



Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2021 and 2020

Expressed in Canadian Dollars  
(Unaudited)

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

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

The accompanying unaudited condensed interim consolidated 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 financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

**BLACK MOUNTAIN GOLD USA CORP.**Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars – Unaudited)

	Note	May 31, 2021 \$	August 31, 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash		4,101,660	798,658
Amounts receivable		23,729	-
Prepaid expenses		285,320	-
		<b>4,410,709</b>	798,658
Exploration and evaluation assets	3, 8	960,838	-
<b>Total assets</b>		<b>5,371,547</b>	798,658
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	4, 8	12,251	52,558
Subscriptions received	5	-	710,707
		<b>12,251</b>	763,265
<b>Shareholders' equity</b>			
Share capital	5	6,194,554	399,179
Reserves	5	579,096	35,584
Deficit		(1,414,354)	(399,370)
<b>Total shareholders' equity</b>		<b>5,359,296</b>	35,393
<b>Total liabilities and shareholders' equity</b>		<b>5,371,547</b>	798,658

Nature and continuance of operations (Note 1)  
Subsequent event (Note 11)

Approved on behalf of the Board:

"Farhad Abasov"

Farhad Abasov, Director

"Peter MacLean"

Peter MacLean, Director

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

**BLACK MOUNTAIN GOLD USA CORP.**Condensed Interim Consolidated Statements of Comprehensive Loss  
(Expressed in Canadian Dollars – Unaudited)

		For the three months ended		For the nine months ended	
	Note	May 31,		May 31,	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Expenses:</b>					
Advertising and promotion		<b>40,628</b>	-	<b>54,860</b>	-
Consulting fees	8	<b>187,693</b>	-	<b>317,183</b>	-
Foreign exchange gain		<b>(137)</b>	-	<b>(3,675)</b>	-
General and administrative		<b>2,525</b>	2,442	<b>5,138</b>	12,227
Professional fees		<b>6,064</b>	10,314	<b>65,650</b>	21,071
Rent	8	<b>4,500</b>	-	<b>4,500</b>	-
Share-based compensation	8	-	-	<b>543,512</b>	-
Transfer agent and filing fees		<b>1,118</b>	4,422	<b>27,816</b>	11,377
<b>Net and comprehensive loss for the period</b>					
		<b>(242,391)</b>	(17,178)	<b>(1,014,984)</b>	(44,675)
<b>Weighted average number of outstanding shares</b>					
		<b>26,450,000</b>	1,075,000	<b>16,156,960</b>	1,075,000
<b>Basic and diluted loss per share</b>					
		<b>(0.01)</b>	(0.02)	<b>(0.06)</b>	(0.04)

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

**BLACK MOUNTAIN GOLD USA CORP.**Condensed Interim Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars – Unaudited)

	For the nine months ended May 31,	
	2021	2020
	\$	\$
Cash provided by (used in):		
<b>Operating activities</b>		
Net loss for the period	(1,014,984)	(44,675)
Item not affecting cash:		
Share-based compensation	543,512	-
Changes in non-cash working capital items:		
Amounts receivable	(23,729)	591
Prepaid expenses	(285,320)	433
Accounts payable and accrued liabilities	(44,275)	(6,724)
<b>Cash used in operating activities</b>	<b>(824,796)</b>	<b>(50,375)</b>
<b>Investing activities</b>		
Exploration and evaluation assets expenditures	(956,870)	-
<b>Cash used in investing activities</b>	<b>(956,870)</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from share issuances	5,239,293	-
Share issuance costs	(154,625)	-
<b>Cash provided by financing activities</b>	<b>5,084,668</b>	<b>-</b>
<b>Net change in cash</b>	<b>3,303,002</b>	<b>(50,375)</b>
<b>Cash, beginning of the period</b>	<b>798,658</b>	<b>155,782</b>
<b>Cash, ending of the period</b>	<b>4,101,660</b>	<b>105,407</b>
<b>Supplemental cash flow information:</b>		
Subscriptions received	710,707	-
Exploration and evaluation assets in accounts payable and accrued liabilities	3,968	-

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

**BLACK MOUNTAIN GOLD USA CORP.**Condensed Interim Consolidated Statement of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars – Unaudited)

	<b>Share capital</b>				<b>Total shareholders' equity</b>
	<b>Common Shares</b>	<b>Amount</b>	<b>Reserve</b>	<b>Deficit</b>	
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, August 31, 2019</b>	<b>2,075,000</b>	<b>399,179</b>	<b>35,584</b>	<b>(291,125)</b>	<b>143,638</b>
Net and comprehensive loss	-	-	-	(44,675)	(44,675)
<b>Balance, May 31, 2020</b>	<b>2,075,000</b>	<b>399,179</b>	<b>35,584</b>	<b>(335,800)</b>	<b>98,963</b>
Net and comprehensive loss	-	-	-	(63,570)	(63,570)
<b>Balance, August 31, 2020</b>	<b>2,075,000</b>	<b>399,179</b>	<b>35,584</b>	<b>(399,370)</b>	<b>35,393</b>
Share issued for cash	24,375,000	5,950,000	-	-	5,950,000
Share issuance costs	-	(154,625)	-	-	(154,625)
Share-based compensation	-	-	543,512	-	543,512
Net and comprehensive loss	-	-	-	(1,014,984)	(1,014,984)
<b>Balance, May 31, 2021</b>	<b>26,450,000</b>	<b>6,194,554</b>	<b>579,096</b>	<b>(1,414,354)</b>	<b>5,359,296</b>

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

## **BLACK MOUNTAIN GOLD USA CORP.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2021 and 2020

(Expressed in Canadian dollars – Unaudited)

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

Black Mountain Gold USA Corp. (the "Company") was incorporated in British Columbia under the Business Corporations Act on July 21, 2015 and its head office is located at Suite 300 - 1455 Bellevue Avenue, West Vancouver, British Columbia, V7T 1C3.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange (the "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 Company completed its IPO on April 19, 2016. A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. The Company did not complete the Qualifying Transaction within the 24 month period, as a result, the listing of the Company's common shares was transferred to the NEX board. Following the completion of the Qualifying Transaction and the concurrent financing on November 5, 2020, the Company's common shares were listed on the Exchange as a Tier 2 mining issuer under the symbol "BMG.V". In July 2021, the Company began trading on the OTCQB Venture Market under the ticker symbol "BMGCF".

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for exploration and evaluation assets involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish mineral property reserves, to acquire construction and operating permits and to construct mineral property and processing facilities. The amounts shown as exploration and evaluation assets represent acquisition, holding, and exploration and evaluation costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at May 31, 2021, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company estimates it has sufficient working capital to continue operations for the upcoming year.

These condensed interim consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors on July 30, 2021.

## **BLACK MOUNTAIN GOLD USA CORP.**

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2021 and 2020

(Expressed in Canadian dollars – Unaudited)

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### **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 “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 annual financial statements for the year ended August 31, 2020 and are presented in Canadian dollars, which is the Company’s functional currency.

#### *(b) Statement of compliance*

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s audited consolidated financial statements for the year ended August 31, 2020, except of the following:

#### Exploration and evaluation assets

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are expensed.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property when received.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment. Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### Unit offerings

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 more easily measurable 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 private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves. Upon exercise or expiry, the value attributed to the warrants is transferred to share capital.

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended May 31, 2021 and 2020  
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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) *Basis of consolidation*

The condensed interim consolidated financial statements of the Company consolidate the accounts of the Company and its subsidiary. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities that the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company.

The wholly owned subsidiary of the Company which is included in these consolidated financial statements as at May 31, 2021 is Mohave USA Gold Corp. which was incorporated in the State of Nevada on June 17, 2020.

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

The preparation of the Company's condensed interim consolidated 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.

Significant areas requiring the use of management estimates and judgments include:

- (i) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.
- (ii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.
- (iii) Inputs used in the valuation model to determine the fair value of stock options.
- (iv) 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, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. 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 results of operations at this time.

#### (e) *Changes in accounting standards*

The Company has adopted the following accounting standard amendments effective September 1, 2020, which had no significant impact on the condensed interim consolidated financial statements:

- IAS 1 - Presentation of Financial Statements
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended May 31, 2021 and 2020  
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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *New standards not yet adopted and interpretations issued but not yet effective*

Other recent accounting pronouncements issued by IFRS as issued by IASB and IFRIC did not, or are not believed by management to, have a material impact on the Company's present or future financial position, results of operations or cash flows.

### 3. EXPLORATION AND EVALUATION ASSETS

	Mohave Gold Property
	\$
<b>Balance, August 31, 2019 and 2020</b>	-
Property acquisition costs	393,060
Exploration expenditures:	
Claim maintenance	34,774
Geological	533,004
<b>Balance, May 31, 2021</b>	<b>960,838</b>

#### Mohave Gold Property

In July 2020, the Company entered into the definitive agreement with M3 Metals Corp., a company currently related with a common officer, ("M3 Metals") to acquire, by way of option, up to 90% of certain mining claims ("Definitive Option Agreement") in the Weaver mining district, Mohave County, Arizona, USA (the "Mohave Gold Property").

Pursuant to the Definitive Option Agreement, the Company can earn up to a 90% interest in the Mohave Gold Property by making cash option payments and incurring exploration expenditures as follows:

	Cash Option payments (\$)	Expenditures (\$)
On or before November 5, 2020	(paid) 300,000	-
On or before May 4, 2022	400,000	-
On or before July 4, 2022	400,000	-
On or before July 4, 2023*	2,000,000	1,000,000
On or before July 4, 2024**	3,000,000	2,000,000
<b>Total Requirement</b>	<b>6,100,000</b>	<b>3,000,000</b>

\*In lieu of paying the full \$2,000,000 in cash, the Company at its election may issue to M3 Metals, at then prevailing market prices for its common shares, that number of its common shares which would be equal in value to up to \$1,000,000.

\*\*In lieu of paying the full \$3,000,000 in cash, the Company at its election may issue to M3 Metals, at then prevailing market prices for its common shares, that number of its common shares which would be equal in value to up to \$1,500,000.

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended May 31, 2021 and 2020  
(Expressed in Canadian dollars – Unaudited)

### 3. EXPLORATION AND EVALUATION ASSETS (continued)

As part of the Definitive Option Agreement, the Company assumes the obligations under the underlying agreement (“Underlying Agreement”) with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, “Vendors”). To meet these obligations, the Company must complete the following:

	Cash Option payments (US\$)	Expenditures (US\$)
On or before March 31, 2021	(paid) 75,000	(incurred) 50,000
On or before March 31, 2022	100,000	(incurred) 200,000
On or before March 31, 2023	150,000	300,000
On or before March 31, 2024	200,000	350,000
On or before March 31, 2025	3,000,000	400,000
<b>Total Requirement</b>	<b>3,525,000</b>	<b>1,300,000</b>

Expenditures incurred to satisfy the expenditure requirements of the Definitive Option Agreement count towards expenditure to be made under the Underlying Option Agreement.

### 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2021	August 31, 2020
	\$	\$
Accounts payable	8,251	2,594
Accrued liabilities	4,000	49,964
	<b>12,251</b>	<b>52,558</b>

### 5. SHARE CAPITAL

#### Authorized share capital

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

#### Issued share capital

##### During the nine months ended May 31, 2021:

In November 2020, the Company closed a non-brokered private placement 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 one year from the date of issuance. The Company incurred \$4,795 cash expenses related to the financing. As at May 31, 2021, the Company had subscriptions received totaling \$nil (August 31, 2020 - \$710,707) related to this financing.

In February 2021, the Company closed a non-brokered private placement with the issuance of 12,500,000 units at a price of \$0.40 per unit for gross proceeds of \$5,000,000. Each unit consists of one common share of the Company and one-half share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share of the Company at \$0.60 per share for two years from the date of issuance. The Company incurred \$149,830 in cash expenses related to the financing.

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended May 31, 2021 and 2020  
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### 5. SHARE CAPITAL (continued)

#### Escrow shares

As at May 31, 2021, the Company has 9,281,249 shares subject to escrow pursuant to the requirements of the Exchange, which will be released through November 2023.

#### 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 ten 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.

In January 2021, the Company granted 1,295,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.50 per share for a period of five years, vested immediately. The options were valued at \$543,512 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 0.41%, volatility of 125%, and nil forecasted dividend yield.

A summary of stock options activities are as follows:

	Number of options #	Weighted average exercise price \$
<b>Balance, August 31, 2019</b>	<b>200,000</b>	<b>0.20</b>
Cancelled	(100,000)	0.20
<b>Balance, August 31, 2020</b>	<b>100,000</b>	<b>0.20</b>
Granted	1,295,000	0.50
<b>Balance, May 31, 2021</b>	<b>1,395,000</b>	<b>0.48</b>

A summary of the stock options outstanding and exercisable at May 31, 2021 is as follows:

Exercise Price \$	Options Outstanding #	Options Exercisable #	Expiry Date
0.50	1,295,000	1,295,000	January 15, 2026
0.20	100,000	100,000	April 19, 2026
	1,395,000	1,395,000	

The weighted average life of the outstanding stock options is 4.65 years.

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements  
For the three and nine months ended May 31, 2021 and 2020  
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### 5. SHARE CAPITAL (continued)

#### Warrants

A summary of warrants activities are as follows:

	Number of warrants #	Weighted average exercise price \$
Balance, August 31, 2019 and 2020	-	-
Issued	18,150,000	0.29
<b>Balance, May 31, 2021</b>	<b>18,125,000</b>	<b>0.29</b>

A summary of the warrants outstanding and exercisable at May 31, 2021 is as follows:

Exercise Price \$	Warrants Outstanding and Exercisable #	Expiry Date
0.12	11,875,000	November 4, 2021
0.60	6,250,000	February 12, 2023
	<b>18,125,000</b>	

The weighted average life of the outstanding warrants is 0.87 years.

#### Loss per share

Outstanding stock options and warrants have been excluded from the calculation of diluted loss per share as the effect would be anti-dilutive.

### 6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

#### (a) Foreign exchange risk

The Company conducts the majority of its exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at May 31, 2021, the Company had a foreign currency net monetary liability position of approximately US\$40,558. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$4,100.

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2021 and 2020

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### 6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

*(b) Interest rate*

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 is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

*(c) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations.

*(d) 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. The Company's exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

*(e) Commodity price risk*

The ability of the Company to explore and evaluate its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

### 7. CAPITAL MANAGEMENT

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. 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 to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

### 8. RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company. As at May 31, 2021, the Company has \$1,575 (August 31, 2020 - \$nil) included in accounts payable and accrued liabilities due to a company related by way of a common officer.

Summary of key management personnel compensation:

	For the nine months ended May 31,	
	2021	2020
	\$	\$
Exploration and evaluation property expenditures	20,000	-
Consulting fees	104,000	-
Share-based compensation	526,726	-
	<b>650,726</b>	-

## BLACK MOUNTAIN GOLD USA CORP.

Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2021 and 2020

(Expressed in Canadian dollars – Unaudited)

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### 8. RELATED PARTY TRANSACTIONS (CONTINUED)

In addition, the following amounts were incurred with respect to companies related by common officers and directors:

	For the nine months ended May 31,	
	2021	2020
	\$	\$
Exploration and evaluation property expenditures	300,000	-
Rent	4,500	-
	<b>304,500</b>	-

### 9. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

### 10. COMMITMENTS

In February 2021, the Company entered into seven consulting agreements with officers, directors, and consultants of the Company. The agreements require monthly payments of \$34,000 for an indefinite term. Included in the agreement is a provision for a one year payout in the event of termination without cause and a two year payout including bonuses paid in the previous two year period in the event of change of control.

### 11. SUBSEQUENT EVENT

In June 2021, the Company issued 2,800,000 common shares in connection with the exercise of 2,800,000 warrants with an exercise price of \$0.12 for total proceeds of \$336,000.