Pro-Pipe Service and Sales Ltd.
Non-consolidated Financial Statements
For the year ended August 31, 2024
(Unaudited)

Pro-Pipe Service and Sales Ltd.
Non-consolidated Financial Statements
Year ended August 31, 2024

Contents

Independent Practitioner's Review Engagement Report

To the shareholder of Pro-Pipe Service and Sales Ltd.

We have reviewed the accompanying non-consolidated financial statements of Pro-Pipe Service and Sales Ltd. that comprise the non-consolidated balance sheet as at August 31, 2024 and the non-consolidated statements of operations, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Non-consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility
Our responsibility is to express a conclusion on the accompanying non-consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of non-consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these non-consolidated financial statements.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the non-consolidated financial statements do not present fairly, in all material respects, the financial position of Pro-Pipe Service and Sales Ltd. as at August 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Lagom LLP

Lagom LLP
Chartered Professional Accountants

Edmonton, Alberta
February 14, 2025

Pro-Pipe Service and Sales Ltd.
Non-consolidated Balance Sheet

(Unaudited)

August 31	2024	2023
Assets		
Current		
Cash	$ 7,121	$ 276,304
Accounts receivable	3,471,275	2,852,618
Income taxes receivable	42,156	13,495
Investment in marketable security (note 6)	44,000	44,000
Inventory (note 3)	4,437,808	3,238,069
Purchase deposits	298,491	40,690
	8,300,851	6,465,176
Loans receivable (note 4)	203,182	73,182
Investment in real estate (note 5)	220,438	220,438
Investments (note 6)	291,521	52,631
Due from related parties (note 7)	4,057,811	3,839,399
Property and equipment (note 8)	740,923	933,668
Gas properties (note 9)	63,106	97,622
Intangible asset (note 10)	91,766	89,550
	$ 13,969,598	$ 11,771,666

On behalf of the Board

______________________________ Director

See accompanying notes

Pro-Pipe Service and Sales Ltd.
Non-consolidated Balance Sheet, continued

(Unaudited)

August 31	2024	2023
Liabilities		
Current		
Demand operating loan (note 11)	$ 1,315,396	$ 249,119
Accounts payable and accrued liabilities	2,656,186	2,375,286
Wages payable	-	23,665
Goods and service tax payable	15,092	62,697
Shareholder's loan (note 12)	43,172	49,405
Current portion of Canada Emergency Business Account loan	-	30,000
Current portion of callable debt (note 13)	181,718	274,857
Current portion of capital lease obligation (note 15)	28,543	25,639
Current portion of long-term debt (note 16)	774	11,753
	4,240,881	3,102,421
Callable debt (note 13)	157,680	334,292
	4,398,561	3,436,713
Capital lease obligation (note 14)	20,803	49,346
Long-term debt (note 15)	-	774
Due to related parties (note 7)	1,201,769	1,090,831
Asset retirement obligation provision (note 16)	72,730	69,267
	5,693,863	4,646,931
Shareholder's Equity		
Share capital (note 17)	100	100
Retained earnings	8,275,635	7,124,635
	8,275,735	7,124,735
	$ 13,969,598	$ 11,771,666

Contingent liabilities (note 18)

Commitments (note 19)

See accompanying notes

Pro-Pipe Service and Sales Ltd.
Non-consolidated Statement of Operations

(Unaudited)

Year ended August 31	2024	2023
Revenue		
Pipe sales	$ 11,294,143	$ 17,209,227
Gas sales	126,272	316,497
Pipe rental	136,285	128,637
	11,556,700	17,654,361
Cost of sales		
Purchases (note 3)	7,176,552	12,730,221
Gas production costs	288,993	663,208
	7,465,545	13,393,429
Gross profit (35.4%, 2023 24.1%)	4,091,155	4,260,932
Expenses		
Salaries and wages	1,071,656	997,511
Rent	332,898	201,918
Consulting fees	242,815	249,696
Amortization of property and equipment	203,618	188,925
Shop supplies	185,227	146,509
Telephone and utilities	182,427	144,130
Automotive	131,076	61,433
Professional fees	123,624	106,063
Repairs and maintenance	115,459	68,117
Interest on long-term debt and callable debt	111,093	63,815
Insurance	86,029	94,612
Advertising and promotion	78,679	93,168
Office	53,542	71,978
Travel	47,780	45,048
Amortization of gas properties	34,517	34,517
Interest and bank charges	31,612	17,243
Bad debts	10,006	-
Interest on capital lease	6,456	2,398
Amortization of intangible assets	6,248	5,825
Accretion expenses (note 16)	3,463	3,298
Business taxes, licenses and memberships	-	1,940
	3,058,225	2,598,144
Income from operations	1,032,930	1,662,788

See accompanying notes

Pro-Pipe Service and Sales Ltd.
Non-consolidated Statement of Operations, continued

(Unaudited)

Year ended August 31	2024	2023
Other income (expenses)		
Scientific research and experimental development refund	434,065	196,627
Foreign exchange gain	7,119	19,760
Equipment revenue	775	3,000
Interest	9	4,321
Loan receivable impairment	-	(60,000)
	441,968	163,708
Net income before income taxes	1,474,898	1,826,496
Income taxes (note 20)	323,898	244,833
Net income	$ 1,151,000	$ 1,581,663

See accompanying notes

Pro-Pipe Service and Sales Ltd.
Non-consolidated Statement of Retained Earnings

(Unaudited)

Year ended August 31	2024	2023
Retained earnings, beginning of year	$ 7,124,635	$ 5,542,972
Net income	1,151,000	1,581,663
Retained earnings, end of year	$ 8,275,635	$ 7,124,635

See accompanying notes

Pro-Pipe Service and Sales Ltd.
Non-consolidated Statement of Cash Flows

(Unaudited)

Year ended August 31		2024		2023
Operating activities				
Net income	$	1,151,000	$	1,581,663
Adjustments for				
Amortization of property and equipment		203,618		188,925
Amortization of intangible assets		6,248		5,825
Amortization of gas properties		34,517		34,517
Accretion expense		3,463		3,298
Loan receivable impairment		-		60,000
Deferred financing fees		5,000		5,000
		1,403,846		1,879,228
Change in non-cash working capital items (note 21)		(1,895,227)		(833,006)
		(491,381)		1,046,222
Investing activities				
Proceeds on sale of investments		50,000		-
Purchase of investments		(288,890)		-
Net change to related parties		(218,412)		(940,936)
Purchase of property and equipment		(10,875)		(488,604)
Purchase of intangible assets		(8,463)		(20,608)
		(476,640)		(1,450,148)
Financing activities				
Demand operating loan		1,066,277		249,119
Repayment of callable debt		(274,751)		(269,793)
Proceeds of callable debt		-		275,857
Canada Emergency Business Account loan		(30,000)		-
Repayment of capital lease obligation		(25,639)		(15,515)
Proceeds of capital lease obligation		-		90,500
Repayment of long-term debt		(11,753)		(17,413)
Net change from related parties		110,938		179,924
Advances from shareholder		(6,234)		(11,000)
Loan receivable advances		(130,000)		-
		698,838		481,679
Net (decrease) increase in cash		(269,183)		77,753
Cash, beginning of year		276,304		198,551
Cash, end of year	$	7,121	$	276,304

See accompanying notes

1. Nature of operations

Pro-Pipe Service and Sales Ltd. (the "Company" was incorporated under the Alberta Business Corporations Act on February 26, 1998. The Company is in the business of selling and renting pipe and equipment used in the oil and gas sector.

2. Significant accounting policies

(a) Basis of presentation

The non-consolidated financial statements were presented in accordance with Canadian accounting standards for private enterprises (ASPE).

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, that fluctuate frequently from being positive and negative.

(c) Investment at cost

The Company has elected to account for its investments in Prime Coating Systems Ltd., Prime Tubular Oilfield Services Inc., Aquarius Fabrication Ltd., OCS Global and Investment in Carbon Credits, using the cost method. Under the cost method, the investment is initially recorded at cost less impairment in value, and earnings from such investments are recognized only to the extent received or receivable.

(d) Revenue recognition

Revenue from the sale of pipe is recognized when the goods have been delivered, the transaction has been accepted by the customer, the amount is determinable and collectibility is reasonably assured. The Company reports its revenue net of returns and sales discounts.

Rental revenue is recognized on a monthly basis when the rental services have been delivered and measurement of the consideration have been reasonably assured.

Gas revenue is recognized when the product has been delivered, the transaction has been accepted by the customer, the amount is determinable and collectibility is reasonably assured.

Interest revenue is recognized on an accrual basis as it is earned.

(e) Research and development tax credits

The Company incurs costs on activities that relate to the research and development of new technologies. These costs are expenses except in cases where the development costs meet certain criteria for deferral. The Company has not capitalized any such development costs to date. The related investment tax credits (SR&ED) are recorded as revenues when the Company has reasonable assurance that the credits will be realized.

2. Significant accounting policies, continued

(f) Inventory

Inventory, consisting primarily of finished goods, is valued at the lower of cost and net realizable value. Cost is determined using a weighted average cost basis. Inventory values previously written down may be increased to their original cost if there is evidence to support a subsequent increase in value.

(g) Property and equipment

Property and equipment are recorded at cost. The company provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Shop equipment	20%	Declining balance
Coating plant	20%	Declining balance
Vehicles	30%	Declining balance
Leasehold improvements	5 years	Straight-line
Computer equipment	55%	Declining balance
Furniture and fixtures	20%	Declining balance

Property and equipment are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying value may not be recoverable. If the total of the estimated undiscounted future cash flows is less than the carrying value of the asset, an impairment loss is recognized for the excess of the carrying value over the fair value of the asset during the year the impairment occurs.

(h) Government assistance

A government assistance consists of the Canada Emergency Wages Subsidy and Canada Emergency Rent Subsidy which is recognized when the related expenses are incurred, the amount can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies, continued

(i) **Gas properties**

All costs directly associated with the development and production of natural gas interests are capitalized on a field basis, as natural gas interests are measured at cost less accumulated depletion and depreciation and net impairment losses. These costs include expenditures for fields where technical feasibility and commercial viability has been determined. These costs include property acquisitions with proved and/or probable reserves, development drilling, completion, gathering and infrastructure, decommissioning liabilities and transfer from exploration and evaluation assets.

Costs of replacing parts of gas well equipment are capitalized only when they increase the future economic benefits of the specific asset to which they relate. Amortization of the gas well equipment is calculated over its estimated useful life of 10 years using the straight line method. All other expenditures are recognized in profit or loss as incurred. The carrying amount of any replaced or sold component is derecognized. The costs of day-to-day servicing of gas well equipment are recognized in profit or loss as incurred.

Exchanges or swaps of gas well equipment are measured at fair value unless the transaction lacks commercial substance or neither the fair value of the asset received nor the asset given up can be readily estimated. When fair value is not used, the cost of the acquired asset is measured at the carrying amount of the asset given up. Any gains or losses from the divestiture of gas well equipment are recognized in profit or loss.

(j) **Intangible assets**

Intangible assets consist of costs related to the implementation of a patent. Intangible assets are measured using the cost model. The patent is depreciated over its estimated useful life on a straightline basis. Intangible assets are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of an intangible asset is not recoverable when it exceeds the sum of the undiscounted future cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of an intangible asset over its fair value. Amortization has been recorded over the life of the patent of 20 years.

(k) **Investment in real property**

Investment in real property is recorded at cost and a provision is recorded when it has been determined that there has been an impairment.

(l) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the financial statements are the valuation of accounts receivable, valuation of inventory, valuation of loans receivable, valuation of intangible asset, valuation of the gas properties, estimated useful life of long lived assets and asset retirement obligation. Actual results could differ from those estimates.

2. Significant accounting policies, continued

(m) **Income taxes**

The company has elected to account for income taxes using the taxes payable method. The taxes payable and provision for income taxes are based on the corporate income tax returns filed. There is no adjustment for income taxes related to temporary differences and no recognition of the benefit of income tax losses carried forward.

(n) **Foreign currency translation**

The Company uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's income statement, except for the cost of inventories and amortization translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the income statement.

(o) **Impairment of long-lived assets**

Long-lived assets are amortized over their useful lives. The Company annually reviews the useful lives and the carrying values of its long-lived assets for continued appropriateness. The Company performs an impairment assessment of long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows expected to result from the use and eventual disposition of an asset is less than its carrying amount, it is considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value, which is estimated as the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. At August 31, 2024, no events or changes in circumstances had occurred which indicated that the carrying amounts of long-lived assets may not be recoverable.

(p) **Asset retirement obligations**

Asset retirement obligations are recognized for decommissioning and restoration obligations associated with the Company's oil and gas property and equipment. The best estimate of the expenditure required to settle the present obligation at the balance sheet date is recorded on a discounted basis using a determined pre-tax risk-free interest rate. The future cash flow estimates are adjusted to reflect the risks specific to the liability. The value of the obligation is added to the carrying amount of the associated exploration and evaluation or property and equipment assets and is depleted or depreciated over the useful life of the asset. The provision is accreted over time through charges to earnings with actual expenses charged against the accumulated liability. Changes in the future undiscounted cash flows or the discount rate are recognized as changes in the asset retirement obligation and related asset. Actual asset retirement obligation up to the recorded liability at the time are charged against the provision as the costs are incurred. Any differences between the recorded provision and the actual costs incurred are recorded as a gain or loss.

2. Significant accounting policies, continued

(q) Financial instruments

(i) Measurement of financial instruments

The company initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The company subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, accounts receivable, loans receivable, amounts due from related parties, and all investments, except those measured at fair value. The Company's investment in Nexera Energy Inc. is measured at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, shareholder's loan, long-term debt, amounts due to related parties and Canada Emergency Business Account loan.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income.

A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

3. Inventory

During the year, the Company recognized cost of inventory of $7,176,552 (2023 - $12,730,221). There were no inventory write-downs during the year.

4. Loans receivable

		2024		2023
Receivable from employees of the Company	$	73,182	$	73,182
Loan receivable from 2221637 Alberta Ltd.		50,000		-
Loan receivable from individual		80,000		-
	$	203,182	$	73,182

The loans receivables are unsecured, non-interest bearing and have no terms of repayment.

5. Investment in real estate

Investment in real estate consists of 100% interest in a lot purchased from a land developer located in Belize City, Belize.

6. Investments

The Company holds investments in the following corporations and has elected to account for them at cost except for the shares of Nexera Energy Inc. (formerly Emerald Bay Energy Inc.) as follows:

	Ownership %		2024		2023
Strike-Free Global Inc.	10.00	$	-	$	50,000
OCS Global	12.50		2,500		2,500
Prime Coating Systems Ltd.	50.00		50		50
Aquarius Fabrication Ltd.	50.00		50		50
Prime Tubular Oilfield Services Inc.	90.00		31		31
ISB Carbon Credit			288,890		-
		$	291,521	$	52,631

The investment in the publicly traded shares consists of shares held in Nexera Energy Inc. The investment has been reported at its market value as at August 31, 2024 of $44,000 (2023 - $44,000).

7. Due from/to related party

Amounts due from/to related parties are unsecured, non-interest bearing and have no specific terms of repayment.

7. Due from/to related party, continued

(a) In 2014, the Company received a loan in the amount of $57,500 from an individual related to the director. The loan is unsecured, bears interest at 6%, and has monthly payments of $750. Starting 2018, the loan has semi-monthly payments of $1,000. A balance of $NIL (2023 - $NIL) was repaid during the year plus interest totaling $NIL (2023 - $NIL) was expensed.

In 2024, the Company earned $179 (2023 - $1,708) in revenue and incurred cost in the amount of $104,698 (2023 - 309,503) from 1431400 Alberta Ltd., a company owned by a person related to the director of the Company for consulting services provided during the year.

In 2024, the Company incurred costs in the amount of $154,233 (2023 - $108,000) to Rock Tubulars Ltd., which is owned by the shareholder of the company, for the rental of its premises. In addition, equipment rental and operating expenses amounting to $739,408 (2023 - $132,600) recorded in cost of goods sold, consulting fees and automotive expenses, were paid to Rock Tubulars Ltd.

In 2024, the Company earned $1,216,270 (2023 - $937,596) in revenue from Technical Coating Systems Ltd. ("TCS"), an entity owned 50% by Pro-Pipe Holdings Ltd. In addition, inspection and other operating expenses recoveries amounting to $55,564 (2023 - $60,667 paid to TCS) recorded in cost of goods sold, consulting fees, rent and shop supplies, were received from Technical Coating Systems Ltd.

In 2024, the Company advanced $539,341 (2023 - $315,868) to Pro-Pipe Holdings Ltd., an entity owned by the shareholder of the company. In addition, the Company received repayments of $283,191 (2023 - $100,000) from Pro-Pipe Holdings Ltd.

in 2024, the Company incurred cost in the amount of $144,000 to 2569428 Alberta Ltd., which is owned by Shareholder of the company, for the rental of its premises.

In 2014, the Company received a loan in the amount of $755 from 1799807 Alberta Ltd., an entity related by way of common control.

Prime Tubular Oilfield Services Inc. is a 30% owned entity.

Prime Coating Systems Ltd., is a 50% owned entity.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

(b) Due from related parties

	2024	2023
Pro-Pipe Holdings Ltd.	$ 2,465,037	$ 2,256,217
Technical Coating Systems Ltd.	1,321,096	1,486,205
Rock Tubulars Ltd.	270,923	96,222
1799807 Alberta Ltd.	755	755
	$ 4,057,811	$ 3,839,399

7. Due from/to related party, continued

(c) Advances from related parties

	2024	2023
Prime Coating Systems Ltd.	$ 704,947	$ 704,947
1431400 Alberta Ltd.	454,054	343,834
Rick Porodo	42,020	42,020
Prime Tubular Oilfield Services Inc.	30	30
2569428 Alberta Ltd.	718	-
	$ 1,201,769	$ 1,090,831

Since the related parties have indicated that it is not their intention to request payment of this amount during the next fiscal year, this amount has been classified as a non-current liability in the accompanying financial statements.

8. Property and equipment

			2024	2023
	Cost	Accumulated amortization	Net	Net
Shop equipment	$ 1,611,522	$ 1,015,948	$ 595,574	$ 733,218
Coating plant	747,993	710,984	37,009	46,262
Vehicles	584,263	497,687	86,576	123,680
Leasehold improvements	44,250	24,250	20,000	28,000
Computer equipment	34,615	32,855	1,760	2,502
Furniture and fixtures	750	746	4	6
	$ 3,023,393	$ 2,282,470	$ 740,923	$ 933,668

Included in shop equipment are assets under capital lease with a cost of $90,500 (2023 - $90,500) and accumulated amortization of $16,290 (2023 - $9,050).

9. Gas properties

			2024	2023
	Cost	Accumulated amortization	Net	Net
Gas properties	$ 345,170	$ 282,064	$ 63,106	$ 97,622

10. Intangible asset

		2024		2023
	Cost	Accumulated amortization	Net	Net
Patent	$ 119,296	$ 27,530	$ 91,766	$ 89,550

11. Demand operating loan

On September 19, 2023, the Company renewed its demand operating loan agreement. Total demand operating loan available for $1,500,000 (2023 - $1,500,000) bearing interest at bank prime plus 2.00% per annum. The effective rate 8.70% at year end. As at August 31, 2024, $1,315,396 (2023 - $249,119) had been drawn on this facility.

The demand operating loan and demand non revolving standby facility loan are secured by a general security agreement over the assets of the Company, a personal guarantee by the shareholder of Pro-Pipe Service and Sales Ltd. and corporate guarantees by Rock Tubular Ltd., Technical Coating Systems Ltd., and Pro-Pipe Holdings Ltd.

The facility is subject to certain financial covenants including a cash flow coverage ratio of not less than 1.25 on combined basis (between Pro-Pipe Service & Sales Ltd, Prime Coating Systems Ltd., Rock Tubulars Ltd, Technical Coating Systems Ltd and Pro-Pipe Holdings Ltd.), a debt-to-tangible net worth ratio of not greater than 2.50, a current ratio of not less than 1.25. Total outstanding overdraft credit cannot exceed 75% of good earned Canadian trade accounts receivable, and a 120 days reporting covenant. As at August 31, 2024, the Company is not in compliance with cash flow coverage ratio and therefore the facility is repayable on demand.

12. Due to shareholder

The amounts due to shareholder are unsecured, bear no interest and have no specific terms of repayment.

13. Callable debt

	2024	2023
Loan payable bearing interest at 7.35% per annum, repayable in monthly blended payments of 15,977. The loan matures on January 20, 2025 and is secured as demand operating loan in Note 11.	$ 78,573	$ 257,287
Loan payable bearing interest at 7.08% per annum, repayable in monthly blended payments of $6,312. The loan matures on August 1, 2027 and is secured by an equipment with a carrying value of $198,617.	146,073	209,003
Carried forward	$ 224,646	$ 466,290

13. Callable debt, continued

	2024	2023
Carried forward	$ 224,646	$ 466,290
Loan payable bearing interest at 7.12% per annum, repayable in monthly blended payments of $3,550. The loan matures on September 1, 2026 and is secured by an equipment with a carrying value of $102,528.	114,752	147,859
	339,398	614,149
Less deferred financing charges	-	5,000
	339,398	609,149
Less current portion	181,718	274,857
Callable debt	$ 157,680	$ 334,292

Canadian accounting standards for private enterprises require that loans that the lender can require to be repaid on demand be classified as current liabilities. Management does not believe that the demand features of the callable debt will be exercised in the current period.

In addition to security disclosed above, the security noted in the demand operating loan note applies to these debts.

Estimated principal repayments are as follows:

2025	$ 181,718
2026	110,705
2027	46,975
	$ 339,398

14. Capital lease obligation

	2024	2023
Capital lease contract, repayable in monthly installments of $2,707 plus GST including interest at 10.77% per annum, secured by equipment (net book value - $65,160) with a maturity date of April 2026 and a buyout option of $10 at maturity.	$ 49,346	$ 74,985
Less current portion	28,543	25,639
Due beyond one year	$ 20,803	$ 49,346

Estimated lease payments are as follows:	
2025	$ 32,478
2026	21,652
Total future minimum lease payments	54,130
Less amount representing interest	4,784
Present value of minimum net lease payments	49,346
Less current portion	28,543
	$ 20,803

15. Long-term debt

	2024	2023
Loan payable bearing interest at 4.06% per annum, repayable in monthly blended payments of $777. The loan matures on September 23, 2024 and is secured by a vehicle with a carrying value of $4,677.	$ 774	$ 9,860
Loan payable repaid during the year.	-	2,667
	774	12,527
Less current portion	774	11,753
Due beyond one year	$ -	$ 774

Estimated principal repayments are as follows:	
2025	$ 774

16. Asset retirement obligation provision

	2024	2023
Balance, beginning of period	$ 69,267	$ 66,126
Accretion expenses	3,463	3,141
	$ 72,730	$ 69,267

The Company has reported an asset retirement obligation on an oil and gas property and has calculated the fair value of the asset retirement obligation using a discount rate of 5%. The estimated undiscounted future cash flow to settle the asset retirement obligation is $72,730 and is expected to be realized over a period defined as the remaining estimated useful life.

17. Share capital

	2024	2023
Authorized		
Unlimited number of Class A common voting shares		
Unlimited number of Class B common non-voting shares		
Unlimited number of Class C & D preferred, non-voting shares		
Issued		
1,000 Class A common voting shares	$ 100	$ 100

18. Contingency

The Company is party to various legal proceedings and claims that arise in the ordinary course of business. Among these matters are two claims against the Company. In the first matter, a claim has been sought in the amount of $249,397. The Company has filed a counterclaim in the amount of $243,200. At this time, the outcome is not determinable and therefore, no amounts have been accrued in the financial statements.

In regards to the second matter, a claim has been sought for $163,800 for non-payment of commissions. The Company has filed a counter-claim and the expected result is a settlement of $56,900. As such, the Company has accrued this amount as a legal expense in a prior year.

There is another claim against the company. The counterclaim has been filed and the amount of possible liability is undeterminable as of the report date.

19. Commitment

The Company has provided a guarantee on a mortgage belonging to a companies related by reason of common control. As at August 31, 2024, this mortgage amounted to $3,000,000 & $1,400,000 (2023 - $2,410,000) and is secured by property with a net book value of $4,717,763 & $1,891,500 (2023 - $4,420,458).

Any amounts required to be paid under this guarantee will be charged to operations in the year incurred.

In 2024, the company incurred $349,898 (2023 - $290,590) rental expenses to 5 (2023 - 7) lease agreements (all month-to-month periodic agreements).

20. Income taxes

The provision for income taxes recorded in the non-consolidated financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 23% (2023 - 23 %) to the net income for the years as follows:

	2024	2023
Net income for the year before income taxes	$ 1,474,898	$ 1,826,496
Anticipated income tax	$ 339,227	$ 420,094
Tax effect of the following:		
Temporary differences	108,526	15,696
Permanent expense differences	(128,036)	(36,240)
Small business deduction	(60,000)	(60,000)
Prior year tax (recovery)	64,739	(95,740)
Other	(558)	1,023
Income tax expense	$ 323,898	$ 244,833

21. Change in non-cash working capital items

	2024	2023
Accounts receivable	$ (618,657)	$ (509,783)
Income taxes payable	(28,661)	242,895
Inventory	(1,199,739)	(1,254,247)
Purchase deposits	(257,801)	(30,690)
Accounts payable and accrued liabilities	280,901	666,297
Wages payable	(23,665)	5,190
Goods and service tax payable	(47,605)	47,332
	$ (1,895,227)	$ (833,006)

22. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of non-consolidated financial statements in assessing the extent of risk related to financial instruments.

(a) Liquidity risk

The company does have a liquidity risk in the demand operating loan and accounts payable and accrued liabilities of $3,971,582 (2023 - $2,624,405). Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The company reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the company is low and is not material.

(b) Credit risk

The company does have credit risk in accounts receivable of $3,471,275 (2023 - $2,852,618). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.The company reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The company maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the company is low and is not material.

(c) Market risk

The company's investments in publicly traded securities expose the company to market risk since these equity investments are subject to price fluctuations in the open market.

(d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 4% of the entity's sales are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations. As at August 31, 2024, cash and accounts receivable of $29,294 and $158,139 respectively (2023 - $33,881 and $42,688) are denominated in US dollars and converted into Canadian dollars.

(e) Interest rate risk

Interest rate fair value risk and the interest rate cash flow risk are the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's principal exposure to interest rate fair value risk is with respect to its long term debt which bears interest at fixed rates ranging from 4.06% to 10.77% and floating rate at Prime + 2%. The Company does not use derivative financial instruments to alter the effects of this risk.