Condensed Interim Consolidated Financial Statements

For the three and nine months ended May 31, 2022 and 2021

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 condensed interim consolidated 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 condensed interim consolidated 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, 2022**	August 31, 2021
		$	$
Assets			
Current			
Cash		**3,379,554**	3,759,961
Amounts receivable	9	**22,380**	10,372
Prepaid expenses		**78,049**	171,212
		3,479,983	3,941,545
Exploration and evaluation assets	3, 9	**1,641,031**	972,891
Right-of-use asset	4	**77,343**	-
Total assets		**5,198,357**	4,914,436
Liabilities and shareholders' equity			
Current			
Accounts payable and accrued liabilities	5, 9	**95,976**	95,375
Lease liability	4	**78,365**	-
		174,341	95,375
Shareholders' equity			
Share capital	6	**7,619,554**	6,766,054
Reserves	6	**1,110,686**	579,096
Deficit		**(3,706,224)**	(2,526,089)
Total shareholders' equity		**5,024,016**	4,819,061
Total liabilities and shareholders' equity		**5,198,357**	4,914,436

Nature and continuance of operations (Note 1)

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)

	Note	For the three months ended May 31, 2022	2021	For the nine months ended May 31, 2022	2021
		$	$	**$**	$
Expenses					
Advertising and promotion		**1,890**	40,628	**56,898**	54,860
Consulting fees		**29,437**	187,693	**154,194**	317,183
Depreciation expense	4	**25,781**	-	**34,375**	-
Foreign exchange loss (gain)		**939**	(137)	**2,356**	(3,675)
General and administrative		**14,025**	2,525	**21,415**	5,138
Insurance		**3,193**	-	**9,693**	-
Management fees	9	**153,000**	-	**309,000**	-
Professional fees		**4,615**	6,064	**19,469**	65,650
Rent	9	**2,100**	4,500	**10,300**	4,500
Share based compensation	6, 9	**-**	-	**531,590**	543,512
Transfer agent and filing fees		**10,243**	1,118	**36,348**	27,816
Travel and related		**27,034**	-	**27,297**	-
		(272,257)	(242,391)	**(1,212,935)**	(1,014,984)
Other income	9	**24,600**	-	**32,800**	-
Net and comprehensive loss for the period		**(247,657)**	(242,391)	**(1,180,135)**	(1,014,984)
Weighted average number of outstanding shares		**38,325,000**	26,450,000	**36,819,620**	16,156,960
Basic and diluted loss per share		**(0.01)**	(0.01)	**(0.03)**	(0.06)

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,	
	2022	2021
	$	$
Cash provided by (used in):		
Operating activities		
Net loss for the period	**(1,180,135)**	(1,014,984)
Items not affecting cash:		
Depreciation	**34,375**	-
Share-based compensation	**531,590**	543,512
Interest expense on lease liability	**2,647**	-
Changes in non-cash working capital items		
Amounts receivable	**(12,008)**	(23,729)
Prepaid expenses	**93,163**	(285,320)
Accounts payable and accrued liabilities	**11,476**	(44,275)
Cash used in operating activities	**(518,892)**	(824,796)
Investing activities		
Exploration and evaluation assets expenditures	**(679,015)**	(956,870)
Cash used in investing activities	**(679,015)**	(956,870)
Financing activities		
Proceeds from share issuances	**-**	5,239,293
Share issuance costs	**-**	(154,625)
Warrants exercised	**853,500**	-
Repayment of lease liability	**(9,000)**	-
Cash provided by financing activities	**817,500**	5,084,668
Net change in cash	**(380,407)**	3,303,002
Cash, beginning of the period	**3,759,961**	798,658
Cash, end of the period	**3,379,554**	4,101,660
Supplemental cash flow information		
Share subscriptions received	**-**	710,707
Exploration and evaluation assets in accounts payable and accrued liabilities	**4,173**	3,968
Capitalization of right-of-use asset and lease liability	**111,718**	-

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)

	Share Capital				
	Common Shares	Amount	Reserves	Deficit	Total Shareholders' Equity
	#	$	$	$	$
Balance, August 31, 2020	**2,075,000**	**399,179**	**35,584**	**(399,370)**	**35,393**
Shares 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)
Balance, May 31, 2021	**26,450,000**	**6,194,554**	**579,096**	**(1,414,354)**	**5,359,296**
Warrants exercised	4,762,500	571,500	-	-	571,500
Net and comprehensive loss	-	-	-	(1,111,735)	(1,111,735)
Balance, August 31, 2021	**31,212,500**	**6,766,054**	**579,096**	**(2,526,089)**	**4,819,061**
Share-based compensation	-	-	531,590	-	531,590
Warrants exercised	7,112,500	853,500	-	-	853,500
Net and comprehensive loss	-	-	-	(1,180,135)	(1,180,135)
Balance, May 31, 2022	**38,325,000**	**7,619,554**	**1,110,686**	**(3,706,224)**	**5,024,016**

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

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 is listed for trading on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the symbol "BMG.V" and 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. These adjustments could be material. As at May 31, 2022, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. 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 August 2, 2022.

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.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The condensed interim consolidated 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 consolidated 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, 2021 and are presented in Canadian dollars, which is the Company's functional currency, except for the following:

Leases

On September 1, 2021, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The following is the accounting policy for leases as of September 1, 2021 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of presentation (continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use asset and lease liability for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

(b) 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.

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Mohave USA Gold Corp.

(c) 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 share-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 identification of indicators of impairment of the Company's exploration and evaluation assets. Management uses several criteria in its assessments of impairment indicators including, geologic and other technical information, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) 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
	$
Balance, August 31, 2020	**-**
Property acquisition costs	393,060
Exploration expenditures:	
Claim maintenance	34,774
Geological	545,057
Balance, August 31, 2021	**972,891**
Property acquisition costs	277,120
Exploration expenditures:	
Claim maintenance	33,194
Geological	357,826
Balance, May 31, 2022	**1,641,031**

Mohave Gold Property

Effective July 4, 2020, as amended August 30, 2020, October 7, 2020, and April 19, 2022, the Company entered into an option agreement with M3 Metals Corp. ("M3 Metals"), a company currently related with a common officer, to acquire, by way of option, up to 90% of certain mining claims (the "Option Agreement") in the Weaver Mining District, Mohave County, Arizona, USA (the "Mohave Gold Property").

Pursuant to the 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	(paid) 150,000	-
On or before November 4, 2022*	250,000	-
On or before November 4, 2023	400,000	-
On or before November 4, 2024**	2,000,000	1,000,000
On or before November 4, 2025***	3,000,000	2,000,000
Total Requirement	**6,100,000**	**3,000,000**

** $250,000 is due on the earlier of November 4, 2022, or five business days after the completion of (i) State and Federal approval of the Environmental Assessment (EA) Report filed by the Company; and (ii) approval of the Company's exploration plan of operation including allowing road and drill pad construction to begin and planned drilling to be commenced.*
***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 $2,000,000.*
****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 $3,000,000.*

3. EXPLORATION AND EVALUATION ASSETS (Continued)

As part of the Option Agreement, the Company assumed 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	(paid)	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
Total Requirement		**3,525,000**		**1,300,000**

Upon the final payment of US$3,000,000, the Vendors will be granted a net smelter royalty of 1.5% on the Mohave Gold Property.

4. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-Use Asset

	Office Leases
	$
Cost:	
At August 31, 2021	-
Additions	111,718
At May 31, 2022	**111,718**
Depreciation:	
At August 31, 2021	-
Charge for the period	34,375
At May 31, 2022	**34,375**
Net book value:	
At August 31, 2021	-
At May 31, 2022	**77,343**

Depreciation of right-of-use asset is calculated using the straight-line method over the remaining lease term.

Lease Liability

	$
Lease liability recognized as of February 1, 2022	111,718
Lease payments made	(36,000)
Interest expense on lease liability	2,647
	78,365
Less: current portion	(78,365)
At May 31, 2022	**-**

The lease liability was discounted at a discount rate of 8% as at February 1, 2022.

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

Remainder of fiscal 2022	$ 27,000
Fiscal 2023	$ 54,000

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2022	August 31, 2021
	$	$
Accounts payable	**92,476**	65,395
Accrued liabilities	**3,500**	29,980
	95,976	95,375

6. 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 year ended August 31, 2021:

In November 2020, the Company closed a non-brokered private placement with the issuance of 11,875,000 units (5,500,000 units were issued to related parties) 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. No value was attribute to the warrants based on the residual method. The Company incurred $4,795 cash expenses related to the financing.

In February 2021, the Company closed a non-brokered private placement with the issuance of 12,500,000 units (975,000 units were issued to related parties) 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. No value was attribute to the warrants based on the residual method. The Company incurred $149,830 in cash expenses related to the financing.

The Company issued 4,762,500 common shares in connection with the exercise of 4,762,500 warrants with an exercise price of $0.12 for total proceeds of $571,500.

During the nine months ended May 31, 2022:

The Company issued 7,112,500 common shares in connection with the exercise of 7,112,500 warrants with an exercise price of $0.12 for total proceeds of $853,500.

Escrow shares

As at May 31, 2022, the Company has 5,568,747 common shares subject to escrow pursuant to the requirements of the Exchange, which will be released through November 2023.

6. SHARE CAPITAL (continued)

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.

In September 2021, the Company granted 1,700,000 stock options to various directors, officers, and consultants of the Company at an exercise price of $0.40 per share for a period of five years, vested immediately. The options were valued at $531,590 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.11%, volatility of 128%, and nil forecasted dividend yield.

A summary of stock options activities are as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, August 31, 2020	**100,000**	**0.20**
Granted	1,295,000	0.50
Balance, August 31, 2021	**1,395,000**	**0.48**
Granted	1,700,000	0.40
Balance, May 31, 2022	**3,095,000**	**0.44**

A summary of the stock options outstanding and exercisable at May 31, 2022 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
0.40	1,700,000	1,700,000	September 20, 2026
	3,095,000	3,095,000	

The weighted average life of the outstanding stock options is 4.01 years.

6. SHARE CAPITAL (continued)

Warrants

A summary of warrants activities are as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, August 31, 2020	-	-
Issued	18,125,000	0.29
Exercised	(4,762,500)	0.12
Balance, August 31, 2021	**13,362,500**	**0.34**
Exercised	(7,112,500)	0.12
Balance, May 31, 2022	**6,250,000**	**0.60**

A summary of the warrants outstanding and exercisable at May 31, 2022 is as follows:

Exercise Price	Warrants Outstanding and Exercisable	Expiry Date
$	#	
0.60	6,250,000	February 12, 2023

The weighted average life of the outstanding warrants is 0.70 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.

7. 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.

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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, 2022, the Company had a foreign currency net monetary liability position of approximately US$1,368. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $200.

(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 gold prices to determine the appropriate course of action to be taken.

8. 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.

9. 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, 2022, the Company has $80,193 (August 31, 2021 - $36,487) included in accounts payable and accrued liabilities due to an officer and companies related by way of common officers.

Summary of key management personnel compensation:

	For the nine months ended May 31,	
	2022	2021
	$	$
Exploration and evaluation property expenditures	**45,000**	20,000
Management fees	**309,000**	104,000
Share-based compensation	**406,510**	526,726
	760,510	650,726

The following amounts were incurred with respect to companies related by common officers and directors:

	For the nine months ended May 31,	
	2022	2021
	$	$
Exploration and evaluation property expenditures	**150,000**	300,000
Rent	**7,500**	4,500
	157,500	304,500

The following amounts were received as recovery of rent with respect to companies related by common officers and directors:

	For the nine months ended May 31,	
	2022	2021
	$	$
Other income	**16,120**	-

10. 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.