FIDDLEHEAD RESOURCES CORP.
(FORMERLY ALPHA PEAK CAPITAL INC.)

Interim Condensed Financial Statements

For the three and six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)
(Unaudited)

FIDDELHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)
INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023

CONTENTS | PAGE(S)

FIDDLEHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditor.

Management has prepared the information and representations in this interim report. The interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and, where appropriate, reflect management's best estimates and judgment. The financial information presented throughout this report is consistent with the data presented in the interim condensed financial statements. The Company maintains adequate systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that relevant and reliable financial information is produced.

"Ying Yuen"

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Chief Financial Officer

August 29, 2024

FIDDLEHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)
INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION
AT JUNE 30, 2024
(Expressed in Canadian Dollars)

	Notes	June 30, 2024	December 31, 2023
		(unaudited)	(audited)
		$	$
ASSETS			
CURRENT			
Cash		50,231	372,153
Trade and other receivables		22,499	16,433
Prepaids and deposits		21,155	-
Total current assets		93,885	388,586
TOTAL ASSETS		**93,885**	**388,586**
LIABILITIES			
CURRENT			
Accounts payables and accrued liabilities		50,045	32,295
Total current liabilities		50,045	32,295
Total liabilities		50,045	32,295
EQUITY			
Share capital	4	64,707,097	64,707,097
Reserves	4	616,200	595,014
Deficit		(65,279,457)	(64,945,820)
Total equity		43,840	356,291
TOTAL LIABILITIES AND EQUITY		**93,885**	**388,586**

Going concern (Note 1)
Proposed transaction (Note 8)
Subsequent Events (Note 9)

Approved on August 29, 2024, on behalf of the Board:

"Brent Osmond" *" Dave Ritter"*

Brent Osmond, Director Dave Ritter, Director

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

FIDDLEHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)
INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(*Expressed in Canadian Dollars)*
(Unaudited)

		For the three months ended June 30,		For the six months ended June 30,	
	Notes	**2024**	**2023**	**2024**	**2023**
		$	$	$	$
Professional fees	5	161,670	-	288,115	-
Share-based payments	4,5	10,651	-	21,186	-
Administrative expenses		23,510	-	24,336	1,779
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		**195,831**	**-**	**333,637**	**1,779**
Weighted average number of common shares Outstanding - Basic and diluted		10,452,787	8,933,420	11,648,463	8,993,420
Basic and diluted loss per common share		$ 0.02	$ -	$ 0.03	$ 0.00

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

FIDDLEHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)
INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(*Expressed in Canadian Dollars)*
(Unaudited)

	Share Capital	**Share Capital**	**Reserves**	**Deficit**	**Total**
	# of shares	$	$	$	$
At December 31, 2022	8,993,422	64,132,017	581,585	(64,696,691)	16,911
Net loss and comprehensive loss for the period	-	-	-	(1,779)	(1,779)
At June 30, 2023	8,993,422	64,132,017	581,585	(64,698,470)	15,132
At December 31, 2023	13,841,757	64,707,097	595,014	(64,945,820)	356,291
Share-based payments - vesting of options	-	-	21,186	-	21,186
Net loss and comprehensive loss for the period	-	-	-	(333,637)	(333,637)
At June 30, 2024	13,841,757	64,707,097	616,200	(65,279,457)	43,840

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

FIDDLEHEAD RESOURCES CORP. (FORMERLY ALPHA PEAK CAPITAL INC.)
INTERIM CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023
(*Expressed in Canadian Dollars)*
(Unaudited)

		For the six months ended June 30,	
	Notes	**2024**	**2023**
		$	$
OPERATING ACTIVITIES			
Net Loss		(333,637)	(1,779)
Items not affecting cash:			
Share-based payments		21,186	-
Changes in non-cash working capital balances			
Trade and other receivables		(6,066)	-
Prepaids and deposits		(21,155)	-
Accounts payable and accrued liabilities		17,750	(12,616)
Cash flow used in operating activities		(321,922)	(14,395)
Change in cash during the period		(321,922)	(14,395)
Cash, beginning of the period		372,153	29,828
Cash, end of the period		50,231	15,433

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

1. **BACKGROUND AND NATURE OF OPERATIONS**

Fiddlehead Resources Corp. (formerly Alpha Peak Capital Inc.) (the "Company") was incorporated on June 24, 2011, under the British Columbia Business Corporation Act and commenced trading on the TSX Venture Exchange (the "TSXV") as a Capital Pool Company pursuant to TSXV Policy 2.4. The address of the Company's registered office is 1900 - 1040 West Georgia Street, Vancouver, BC V6E 4H3, Canada. On September 5, 2023, following a strategic review, the Company changed its name to Fiddlehead Resources Corp. and will focus on the oil and gas sector.

During the year ended December 31, 2019, the Company sold all of the shares of its wholly owned subsidiary Total Wonder Enterprises Limited ("TWEL") to certain shareholders of the Company (the "TWEL Sale") and completed a distribution of $0.075 per common share (the "Distribution") by way of return of capital. After the completion of the TWEL Sale and the Distribution, the Company became a shell company with no active business and was transferred to the NEX board of the TSXV. On April 19, 2021, the Company's common shares were voluntarily delisted from trading on the TSXV and remains a reporting issuer in good standing in the Provinces of British Columbia and Alberta.

The Company has incurred losses since inception and has a deficit of $65,279,457 at June 30, 2024 (December 31, 2023 - $64,945,820). The continuing operations of the Company are dependent upon obtaining necessary financing. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. These factors, among others, could have a significant impact on the Company's operations. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. **BASIS OF PREPARATION**

Statement of compliance

The interim condensed financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The interim condensed financial statements of the Company should be read in conjunction with the Company's 2023 annual financial statements that have been prepared in accordance with IFRS accounting standards ("IFRS"), as issued by the International Accounting Standards Board.

Basis of presentation

The interim condensed financial statements are presented in Canadian dollars ("CAD"), which is the Company's functional and presentation currency. The financial statements are prepared on a historical cost basis except for certain financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value. The accounting policies have been applied consistently throughout the entire period presented in these financial statements.

3. **MATERIAL ACCOUNTING POLICIES**

The interim condensed financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in note 3 to the audited financial statements for the year ended December 31, 2023.

Critical accounting estimates and judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include but are not limited to the going concern assumption (Note 1).

(Expressed in Canadian Dollars)

4. **SHARE CAPITAL**

(a) Authorised

Unlimited number of common shares without par value.

(b) Issued common shares

On September 5, 2023, the Company completed a financing of an aggregate of 4,848,335 common shares at a price of $0.12 per common share for aggregate gross proceeds of $581,800.

(c) Share options

The Company adopted a share option plan on July 13, 2017, under which it can grant options to directors, officers, employees, and consultants for up to 20% of the issued and outstanding common shares with a maximum of 10-year exercise from the date of the option grant.

As at June 30, 2024, 1,260,000 (December 31, 2023 – 1,260,000) share options of the Company were outstanding at an average price of $0.10 (December 31, 2023 - $0.10) per underlying common share. Each share option will expire 5 years from the grant date. Upon the Company entering into binding, definitive agreement for the consummation of a reverse takeover, the stock options vest immediately.

On September 5, 2023, the Company granted 500,000 options to a director and officer, the fair value of those options has been estimated at the date of issue using the Black-Scholes option pricing model with the following assumptions: (i) dividend yield 0%; (ii) expected volatility of 100.00%; (iii) risk-free interest rate of 4.33%; (iv) expected life of 5 years; (v) share price of $0.12; forfeiture rate of nil. Volatility was estimated based on historical volatility of comparable companies. The options will vest on the anniversary of the grant date. For the six months ended June 30, 2024, $21,186 (June 30, 2023 - $Nil) was recorded to Share-based payments.

	Number of options	Weighted average exercise price
		$
Balance December 31, 2023	1,260,000	0.10
Granted	-	-
Balance June 30, 2024	1,260,000	0.10

Details of options outstanding as at June 30, 2024 are as follows:

Exercise price		Expiry (years)	Number of options outstanding	Number of options exercisable
$	0.07	1.86	760,000	760,000
$	0.12	4.19	500,000	-
$	0.10	2.78	1,260,000	760,000

(E*xpressed in Canadian Dollars)

5. **RELATED PARTY TRANSACTION**

The Company's key management includes directors (executive and non-executive), the Chairman, the Chief Executive Officer and Chief Financial Officer. The remuneration of key management of the Company for the six months ended June 30, 2024, and 2023 was as follows:

	For the six months ended June 30,	
	2024	**2023**
	$	$
Consulting fees (included in professional fees)	60,000	-
Share-based payments	21,186	-
	81,186	-

6. **CAPITAL RISK MANAGEMENT**

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the six months ended June 30, 2024.

7. **FINANCIAL INSTRUMENTS**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The carrying value of accounts payable and accrued liabilities approximate its fair values due to its short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing it at major Canadian financial institutions. The Company has minimal credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of June 30, 2024, equal $50,045 (December 31, 2023 - $32,295). All of the liabilities presented as accounts payable and accrued liabilities are due within 30 days of June 30, 2024. The Company has sufficient cash to settle the liabilities at June 30, 2024. Management believes the liquidity risk is low.

7. **FINANCIAL INSTRUMENTS – continued**

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return on capital.

i) Currency risk – Currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company does not hold substantial funds in a foreign currency and is not subject to significant currency risk.

ii) Interest rate risk – Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash is at nominal interest rates, and therefore, the Company does not consider interest rate risk to be significant. The Company has no interest-bearing financial liabilities.

iii) Other price risk – Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

8. **PROPOSED TRANSACTION**

On May 29, 2024, the Company along with its wholly owned subsidiary ("**FinanceCo**") entered into a definitive agreement (the "**Definitive Agreement**") pursuant to the acquisition ("**Acquisition**") of South Ferrier, Strachan area assets ("Assets") from a senior Canadian producer. The assets considered under the Acquisition are Producing Assets and Land Positions in the Cardium Fairway.

In addition, the Company has entered into an agreement with Research Capital Corporation to act as lead underwriter and sole bookrunner (the "**Underwriter**"), in connection with a marketed underwritten, private placement offering of subscription receipts in FinanceCo (the "**Subscription Receipts**") at a price of $0.20 per Subscription Receipt for minimum aggregate gross proceeds of $10,000,000 (the "**Offering**"). The Underwriters will receive an aggregate cash commission equal to 8.0% of the gross proceeds from the Offering and will also be issued broker warrants equal to 8.0% of the number of Subscription Receipts sold under the Offering.

Each Subscription Receipt will entitle the holder thereof, without payment of any additional consideration and without further action on the part of the holder, upon the satisfaction of the Escrow Release Conditions to receive one unit of the Company ("**Unit**"). Each Unit will consist of one common share of FinanceCo ("**Underlying Share**") and one common share purchase warrant of FinanceCo ("**Underlying Warrant**"). Each Underlying Warrant entitles the holder thereof to purchase one common share of FinanceCo (a "**Warrant Share**") at an exercise price of $0.24 per Warrant Share at any time up to 60 months following the satisfaction or waiver of the Escrow Release Conditions. The Units, Underlying Shares, Underlying Warrants and Warrant Shares are collectively referred to herein as the "Underlying Securities". In addition, the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Underlying Warrants that will be exchanged for warrants of Fiddlehead ("**Fiddlehead Warrants**") on equivalent terms on the TSX Venture Exchange ("**TSXV**").

The total consideration for the Assets will be $22,500,000 in cash, subject to customary adjustments (the "**Purchase Price**"). The Purchase Price is expected to be satisfied through a combination of: (i) the net proceeds of the Offering; and (ii) a $13,000,000 credit facility ("**Credit Facility**"). The Company has entered into a term sheet for the Credit Facility with a private lender.

8. **PROPOSED TRANSACTION – continued**

In connection with the Acquisition, it is intended that, among other things: (i) Fiddlehead will consolidate its common shares ("**Fiddlehead Shares**") on a 2 to 1 basis ("**Share Consolidation**") prior to the satisfaction of the Escrow release conditions; (ii) the Subscription Receipts will be converted into Units; (iii) all outstanding common shares of FinanceCo, will ultimately be exchanged for common shares of Fiddlehead (the "**Fiddlehead Shares**") on the basis of one Fiddlehead Share for one FinanceCo Share; and (iv) the Underlying Warrants will ultimately be exchanged for Fiddlehead Warrants on a basis of one Fiddlehead Warrant for one Underlying Warrant on equivalent terms.

As a condition to the completion of the Acquisition, the Fiddlehead Shares will be listed on the TSXV (the "**Listing**") and the Company will use commercial reasonable efforts to obtain the necessary approvals to list the Fiddlehead Warrants on the TSXV.

The Offering is expected to close on or about the week of August 26, 2024 (the "**Closing Date**"), or such other date as agreed upon between Fiddlehead, FinanceCo and the Underwriters and will be subject to certain conditions set out in the agency agreement of the Offering.

9. **SUBSEQUENT EVENTS**

On July 31, 2024, the Corporation completed a share consolidation of one post-consolidation Common Share for every two pre-consolidation Common Shares outstanding (the "Consolidation"). Prior to completing the Consolidation, the Corporation had 13,841,757 Common Shares outstanding and following the completion of the Consolidation, the Corporation had approximately 6,920,881 Common Shares outstanding.

At its Annual and Special Meeting on July 31, 2024, the Corporation elected Mr. Dale Miller, Mr. David Ritter, Mr. Gregory Turnbull, and Mr. C. Neil Smith to its board of directors to join Mr. Brent Osmond, Chairman of the Board in the event the Corporation becomes publicly listed on the TSXV. Also at that meeting, the Corporation elected to file a continuance to continue the Corporation from British Columbia to Alberta.

On August 23, 2024, FinanceCo completed a brokered financing of 48,400,000 FinanceCo Subscription Receipts at a subscription price of $0.20 for aggregate gross proceeds of $9,680,000. Upon satisfaction of the Escrow Release Conditions, each FinanceCo Subscription Receipt automatically converts, for no additional consideration into one FinanceCo Unit consisting of one FinanceCo Share and one FinanceCo Warrant exercisable into one FinanceCo Share at an exercise price of $0.24 for a period of sixty months following the date of issuance. In connection with the FinanceCo Financing, the Corporation paid an aggregate of $774,400 in commissions. After deducting commissions and the expenses of the FinanceCo Financing, the net proceeds of the FinanceCo Financing were $8,077,942.84. Upon closing of the FinanceCo Financing, the Corporation issued 4,080,000 broker warrants (the "Broker Warrants") to the Underwriter. Each Broker Warrant is exercisable to acquire one FinanceCo Unit (or the equivalent thereof in securities of Fiddlehead) at an exercise price equal of $0.20 for a period of 60 months following the satisfaction or waiver of the Escrow Release Conditions.

On August 23, 2024, the Corporation also completed a concurrent brokered financing of $520,000 Fiddlehead Subscription Receipts at a subscription price of $0.20 for aggregate gross proceeds of $478,400. Upon satisfaction of the Escrow Release Conditions, each Fiddlehead Subscription Receipt automatically converts, for no additional consideration into one Fiddlehead Unit consisting of one Common Share and one Warrant exercisable into one Common Share at an exercise price of $0.24 for a period of sixty months following the date of issuance.

On August 23, 2024, the Corporation, FinanceCo and Subco entered into the FinanceCo Amalgamation Agreement, pursuant to which on August 28, 2024, FinanceCo was amalgamated with Subco and the FinanceCo Subscription Receipts became convertible into Common Shares and Warrants of the Corporation. The Amalgamation was effected pursuant to Section 269 of the BCBCA.

On August 31, 2024, the Escrow Release Conditions were satisfied and both the FinanceCo Subscription Receipts and the Fiddlehead Subscription receipts were automatically converted into an aggregate of 48,400,000 Common Shares and 48,400,000 Warrants.