

**HUFFINGTON CAPITAL CORP.**

Condensed Interim Financial Statements

May 31, 2020

Presented in Canadian dollars - Unaudited

### **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by the entity's auditor.

**HUFFINGTON CAPITAL CORP.**Condensed Interim Statements of Financial Position  
(Expressed in Canadian dollars – Unaudited)

	Note	May 31, 2020	August 31, 2019
<b>Assets</b>			
Current assets			
Cash		\$ 105,407	\$ 155,782
Interest receivable		-	591
Prepaid expenses		-	433
<b>Total assets</b>		<b>\$ 105,407</b>	<b>\$ 156,806</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities			
Accounts payable		\$ 6,444	\$ 13,168
Shareholders' equity			
Share capital	3	399,179	399,179
Share based payment reserve		35,584	35,584
Deficit		(335,800)	(291,125)
<b>Total shareholders' equity</b>		<b>98,963</b>	<b>143,638</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 105,407</b>	<b>\$ 156,806</b>

Nature and continuance of operations (Note 1)

Subsequent events (Note 4)

Approved on behalf of the Board:

"Robert Meister"

Robert Meister, Director

"Hamlet Abnoui"

Hamlet Abnoui, Director

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

## HUFFINGTON CAPITAL CORP.

Condensed Interim Statements of Comprehensive Loss  
(Expressed in Canadian dollars – Unaudited)

	Three Months Ended May 31, 2020	Three Months Ended May 31, 2019	Nine Months Ended May 31, 2020	Nine Months Ended May 31, 2019
Administrative expenses				
General and administrative	\$ 2,442	\$ 9,379	\$ 12,780	\$ 20,662
Transfer agent and filing fees	4,422	6,762	11,377	12,783
Professional fees	10,314	12,448	21,071	20,356
Interest income	-	(371)	(553)	(906)
<b>Net and comprehensive loss</b>	<b>\$ (17,178)</b>	<b>\$ (28,218)</b>	<b>\$ (44,675)</b>	<b>\$ (52,895)</b>
<b>Weighted average number of outstanding shares</b>	<b>1,075,000</b>	<b>1,917,391</b>	<b>1,075,000</b>	<b>1,689,815</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ (0.03)</b>

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**HUFFINGTON CAPITAL CORP.**

Condensed Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars – Unaudited)

	Share capital		Share based payment reserve	Deficit	Total shareholders' equity
	Number	Amount			
Balance, August 31, 2018	1,575,000	\$ 282,591	\$ 35,584	\$ (230,101)	\$ 88,074
Shares issued for cash	500,000	125,000	-	-	125,000
Net loss	-	-	-	(52,895)	(52,895)
Balance, May 31, 2019	2,075,000	\$ 407,591	\$ 35,584	\$ (282,996)	\$ 160,179
Balance, August 31, 2019	2,075,000	\$ 399,179	\$ 35,584	\$ (291,125)	\$ 143,638
Net loss	-	-	-	(44,675)	(44,675)
Balance, May 31, 2020	2,075,000	\$ 399,179	\$ 35,584	\$ (335,800)	\$ 98,963

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

**HUFFINGTON CAPITAL CORP.**Condensed Interim Statements of Cash Flows  
(Expressed in Canadian dollars – Unaudited)

	Nine Months Ended May 31, 2020	Nine Months Ended May 31, 2019
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Cash provided by (used in):		
Operating activities		
Net loss	\$ (44,675)	\$ (52,895)
Changes in non-cash working capital items:		
Interest receivable	591	(36)
Prepaid expenses	433	1,300
Accounts payable and accrued liabilities	(6,724)	15,453
Cash used in operating activities	(50,375)	(36,178)
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Financing activity		
Proceeds from private placement	-	125,000
Cash provided by financing activity	-	125,000
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Increase (decrease) in cash	(50,375)	88,822
Cash, beginning	155,782	91,186
Cash, ending	\$ 105,407	\$ 180,008

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## **HUFFINGTON CAPITAL CORP.**

Notes to Condensed Interim Financial Statements

For the nine months ended May 31, 2020

(Expressed in Canadian dollars – Unaudited)

### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Huffington Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on July 21, 2015 and its head office is located at 1177 West Hastings Street, Suite 1740, Vancouver, British Columbia, V6E 2K3.

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").

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### *(a) Basis of presentation*

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting policies consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's August 31, 2019 annual financial statements and are presented in Canadian dollars, which is the Company's functional currency.

These unaudited condensed interim financial statements were authorized for issue by the Board of Directors on July 30, 2020.

#### *(b) Use of estimates and judgments*

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. 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 and in any future periods affected. Significant areas requiring the use of estimates include the fair value of stock-based compensation, and the recognition of deferred income tax assets. Actual results may differ from these estimates. Significant areas requiring the use of judgment in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

## **HUFFINGTON CAPITAL CORP.**

Notes to Condensed Interim Financial Statements

For the nine months ended May 31, 2020

(Expressed in Canadian dollars – Unaudited)

### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### *(c) Accounting standards issued but not yet effective*

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 has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

IFRIC 23, Uncertainty over Income Tax Treatments (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's financial statements.

The Company has not early adopted this revised standard and does not expect this will have a material effect on the Company's future results and financial operations.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's condensed interim financial statements.

### **3. SHARE CAPITAL**

#### *Common shares*

The Company has authorized an unlimited number of common shares without par value.

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

#### *Stock Options*

The Company has adopted a stock option plan, pursuant to which the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the Exchange. The number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised the greater of 12 months after the Completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option.

On April 19, 2016, the Company issued 200,000 stock options at a price of \$0.20 per share, expiring April 18, 2026. The estimated fair value of the options was \$35,583 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 100%; an expected life of 10 years; a dividend yield rate of 0%; and a risk-free interest rate of 0.61%.

## HUFFINGTON CAPITAL CORP.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars – Unaudited)

### 3. SHARE CAPITAL (continued)

#### *Stock Options*

The weighted average remaining life of options at May 31, 2020 was 5.88 years.

The following table summarizes changes in stock options for the periods ended May 31, 2020 and 2019:

	May 31, 2020		May 31, 2019	
	Number Outstanding	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
Outstanding at the beginning of period	200,000	\$0.20	200,000	\$0.20
Cancelled	(100,000)	\$0.20	-	\$0.20
Outstanding at the end of period	100,000	\$0.20	200,000	\$0.20

The following table summarizes information about stock options outstanding and exercisable at May 31, 2020:

Number of Shares	Exercise Price	Expiry Date	Exercisable
100,000	\$0.20	April 19, 2026	100,000

### 4. SUBSEQUENT EVENTS

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

On June 10, 2020, the Company announced that it had entered into a non-binding Letter of Intent effective June 9, 2020 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 would, through M3 Metals Nevada, grant to the Company an option (the "Option") under the terms of a mineral property option agreement (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% interest in certain mineral properties (the "Mohave Project") in Mohave County, Arizona.

## HUFFINGTON CAPITAL CORP.

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### 4. SUBSEQUENT EVENTS (CONTINUED)

On June 10, 2020, the Company also announced it was engaging in a private placement (the "Private Placement") for gross proceeds of \$800,000 and that three persons (the "New Principals") would join the Company as directors and officers upon, and conditional upon, closing of the Definitive Option Agreement and the Private Placement. The private placement is to be comprised of 10,000,000 units at a price of \$0.08 per unit with each unit comprised of one common share and one share purchase warrant exercisable for a period of one (1) year at \$0.12 per share.

The Private Placement, the Definitive Option Agreement and the addition of the New Principals to the Company would collectively constitute the Company's qualifying transaction (the "Qualifying Transaction"). Closing (the "Closing") of the Qualifying Transaction, and all transactions constituting it, is subject to TSX Venture Exchange approval.

On June 16, 2020, the Company incorporated a wholly owned Nevada subsidiary, Mohave USA Gold Corp.

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 fifteen 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;
- (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.

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### 4. SUBSEQUENT EVENTS (CONTINUED)

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 early 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.

On July 14, 2020, the Company announced that it would be changing its name to "Black Mountain Gold USA Corp." concurrently with Closing of the Qualifying Transaction. The proposed name change is subject to the approval of the TSX Venture Exchange.