

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

This Management Discussion and Analysis ("MD&A") of Black Mountain Gold USA Corp. (formerly Huffington Capital Corp.) ("Black Mountain" or the "Company") has been prepared by management as of December 23, 2020 and should be read together with the audited financial statements and related notes for the year ended August 31, 2020 which are prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language on pages 5 through 10. Readers are advised to refer to the cautionary language when reading any forward-looking statements.

## BUSINESS OVERVIEW

The Company was incorporated under the Canada Business Corporations Act on July 21, 2015.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction").

On April 19, 2016, the Company completed its IPO issued 1,000,000 common shares at \$0.20 per share for total proceeds of \$200,000. The Company paid to the agent a corporate finance fee of \$7,500 and a cash commission of \$15,000, being 7.5% of the gross proceeds. The Company also issued to the agent an option to acquire 75,000 common shares of the Company at a price of \$0.20 per share. These agent options were exercised in full during the fiscal periods ended August 31, 2017 and 2018.

On August 8, 2018, the Company cancelled 500,000 common shares, leaving 500,000 shares in escrow.

The Company received notice from the Exchange notifying the Company that it had been suspended for failure to complete a Qualifying Transaction within 24 months of listing on the Exchange in accordance with Policy 2.4. On August 8, 2018, the Company's shares were listed on the NEX Board of the Exchange under the symbol HU.H.

### *Qualifying Transaction*

On November 5, 2020, the Company completed its qualifying transaction (the "Transaction"), as described below:

The Transaction was first announced on June 10, 2020 when the Company entered into a letter of intent (the "Letter of Intent") with ML Nevada Corp. ("M3 Metals Nevada"), a wholly owned Nevada incorporated subsidiary of M3 Metals Corp. ("M3 Metals"), a TSX Venture Exchange listed company. Under the terms of the Letter of Intent, M3 Metals was, through M3 Metals Nevada, to grant to the Company an option (the "Option") under the terms of a mineral property option agreement to be drafted and executed (the "Definitive Option Agreement") to acquire up to a 90% interest in a mineral project which is the subject of a mineral property option and purchase agreement (the "Underlying Agreement") under which M3 Metals has the right and option (the "Underlying Option") to acquire up to a 100% right, title and interest in and to certain mineral properties (the "Mohave Project") in Arizona.

Effective July 4, 2020, the Definitive Option Agreement was executed by the Company, M3 Metals, M3 Metals Nevada and the Company's subsidiary, Mohave USA Gold Corp. Under the Definitive Option Agreement, to exercise the Option as to a ninety (90%) percent interest in and to the Mohave Project, the Company (directly or through Mohave USA Gold Corp.) must:

- (a) Pay to M3 Metals Nevada the sum of CDN\$300,000 upon Closing of the Qualifying Transaction;
- (b) Pay to M3 Metals Nevada the sum of CDN\$400,000 on the eighteen month anniversary of the Definitive Option Agreement;
- (c) Pay to M3 Metals Nevada the sum of CDN\$400,000 on the second anniversary of the Definitive Option Agreement;
- (d) On or before the third anniversary of the Definitive Option Agreement pay to M3 Metals or to M3 Metals Nevada (at M3 Metals' option) CDN\$2million which payment may, at the Company's option, be made up to fifty (50%) percent in common shares of the Company (the "Shares") based on those Shares' market price on the date of their issuance;

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

- (e) On or before the third anniversary of the Definitive Option Agreement, make CDN\$1million in aggregate exploration expenditures on the Mohave Project;
- (f) On or before the fourth anniversary of the Definitive Option Agreement pay to M3 Metals or to M3 Metals Nevada (at M3 Metals' option) CDN\$3million which payment may, at the Company's option, be made up to fifty (50%) percent in Shares based on those Shares' market price on the date of their issuance; and
- (g) On or before the fourth anniversary of the Definitive Option Agreement, make an additional CDN\$2million in exploration expenditures (for a total of at least CDN\$3million) on the Mohave Project.

Upon having made the payments and the exploration expenditures in (a)-(g) above the Company will have exercised the Option as to a ninety (90%) percent interest in the Mohave Project.

It is a condition of the Definitive Option Agreement that the Company assume the obligations of M3 Metals under the Underlying Agreement. To meet these obligations, the Company must:

- (a) On or before that day which is ten (10) days after the Payment Commencement Date, pay the sum of USD\$75,000 to the vendors and finder (the "Vendors") under the Underlying Agreement;
- (b) On or before that day which is ten (10) days after the first anniversary of the Payment Commencement Date, pay the sum of USD\$100,000 to the Vendors;
- (c) On or before that day which is ten (10) days after the second anniversary date of the Payment Commencement Date, pay the sum of USD\$150,000 to the Vendors;
- (d) On or before that day which is ten (10) days after the third anniversary date of the Payment Commencement Date, pay the sum of USD\$200,000 to the Vendors; and
- (e) On or before that day which is ten (10) days after the fourth anniversary date of the Payment Commencement Date, pay the sum of USD\$3,000,000 to the Vendors.

*"Payment Commencement Date" above means the earlier of: (i) the receipt of BLM (US Federal Bureau of Land Management) approval of further permits to conduct work on the Mohave Project; and (ii) March 21, 2021. The Payment Commencement Date cannot be before September 21, 2020. The Company expects receipt of these permits in 2021.*

The Underlying Agreement also contains requirements for exploration expenditures on the Mohave Project which expenditures are expected to be met (and exceeded) by the Company making the expenditures detailed above.

In addition, on November 4, 2020, the Company closed a concurrent financing with the issuance of 11,875,000 units at a price of \$0.08 per unit for gross proceeds of \$950,000. Each unit consists of one common share of the Company and one share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share of the Company at \$0.12 per share for 1 year from the date of issuance.

## Selected Annual Information

	Year Ended August 31, 2020	Year Ended August 31, 2019	Year Ended August 31, 2018
Total revenue	\$ -	\$ -	\$ -
Net and comprehensive loss for the year	\$ (108,245)	\$ (61,024)	\$ (44,016)
Total assets	\$ 798,658	\$ 156,806	\$ 93,058
Weighted average number of shares outstanding	2,075,000	1,787,329	1,522,125
Loss per share, basic and diluted	\$ (0.05)	\$ (0.03)	\$ (0.03)

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## Results of Operations

### Year ended August 31, 2020 compared to year ended August 31, 2019

For the year ended August 31, 2020, the Company reported a net loss of \$108,245 (2019 - \$44,016) comprised of general and administrative fees of \$14,590 (2019 - \$28,610), transfer agent and filing fees of \$23,172 (2019 - \$15,611) and professional fees of \$71,036 (2019 - \$18,125). The Company reported \$553 of interest income for the year-ended August 31, 2020 (2019 - \$1,322).

Generally, expenses have remained consistent from period to period as the Company continued to evaluate potential Qualifying Transactions. Professional fees increased \$52,910 as a result of legal fees incurred as the Company pursued a qualifying transaction.

### Summary of Quarterly Results

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net Loss for the Period	\$ (63,570)	\$ (17,178)	\$ (18,480)	\$ (9,017)	\$ (8,129)	\$ (28,218)	\$ (13,235)	\$ (11,442)
Loss per Share	\$ (0.03)	\$ (0.01)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

## Liquidity and Capital Resources

The Company reported working capital of \$35,393 at August 31, 2020 (2019 - \$143,638) and cash of \$798,658 (2019 - \$155,782).

Current liabilities as at August 31, 2020 consisted of accounts payable of \$52,558 (2019 - \$13,168) and subscriptions received in advance of a private placement of \$710,707 (2019 - \$Nil).

On March 29, 2019, the Company issued 500,000 common shares at \$0.25 per share for gross proceeds of \$125,000.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## Transactions with Related Parties

For the year ended August 31, 2020, the Company incurred rent expense of \$8,663 (2019 - \$15,500) to a company controlled by officers of the Company.

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## Fourth Quarter

The Company had a net loss of \$63,570 (2019 - \$8,129) during the quarter ended August 31, 2020. Expenses included:

	Three months ended August 31, 2020	Three months ended August 31, 2019
Transfer agent and filing fees	\$ 11,795	\$ 2,828
General and administrative	1,810	7,948
Professional fees	49,965	(2,231)
Interest income	-	(416)
	<u>\$ 63,570</u>	<u>\$ 8,129</u>

The loss has remained consistent from period to period. Individual expenditures fluctuate based on the Company's requirements. The recovery of professional fees is a result of the Company recording an adjustment to reallocate professional fees to share issuance costs.

## Proposed Transactions

None.

## Critical Accounting Estimates

Not applicable for Venture Issuers.

## New Accounting Standards And Accounting Standards Not Yet Effective

The Company adopted the following new accounting standard and interpretation:

IFRS 16, Leases (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed consolidated statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, Business Combinations (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits.

## Financial instrument risk exposure

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. At August 31, 2020, the Company was exposed to credit risk on its cash and receivables.

The Company's cash is held with a high credit quality financial institution in Canada and as at August 31, 2020, management considers its exposure to credit risk for its receivables to be low.

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At August 31, 2020, the Company had cash of \$798,658 (August 31, 2020 - \$155,782) and accounts payable and accrued liabilities of \$52,558 (August 31, 2019 - \$13,168) with contractual maturities of less than one year. The Company had sufficient cash to meet its current liabilities at August 31, 2020. The Company assessed its liquidity risk as low as at August 31, 2020.

## **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at August 31, 2020.

## **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

As at August 31, 2020, the Company's foreign currency risk is low as it does not have significant monetary assets or liabilities in foreign currencies.

## **Other Requirements**

### ***Summary of Outstanding Securities as at December 23, 2020***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 13,950,000 Shares (including 450,000 Shares held in escrow)

Warrants: 11,875,000 @ \$0.12 per share expiring November 4, 2021.

Stock options: 100,000 @ \$0.20 per share expiring November 4, 2021.

## **OUTLOOK**

The Company requires additional funding for its corporate and overhead expenses in the immediate future, as any increase in corporate activity or material acquisition will require additional financing. Many factors influence the Company's ability to raise funds, including the health of the capital market and the Company's track record. There is no guarantee that the Company will be able to secure additional financings in the future at terms that are favourable, or at all.

## **Risks And Uncertainties**

The Company's business remains mineral property acquisition, exploration and development business and as a result it may be exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

### **COVID-19 Pandemic**

The Company's business, operations, and financial condition, and the market price of the Common Shares could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the

# **BLACK MOUNTAIN GOLD USA CORP**

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines, and a general reduction in consumer activity in a number of countries. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for precious and base metals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations, and financial condition and the market price of the Common Shares.

## **Need for Additional Funding**

Further funding may be required by the Company to continue as a going concern. There is no guarantee that the Company will be able to raise sufficient funds. In addition, any future financing may be dilutive to existing shareholders of the Company. Many factors influence the Company's ability to raise funds, including the health of the capital markets, the climate for mineral exploration investment and the Company's track record. Actual funding requirements may vary from those planned due to a number of factors, including the acquisition of new projects. Management is continually assessing the Company's cash needs and potential sources of financing but recognizes there may be some difficulty obtaining such financing due to the current market conditions. There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favourable, or at all.

## **Share Price Fluctuations**

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

## **Exploration stage risks**

Exploration for mineral resources involves a high degree of risk, the cost of conducting programs may be substantial and the likelihood of success is difficult to assess.

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, but not limited to, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Few exploration projects successfully achieve development due to factors that cannot be predicted or anticipated, and even one such factor may result in the economic viability of a project being detrimentally impacted such that it is neither feasible nor practical to proceed. The Company closely monitors its activities and those factors that could negatively impact it and employs experienced consultants and key management to assist in its risk management and to make timely decisions regarding future property expenditures.

Other risks associated with projects in the exploration and development stage which could cause delays or prohibit the progress of the overall project include delays in obtaining required government approvals and permits and the inability to obtain suitable or adequate machinery, equipment, road access, power or labour.

## **No Known Mineral Reserves or Mineral Resources**

There are no known bodies of commercial minerals on the Company's mineral properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources and mineral reserves or programs to qualify identified mineralization as mineral reserves. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves.

# **BLACK MOUNTAIN GOLD USA CORP**

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## **Metal price risk**

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of any its mineral property interests to a third party.

## **Operating Hazards and Risks**

The Company's operations are subject to hazards and risks normally associated with the exploration of mineral properties, any of which could cause delays in the progress of the Company's exploration plans, damage to or destruction of property, loss of life and/or environmental damage. Some of these risks include, but are not limited to, unexpected or unusual geological formations; rock bursts, cave-ins, fires, flooding and earthquakes; unanticipated changes in metallurgical characteristics and mineral recovery, unanticipated ground or water conditions, industrial or labour disputes, hazardous weather conditions, cost overruns, land claims and other unforeseen events may occur. A combination of experience, knowledge and careful evaluation may not be able to overcome these risks.

The nature of these risks is such that liabilities might exceed any insurance policy limits, the liabilities and hazards might not be insurable or the Company might not elect to insure itself against such liabilities due to high premium costs or other factors. Such liabilities may have a materially adverse effect on the Company's financial condition and operations and could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

## **Environmental risk**

The Company seeks to operate within environmental protection standards that meet or exceed existing requirements in the country in which the Company operates. Present or future laws and regulations and third party opposition, however, may affect the Company's operations. Future environmental costs may increase due to changing requirements or costs associated with exploring, developing, operating and closing of mines. Programs may also be delayed or prohibited in certain areas. The costs of complying with changes in governmental regulations can negatively impact the Company's financial performance.

## **Reliance on key personnel**

The success of the Company's operations and activities is dependent to a significant extent on the efforts and abilities of its senior management team, as well as outside contractors, experts and its partners. The loss of one or more members of senior management, key employees, contractors or partners, if not replaced, could have a material adverse effect on the Company's business, results of operations and financial performance.

## **Title to Properties**

Although the Company has or will receive title opinions for any material properties in which it has an interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by unidentified or unknown defects. Title insurance is generally not available for mineral properties and the Company's ability to ensure that it has obtained secure claims to individual mineral properties or mining concessions may be constrained. A successful challenge to the Company's title to a property or to the precise area and location of a property could cause delays or stoppages to the Company's exploration activities or loss of the Company's rights to explore, develop and extract any ore on that property without reimbursement to the Company. Any such delays, stoppages or loss of title would likely have a material adverse effect on the Company's business, financial condition and results of operations.

## **Conflicts of Interest**

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding on terms with respect to the transaction. If a conflict of interest arises, the Company will follow the provisions of the BC *Business Corporations Act* ("BCBCA") dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of

# BLACK MOUNTAIN GOLD USA CORP

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

British Columbia, the directors and officers of Black Mountain are required to act honestly, in good faith, and in the best interest of Black Mountain.

## **Substantial Expenditures Are Required**

Substantial expenditures are required to establish mineral reserves through drilling and the estimation of mineral reserves or mineral resources in accordance with the CIM Definition Standards. Although significant benefits may be derived from the discovery of a major mineralized deposit, the Company may not discover minerals in sufficient quantities or grades to justify a commercial mining operation and the funds required for development may not be obtained on a timely basis or may not be obtainable on terms acceptable to the Company. Estimates of mineral reserves and mineral resources can also be affected by environmental factors, unforeseen technical difficulties and unusual or unexpected geological formations. In addition, the grades of minerals ultimately mined may differ from those indicated by drilling results. Material changes in mineral reserve or mineral resource estimates, grades, stripping ratios or recovery rates may affect the economic viability of any project.

## **Inaccurate Estimates**

Unless otherwise indicated, mineralization figures presented by the Company in filings with securities regulatory authorities, press releases and other public statements that may be made from time to time, are based upon estimates made by Company personnel and independent geologists. These estimates are inherently imprecise, as they depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. As a result, there can be no assurance that mineral resource or other mineralization figures or estimates of costs (including initial capital costs and initial capital intensity) and expenses will be accurate, nor that the resource mineralization could be mined or processed profitably.

## **Governmental Regulation**

The Company's assets and activities are subject to extensive Canadian and the United States federal, provincial, state, territorial and local laws and regulations governing various matters, including, but not limited to: land access, use and ownership; water use; environmental protection; social consultation and investment; management and use of toxic substances and explosives; rights over and management of natural resources, including minerals and water; prospection, exploration, development and construction of mines, production and reclamation; exports and imports; taxation; mining royalties; restrictions on the movement of capital into and out of the Canada; importation of equipment and goods; transportation; hiring practices and labour standards by the Company and contractors, as well as occupational health and safety, including mine safety; reporting requirements related to investment, social and environmental impacts, health and safety, and other matters; processes for preventing, controlling or halting artisanal or illegal mining activities; and historic and cultural preservation.

The costs and efforts associated with compliance with laws and regulations are already substantial and future laws and regulations, changes to existing laws and regulations or more stringent application and enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, delays in the development of the Company's property, and even restrictions on or suspensions of Company operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring complaints or lawsuits against the Company based upon alleged damage to property and/or injury to persons resulting from the environmental, health and safety impacts of the Company's past and current operations, or possibly even actions or inaction by parties from whom the Company acquired its property, and could lead to the imposition of substantial financial judgments, fines, penalties or other civil or criminal sanctions.

It is challenging to comply strictly with all of the norms that apply to the Company. The Company retains competent and trained staff, professionals, attorneys and consultants in jurisdictions in which it does business; however, there is no certainty that both it and its contractors will continuously be compliant with all applicable laws and regulations. The failure to comply with all applicable norms could lead to financial restatements, fines, penalties and other material negative impacts on the Company.

# **BLACK MOUNTAIN GOLD USA CORP**

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## **Competitive Conditions**

The Company will actively compete for resource acquisitions, exploration leases, licenses, concessions, and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial resources than the Company. The Company's competitors will include major integrated mining companies and numerous other independent mining companies and individual producers and operators, some of which may have greater liquidity, greater access to credit and other financial resources, newer or more efficient equipment, lower cost structures, more effective risk management policies and procedures and/or greater ability than the Company to withstand losses. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies or devote greater resources to the expansion of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Competition could adversely affect the Company's ability to acquire suitable new properties in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel. The Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition or results of operations.

## **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting ownership of assets, exploration policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

## **Acquisitions and Joint Ventures**

The Company will evaluate from time to time opportunities to acquire or enter into joint ventures in respect of mining assets and businesses. These acquisitions and joint ventures may be significant in size, may involve granting rights to third parties, may change the scale of the Company's business and may expose it to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition and joint venture activities will depend on its ability to successfully negotiate arrangements, identify suitable acquisition and joint venture candidates and partners, acquire or enter into a joint venture with them on acceptable terms and integrate their operations successfully with those of the Company.

Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of the Company's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

## **Infrastructure**

Exploration, development and processing activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay the exploration or development of the Company's mineral properties. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Company's mineral properties will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations and could have an adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

# **BLACK MOUNTAIN GOLD USA CORP**

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

## **Fluctuations in Foreign Currency Exchange Rates**

The Company reports its financial results and maintains its accounts in Canadian dollars. The Company's operations in the United States make it subject to foreign currency fluctuations and such fluctuations may materially affect the Company's financial position and results. The Company has not hedged its exposure to currency fluctuations.

## **Claims and Legal Proceedings**

The Company and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Company may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, the results of any such actions may have a material adverse effect on the Company's business, operating results or financial condition.

## **Going Concern Risk**

The Financial Statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Company's future operations are dependent upon the identification and successful completion of equity or debt financings and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financings or in achieving profitability.

## **Information Systems and Cyber Security**

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in IT system failures, delays and/or increase in capital expenses. The failure of IT systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

## **Cautionary Note Regarding Forward-Looking Information**

This MD&A includes "forward-looking statements" and "forward-looking information" within the meaning of Canadian securities legislation. All statements included in this MD&A, other than statements of historical fact, are forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", "scheduled", "forecast", "predict", "foresee" and other similar terminology, or sentences/statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

These statements reflect the Company's current expectations regarding future events, performance and results, and is accurate only at the time of this MD&A and may be superseded by more current information. Forward-looking statements also involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company or its mineral projects to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information.

# **BLACK MOUNTAIN GOLD USA CORP**

(formerly HUFFINGTON CAPITAL CORP.)  
MANAGEMENT DISCUSSION & ANALYSIS  
For the year ended August 31, 2020

In making such statements, the Company has made assumptions regarding, among other things: general business and economic conditions; the availability of additional, the supply and demand for, inventories of, and the level and volatility of the prices of metals; the timing and receipt of governmental permits and approvals; changes in regulations; political factors; the accuracy of the Company's interpretation of the geology of the Company's properties and prospective properties; the availability of equipment, skilled labour and services needed for the exploration of mineral properties; and currency fluctuations.

Although the forward-looking statements or information contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. They should not be read as guarantees of future performance or results. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: the factors discussed under "Risks and Uncertainties"; unanticipated changes in general business and economic conditions or conditions in the financial markets; fluctuations in the price of metals; stock market volatility; the availability of exploration capital and financing generally; changes in national and local government legislation; changes to taxation; changes in interest or currency exchange rates; loss of key personnel; inaccurate geological assumptions; competition; unavailability of materials and equipment; government action or delays in the receipt of permits or government approvals; and unanticipated events related to health, safety and environmental matters, including the impact of epidemics.