Unaudited Interim Condensed Consolidated Financial Statements

# RESOLUTE RESOURCES LTD.

For the period ended March 31, 2024

Notice of disclosure of non-auditor review of condensed interim financial statements pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim condensed financial statements of the Company for the three and nine month periods ended March 31, 2024 and 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board.and are the responsibility of the Company's management.

The Company's auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

# RESOLUTE RESOURCES LTD.

Interim Condensed Consolidated Statements of Financial Position

*Stated in Canadian dollars (unaudited)*

| | Note | **As at March 31, 2024** | As at June 30, 2023 |
|---|---|---|---|
| **Assets** | | | |
| Current: | | | |
| Cash | | **$ 481,695** | $ 625,941 |
| Restricted cash | | - | 3,823,555 |
| Prepaid share issue costs | | - | 475,713 |
| Prepaid expenses | | **139,045** | 99,678 |
| GST receivable | | **292,419** | 57,356 |
| | | **913,159** | 5,082,243 |
| Property and equipment | 4 | **6,650** | - |
| Exploration and evaluation assets | 5 | **5,883,306** | 1,258,123 |
| Total assets | | **$ 6,803,115** | $ 6,340,366 |
| **Liabilities** | | | |
| Current: | | | |
| Accounts payable and accrued liabilities | | **$ 829,938** | $ 582,342 |
| Subscription receipts | | - | 4,000,200 |
| | | **829,938** | 4,582,542 |
| Decommissioning liability | 6 | **98,648** | - |
| Total liabilities | | **$ 928,586** | $ 4,582,542 |
| **Shareholders' Equity** | | | |
| Share capital | 7 | **7,742,506** | 2,779,048 |
| Warrants | 7 | **1,039,554** | 31,250 |
| Contributed surplus | 7 | **330,054** | 204,676 |
| Deficit | | **(3,237,585)** | (1,257,150) |
| Total shareholders' equity | | **5,874,529** | 1,757,824 |
| Total liabilities and shareholders' equity | | **$ 6,803,115** | $ 6,340,366 |

Going concern (note 2)

*See accompanying notes to the unaudited interim condensed consolidated financial statements.*

# RESOLUTE RESOURCES LTD.

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss

*Stated in Canadian dollars (unaudited)*

| | Note | Three months ended March 31, 2024 | Three months ended March 31, 2023 | Nine months ended March 31, 2024 | Nine months ended March 31, 2023 |
|---|---|---|---|---|---|
| **Expenses:** | | | | | |
| General and administrative | | **$ 179,684** | $ 291,664 | **$ 966,141** | $ 427,121 |
| Listing Expense | | - | - | **898,037** | - |
| Stock based compensation | 7 | **3,615** | 23,584 | **10,723** | 79,834 |
| Impairment | 5 | - | - | **172,238** | 20,058 |
| Accretion | 6 | **1,096** | - | **1,644** | - |
| Amortization | 4 | **384** | - | **1,023** | - |
| Total expenses | | **184,779** | 315,248 | **2,049,806** | 527,013 |
| **Loss from operations** | | **184,779** | 315,248 | **2,049,806** | 527,013 |
| Interest and other income | | **(7,284)** | (14,926) | **(69,371)** | (43,057) |
| **Loss before income taxes** | | **177,495** | 300,322 | **1,980,435** | 483,956 |
| **Net loss and comprehensive loss** | | **$ 177,495** | $ 300,322 | **1,980,435** | $ 483,956 |
| **Net loss per common share** | | | | | |
| Basic and diluted | 7 | $0.00 | $0.01 | $0.03 | $0.01 |

*See accompanying notes to the unaudited interim condensed consolidated financial statements*.

# RESOLUTE RESOURCES LTD.

Interim Condensed Consolidated Statements of Changes in Equity

Stated in Canadian dollars (unaudited)

| | Note | Share Capital | Warrants | Contributed surplus | Deficit | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **Balance at July 1, 2022** | | **$2,750,827** | **$ 31,250** | **$ 37,500** | **$ (195,507)** | **$ 2,624,070** |
| Net loss and comprehensive loss | | – | – | – | (483,956) | (483,956) |
| Common shares issued | 7 | 22,500 | – | – | – | 22,500 |
| Stock options exercised | 7 | 5,721 | _ | (3,221) | _ | 2,500 |
| Stock based compensation | | – | – | 79,834 | – | 79,834 |
| **Balance at March 31, 2023** | | **$ 2,779,048** | **$ 31,250** | **$ 114,113** | **$ (679,463)** | **$ 2,244,948** |
| | | | | | | |
| **Balance at July 1, 2023** | | **$2,779,048** | **$ 31,250** | **$ 204,676** | **$ (1,257,150)** | **$ 1,757,824** |
| Net loss and comprehensive loss | | – | – | – | (1,980,435) | (1,980,435) |
| Reverse take over transaction | 3 | 1,673,912 | 70,161 | 116,929 | – | 1,861,002 |
| Common shares issued | 7 | 3,768,315 | – | – | – | 3,768,315 |
| Stock options exercised | 7 | 11,250 | – | (11,250) | – | – |
| Warrants issued | 7 | – | 938,143 | – | – | 938,143 |
| Share issue costs | 7 | (490,019) | _ | 8,976 | _ | (481,043) |
| Stock based compensation | | - | – | 10,723 | – | 10,723 |
| **Balance at March 31, 2024** | | **$ 7,742,506** | **$ 1,039,554** | **$ 330,054** | **$ (3,237,585)** | **$ 5,874,529** |

*See accompanying notes to the unaudited interim condensed consolidated financial statements*.

# RESOLUTE RESOURCES LTD.

Interim Condensed Consolidated Statements of Cash Flows

*Stated in Canadian dollars (unaudited)*

| | Note | Three months ended March 31, **2024** | Three months ended March 31, 2023 | Nine months ended March 31, **2024** | Nine months ended March 31, 2023 |
|---|---|---|---|---|---|
| **Cash provided by (used in):** | | | | | |
| **Operating Activities:** | | | | | |
| Net loss | | **$ (177,495)** | $ (300,322) | **$(1,980,435)** | $ (483,956) |
| Items not affecting cash: | | | | | |
| Amortization | | **384** | – | **1,023** | – |
| Accretion | | **1,096** | – | **1,644** | – |
| Stock based compensation | | **3,615** | 23,584 | **10,724** | 79,834 |
| Listing expense | | **–** | – | **898,037** | – |
| Impairment of long-term investment | | **–** | – | **–** | 20,258 |
| Impairment of Exploration and Evaluation assets | 5 | **–** | – | **172,238** | |
| General and administrative | | | – | **–** | 10,500 |
| Decrease (increase) in prepaid expenses | | **54,599** | 28,145 | **(39,367)** | 52,590 |
| Decrease (increase) in GST receivable | | **65,731** | (13,757) | **(209,932)** | (10,532) |
| Increase (decrease) in accounts payable and accrued liabilities | | **(20,671)** | 105,984 | **(445,291)** | 118,189 |
| Cash used in operating activities | | **(72,742)** | (156,366) | **(1,591,359)** | (213,317) |
| **Investing Activities:** | | | | | |
| Additions of property and equipment | 4 | **–** | – | **(7,673)** | – |
| Exploration and evaluation asset expenditures | 5 | **(17,411)** | (375,358) | **(4,700,417)** | (766,710) |
| Change in non-cash working capital | | **(670,796)** | – | **735,972** | – |
| Cash used in investing activities | | **(688,207)** | (375,358) | **(3,972,118)** | (766,710) |
| **Financing Activities:** | | | | | |
| Cash acquired on acquisition | | **–** | – | **957,369** | – |
| Issue of common shares, net of issue costs | 7 | **–** | 2,500 | **4,104,054** | 2,500 |
| Issue of warrants | | **–** | – | **121,360** | – |
| Change in non-cash working capital | | **–** | – | **236,448** | – |
| Cash used in financing activities | | **–** | 2,500 | **5,419,231** | 2,500 |
| Increase (decrease) in cash during the period | | **(760,949)** | (529,224) | **(144,246)** | (977,527) |
| Cash, beginning of period | | **1,242,644** | 1,914,622 | **625,941** | 2,362,925 |
| **Cash, end of period** | | **$ 481,695** | $1,385,398 | **$ 481,695** | $1,385,398 |

*See accompanying notes to the unaudited interim condensed consolidated financial statements.*

*Stated in Canadian dollars (unaudited)*

## 1. Reporting entity and description of the business:

Resolute Resources Ltd. ("**Resolute**" or the "**Company**") (formerly Crossover Acquisitions Inc. ("Crossover")) is a public company trading on the TSX Venture Exchange ("TSXV") under the symbol RRL. Crossover was incorporated under the laws of the Province of Ontario on May 27, 2019 and was a private company until October 15, 2021 when Crossover closed its initial public offering. The Company was originally classified as a Capital Pool Company as defined in the TSX Venture Exchange. The mailing address for the Company is: #100, 111 5th AVE SW Suite 204, Calgary, AB T2P 3Y6. The principal place of business for the Company is: 3300, 205 5th AVE SW, Calgary AB, T2P 2V7.

On January 5, 2023 Resolute and Resolute Resources Ltd., a private Alberta corporation ("Resolute Resources") entered into a letter of intent to complete a Transaction (the "RTO Transaction"). Although the RTO Transaction resulted in Resolute Resources becoming a wholly owned subsidiary of Crossover, it constituted a reverse takeover ("RTO") for accounting purposes as the former Resolute Resources shareholders own a substantial majority of the Common Shares of the Resulting Issuer. All the members of the board of directors (the "Board") and all members of management of the Resulting Issuer are designees of Resolute Resources. The reverse takeover was completed on August 23, 2023, in which Crossover acquired all the issued and outstanding class "A" shares of Resolute Resources ("Class "A" Shares") and changed its name to continue as Resolute Resources Ltd. The transaction has been accounted for in the consolidated financial statements as a continuation of the financial statements of Resolute Resources, together with a deemed issuance of Common Shares to the former shareholders of Crossover. The presentation of the comparative year's information is that of Resolute Resources.

Resolute' s business is oil and gas exploration and production primarily focused in the Province of Alberta

The Company has the following subsidiaries, incorporated and/or formed, each owned 100% and consolidated in these financial statements:

| **Name of Subsidiary** | **Jurisdiction of incorporation/formation** |
|---|---|
| Resolute Resources Limited(1) | Alberta, Canada |
| Resolute Resources Corp.(2) | British Columbia, Canada |

(1) Incorporated on June 5, 2019 as Resolute Resources Ltd. Amalgamated with 2518663 Alberta Ltd. on August 23, 2023 to form Resolute Resources Limited.

.(2) Incorporated on June 18, 2019

## 2. Basis of presentation:

(a) Basis of presentation and statement of compliance:

These financial statements have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34, Interim Financial Reporting. These Financial Statements do not include all information required for annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended June 30, 2023.

These condensed interim financial statements have been prepared on a historical cost basis. These financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The accounting policies, basis of measurement, critical accounting judgments and significant estimates to prepare the audited annual financial statements as at and for the year ended June 30, 2023 have been applied in the preparation of these financial statements, with the exception of the following significant accounting policies which have been adopted subsequent to June 30, 2023.

i) Decommissioning liabilities

A decommissioning liability is recognized for the present value of the future cost of abandoning oil and gas wells or facilities and is calculated based on management's best estimate of the expenditure using a combination of publicly available industry benchmarks and internal site-specific information. A decommissioning liability is recognized only when a legal or constructive obligation exists. The liability is measured at each reporting date at the fair value of the estimated expenditures expected to settle the obligation using a risk-free interest rate. An equivalent amount is capitalized as part of E&E assets or PP&E and depleted along with the related asset.

Changes in the estimated timing of settlement or future cash flows are dealt with prospectively by recording an adjustment to the decommissioning liability and a corresponding adjustment to the related asset. The unwinding of the discount on the decommissioning liability is included as an expense item in interest income and other expense in the Statement of Income and Comprehensive Income. Actual expenditures are charged against the liability as incurred.

(b) Approval of financial statements:

These financial statements were approved by the Board of Directors on May 28, 2024.

**2. Basis of presentation (continued):**

(c) Principles of consolidation:

The consolidated financial statements include the accounts of Resolute Resources Ltd. and its wholly owned subsidiaries, Resolute Resources Limited, and Resolute Resources Corp. All intercompany transactions, balances, and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

(d) Going concern:

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at March 31, 2024, the Company had working capital totaling $83,221 (June 30, 2023 - $499,701). For the nine months ended March 31, 2024, the Company incurred a net loss of $1,980,435 (2023 - $483,956), and cash used in operations of $1,591,359 (2023 – $213,317).

The Company continues to be in the exploration stage and therefore has generated no operating revenues to date. The Company will be required to incur significant expenditures to determine if commercially viable economic reserves exist and to further develop its exploration and evaluation assets. As a result, the Company will be required to raise additional capital or seek alternatives such as debt financing to develop the properties. There can be no assurance that such funding will be available to the Company when needed, or if available that it will be on acceptable terms. If adequate funds are not available, the Company may not be able to further develop its exploration and evaluation properties and discharge its liabilities in the normal course of operations.

Due to the conditions noted above there remains material uncertainties that create significant doubt with respect to the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

These unaudited interim condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The unaudited interim condensed consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate for the unaudited interim condensed consolidated financial statements, then adjustments would be necessary in the carrying value of the assets and liabilities, the reported expenses, and the balance sheet classifications used. These adjustments could be material.

**2. Basis of presentation (continued):**

(e) Use of estimates and judgements:

The preparation of consolidated financial statements inconformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. These estimates are reviewed periodically and, as adjustments become necessary, are reported in the period in which they become known. By their nature, these estimates and related future cash flows are subject to measurement uncertainty, and the impact on future consolidated financial statements could be material. A full list of the key sources of estimation uncertainty can be found in the Company's annual financial statements for the year ended June 30, 2022.

Other than noted below, there have been no significant changes to the use of estimates, judgements or assumptions since the June 30, 2023 financial statements, as detailed in note 2 of the audited consolidated financial statements for the year ended June 30, 2023.

*Decommissioning liabilities*

The decommissioning costs which will ultimately be incurred by the Company are uncertain and estimates can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing can also change in response to changes in reserves or changes in laws and regulations. As a result, there could be significant adjustments to the provisions established which could materially affect future financial results. Judgments include the most appropriate discount rate to use, which management has determined to be a risk-free rate.

**3. Acquisitions:**

On August 23, 2023, Resolute Resources completed a reverse takeover of Crossover, a TSXV listed company, pursuant to the terms of the agreement dated March 21, 2023 between Resolute Resources and Crossover. The resulting issuer, is continuing under the name Resolute Resources Ltd. (TSXV: RRL) which began trading on the TSXV on August 30, 2023.

In accordance with IFRS, Crossover did not meet the definition of a business for accounting purposes. Therefore, the RTO does not constitute a business combination but a capital transaction of Crossover in substance with Resolute Resources being the continuing entity from an accounting perspective. The RTO transaction has been accounted for in the consolidated financial statements as a continuation of the financial statements of Resolute Resources together with a deemed

*Stated in Canadian dollars (unaudited)*

## 3. Acquisitions (continued):

issuance of Common Shares to the former shareholders of Crossover. The comparative year's information is also that of Resolute Resources.

Pursuant to the RTO Transaction, Crossover consolidated its shares on a 2:1 basis, and each Class A common share of Resolute was cancelled and exchanged for one fully paid and non assessable common share of the resulting issuer. The resulting issuer changed its name to Resolute Resources Ltd. and is carrying on the business of Resolute Resources.

| **Fair value of assets acquired and liabilities assumed** | **Crossover** |
|---|---|
| Cash | $957,369 |
| HST receivable | 25,131 |
| Accounts payable | (19,535) |
| Fair value of net assets acquired | $ 962,965 |
| **Consideration** | |
| Common shares issued (1) | $1,673,912 |
| Stock options issued (2) | 116,929 |
| Warrants issued (3) | 70,161 |
| Total consideration | $ 1,861,002 |
| Listing expense – excess of purchase consideration over the net assets acquired | $ 898,037 |

(1) Fair value of 8,250,000 common shares of Crossover. See note 7.

(2) Fair value of 825,000 stock options of Crossover. See note 7.

(3) Fair value of 625,000 warrants of Crossover. See note 7.

## 4. Property and equipment:

| Cost ($) | Office Equipment |
|---|---|
| Balance at July 1, 2023 | $ - |
| Additions | 7,673 |
| Amortization | (1,023) |
| **Balance at March 31, 2024** | **$ 6,650** |

## 5. Exploration and evaluation (E&E) assets:

*Stated in Canadian dollars (unaudited)*

| Cost ($) | Total |
|---|---|
| Balance at July 1, 2022 | $ 216,949 |
| Additions | 1,041,174 |
| Balance at June 30, 2023 | 1,258,123 |
| Additions | 4,700,417 |
| Impairment | (172,238) |
| Change in decommissioning estimates (Note 6) | 97,004 |
| **Balance at December 31, 2023** | **$ 5,883,306** |

Exploration and evaluation assets ("E&E assets") consist of the Company's exploration projects which are pending the determination of proved and/or probable reserves. Costs consist of undeveloped land, geophysical evaluation, and exploratory drilling and equipping costs.

The additions of exploration and evaluation assets for the six months ending December 31, 2023 were substantially related to activities and equipment for the Resolute HZ Anthony 7-24-83-24 and the Resolute HZ Anthony 11-24-83-24 wells.

E&E assets are tested for impairment when internal or external indicators of impairment exist as well as upon their eventual reclassification to oil interests in PP&E.

At March 31, 2024 the Company conducted an assessment of indicators of impairment for the Company's E&E assets. In performing the assessment, management determined there were no indicators of impairment.

For the impairment assessment completed at December 31, 2023 the Company determined that it should impair the E&E assets related to its exploration project located in British Columbia. During the three months ending December 31, 2023, Management made the decision not to pursue this project. As a result the costs related to this project were written off to impairment of E&E assets at December 31, 2023.

**6. Decommissioning liability:**

The company's decommissioning liabilities are based on the Company's ownership in wells and related infrastructure.

The Company has estimated the net present value of its total decommissioning liabilities to be $98,648 as at March 31, 2024 (2023 – Nil). The total future inflated and undiscounted amount of estimated cash flows required to settle these obligations is $140,852 (2022 – Nil). As at March 31, 2024 a risk free rate of 3.8% and an inflation rate of 2% were used to calculate the estimated fair value of the decommissioning liability.

*Stated in Canadian dollars (unaudited)*

For the nine months ending March 31, 2024, the company incurred $1,096 of accretion expense (2023 – Nil).

**7. Share capital:**

(a) Authorized:

Unlimited number of common shares

(b) Issued:

As at March 31, 2024 and June 30, 2023, the Company had the following common shares issued and outstanding:

| Common shares | Number | Share capital |
|---|---|---|
| Balance for Resolute Resources, June 30, 2022 | 41,893,200 | $ 2,750,827 |
| Issued, net of share issue costs | 175,000 | 28,221 |
| Balance for Resolute Resources, June 30, 2023 | 42,068,200 | 2,779,048 |
| Opening balance for Crossover | 16,500,000 | 1,147,075 |
| 2:1 share consolidation for Crossover | (8,250,000) | - |
| Exchanged as part of RTO | (8,250,000) | (1,147,075) |
| Issued as part of RTO | 8,250,000 | 1,673,912 |
| Issued on private placement | 18,040,800 | 3,660,449 |
| Issued on exercise of common share purchase warrants | 55,000 | 5,500 |
| Issued on exercise of compensation options | 688,032 | 83,616 |
| Transfer of value attributed to stock options exercised | - | 11,250 |
| Issued on exercise of stock options | 187,500 | 18,750 |
| Share issue costs | - | (490,019) |
| **Outstanding, March 31, 2024** | **69,289,532** | **$ 7,742,506** |

**Shares issued on closing of RTO**

On August 23, 2023 Resolute Resources completed the RTO with Crossover to form the resulting issuer, continuing as Resolute Resources Ltd (note 3). Pursuant to the RTO Transaction, Crossover consolidated its shares on a 2:1 basis, and each Class A common share of Resolute Resources was cancelled and exchanged for one fully paid and non-assessable common share of the resulting issuer. The resulting issuer changed its name to Resolute Resources Ltd. and is carrying on the business of Resolute Resources.

## 7. Share capital (continued):

(b) Issued (continued):

**The Private Placement**

In conjunction with the RTO, Resolute completed the private placement offering (the "Offering") of subscription receipts of Resolute at a price of $0.25 per subscription receipt for aggregate gross proceeds of $4,510,200, and 18,040,800 subscription receipts received. Upon the closing of the RTO, each subscription receipt was exchanged for one Resolute unit. . Each Resolute unit consists of one Resolute common share and one-half Resolute warrant. Each full warrant will entitle the holder to purchase one Resolute common share at an exercise price equal to $0.50 until a date that is 60 months following the date of the RTO Closing, subject to acceleration of the expiry date if certain conditions are satisfied.

**Other Share Issuances**

On July 18, 2022 the Company issued 80,000 Class A common shares at an issue price of $0.15 per share to settle a June 30, 2022 accounts payable balance of $12,000.

On November 9, 2022 the Company issued 70,000 Class A common shares at an issue price of $0.15 per share in exchange for services rendered to an officer of the Company. The $10,500 amount is recorded in general and administrative expenses.

On March 21, 2023 the Company issued 25,000 common shares for gross proceeds of $2,500 related to the exercise of stock options. Contributed surplus related to the exercise of the stock options of $3,221 was reclassed to share capital.

On October 19, 2023 the Company issued 55,000 common shares on the exercise of 55,000 share purchase warrants for gross proceeds of $5,500.

On October 26, 2023 the Company issued 688,032 common shares on the exercise of 688,032 compensation options for gross proceeds of $172,008. As disclosed in note 7(e), the exercise of compensation options also resulted in the issue of 344,016 common share purchase warrants to the option holder which entitle such holder to purchase one common share for each common share purchase warrant held at an exercise price equal to $0.50. The common share purchase warrants expire in October 2028.

On November, 2023 the Company issued 187,500 common shares on the exercise of 187,500 stock options for gross proceeds of $18,750.

*Stated in Canadian dollars (unaudited)*

(c) Common share purchase warrants ("Warrants"):

The following table provides a summary of the Company's share warrants

| | Number | Weighed average exercise price | |
|---|---|---|---|
| | | | $ |
| Outstanding, June 30, 2022 and June 30, 2023 | 625,000 | $ | 0.10 |
| Crossover warrants outstanding[(1)] | 625,000 | | 0.20 |
| Granted on Offering | 9,020,400 | | 0.50 |
| Exercised | (55,000) | | 0.10 |
| Issued | 344,016 | | 0.50 |
| **Outstanding, March 31, 2024** | **10,559,416** | **$** | **0.46** |

| | |
|---|---|
| **Weighted average remaining life** | **4.2 years** |

[(1)] The original 1,250,000 Crossover warrants converted to 625,000 Resolute warrants after the 2:1 share consolidation of Crossover.

The 625,000 warrants of Resolute were assigned a fair value of $31,250 estimated by using the Black-Scholes option pricing model, using the following assumptions: share price $0.10, exercise price of $0.10; risk free interest rate 1.44%-1.72%; expected volatility 75%, dividend yield – 0% and expective life 3 years.

The 625,000 warrants of Crossover were assigned a fair value of $70,161 estimated by using the Black-Scholes option pricing model, using the following assumptions: share price $0.20, exercise price of $0.20; risk free interest rate 2.97%; expected volatility 75%, dividend yield – 0% and expective life 3.8 years.

The 9,020,400 warrants issued with the offering were assigned a fair value of $849,751 estimated by using the Black-Scholes option pricing model, using the following assumptions: share price $0.21, exercise price of $0.50; risk free interest rate 2.97%; expected volatility 75%, dividend yield – 0% and expective life 5 years.

The 344,016 warrants issued on the exercise of compensation options were assigned a fair value of $88,392 estimated by using the Black-Scholes option pricing model, using the following assumptions: share price $0.43, exercise price of $0.50; risk free interest rate 3.88%; expected volatility 75%, dividend yield – 0% and expective life 5 years.

*Stated in Canadian dollars (unaudited)*

**7. Share capital (continued):**

(d) Stock options:

During the year ended June 30, 2022 the Company adopted a stock option plan for directors, employees and service providers. Under the plan, options may be granted to purchase up to 10% of the outstanding shares of Resolute and the maximum term of options granted is five years. The Board of Directors determines the vesting schedule at the time of grant. The outstanding options vest as to one-quarter each on the first, second and third anniversary dates of the date of grant. As at March 31, 2024 the Company may grant up to 6,928,953 options (June 30, 2023 – 4,206,820).

The following tables summarize stock options issued and outstanding:

| | Number | Exercise price |
|---|---|---|
| | | $ |
| Resolute Resources balance outstanding, June 30, 2022 | 3,600,000 | 0.10 |
| Forfeit | (75,000) | 0.10 |
| Exercised | (25,000) | 0.10 |
| Resolute Resources balance outstanding, June 30, 2023 | 3,500,000 | 0.10 |
| Crossover options[(1)] | 825,000 | 0.10 |
| Exercise | (187,500) | 0.10 |
| Forfeit | (662,500) | 0.10 |
| **Outstanding March 31, 2024** | **3,475,000** | **0.10** |

[(1)] The original 1,650,000 Crossover warrants converted to 825,000 Resolute warrants after the 2:1 share consolidation of Crossover.

| Exercise price | Average Remaining term (years) | Number outstanding |
|---|---|---|
| $0.10 | 3.0 | 3,475,000 |
| **Outstanding, March 31, 2024** | **3.0** | **3,475,000** |

As at March 31, 2024, 1,487,500 options are exercisable (2023- 875,000).

*Stated in Canadian dollars (unaudited)*

**7. Share capital (continued):**

(d) Stock options (continued):

The fair value of the Resolute stock options was estimated as at the grant date using the Black-Scholes option pricing model, with the following assumption ranges used for stock options issued:

| Assumption range | February 24, 2022 |
|---|---|
| Risk free interest rate (%) | 1.44 |
| Expected life (years) | 5.0 |
| Stock price ($) | 0.10 |
| Exercise price ($) | 0.10 |
| Expected volatility (%) | 75 |
| Fair value ($) | 0.06 |

The 825,000 stock options of Crossover were assigned a fair value of $116,929 estimated by using the Black-Scholes option pricing model, using the following assumptions: share price $0.20, exercise price of $0.10; risk free interest rate 2.97%; expected volatility 75%, dividend yield – 0% and expective life 3.8 years.

Stock based compensation related to stock options in the nine months ended March 31, 2024, was $10,723 (2023 - $79,834).

(e) Compensation options

In connection with the private placement offering, the Company issued compensation options and advisory compensation options (collectively called “Compensation Options”) to the agents. The following table summarizes Compensation Options issued, exercised and expired:

| | Number | Exercise price |
|---|---|---|
| | | $ |
| Outstanding, June 30, 2022 and June 30, 2023 | - | - |
| Issued | 694,032 | 0.25 |
| Outstanding, June 30, 2023 | 694,032 | 0.25 |
| Issued | 81,600 | 0.25 |
| Exercised | (688,032) | 0.25 |
| **Outstanding, March 31, 2024** | **87,600** | **0.25** |

**7. Share capital (continued):**

(e) Compensation options (continued):

Each Compensation Option entitles the holder thereof to acquire one Resolute unit. Each Resolute unit consists of one Resolute common share and one-half Resolute warrant. Each full warrant will entitle the holder to purchase one Resolute common share at an exercise price equal to $0.50.

**8. Financial risk management:**

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk that arise as a result of its exploration and financing activities. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and market conditions.

(a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of the Company's cash, trade and other receivables represents the maximum credit exposure. With respect to trade and other receivables, the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

(b) Liquidity risk:

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by cash as they become due. The Company's approach to managing liquidity risk is to ensure, as much as possible, that it has sufficient liquidity to meet its short-term and long-term financial obligations when due, under both normal and unusual conditions without incurring acceptable losses or risking harm to the Company's reputation.

All the Company's contractual financial liabilities can be settled in cash. Typically, the Company ensures that it has sufficient liquidity to meet expected operational expenses, including the servicing of financial obligations. At March 31, 2024 the Company had working capital totaling $83,221 (June 30, 2023 – $499,701). The financial liabilities on the consolidated

**8. Financial risk management (continued):**

(b) Liquidity risk (continued):

statement of financial position consist of accounts payable and accrued liabilities which are considered due within one year.

The Company is in the exploration stage and consequently requires additional capital to develop its property (see note 2). Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company.

(c) Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company currently is not exposed to significant interest rate risk.

(d) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices for crude oil and natural gas as well as costs of electricity consumption, foreign exchange rates and interest rates will affect the Company's valuation of financial instruments, the debt levels of the Company, as well as its income and cash flow from operations. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's returns. All such transactions are conducted in accordance with the Company's risk management policy that has been approved by the Board of Directors.

(e) Capital management

The Company's policy is to have a capital structure that maintains financial flexibility and sustains the future development of the business. The Company manages its capital structure and makes adjustments relative to changes in economic conditions and the Company's risk profile. In order to maintain the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected liabilities. The Company considers its capital structure to include working capital and equity.

**9. Related parties:**

The Company entered into a services agreement dated January 30, 2023 and amended June 30, 2023 with an officer of the company that entitles the officer to a service fee calculated based on a percent on gross revenue earned for the first 1.5 million barrels of oil recovered from the Alberta (GFD) project. The service fee percentage is dependent on the cumulative oil production for the first twelve months and ranges from 0.5% to 1.5% of gross revenue.

The counterparty for the RTO Transaction is a related party as Crossover and the Resolute Resources shared a common director.