior 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, Prior CAO	Contract CAO Agreement	Restricted	4(a)(2)

04/10/24	Issuance	200,000	Common	\$0.20	No	Paul W. Boyd	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
04/10/24	Issuance	666,666	Common	\$0.02	No	Charles B. Lobetti, III, CFO	Vesting of Restricted Stock Grant	Restricted	4(a)(2)
05/20/24	Issuance	500,000	Common	\$0.03	No	Jeffrey R. McInturff, Prior CAO	Contract CAO Agreement	Restricted	4(a)(2)
Shares Outstanding on Date of This Report:									
<u>Ending Balance:</u>									
Date 11/30/24	Common: 115,404,716								
	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, prior Director and COO.

**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	Buy/Sell Agreement

**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 15 - 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 15 - Commitments and Contingencies, *Litigation*” of the Notes to the Interim 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 an 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. - 32.9% Ownership Interest

##### **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\*\***

<b>Names of All Officers, Directors and Control Persons</b>	<b>Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)</b>	<b>Residential Address (City / State Only)</b>	<b>Number of shares owned</b>	<b>Share type/class</b>	<b>Ownership Percentage of Class Outstanding</b>	<b>Notes and names of control person(s) if corporate entity</b>
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%	
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 15 - Commitments and Contingencies, Litigation**" of the Notes to the Interim 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 15 - Commitments and Contingencies, Litigation**" of the Notes to the Interim 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](mailto: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**  
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**  
Relationship to Issuer: **Chief Financial Officer and Secretary**  
Qualifications: Seasoned finance executive with 38 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

*Principal Executive Officer:*

I, Scott M. Boruff certify that:

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

January 3, 2025

/s/ Scott M. Boruff

Chief Executive Officer

*Principal Financial Officer:*

I, Charles B. Lobetti, III certify that:

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

January 3, 2025

/s/ Charles B. Lobetti, III

Chief Financial Officer





**BLUE EARTH**  
RESOURCES INC.

## **Unaudited Consolidated Financial Statements**

For the Interim Period Ended November 30, 2024

**BLUE EARTH RESOURCES, INC.**  
**INTERIM CONSOLIDATED BALANCE SHEETS**

	As of	
	November 30, 2024	February 29, 2024
	(Unaudited)	
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 370,696	\$ 1,210,387
Restricted cash	1,500,000	1,750,000
Deposits	99,747	80,688
Accounts receivable	79	3,525
Fuel inventory, net	-	143,931
Prepaid expenses and other current assets	8,899	167,908
Total current assets	1,979,421	3,356,439
<b>Other Assets</b>		
Right-of-use operating asset, net	78,586	120,461
Pipeline deposits	-	350,000
Furniture and equipment, net	3,166	3,382
Deferred tax asset, net	1,228	1,228
Total assets	<u>\$ 2,062,401</u>	<u>\$ 3,831,510</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 74,928	\$ 242,636
Short-term borrowings, net	15,454,592	14,704,592
Current portion of operating lease liability	56,180	54,373
Total current liabilities	15,585,700	15,001,601
<b>Other Liabilities</b>		
Operating lease liability	25,707	68,839
Total liabilities	<u>15,611,407</u>	<u>15,070,440</u>
<b>Stockholders' Deficit</b>		
Series C Convertible Preferred stock, 17,000,000 shares authorized, 9,344,150 shares outstanding as of November 30, 2024 and February 29, 2024	37,377	37,377
Series D Convertible Preferred Stock, 17,000,000 shares authorized, 9,594,150 shares outstanding as of November 30, 2024 and February 29, 2024	38,376	38,376
Common stock, \$0.004 par, 200,000,000 shares authorized, 115,404,716 and 114,038,050 shares outstanding as of November 30, 2024 and February 29, 2024, respectively	461,619	456,152
Additional paid-in capital	12,836,912	12,816,036
Accumulated deficit	(26,768,989)	(24,586,871)
Total stockholders' deficit attributable to Blue Earth Resources, Inc.	(13,394,705)	(11,238,930)
Non-controlling interest	(154,301)	-
Total stockholders' deficit	(13,549,006)	(11,238,930)
Total liabilities and stockholders' deficit	<u>\$ 2,062,401</u>	<u>\$ 3,831,510</u>

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

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

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>November 30,</b>		<b>November 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenue</b>				
Sales, net	\$ 353	\$ 11,403,318	\$ 158,147	\$ 34,729,507
Direct cost of sales	(8,858)	(11,255,014)	(147,153)	(34,038,989)
Gross margin	(8,505)	148,304	10,994	690,518
<b>Operating Expenses</b>				
General and administrative	277,500	861,485	1,422,868	3,039,888
Impairment of intangibles	-	-	-	2,486,310
Impairment of goodwill	-	-	-	1,183,588
Total operating expenses	277,500	861,485	1,422,868	6,709,786
<b>Operating Loss</b>	(286,005)	(713,181)	(1,411,874)	(6,019,268)
<b>Other Income and Expense</b>				
Interest expense	(250,000)	(542,065)	(750,000)	(3,417,209)
Trading loss	(15,688)	-	(178,427)	-
Gain on extinguishment of debt	-	-	-	2,294,666
Gain on settlements	-	-	-	13,094
Other income (expense), net	3,197	736	3,882	(1,231)
Total other income and expense	(262,491)	(541,329)	(924,545)	(1,110,680)
<b>Loss Before Income Taxes</b>	(548,496)	(1,254,510)	(2,336,419)	(7,129,948)
Income tax benefit (expense)	-	-	-	35,017
<b>Loss from Continuing Operations</b>	(548,496)	(1,254,510)	(2,336,419)	(7,094,931)
Discontinued operations	-	(25,950)	-	(115,565)
<b>Net Loss</b>	(548,496)	(1,280,460)	(2,336,419)	(7,210,496)
Less net loss attributable to non-controlling interest	(23,813)	-	(154,301)	-
<b>Net Loss Attributable to Blue Earth Resources, Inc.</b>	<u>\$ (524,683)</u>	<u>\$ (1,280,460)</u>	<u>\$ (2,182,118)</u>	<u>\$ (7,210,496)</u>
<b>Comprehensive Loss:</b>				
Net loss		\$ (1,280,460)		\$ (7,210,496)
Other comprehensive loss				
Unrealized gain on cash flow hedge		323,710		99,695
<b>Comprehensive Loss</b>		<u>\$ (956,750)</u>		<u>\$ (7,110,801)</u>
<b>NET LOSS PER COMMON SHARE</b>				
Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.06)</u>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>				
Basic and diluted	<u>115,404,716</u>	<u>111,419,764</u>	<u>114,703,673</u>	<u>110,360,745</u>

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

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

**For the Nine Months Ended November 30, 2024**

	Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Non-Controlling Interest	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balances at February 29, 2024</b>	9,344,150	\$ 37,377	9,594,150	\$ 38,376	114,038,050	\$ 456,152	\$ 12,816,036	\$ (24,586,871)	\$ -	\$ (11,238,930)
Net loss								(1,657,435)	(130,488)	(1,787,923)
Stock-based compensation					866,666	3,467	7,876			11,343
Issuance of shares for services					500,000	2,000	13,000			15,000
Activity for the six months ended August 31, 2024	-	-	-	-	1,366,666	5,467	20,876	(1,657,435)	(130,488)	(1,761,580)
Net loss								(524,683)	(23,813)	(548,496)
Activity for the three months ended November 30, 2024	-	-	-	-	-	-	-	(524,683)	(23,813)	(548,496)
<b>Balances at November 30, 2024</b>	<u>9,344,150</u>	<u>\$ 37,377</u>	<u>9,594,150</u>	<u>\$ 38,376</u>	<u>115,404,716</u>	<u>\$ 461,619</u>	<u>\$ 12,836,912</u>	<u>\$ (26,768,989)</u>	<u>\$ (154,301)</u>	<u>\$ (13,549,006)</u>

**For the Nine Months Ended November 30, 2023**

	Series C Convertible Preferred Stock		Series D Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
<b>Balances at February 28, 2023</b>	9,364,150	\$ 37,457	9,614,150	\$ 38,456	110,034,866	\$ 440,139	\$ 12,774,818	\$ (16,880,285)	\$ (99,695)	\$ (3,689,110)
Net loss								(964,127)		(964,127)
Stock-based compensation					75,000	300	133,229			133,529
Issuance of shares for services					171,054	685	30,315			31,000
Issuance of shares on conversion of Series C and D preferred stock	(20,000)	(80)	(20,000)	(80)	2,000	8	152			-
Change in fair value of stock liability							(61,992)			(61,992)
Unrealized loss on cash flow hedge									(224,015)	(224,015)
Activity for the six months ended August 31, 2023	(20,000)	(80)	(20,000)	(80)	248,054	993	101,704	(964,127)	(224,015)	(1,085,605)
Net loss								(1,301,314)		(1,301,314)
Stock-based compensation					2,966,668	11,866	79,865			91,731
Issuance of shares for services					230,769	923	14,077			15,000
Issuance of shares for settlement of accounts payable					307,693	1,231	18,769			20,000
Change in fair value of stock liability							(61,945)			(61,945)
Unrealized gain on cash flow hedge								(352,497)	323,710	(28,787)
Activity for the three months ended November 30, 2023	-	-	-	-	3,505,130	14,020	50,766	(1,653,811)	323,710	(1,265,315)
<b>Balances at November 30, 2023</b>	<u>9,344,150</u>	<u>\$ 37,377</u>	<u>9,594,150</u>	<u>\$ 38,376</u>	<u>113,788,050</u>	<u>\$ 455,152</u>	<u>\$ 12,927,288</u>	<u>\$ (19,498,223)</u>	<u>\$ -</u>	<u>\$ (6,040,030)</u>

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

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

	<b>For the Nine Months Ended</b>	
	<b>November 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>		
Net loss	\$ (2,336,419)	\$ (7,210,496)
Adjustments to reconcile loss to net cash used by operating activities:		
Depreciation and amortization	1,977	186,886
Amortization of debt issuance costs	750,000	750,000
Stock-based compensation	11,343	225,260
Shares issued for services	15,000	46,000
Cash received from deferred revenue	-	50,000
Impairment of intangibles and goodwill	-	3,669,898
Gain on debt restructuring	-	(2,294,666)
Gain on settlements	-	(13,094)
Change in cash flow hedge	-	(310,086)
Deferred tax benefit	-	(35,017)
Other	550	5,761
Cash effects of changes in:		
Deposits	(19,059)	769,983
Accounts receivable	3,446	42,771
Fuel inventory	143,931	1,567,063
Prepaid expenses and other current assets	159,009	(29,993)
Pipeline deposits	350,000	-
Accounts payable and accrued expenses	(167,708)	1,642,053
Other	-	-
Net Cash Used by Operating Activities	<u>(1,087,930)</u>	<u>(937,677)</u>
<b>Cash Flows from Investing Activities</b>		
Cash paid for equipment	<u>(1,761)</u>	<u>(3,835)</u>
Net Cash Used by Investing Activities	<u>(1,761)</u>	<u>(3,835)</u>
<b>Cash Flows from Financing Activities</b>		
Net proceeds from short-term borrowings	-	1,529,283
Proceeds from repayment of related party loans	<u>-</u>	<u>18,377</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>1,547,660</u>
<b>Net change in cash, cash equivalents and restricted cash</b>	<u>(1,089,691)</u>	<u>606,148</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>2,960,387</u>	<u>2,268,113</u>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<u><u>\$ 1,870,696</u></u>	<u><u>\$ 2,874,261</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ 832,133</u></u>
<b>SIGNIFICANT NON-CASH FINANCING ACTIVITIES</b>		
Non-cash decrease in accrued expenses from debt restructuring		\$ 2,308,446
Change in fair value of stock make-whole provision		\$ 123,937

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

**BLUE EARTH RESOURCES, INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**November 30, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Blue Earth Resources, Inc. was established under the laws of the State of Utah in 1984. Through its wholly owned subsidiary, Fuel Trader Supply, LLC (“FTS”), a Texas limited liability company, and ownership of a 32.9% interest in Fuel Trader Resource Management, Inc. (“FTRM”), a corporation organized under the laws of the Commonwealth of Puerto Rico, the Company is an 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. 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.

***Basis of Presentation***

We have prepared the accompanying interim consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, they do not contain all information and footnotes required by U.S. GAAP for annual consolidated financial statements. In the opinion of the Company’s management, the accompanying interim consolidated financial statements contain all of the adjustments necessary (consisting only of normal recurring accruals) to present the financial position of the Company as of November 30, 2024 and the results of operations and cash flows for the periods presented. The results of operations for the nine months ended November 30, 2024 are not necessarily indicative of the operating results for the full fiscal year or any future period. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes thereto and the Company’s Annual Report for the year ended February 29, 2024 as filed with the OTC Markets on June 12, 2024.

***Basis of Consolidation***

The interim consolidated financial statements include the accounts of the Company and all entities in which the Company has a controlling voting interest. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases. The Company consolidates the financial results of FTRM, which the Company controls under common management, except for a 33.6% non-controlling interest in the FTRM outstanding common shares. In the interim consolidated statements of operations and comprehensive loss, net loss and comprehensive loss are attributed to the equity holders of the Company and to the non-controlling interests. Non-controlling interests in the equity of FTRM are presented separately in the shareholders’ deficit section of the interim consolidated balance sheets and interim consolidated statements of changes in shareholders’ deficit. All intercompany transactions and balances are eliminated upon consolidation.

***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 settle or achieve favorable outcomes of the litigation that has been initiated against us (See *Note - 15 Commitments and Contingencies, Litigation*); secure adequate capital to provide interim cash for our operations; our ability to source opportunities with sufficient risk adjusted returns; the nature and extent of competition from other companies that may create pressure on margins and investment

return expectations; changes in the projects in which we plan to invest which result from factors beyond our control, including, but not limited to, a change in circumstances, capacity and economic impacts; changes in laws, regulations, accounting, taxation, and other requirements affecting our operations and business. Negative developments in these or other risk factors could have a significant adverse effect on our financial position, results of operations and cash flows.

### ***Use of Estimates***

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

### ***Cash and Cash Equivalents***

We consider all highly liquid short-term investments with a maturity of six months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are stated at fair value.

### ***Restricted Cash***

At November 30, 2024 and February 29, 2024, restricted cash included \$1,500,000 of cash held in escrow by our legal representative pursuant to a Consent Order related to a lawsuit. See *Note 15 - Commitments and Contingencies, Litigation*.

At February 29, 2024, restricted cash also included \$250,000 of cash that was temporarily held in an account by our credit provider to secure an irrevocable standby letter of credit issued to a fuel supplier.

### ***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.

### ***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 November 30, 2024 and February 29, 2024, accounts receivable was \$79 and \$3,525, respectively, and neither amount includes any reserve for uncollectible accounts. We recorded no bad debt expense for the nine months ended November 30, 2024 and 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 November 30, 2024.

At November 30, 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. We had no fuel inventory at November 30, 2024. As of February 29, 2024, the Company's net fuel inventory balance was \$143,931.

### ***Derivative Financial Instruments***

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

The criteria to determine if hedge accounting treatment is appropriate are (i) the designation of the hedge to an underlying exposure, (ii) whether or not overall risk is being reduced, and (iii) if there is a correlation between the value of the derivative instrument and the underlying hedged item. On the date a derivative contract is entered into, the Company designates the derivative as a cash flow hedge whose change in fair value is recognized as an economic hedge against changes in cash flows associated with future sales of fuel inventory (the hedged item). See *Note 11 - 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.

### ***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 the interim consolidated financial statements.

The Company determines if an arrangement is or contains a lease at inception. Operating leases are included in right-of-use ("ROU") operating asset and operating lease liability in the balance sheet. The Company does not have finance leases. ROU operating assets and operating 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 operating 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 an operating lease liability, with a corresponding adjustment to the ROU operating asset. The lease payment terms may include fixed payment terms and variable payments. See *Note 10 - 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 too, 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.

	<b><u>November 30, 2024</u></b>	<b><u>November 30, 2023</u></b>
Fuel sales – Rack	\$ 46,296	\$ 21,256,909
Fuel sales – Bulk	109,682	12,897,514
Linespace revenue, net	-	374,875
Consulting	2,169	200,209
Total Sales, net	<b><u>\$ 158,147</u></b>	<b><u>\$ 34,729,507</u></b>

As stated above, the Company sometimes 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.

We had no Linespace gross receipts or cost during the nine months ended November 30, 2024. The following table presents the gross receipts and cost included in Linespace revenue, net during the nine months ended November 30, 2023.

	<b>November 30, 2023</b>
Gross receipts from linespace transactions	\$ 65,348,059
Cost of linespace transactions	<u>(64,973,184)</u>
Linespace revenue, net	<u>\$ 374,875</u>

### ***Advertising***

Advertising and marketing costs are expensed as incurred in accordance with ASC 720-35, “*Advertising Costs*.” We incurred no advertising and marketing costs for the nine months ended November 30, 2024. During the nine months ended November 30, 2023, we recorded advertising and marketing costs of \$328.

### ***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 14 - 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 ASUs 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 interim 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 interim 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 interim 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 interim consolidated financial statements.

There are various other updates recently issued, most of which represent 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 16 - Subsequent Events*.

## NOTE 2 - GOING CONCERN

The accompanying interim consolidated financial statements have been prepared in conformity with U.S. GAAP, which contemplates continuation of the Company as a going concern. We had net losses of \$2,182,118 for the nine months ended November 30, 2024 and \$7,706,586 for our most recent fiscal year ended February 29, 2024. We have a history of losses, an accumulated deficit, and have not generated cash from our operations necessary to support the ongoing business. The Company is currently a defendant in two lawsuits where the counterparties are attempting to recover approximately \$13.5 million, plus interest and attorney's fees (See *Note 9 - Short-Term Borrowings, Net* and *Note 15 - Commitments and Contingencies, Litigation*). In the event our settlement attempts or defences against the lawsuits are unsuccessful, the Company does not have sufficient assets to meet its obligations. 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 our ability to settle or achieve favorable outcomes of the aforementioned litigation that has been initiated against us and securing additional equity and/or credit 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 restructure the Company and settle the litigation, generate sufficient revenues and margins, control costs, and the ability to raise additional funds, there can be no assurances to that effect. The accompanying interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classifications of liabilities that might be necessary should we be unable to continue as a going concern.

## NOTE 3 - 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 interim consolidated statements of operations and comprehensive loss as discontinued operations.

Discontinued operations consisted of the following for the nine months ended November 30, 2023. We had no discontinued operations for the nine months ended November 30, 2024.

	<b><u>November 30, 2023</u></b>
Fuel sales - delivered	\$ 34,143,483
Transportation income	470,929
Direct cost of sales	(34,248,716)
Selling expenses	(430,808)
Stock-based compensation	<u>(50,453)</u>
Discontinued operations	<u>\$ (115,565)</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 nine months ended November 30, 2023 include \$5,035,673 in fuel taxes paid to our suppliers at purchase and passed through to our customers.

#### NOTE 4 - NON-CONTROLLING INTEREST

The non-controlling interest on the interim consolidated statements of operations and comprehensive loss represents the portion of earnings or loss attributable to the economic interest in the Company's subsidiary, FTRM, held by the non-controlling FTRM shareholders. Non-controlling interest on the interim consolidated balance sheets represents the portion of net assets of the Company attributable to the non-controlling FTRM shareholders, based on the portion of FTRM shares owned by such shareholders. The ownership of FTRM is summarized as follows:

	November 30, 2024		February 29, 2024	
	Shares	Ownership %	Shares	Ownership %
Non-controlling shareholder ownership in FTRM	510	33.55%	-0-	0.00%
Blue Earth Resources, Inc. control persons ownership in FTRM	510	33.55%	-0-	0.00%
Blue Earth Resources, Inc. direct ownership in FTRM	500	32.90%	500	100.00%
	<u>1,520</u>	<u>100.00%</u>	<u>500</u>	<u>100.00%</u>

Balance of non-controlling interest as of February 29, 2024	\$ -
Allocation of loss to non-controlling FTRM shareholders for the period	<u>(154,301)</u>
Balance of non-controlling interest as of November 30, 2024	<u>\$ (154,301)</u>

#### *Issuance of Additional FTRM Shares*

As of February 29, 2024, The Company 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") that 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. The Company's 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. The shares of FTRM controlled by common officers and/or directors of both the Company and FTRM are included above as control persons ownership in FTRM.

## NOTE 5 - DEPOSITS

Deposits consisted of the following at November 30, 2024 and February 29, 2024:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Retainers and due diligence deposits	\$ 93,571	\$ 67,733
Fuel purchase deposits	-	5,000
Other	6,176	7,955
Total deposits	<u>\$ 99,747</u>	<u>\$ 80,688</u>

## NOTE 6 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following at November 30, 2024 and February 29, 2024:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Prepaid insurance and surety bonds	\$ -	\$ 63,406
Prepaid salaries and wages	-	62,500
Prepaid taxes	8,780	7,412
Other	119	34,590
Total prepaid expenses and other current assets	<u>\$ 8,899</u>	<u>\$ 167,908</u>

## NOTE 7 - FURNITURE AND EQUIPMENT, NET

Furniture and equipment, net consisted of the following at November 30, 2024 and February 29, 2024:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Furniture	\$ 20,420	\$ 20,420
Equipment	16,542	14,782
Less: accumulated depreciation	(33,796)	(31,820)
Total furniture and equipment, net	<u>\$ 3,166</u>	<u>\$ 3,382</u>

Depreciation expense related to furniture and equipment for the nine months ended November 30, 2024 and 2023 was \$1,977 and \$3,774, respectively.

## NOTE 8 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at November 30, 2024 and February 29, 2024:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Trade accounts payable	\$ 63,565	\$ 227,911
Payroll related liabilities	11,363	14,093
Taxes payable	-	632
Total accounts payable and accrued expenses	<u>\$ 74,928</u>	<u>\$ 242,636</u>

## NOTE 9 - SHORT-TERM BORROWINGS, NET

We had the following short-term obligations reflected at their respective carrying values on our interim consolidated balance sheet at November 30, 2024 and February 29, 2024:

	<u>November 30, 2024</u>	<u>February 29, 2024</u>
Buy-sell agreement	\$ 8,832,925	\$ 8,832,925
Buy-sell agreement stock make-whole liability	2,000,000	2,000,000
Debt issuance costs	(83,333)	(833,333)
Buy-sell agreement, net	<u>10,749,592</u>	<u>9,999,592</u>
Business loan	<u>4,705,000</u>	<u>4,705,000</u>
Total short-term borrowings, net	<u>\$ 15,454,592</u>	<u>\$ 14,704,592</u>

### ***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 an accounts receivable factoring obligation with the same Lender, secure a letter of credit to increase our available credit with a fuel supplier, provide working capital, and fund the acquisition of subsidiaries. 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. We recorded \$2,180,602 of interest expense related to the Loan during the nine months ended November 30, 2023.

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 approximately \$4,705,000 in principal and interest to the Lender. See *Note 15 - Commitments and Contingencies, Litigation* for additional details regarding the current status of the lawsuit. As of the date of the interim consolidated financial statements, a court date has not been set. We are currently in settlement discussions with the Lender.

### ***Buy-sell Agreement***

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

The Agreement was modified as of January 1, 2023 to extend the maturity date to December 31, 2024. In addition to the extension of the maturity date, the modified Agreement increased the variable interest rate to one month LIBOR plus 3.75%, calculated on a minimum average daily balance of \$7,000,000, and the profit sharing fee provision was eliminated. Additionally as part of the modification, we issued 500,000 shares of our common stock to the counterparty and agreed to a “make-whole” provision if the shares are worth less than \$2,000,000 at the maturity date of the Agreement. The value of the shares on the maturity date is the volume weighted average price



per share, as listed or quoted as reported by Bloomberg L.P., for the twenty (20) trading day period immediately prior to the maturity date. The “make-whole” amount, if any, is payable by us in cash or additional shares of common stock, or in a combination of both, at our sole discretion.

Upon the issuance of our common stock in connection with the Agreement, we recorded \$2,000,000 in debt issuance costs. We initially recorded a liability at its estimated fair value of \$1,769,000 for the make-whole provision associated with the common stock issuance. At November 30, 2023, we estimated the fair value of the stock liability to be \$1,892,937 and recorded an increase in the fair value of the stock liability of \$123,937 for the nine month period ending on that date. At both November 30, 2024 and February 29, 2024, we estimated the fair value of the stock liability to be \$2,000,000, which reflected no change in the valuation for the period.

At November 30, 2024 and February 29, 2024, the Company owed \$10,499,592 and \$9,999,592 under the Agreement. During the nine months ended November 30, 2024 and 2023, the Company recorded \$750,000 and \$1,236,607, respectively, of interest expense, which included the amortization of the debt 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. See *Note 15 - Commitments and Contingencies, Litigation* for additional details regarding the current status of the lawsuit.

## NOTE 10 - LEASES

The Company has an operating lease agreement 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 an operating lease for office space from third parties. Lease expense recognized during the nine months ended November 30, 2024 and 2023 was \$45,735 and \$56,164, respectively. During the period ended November 30, 2024, rent expense was reduced by \$14,855 for rental income received under an informal sublease agreement with a related party (See Note 12 - *Related Party Transactions*).

### *Lease Term and Discount Rate*

Weighted average remaining operating lease term (in years)	1.42
Weighted average discount rate	9.95%

Maturities of lease liabilities under noncancellable operating leases as of November 30, 2024 are as follows:

2025	\$	14,855
2026		62,169
2027		10,453
Total undiscounted lease payments		87,477
Less imputed interest		(5,590)
Total operating lease liabilities	\$	81,887

## NOTE 11 - 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.

Direct cost of sales for the nine months ended November 30, 2023 includes the reclassification of \$352,497 from accumulated other comprehensive income to realized gains for hedging transactions that occurred during the periods. There were no reclassifications from hedging transactions during the nine months ended November 30, 2024.

## **NOTE 12 - 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 by related parties to the Company primarily relate to amounts paid to vendors. The loans are considered temporary in nature and have not been formalized by any written agreement. The amounts are payable on demand and carry no interest. During the nine months ended November 30, 2023, related parties loaned the Company \$498,000, all of which was repaid during the period. There were no related party loan or repayments of related party loans during the nine month period ending November 30, 2024. 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.

Beginning September 1, 2024, the Company entered into an informal sublease agreement on its principal office space with Healthcare Integrated Technologies, Inc. ("HITC"). The informal sublease agreement is not in writing and is cancelable at any time by either party. HITC is a related party due to common management control and significant beneficial ownership of our Chairman of the Board of Directors and Chief Executive Officer. During the period ended November 30, 2024, rent expense was reduced by \$14,855 for rental income received from HITC under the informal sublease agreement.

## **NOTE 13 - STOCKHOLDERS' EQUITY**

### ***Common Stock***

At November 30, 2024 and February 29, 2024, outstanding shares of common stock were 115,404,716 and 114,038,050, respectively. We issued 1,366,666 shares of common stock during the nine months ended November 30, 2024, of which 866,666 shares were issued to employees for compensation and 500,000 shares were issued for services. During the year ended February 29, 2024, we issued 4,003,184 shares of common stock, 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 balances, and 2,000 shares were issued upon the conversion of series C and D convertible preferred stock.

### **Issuance of Common Stock**

On April 10, 2024, we issued 666,666 shares of common stock to an employee as long-term incentive compensation pursuant to the vesting of a restricted stock grant.

On April 10, 2024, we issued 200,000 shares of common stock to an employee as long-term incentive compensation pursuant to the vesting of a restricted stock grant.

On May 20, 2024, we issued 500,000 shares of common stock valued at \$0.03 per share as compensation for current and future contract services.

### ***Series A Convertible Preferred Stock***

At November 30, 2024 and February 29, 2024, 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***

On August 30, 2022, the Board of Directors approved the cancellation of all authorized shares of Series B.

### ***Series C Convertible Preferred Stock***

At November 30, 2024 and February 29, 2024, we had 9,344,150 shares of Series C Convertible Preferred Stock (“Series C”) outstanding.

#### **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.

### ***Series D Convertible Preferred Stock***

At November 30, 2024 and February 29, 2024, we had 9,594,150 shares of Series D Convertible Preferred Stock (“Series D”) outstanding.

#### **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.

#### NOTE 14 - 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*

We had no compensation expense related to stock options and warrants during the nine month period ended November 30, 2024. During the nine months ended November 30, 2023, we recorded \$27,317 in compensation expense related to stock options and warrants. There were no stock options or warrants issued during the nine months ended November 30, 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 nine months ended November 30, 2024 and February 29, 2024:

	November 30, 2024		February 29, 2024	
	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	2,500,000	\$ 0.08

### ***Summary of Restricted Stock Grants***

During the nine months ended November 30, 2024 and 2023, we recorded compensation expense related to restricted stock grants of \$11,343 and \$186,692, respectively. There were no restricted stock grants issued during the nine months ended November 30, 2024. The grant date fair value of restricted stock grants issued during the nine months ended November 30, 2023 was \$15,125.

The following table summarizes our restricted stock activity for the nine months ended November 30, 2024 and February 29, 2024:

	<b><u>November 30, 2024</u></b>	<b><u>February 29, 2024</u></b>
Balance at beginning of period	766,666	4,300,000
Granted	-	275,000
Released	(766,666)	(2,891,668)
Forfeited	-	(916,666)
Balance at end of period	<u>-</u>	<u>766,666</u>

### **NOTE 15 - 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 9 - 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 9 - Short-Term Borrowings, Net*). As of the date of the interim 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 interim consolidated balance sheets.

#### ***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. 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 Board of Directors as defined in the agreement.

#### **NOTE 16 - SUBSEQUENT EVENTS**

We evaluate subsequent events and transactions that occur after the balance sheet date for the period presented and up to the issuance date of the Quarterly Report. Based on our evaluation, we did not identify any subsequent events that have occurred that would require adjustments to our disclosures in the interim consolidated financial statements.