

BLACK MAMMOTH METALS CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BLACK MAMMOTH METALS CORPORATION

Opinion

We have audited the consolidated financial statements of Black Mammoth Metals Corp. and its subsidiaries (the "Company"), which comprise:

- ♦ the consolidated statements of financial position as at December 31, 2020 and 2019;
- ♦ the consolidated statements of (loss) income and comprehensive (loss) income for the years then ended;
- ♦ the consolidated statements of changes in deficiency for the years then ended;
- ♦ the consolidated statements of cash flows for the years then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$114,155 during the year ended December 31, 2020 and, as of that date, had an accumulated deficit of \$14,005,502. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, and remain alert for indications that the other information appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Kwan.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 28, 2021

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BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current Assets		
Cash	\$ 137,284	\$ 148,924
Commodity tax recoverable	4,006	2,292
	141,290	151,216
Reclamation Bond (Note 5)	13,835	14,143
Equipment (Note 6)	4,826	6,894
Exploration and Evaluation Assets (Note 7)	432,525	266,830
	\$ 592,476	\$ 439,083
LIABILITIES		
Current Liability		
Accounts payable and accrued liabilities	\$ 43,720	\$ 35,618
Long-term Payables (Note 13)	113,839	29,369
Loan Payable (Note 14)	40,000	-
Due to Related Parties (Notes 9 and 13)	550,354	415,378
	747,913	480,365
DEFICIENCY		
Share Capital (Note 8)	11,904,553	11,904,553
Reserves	1,945,512	1,945,512
Accumulated Deficit	(14,005,502)	(13,891,347)
	(155,437)	(41,282)
Total Liabilities And Deficiency	\$ 592,476	\$ 439,083

Nature of operations and going concern (Note 1)

Approved on behalf of the Board of Directors:

"Mark Abrams"
Director

"Dustin Henderson"
Director

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE
(LOSS) INCOME
(Expressed in Canadian Dollars)

	FOR THE YEARS ENDED	
	DECEMBER 31,	
	2020	2019
Operating Expenses		
Depreciation (Note 6)	\$ 2,068	\$ 2,954
Foreign exchange loss	308	1,420
Interest, penalties and bank charges	377	358
Management fees (Note 9)	66,000	66,000
Office administration and other	3,411	5,420
Professional fees	21,718	26,318
Shareholder communications	4,775	3,977
Transfer agent and regulatory fees	13,005	13,479
Travel and entertainment	2,493	4,526
	(114,155)	(124,452)
Total Operating Expenses		
Impairment of Exploration and Evaluation Assets	-	(26,294)
Write-off of Accounts Payable (Note 9)	-	179,807
	(114,155)	29,061
Net (Loss) Income and Comprehensive (Loss)		
Income For The Year	\$ (114,155)	\$ 29,061
Basic and Diluted (Loss) Earnings Per Share	\$ (0.01)	\$ 0.00
Weighted Average Number of Shares Outstanding,		
Basic and Diluted	11,081,871	11,081,871

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

	SHARE CAPITAL		RESERVES			TOTAL DEFICIENCY
	SHARES	AMOUNT	EQUITY SETTLED SHARE-BASED PAYMENTS	WARRANTS	ACCUMULATED DEFICIT	
Balance, December 31, 2018	11,081,871	\$ 11,904,553	\$ 1,141,869	\$ 803,643	\$ (13,920,408)	\$ (70,343)
Net income and comprehensive income for the year	-	-	-	-	29,061	29,061
Balance, December 31, 2019	11,081,871	11,904,553	1,141,869	803,643	(13,891,347)	(41,282)
Net loss and comprehensive loss for the year	-	-	-	-	(114,155)	(114,155)
Balance, December 31, 2020	11,081,871	\$ 11,904,553	\$ 1,141,869	\$ 803,643	\$ (14,005,502)	\$ (155,437)

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

BLACK MAMMOTH METALS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	FOR THE YEARS ENDED DECEMBER 31,	
	2020	2019
Cash Flows (Used In) Provided By:		
Operating Activities		
Net (loss) income for the year	\$ (114,155)	\$ 29,061
Change in non-cash working capital:		
Depreciation	2,068	2,954
Foreign exchange	308	1,390
Impairment of exploration and evaluation assets		26,294
Write-off of accounts payable	-	(179,807)
Changes in non-cash operating working capital:		
Commodity tax recoverable	(1,714)	(1,344)
Accounts payable and accrued liabilities	8,102	(70,409)
Due to related parties	80,976	69,789
Long-term payables	7,783	11,813
	<u>(16,632)</u>	<u>(110,259)</u>
Investing Activities		
Mineral property exploration	(35,008)	(23,388)
Reclamation bond	-	22,327
	<u>(35,008)</u>	<u>(1,061)</u>
Financing Activities		
Loan received	40,000	-
	<u>40,000</u>	<u>-</u>
Change in Cash	(11,640)	(111,320)
Cash, Beginning of Year	148,924	260,244
Cash, End of Year	\$ 137,284	\$ 148,924
Supplemental Cash Flow Information		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -
Due to related parties included in exploration and evaluation assets	\$ 399,457	\$ 268,770

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

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

The Company was incorporated on August 17, 2004 in British Columbia, Canada and began active operations on that date.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in Idaho and Nevada. The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable ore reserves. Consequently, the Company considers itself to be an exploration stage company. The Company is listed on the TSX Venture Exchange, having a symbol BMM.V.

The address of the Company's corporate office and principal place of business is Suite 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada.

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company incurred a net loss of \$114,155 for the year ended December 31, 2020 and, as of that date, had an accumulated deficit of \$14,005,502. Management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. Management intends to continue to raise additional funding in the form of equity financing from the sale of common stock to improve the working capital position, but there is no assurance that the Company will be successful in achieving this goal. These factors may cast significant doubt on the use of the going concern basis of accounting used in the preparation of these consolidated financial statements. These consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue in business, and these adjustments may be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2021.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

b) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as follows:

<i>Name of Subsidiary</i>	<i>Country of Incorporation</i>	<i>Ownership Interest at December 31, 2020</i>	<i>Ownership Interest at December 31, 2019</i>
La Quinta Nevada Inc.	United States	100%	100%
Black Mammoth Gold Corporation	United States	100%	100%
Antelope Creek Gold Corporation	United States	100%	100%

During the year ended December 31, 2020, the Company incorporated Antelope Creek Gold Corporation in Nevada. As at December 31, 2020, the principal activity of the Company's subsidiaries was that of holding companies. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity as to obtain benefits from its activities. Intercompany transactions and balances are eliminated on consolidation.

c) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis in Canadian dollars, which is the Company's and its subsidiaries' functional currency.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical accounting judgments:

i) Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
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3. USE OF ESTIMATES AND JUDGMENTS (Continued)

ii) Going Concern

The Company's assessment of its ability to raise sufficient funds to finance operations involves significant judgments. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs

The carrying value of exploration and evaluation assets and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures is unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

ii) Recognition of deferred income tax assets

Management is required to assess the recoverability of deferred income tax assets, which arise from the differences between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 Income Taxes, to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilized.

4. SIGNIFICANT ACCOUNTING POLICIES

Translation of Foreign Currencies

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting year, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- ii) those to be measured at amortized cost.

The Company's financial assets and liabilities are recorded and measured as follows:

Financial assets

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost using the effective interest method. All other financial assets are measured at their fair values at the consolidated statement of financial position date, with any changes taken through profit and loss or other comprehensive income.

The Company has classified its financial assets as follows:

- Cash is measured at fair value with changes to fair value subsequent to initial recognition being recorded in profit or loss for the period in which they occur.
- Reclamation bond is measured at amortized cost using the effective interest rate method. Interest income, where material, is recorded in profit or loss.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost.

Financial liabilities

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company's financial liabilities include accounts payable and accrued liabilities, loans payable, and amounts due to related parties which are measured at amortized cost using the effective interest rate method. Interest expense, where material, is recorded in profit or loss.

The Company derecognizes a financial liability when the liability is extinguished by way of discharge, cancellation or expiry.

There were no changes to the classification of financial instruments in the year ended December 31, 2020.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. An exploration and evaluation asset is reviewed for impairment whenever events or circumstances indicate that its carrying value may not be recoverable.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment of Non-Current Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and the assets value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Decommissioning and Restoration Provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Decommissioning and Restoration Provision (Continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

At December 31, 2020, the Company had a \$Nil (2019 - \$Nil) decommissioning and restoration provision.

Equipment

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Machinery & Equipment	30% per annum
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Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Income Taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share Issue Costs

Costs directly identifiable with the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, and are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through Shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in profit or loss at the same time the qualifying expenditures are made.

Earnings Per Share

The Company presents basic and diluted earnings (loss) per share for its common shares. Basic earnings (loss) per share is calculated by dividing the income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method which considers the potential exercise of outstanding financial instruments with equity purchase or conversion features. Diluted earnings per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Equity-based Compensation

The Company grants stock options and warrants to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

BLACK MAMMOTH METALS CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government Assistance

Government assistance from the Canada Emergency Business Account (“CEBA”) loans under federal COVID-19 response programs are recorded as a liability. Any forgivable portion of the assistance is not recorded as a gain until there is reasonable assurance that it will not be repayable.

Future accounting standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. RECLAMATION BOND

The Company has provided a US \$27,770 reclamation bond to the Division of Minerals in the state of Nevada as security against future reclamation on the Company’s mineral properties since abandoned. During the year ended December 31, 2019, US \$16,945 of the bond was returned to the Company for the portion of the restoration that has received final regulatory approval.

As at December 31, 2020 the total carrying value of the bond was \$13,835 (2019 - \$14,143). The bond is classified as a long-term asset as it will not be recovered until the Division of Minerals approves restoration work that was completed during 2018.

6. EQUIPMENT

	Equipment
Cost	
Balance, December 31, 2018	\$ 16,551
Additions	-
Balance, December 31, 2019	16,551
Additions	-
Balance, December 31, 2020	\$ 16,551
Accumulated depreciation	
Balance, December 31, 2018	\$ 6,703
Additions	2,954
Balance, December 31, 2019	9,657
Additions	2,068
Balance, December 31, 2020	\$ 11,725
Carrying amounts	
Balance, December 31, 2019	\$ 6,894
Balance, December 31, 2020	\$ 4,826

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7. EXPLORATION AND EVALUATION ASSETS

	Blanco Creek, Central Idaho	Happy Cat Gold, Central Nevada	Frances Bay, British Columbia	Total
Acquisition costs, December 31, 2018	\$ 49,944	\$ -	\$ 1,361	\$ 51,305
Additions - cash	20,025	-	-	20,025
Impairment	-	-	(1,361)	(1,361)
Acquisition costs, December 31, 2019	69,969	-	-	69,969
Additions - cash	19,965	76,687	-	96,652
Acquisition costs, December 31, 2020	89,934	76,687	-	166,621
Exploration costs, December 31, 2018	139,498	-	24,933	164,431
Incurring during the year:				
Assay	3,363	-	-	3,363
Consulting	54,000	-	-	54,000
Impairment	-	-	(24,933)	(24,933)
Exploration costs, December 31, 2019	196,861	-	-	196,861
Incurring during the year:				
Administrative	1,760	2,127	-	3,887
Assay	-	10,480	-	10,480
Consulting	-	54,000	-	54,000
Travel	-	676	-	676
Exploration costs, December 31, 2020	198,621	67,283	-	265,904
Total Exploration and Evaluation Assets, as at December 31, 2020	\$ 288,555	\$ 143,970	\$ -	\$ 432,525

a) Blanco Creek Property, Central Idaho, USA

During the year ended December 31, 2017, the Company's subsidiary, Black Mammoth Gold, entered into an assignment and assumption agreement (the "Agreement") with IDA Gold Corporation ("IDA") pursuant to which IDA has assigned, and Black Mammoth Gold has assumed, all of the rights and obligations of the lessee under a long-term lease of the Blanco Creek mineral property located in central Idaho. The lease is subject to an underlying two percent (2%) production royalty in favour of the landlord and a one percent (1%) production royalty in favour of IDA. The Company will be responsible for all costs of maintaining the property going forward.

Lease Terms (in United States Dollars "USD"):

The lease term is approximately 20 years (due date is October 14, 2036) and is renewable for up to an additional 40 years (60 years in total).

Advance Royalty Payment	Payable On or Before
\$6,000	Paid
\$8,000	Each June 1 thereafter (2017- 2020 paid)

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Blanco Creek Property, Central Idaho, USA (Continued)

Provided all payments are current the Company may at any time during the life of the agreement purchase the property for \$3,000,000 from the landlord. In the alternative, and provided that all payments are current, the Company may at any time during the life of the agreement purchase each 1% of the Production Royalty in favour of the landlord for \$1,500,000. All royalty payments shall be credited against the purchase price for the Production Royalty and the Property, respectively, and any amount paid for the purchase of the Production Royalty shall be credited against the purchase price of the Property.

If the Company elects to purchase the property it will still be subject to the 1% production royalty in favour of IDA.

The Agreement is considered a related party transaction as the Company and IDA have two directors in common.

b) Happy Cat Gold Property, Central Nevada, USA

During the year ended December 31, 2020, the Company's subsidiary, Antelope Creek Gold Corporation ("Antelope Creek Gold"), entered into an assignment and assumption agreement (the "Agreement") with IDA Gold Corporation ("IDA") pursuant to which IDA has assigned, and Antelope Creek Gold has assumed all of the rights and obligations of the Happy Cat Gold Property located in central Nevada.

The Company will reimburse IDA for property related costs incurred totalling USD\$60,000 payable July 10, 2022. TSX-V approval was obtained subsequent to year-end.

The property is subject to a 2.75% NSR in favour of IDA.

The Agreement is considered a related party transaction as the Company and IDA have two directors in common.

c) Frances Bay Copper Property, British Columbia, Canada

During the year ended December 31, 2015, the Company staked and obtained a 100% ownership in the Frances Bay Copper Property after dropping its previous option agreement. The Frances Bay Copper property is located in southwestern British Columbia, approximately 90 kilometres northwest of Powell River, BC. There is a 1% Net Smelter Royalty outstanding on the property.

During the year ended December 31, 2019, the Company wrote down the value of the property by \$26,294 to \$Nil, in accordance with level 3 of the fair value hierarchy, as the Company did not have any planned exploration for the property.

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8. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value

b) Issued and Outstanding

No common shares were issued during the years ended December 31, 2020 and 2019.

c) Stock Options

The Company has a stock option plan whereby it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company at prices to be determined and for a term not in excess of five years. Stock options granted to consultants conducting investor relations activities vest in accordance with TSX regulations. Unless otherwise stated, share purchase options vest when granted.

No stock options were granted during the years ended December 31, 2020 and 2019.

As at December 31, 2020, options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARES	EXERCISE PRICE PER SHARE	NUMBER EXERCISABLE AT December 31, 2020	EXPIRY DATE
475,000	\$0.10	475,000	July 19, 2021
<u>475,000</u>		<u>475,000</u>	

As at December 31, 2020, the weighted average remaining contractual life of the share purchase options was 0.55 years (2019 – 1.55 years).

Summaries of changes in stock options are presented below:

	FOR THE YEAR ENDED DECEMBER 30, 2020		FOR THE YEAR ENDED DECEMBER 31, 2019	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	475,000	\$ 0.10	475,000	\$ 0.10
Expired	-	-	-	-
Balance, end of year	<u>475,000</u>	<u>\$ 0.10</u>	<u>475,000</u>	<u>\$ 0.10</u>

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8. SHARE CAPITAL (Continued)

d) Share Purchase Warrants

As at December 31, 2020, no share purchase warrants were outstanding for the purchase of common shares.

Summaries of changes in warrants are presented below:

	FOR THE YEAR ENDED DECEMBER 31, 2020		FOR THE YEAR ENDED DECEMBER 31, 2019	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	-	\$ -	2,737,000	\$ 0.30
Forfeited/expired	-	-	(2,737,000)	0.30
Balance, end of year	-	\$ -	-	\$ -

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties. All amounts owing are non-interest bearing, with no specific repayment terms and unsecured. The remuneration of directors and other members of key management personnel during the years ended December 31, 2020 and 2019 are as follows:

- a) Included in the due to related parties at December 31, 2020 is \$550,354 (2019 - \$415,378) due to directors, an officer of the Company and a company with a common director. The amounts relate to accrued management fees and expense reimbursements. During the year ended December 31, 2019, the Chief Financial Officer of the Company agreed to write-off an outstanding amount of \$179,807. Per the terms of debt settlement and deferral agreements, the amount of \$545,354 is not due until May 31, 2022.
- b) During the years ended December 31, 2020 and 2019 included in the consolidated financial statements are the following amounts charged or accrued to officers, directors, a former director, spouse of a director and companies with a common director:

	For the years ended December 31,	
	2020	2019
<u>Key management compensation</u>		
Management fees – operating	\$ 66,000	\$ 66,000
Consulting fees – exploration and evaluation	\$ 54,000	\$ 54,000

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10. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to manage its capital.

The properties in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management considers its approach to capital management to be appropriate given the relative size of the Company. There were no changes in the Company's approach to capital management during the period.

11. FINANCIAL INSTRUMENTS

Fair Value

IFRS 7 establishes a fair value hierarchy that priorities the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis.

The following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE INPUT LEVEL	AS AT DECEMBER 31, 2020		AS AT DECEMBER 31, 2019		
		CARRYING AMOUNT	ESTIMATED FAIR VALUE	CARRYING AMOUNT	ESTIMATED FAIR VALUE	
Financial Assets:						
Cash	1	\$ 137,284	\$ 137,284	\$ 148,924	\$ 148,924	
Reclamation bond	2	\$ 13,835	\$ 13,835	\$ 14,143	\$ 14,143	
Financial Liabilities:						
Accounts payable and accrued liabilities	2	\$ 43,720	\$ 43,720	\$ 35,618	\$ 35,618	
Loan payable	2	\$ 40,000	\$ 40,000	\$ -	\$ -	
Long-term payables	2	\$ 113,839	\$ 113,839	\$ 29,369	\$ 29,369	
Due to related parties	2	\$ 545,354	\$ 545,354	\$ 415,378	\$ 415,378	

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11. FINANCIAL INSTRUMENTS (Continued)

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash. Cash are held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2020, the Company had current liabilities of \$43,720 (2019 - \$35,618). All of the Company's liabilities are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not currently have any variable interest rate assets or liabilities. Interest rate risk is assessed as low.

ii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

iii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the period.

As at December 31, 2020, a 1% strengthening in the USD relative to the CDN\$ does not have a significant impact on net loss for the period. Any unrealized translation adjustments arising at period end are included in operating loss for the period.

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12. SEGMENTED INFORMATION

The Company operates in one business segment, mineral exploration. Its resource properties are located in the United States.

13. DEBT DEFERRAL AGREEMENTS

During the year ended December 31, 2020, the Company renewed debt deferral agreements with certain creditors to defer settlement until May 31, 2022. As at December 31, 2020 the Company has \$113,839 (2019 - \$29,369) in long-term payables and \$550,354 (2019 - \$415,378) due to related parties subject to the debt deferral agreements. Both the long-term payables and due to related parties are non-interest bearing.

14. LOAN PAYABLE

During the year ended December 31, 2020, the Company received a loan of \$40,000 for the Canada Emergency Business Account to provide emergency support to business due to the impact of COVID-19. The loan is non-interest bearing until the initial term date of December 31, 2022. 25% of the loan balance will be forgiven if the balance of 75% of the loan balance is repaid by the initial term date of December 31, 2022. Subsequent to December 31, 2022, if 75% the loan has not been repaid, then the loan is subject to an interest rate of 5% per annum and due for repayment by December 31, 2025.

15. INCOME TAXES

The recovery of income taxes shown in the statement of loss differs from the amounts obtained by applying statutory rates due to the following:

	<u>2020</u>	<u>2019</u>
Statutory rates	27%	27%
Expected income tax expense (recovery)	\$ (31,000)	\$ 8,000
Non-deductible (taxable) item	3,000	-
Change in estimate	11,000	(889,000)
Change in tax assets not recognized	17,000	881,000
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred net income tax asset and liabilities are approximately as follows:

	<u>2020</u>	<u>2019</u>
Deferred tax assets		
Non-capital loss carry-forwards	\$ 1,992,000	\$ 1,954,000
Resources deductions and other	678,000	699,000
	2,670,000	2,653,000
Less: Deferred tax assets not recognized	(2,670,000)	(2,653,000)
	\$ -	\$ -

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15. INCOME TAXES (Continued)

The Company has non-capital losses carried forward in Canada of approximately \$7,376,000 (2019 - \$7,236,000) that are available for tax purposes. The non-capital losses are set to expire beginning 2026 to 2040.

The Company has resource pools of approximately \$2,756,000 (2019 - \$2,812,000) available to offset future taxable income. The tax benefit of these amounts is available for carry-forward indefinitely.