

MILLENNIAL POTASH

(formerly Black Mountain Gold USA Corp.)

Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Millennial Potash Corp. (formerly Black Mountain Gold USA Corp.)

Opinion

We have audited the accompanying consolidated financial statements of Millennial Potash Corp. (formerly Black Mountain Gold USA Corp.) (the "Company"), which comprise the consolidated statement of financial position as at August 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that as at August 31, 2023, the Company has not advanced its properties to commercial production and may not be able to finance day to day activities. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended August 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on December 23, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our auditor's report.



Assessment of Impairment Indicators of Equity Investment

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's equity investment was \$3,994,192 as of August 31, 2023. As more fully described in Note 2 to the consolidated financial statements, management assesses for indicators of impairment for its equity investment at the end of each reporting period or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable.

The principal considerations for our determination that the assessment of impairment indicators of the equity investment is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate the asset held by the investment. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the equity investment.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures include, among others:

- Evaluating management's assessment of impairment indicators in accordance with the applicable accounting standards.
- Assessing the intent for the exploration and evaluation asset held by the investment, through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Confirming title to ensure mineral rights underlying the exploration and evaluation asset held by the investment, is in good standing by sending confirmation to lawyer for legal title.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carmen Newnham.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

December 21, 2023

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	August 31, 2023 \$	August 31, 2022 \$
Assets			
Current			
Cash		1,629,036	3,103,435
Amounts receivable	10	29,226	39,792
Prepaid expenses		1,213,279	69,763
		2,871,541	3,212,990
Exploration and evaluation asset	3, 10	-	1,722,341
Right-of-use asset	4	59,193	51,562
Equity Investment	5	3,994,192	-
Total assets		6,924,926	4,986,893
Liabilities and shareholders' equity			
Current			
Accounts payable and accrued liabilities	6, 10	432,831	141,415
Lease liability	4	63,918	52,762
		496,749	194,177
Shareholders' equity			
Share capital	7	13,084,635	7,619,554
Reserves	7	1,977,478	1,110,686
Deficit		(8,633,936)	(3,937,524)
Total shareholders' equity		6,428,177	4,792,716
Total liabilities and shareholders' equity		6,924,926	4,986,893

Nature and continuance of operations (Note 1)

Subsequent event (Note 13)

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 consolidated financial statements.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		For the years ended August 31,	
	Note	2023	2022
		\$	\$
Expenses			
Advertising and promotion		825,388	57,138
Consulting fees		515,382	173,644
Depreciation expense	4	101,612	60,155
Foreign exchange loss (gain)		(8,532)	3,223
General and administrative		83,996	30,641
Interest expense – lease liability	4	12,913	4,045
Insurance		16,613	13,417
Management fees	10	399,814	405,501
Professional fees		197,876	90,752
Property investigation costs		175,618	-
Rent	10	3,000	11,860
Share-based compensation	7,10	424,851	531,590
Transfer agent and filing fees		105,443	45,549
Travel and related		90,590	41,320
		(2,944,564)	(1,468,835)
Loss on equity investment	5	(10,892)	-
Write-off of exploration and evaluation asset	3	(1,774,969)	-
Write-off of prepaid		(54,511)	-
Other income	10	88,524	57,400
		(1,751,848)	57,400
Loss and comprehensive loss for the year		(4,696,412)	(1,411,435)
Weighted average number of outstanding shares – basic and diluted		42,961,199	37,199,058
Basic and diluted loss per share		(0.11)	(0.04)

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

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	For the years ended August 31,	
	2023	2022
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss for the year	(4,696,412)	(1,411,435)
Items not affecting cash:		
Depreciation	101,612	60,155
Share-based compensation	424,851	531,590
Interest expense on lease liability	12,913	4,045
Write-off of exploration and evaluation asset	1,774,969	-
Loss on equity investment	10,892	-
Changes in non-cash working capital items		
Amounts receivable	10,566	(29,420)
Prepaid expenses	(1,143,516)	101,449
Accounts payable and accrued liabilities	71,448	52,740
Cash used in operating activities	(3,432,677)	(690,876)
Investing activities		
Exploration and evaluation assets expenditures	(60,976)	(756,150)
Acquisition of equity investment	(3,539,518)	-
Cash used in investing activities	(3,600,494)	(756,150)
Financing activities		
Proceeds from share issuances	5,591,500	-
Share issuance costs	(233,728)	-
Stock options exercised	237,000	-
Warrants exercised	75,000	853,500
Repayment of lease liability	(111,000)	(63,000)
Cash provided by financing activities	5,558,772	790,500
Net change in cash	(1,474,399)	(656,526)
Cash, beginning of the year	3,103,435	3,759,961
Cash, end of the year	1,629,036	3,103,435
Supplemental cash flow information		
Exploration and evaluation asset in accounts payable and accrued liabilities	-	8,348
Advances for equity investment in accounts payable and accrued liabilities	228,316	-
Residual value of warrants issued in private placement	605,980	-
Value of finders' warrants issued in private placement	45,512	-
Fair value reversal of options exercised	209,551	-
Shares issued for equity investment	237,250	-
Modification of right-of-use asset and lease liability	109,243	-
Recognition of right-of-use asset and lease liability	-	111,718

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

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	<u>Share Capital</u>				Total Shareholders' Equity
	Common Shares	Amount	Reserves	Deficit	
	#	\$	\$	\$	
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
Loss and comprehensive loss	-	-	-	(1,411,435)	(1,411,435)
Balance, August 31, 2022	38,325,000	7,619,554	1,110,686	(3,937,524)	4,792,716
Shares issued for investment	650,000	237,250	-	-	237,250
Shares issued for cash	12,183,000	5,312,260	45,512	-	5,357,771
Stock options exercised	635,000	446,551	(209,551)	-	237,000
Share-based compensation	-	-	424,851	-	424,851
Warrants exercised	125,000	75,000	-	-	75,000
Warrants residual value	-	(605,980)	605,980	-	-
Loss and comprehensive loss	-	-	-	(4,696,412)	(4,696,412)
Balance, August 31, 2023	51,918,000	13,084,635	1,977,478	(8,633,936)	6,428,177

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

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Millennial Potash Corp. (the "Company") (formerly Black Mountain Gold USA Corp.) 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. On January 24, 2023, the Company changed its name from "Black Mountain Gold USA Corp." to "Millennial Potash Corp." The Company is listed for trading on the TSX Venture Exchange (the "Exchange") as a Tier 2 mining issuer under the symbol "MLP.V" (formerly "BMG.V") and on the OTCQB Venture Market under the ticker symbol "MLPNF" (formerly "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 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 August 31, 2023, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on 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.

These consolidated financial statements were reviewed, approved and authorized for issue by the Board of Directors effective on December 21, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of presentation*

The consolidated financial statements of the Company have been prepared in accordance 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 consolidated financial statements have been prepared on a historical cost basis, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(b) *Basis of consolidation*

The 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.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Basis of consolidation (continued)*

These 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 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 management estimates and judgments include:

- (i) 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.
- (ii) The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- (iii) The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine that as at August 31, 2023 the Company had significant influence in Equatorial Potash Pty Ltd. (Note 5) and has therefore accounted for its investment using the equity method.

(d) *Leases*

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.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Leases (continued)

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.

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.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the years presented, the Company did not have any cash equivalents.

(f) 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 collection is reasonably assured.

Exploration and evaluation assets are assessed for impairment if indicators of impairment are present. Examples of indicators of impairment include:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities; and
- sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) *Exploration and evaluation assets (continued)*

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.

(g) *Income taxes*

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(h) *Financial instruments*

The Company accounts for its financial instruments in accordance with IFRS 9 Financial Instruments as follows:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) *Financial instruments (continued)*

The following table shows the classification under IFRS 9:

Financial assets/liabilities	Classification
Cash	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Lease liability	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income (loss) ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

(h) *Financial instruments (continued)*

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and/or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

(i) *Share Capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(j) *Loss per share*

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

(k) *Share-based payments*

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest. When stock options are exercised, the consideration received is recorded as share capital and the related share-based payments originally recorded as reserves are transferred to share capital. When stock options are cancelled or expire, the initial recorded value is reversed from reserves and credited to deficit.

(l) *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.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) *Unit offerings (continued)*

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.

(m) *Foreign currency translation*

The financial statements of the Company are prepared in its functional currency, determined on the basis of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary has been determined to be the Canadian dollar. The functional currency of the equity investment is the Central African franc.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the consolidated statements of loss and comprehensive loss for the period in which they arise.

(n) *Investments in associates (equity accounted investee)*

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20% and 50% of the voting power of another entity. In addition, significant influence may be achieved when the Company and other shareholders of the entity are under common control.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The financial statements include the Company's share of the income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

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

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended August 31, 2023.

- (i) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- (o) *New standards not yet adopted and interpretations issued but not yet effective (continued)*
- (ii) Definition of Accounting Estimates (Amendments to IAS 8) – the amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Company anticipates that these amendments will not have a material impact on the results of operations and financial position of the Company.

3. EXPLORATION AND EVALUATION ASSET

	Mohave Gold Property
	\$
Balance, August 31, 2021	972,891
Property acquisition costs	277,120
Exploration expenditures:	
Claim maintenance	67,807
Geological	404,523
Balance, August 31, 2022	1,722,341
Exploration expenditures:	
Claim maintenance	52,628
Geological	-
	52,628
Write-off of exploration and evaluation asset	(1,774,969)
Balance, August 31, 2023	-

Mohave Gold Property

Effective July 4, 2020, as amended August 30, 2020, October 7, 2020, April 19, 2022 and October 24, 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”).

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3. EXPLORATION AND EVALUATION ASSET (continued)

Mohave Gold Property (continued)

Pursuant to the Option Agreement, the Company could have earned 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 March 4, 2023	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

*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.

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 would have had to 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 were to be granted a net smelter royalty of 1.5% on the Mohave Gold Property.

In March 2023, the Company terminated the option agreement, and as a result, the Company recorded a write-off of the property of \$1,774,969 as at August 31, 2023.

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4. RIGHT-OF-USE ASSET AND LEASE LIABILITY

Right-of-Use Asset

	Office Leases
	\$
Cost:	
At August 31, 2021, and August 31, 2022	111,717
Lease modification	109,243
At August 31, 2023	220,960
Depreciation:	
At August 31, 2021	-
Charge for the year	60,155
At August 31, 2022	60,155
Charge for the year	101,612
At August 31, 2023	161,767
Net book value:	
At August 31, 2022	51,562
At August 31, 2023	59,193

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	111,717
Lease payments made	(63,000)
Interest expense on lease liability	4,045
At August 31, 2022	52,762
Lease modification	109,243
Lease payments made	(111,000)
Interest expense on lease liability	12,913
At August 31, 2023	63,918
Less: current portion	(63,918)
Non-current portion	-

The lease liability was discounted at a discount rate of 8% as at February 1, 2022. In October 2022, prior to the expiry of the lease in February 2023, the lease was extended for an additional year, to expire in February 2024 and the monthly lease payment were increased to \$9,500 per month. As a result, the Company recognized a modification to the right-of-use asset and lease liability of \$109,243. The modified lease liability was discounted at discount rate of 12% commencing as at October 1, 2022.

5. EQUITY INVESTMENT

In September and October 2022, the Company entered into a binding memorandum of understanding ("MOU") and a definitive agreement ("Definitive Agreement"), respectively, with the shareholders of Equatorial Potash Pty Ltd ("Equatorial") a private Australian company, for the option to acquire up to a 100% interest in the Banio Potash Project in Gabon by acquiring all of the issued and outstanding shares (the "Equatorial Shares") of Equatorial.

Equatorial's wholly-owned subsidiary, Mayumba Potasse SARL, holds a 100% interest in the Banio Potash Project. The Banio Potash Project is located in Gabon, Western Africa on the Atlantic coast and is situated at the southern part of the country.

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5. EQUITY INVESTMENT (continued)

In January 2023, the Company received approval from the Exchange for the Definitive Agreement and the Option to acquire the Banio Potash Project, completed the cash payment and share issuance required to acquire the initial 25% interest in the Banio Potash Project through its acquisition of 25% of the Equatorial Shares. The Company has a minority position on the board of its associated company Equatorial. The Company's judgment is that it has significant influence, but not control and therefore equity accounting is appropriate.

Pursuant to the MOU and Definitive Agreement, in order to exercise the option, the Company will make option payments and expenditure requirements as follows:

	Cash US\$	Shares #	Exploration expenditure US\$	Ownership earned %
Upon signing of binding MOU	(paid) 18,750			
Within ten days of TSX approval of the definitive agreement	(paid) 257,000	(issued) 650,000		(acquired) 25
Within ten days of completion of Phase 2 Drilling*	300,000	550,000	2,500,000	51
Within ten days of Preliminary Economic Assessment or Scoping study	300,000	1,000,000	-	70
Within ten days of completion of Phase 3 Drilling**	500,000	1,500,000	4,500,000	
Within ten days of completion of Definitive Feasibility Study	3,000,000	2,500,000	5,000,000	100
Totals	4,375,750	6,200,000	12,000,000	

* In addition to the completion of the Phase 2 Drilling, a current resource estimate in a report in form required by NI 43-101 must be completed in order for the Company to make the payment and issue the shares. Phase 2 Drilling entails the conduct of 1,500 meters of exploration drilling for potash at the Banio Potash Project.

** In addition to the completion of the Phase 3 Drilling, an updated, revised resource estimate must be completed in order for the Company to make the payment and issue the shares. Phase 3 Drilling entails the conduct of 3,000 meters of exploration drilling for potash at the Banio Potash Project.

In October 2023, the Company entered into an agreement amending the Definitive Agreement providing that the US\$300,000 due to the vendors of the Banio Potash Project within ten days of completion of Phase 2 drilling would instead be due: (i) US\$150,000 upon completion of a current resource estimate in a report in form required by NI 43-101; and (ii) on or before December 31, 2024, a further US\$150,000. Upon making the US\$150,000 payment in (i) and issuance of 550,000 Company's shares, the Company will have earned an additional 26% interest in the Banio Potash Project for a total 51% interest.

As at August 31, 2023, the Company had paid to the shareholders of Equatorial \$343,917 (US\$257,000) and issued 650,000 common shares valued at \$237,250, thereby acquiring 25% ownership pursuant to the terms of the Definitive Agreement. In addition, the Company had advanced \$3,423,917 (US\$2,505,998) to Equatorial for exploration programs on the Banio Potash property.

During the period from acquisition on January 24, 2023 to August 31, 2023, the Company recorded a loss on the equity investment of \$10,892 which represented the Company's portion of Equatorial's loss for the period; as a result, the carrying value of the investment as at August 31, 2023 was \$3,994,192.

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5. EQUITY INVESTMENT (continued)

The following table is a reconciliation of the investment in Equatorial:

	August 31, 2023
	\$
Opening, August 31, 2021 and 2022	-
Acquisition	581,167
Cash contributions – exploration advances	3,423,917
Share of loss of equity investment	(10,892)
Ending, August 31, 2023	3,994,192

Summarized financial information in respect of Equatorial is as follows:

	August 31, 2023
	\$
Current assets	58,881
Non-current assets	8,458,450
Total assets	8,517,331
Current liabilities	12,660
Non-current liabilities	1,562,160
Total liabilities	1,574,820
<hr/>	
For the period from January 24, 2023 – August 31, 2023	2023
	\$
Loss and comprehensive loss	(43,568)
Company's share of loss and comprehensive loss	(10,892)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2023	August 31, 2022
	\$	\$
Accounts payable	364,955	87,443
Accrued liabilities	67,876	53,972
	432,831	141,415

7. 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, 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.

During the year ended August 31, 2023:

The Company issued 650,000 common shares valued at \$237,250 or \$0.365 per share in connection with the acquisition of the equity investment (Note 5).

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7. SHARE CAPITAL (continued)

Issued share capital (continued)

The Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.20 per share for gross proceeds of \$20,000. The Company issued a further 475,000 common shares in connection with the exercise of 475,000 stock options with an exercise price of \$0.40 per share for gross proceeds of \$190,000. The Company issued a further 60,000 common shares in connection with the exercise of 60,000 stock options with an exercise price of \$0.45 per share for gross proceeds of \$27,000.

The Company issued 7,183,000 units for gross proceeds of \$3,591,500 ("February Offering"). Each Unit consisted of one common share and one-half share purchase warrant. Each of the 3,591,500 whole share purchase warrants are exercisable for a period of two years from the date of issuance at a price of \$0.75 per share. The 7,183,000 common shares were valued at \$3,376,010, with the residual value of \$430,980 allocated to the 3,591,500 warrants. The Company incurred related finders fees and share issue costs of \$125,162.

The Company issued 5,000,000 units for gross proceeds of \$2,000,000 ("August Offering"). Each Unit consisted of one common share and one-half share purchase warrant. Each of the 2,500,000 whole share purchase warrants are exercisable for a period of two years from the date of issuance at a price of \$0.60 per share. The 5,000,000 common shares were valued at \$1,912,500 with the residual value of \$175,000 allocated to the 2,500,000 warrants. The Company incurred related finders fees and share issue costs of \$154,078 including \$45,512 in finders warrants.

The Company issued 125,000 common shares in connection with the exercise of 125,000 share purchase warrants with an exercise price of \$0.60 per share for gross proceeds of \$75,000.

Escrow shares

As at August 31, 2023, the Company has 1,856,245 common 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 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.

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7. SHARE CAPITAL (continued)

Stock options (continued)

In January 2023, the Company granted 375,000 stock options to certain directors, consultants and officers of the Company at an exercise price of \$0.45 per share for a period of five years, vesting immediately. The options were valued at \$158,963 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 2.88%, volatility of 125%, and nil forecasted dividend yield.

In February 2023, 87,500 stock options were exercised for gross proceeds of \$17,500. As a result, \$31,136 was reclassified from reserves to share capital.

In March 2023, the Company granted 100,000 stock options to a director 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 \$42,240 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 3.05%, volatility of 123.44%, and nil forecasted dividend yield.

In March 2023, the Company granted a further 100,000 stock options to a director 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 \$39,800 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 3.05%, volatility of 125.57%, and nil forecasted dividend yield.

In March 2023, the Company granted a further 150,000 stock options to a consultant of the Company at an exercise price of \$0.50 per share for a period of two years, vested as follows: ¼ three months from date of grant, ¼ six months from date of grant, ¼ nine months from date of grant, and ¼ twelve months from date of grant. The options were valued at \$40,230 of which \$24,528 was recognized during the year, using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 3.75%, volatility of 111.10%, and nil forecasted dividend yield.

In May 2023, the Company granted 400,000 stock options to a consultant of the Company at an exercise price of \$0.42 per share for a period of five years, vested immediately. The options were valued at \$159,320 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 3.44%, volatility of 131.41%, and nil forecasted dividend yield.

In May 2023, 475,000 stock options were exercised for gross proceeds of \$190,000. As a result, \$148,533 was reclassified from reserves to share capital.

In June 2023, 60,000 stock options were exercised for gross proceeds of \$27,000, and 12,500 stock options were exercised for gross proceeds of \$2,500. As a result, \$25,434 and \$4,448 respectively were reclassified from reserves to share capital.

A summary of stock options activities are as follows:

	Number of options	Weighted average exercise price
	#	\$
Balance, August 31, 2021	1,395,000	0.48
Granted	1,700,000	0.40
Balance, August 31 2022	3,095,000	0.44
Exercised	(635,000)	0.37
Granted	1,125,000	0.45
Balance, August 31, 2023	3,585,000	0.45

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7. SHARE CAPITAL (continued)**Stock options (continued)**

A summary of the stock options outstanding and exercisable at August 31, 2023 is as follows:

Exercise Price	Options Outstanding	Options Exercisable	Expiry Date
\$	#	#	
0.50	150,000	37,500	March 20, 2025
0.50	1,295,000	1,295,000	January 15, 2026
0.40	1,225,000	1,225,000	September 20, 2026
0.45	315,000	315,000	January 31, 2028
0.50	100,000	100,000	March 6, 2028
0.50	100,000	100,000	March 20, 2028
0.42	400,000	400,000	May 17, 2028
	3,585,000	3,472,500	

The weighted average life of the outstanding stock options is 3.14 years.

Warrants

In August 2023, the Company granted 242,988 finders warrants in connection with the August Offering at an exercise price of \$0.60 per share for a period of two years, vested immediately. The warrants were valued at \$45,512 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 4.65%, volatility of 118.19%, and nil forecasted dividend yield.

A summary of warrants activities are as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, August 31, 2021	13,362,500	0.34
Exercised	(7,112,500)	0.12
Balance, August 31, 2022	6,250,000	0.60
Exercised	(125,000)	0.60
Expired	(6,125,000)	0.60
Issued	6,334,488	0.69
Balance, August 31, 2023	6,334,488	0.69

A summary of the warrants outstanding and exercisable at August 31, 2023 is as follows:

Exercise Price	Warrants Outstanding and Exercisable	Expiry Date
\$	#	
0.75	3,591,500	February 28, 2025
0.60	2,500,000	August 4, 2025
0.60	242,988	August 4, 2025
	6,334,488	

The weighted average life of the outstanding warrants is 1.68 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.

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8. 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, accounts payable and accrued liabilities and lease liability. The fair value of cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these instruments. The carrying value of the Company's lease liability approximates its fair value due to being discounted with a rate of interest that approximates market rates.

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

(a) *Currency 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 August 31, 2023, the Company had a foreign currency net monetary asset position of approximately US\$436,023. A 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$53,642.

(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 primary 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. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

(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.

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9. 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.

10. 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 August 31, 2023, the Company has \$71,790 (2022 - \$73,326) included in accounts payable and accrued liabilities due to an officer and companies related by way of common officers. As at August 31, 2023, the Company had \$2,888 (2022 - \$7,191) included in amounts receivable due from an officer and companies related by way of common officers.

Summary of key management personnel compensation:

	For the years ended August 31,	
	2023	2022
	\$	\$
Exploration and evaluation property expenditures	25,000	60,000
Exploration advances for equity investment	147,500	-
Management fees	332,000	402,000
Share-based compensation	209,210	406,510
	713,710	868,510

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

	For the years ended August 31,	
	2023	2022
	\$	\$
Exploration and evaluation property expenditures	-	150,000
Rent	-	7,500
	-	157,500

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

	For the years ended August 31,	
	2023	2022
	\$	\$
Other income	41,600	21,700

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

Notes to the Consolidated Financial Statements

For the years ended August 31, 2023 and 2022

(Expressed in Canadian dollars)

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Non-current assets of the Company are located as follows:

August 31, 2023	Canada	USA	Australia*	Total
	\$	\$	\$	\$
Equity investment	-	-	3,994,192	3,994,192
Other assets	59,193	-	-	59,193
	59,193	-	3,994,192	4,053,385

* Equatorial is a private Australian company however its main asset the Banio Potash Project is located in Gabon (Note 5).

August 31, 2022	Canada	USA	Australia	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	1,722,341	-	1,722,341
Other assets	51,562	-	-	51,562
	51,562	1,722,341	-	1,773,903

12. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the loss before income taxes. A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

For the year ended	August 31, 2023	August 31, 2022
Net loss before income tax	\$ (4,696,412)	\$ (1,411,435)
Statutory tax rate	27%	27%
Expected income tax expense (recovery) at the statutory tax rate	(1,268,000)	(381,087)
Permanent differences	111,000	143,627
Other	119,000	11,594
Share issue cost	(63,000)	-
Adjustment to prior year provision versus statutory tax returns	(18,000)	-
Change in unrecognized deductible temporary differences	1,119,000	225,866
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized as the availability of future taxable profits is uncertain:

	As at August 31,			
	2023	Expiry Dates	2022	Expiry Dates
	\$		\$	
Non-capital losses	5,406,000	2035 - 2043	2,885,377	2036 - 2042
Share issue costs	249,000	2044-2047	94,457	2039-2042
Exploration and evaluation assets	1,775,000	No expiry	-	No expiry

MILLENNIAL POTASH CORP. (formerly Black Mountain Gold USA Corp.)

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(Expressed in Canadian dollars)

13. SUBSEQUENT EVENT

- a) In December 2023 the Company issued 5,750,000 common shares of the Company at \$0.19 per share for gross proceeds of \$1,092,500. The Company incurred finders fees of \$38,238.