

Consolidated Financial Statements of

**BLACKHAWK GROWTH CORP.**

*(Formerly Blackhawk Resource Corp.)*

For the Years Ended June 30, 2020 and 2019



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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blackhawk Growth Corp. (formerly Blackhawk Resource Corp.)

### Opinion

We have audited the accompanying consolidated financial statements of Blackhawk Growth Corp. (formerly Blackhawk Resource Corp.) and its subsidiaries (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statements of loss and comprehensive loss, changes in 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2020, and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("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 is sufficient and appropriate to provide a basis for our opinion.

### Other Matter

The consolidated financial statements of Blackhawk Growth Corp. as at, and for the year ended June 30, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on October 28, 2019.

### Material Uncertainty Related to Going Concern

We draw attention to Note 3 of the consolidated financial statements, which indicates 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 Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditors' report thereon, included in Management's Discussion and Analysis report.

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.

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 scepticism 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.

The engagement partner on the audit resulting in this independent auditor's report is Dong H. Shim.

*SHIM & ASSOCIATES LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, Canada

October 9, 2020

**BLACKHAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	June 30, 2020	June 30, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 619,373	\$ 165,331
Trade and other receivables (note 14(a))	45,269	42,903
Prepaid expenses and deposits	99,106	160,922
Investment at fair value – Short term loans (note 7)	349,609	290,000
Investments at fair value – equity (note 7)	1,170,000	82,275
Investment at fair value due to shareholders (note 7)	-	4,089,280
<b>Total assets</b>	<b>\$ 2,283,357</b>	<b>\$ 4,830,711</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (note 14(b))	\$ 429,145	\$ 115,318
Due to shareholders as return on capital (note 7)	-	4,089,280
	429,145	4,204,598
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 8)	12,607,944	9,749,813
Contributed surplus	1,081,869	846,680
Deficit	(11,835,601)	(9,970,380)
<b>Total shareholders' equity</b>	<b>1,854,212</b>	<b>626,113</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,283,357</b>	<b>\$ 4,830,711</b>

Going concern (note 3)

Subsequent events (note 16)

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on October 9, 2020

Signed "*Dave Antony*"  
Director

Signed "*Frederick Pels*"  
Director

**BLACKHAWK GROWTH CORP.** (Formerly Blackhawk Resource Corp.)

## Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

<b>Years ended June 30,</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Net investment gains (losses)		
Net change in unrealized gain (loss) on investments (note 7)	\$ 917,725	\$ (2,168,995)
Net realized gain (loss) on disposal of investments (note 7)	(1,150,000)	10,000
Interest revenue (note 7)	78,682	7
Other income	-	250,000
<b>Total revenues</b>	<b>(153,593)</b>	<b>(1,908,988)</b>
<b>Expenses</b>		
General and administrative	333,008	353,339
Consulting (note 10)	582,274	-
Directors fee (note 10)	8,750	-
Professional fees	197,581	155,896
Bank service charges	1,588	8,380
Bad debt	51,945	-
Share based compensation (note 8)	79,689	-
<b>Total expenses</b>	<b>1,254,835</b>	<b>517,615</b>
<b>Loss before other items</b>	<b>(1,408,428)</b>	<b>(2,426,603)</b>
<b>Other income (expenses)</b>		
Other income	19,860	-
Gain on settlement of debts (note 8)	50,647	-
Write-off of investments (note 7)	(527,300)	-
<b>Total other income (expenses)</b>	<b>(456,793)</b>	<b>-</b>
<b>Loss from continuing operations</b>	<b>(1,865,221)</b>	<b>(2,426,603)</b>
<b>Income from discontinued operations (note 9)</b>	<b>-</b>	<b>115,988</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (1,865,221)</b>	<b>\$ (2,310,615)</b>
Net (loss) income per share (note 11)		
Continuing operations – basic and diluted	\$ (0.01)	\$ (0.05)
Discontinuing operations – basic and diluted	\$ -	\$ 0.00
Net loss basic and diluted	\$ (0.01)	\$ (0.05)

See accompanying notes to the consolidated financial statements.

**BLACKHAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)

## Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

<b>Years ended June 30,</b>	<b>2020</b>	<b>2019</b>
<b>Share capital</b>		
Balance, beginning of year	\$ 9,749,813	\$ 7,492,253
Issued common shares for purchase of investments (note 8)	1,645,000	1,300,000
Issued common shares pursuant to private placement (note 8)	1,000,000	998,250
Issued common shares pursuant to the exercise of warrants (note 8)	200,000	-
Issued common shares pursuant to debt settlements (note 8)	13,131	-
Share issue costs (note 8)	-	(40,690)
Balance, end of year	12,607,944	9,749,813
<b>Contributed surplus</b>		
Balance, beginning of year	846,680	846,680
Share based compensation (note 8)	79,689	-
Issuance of warrants (notes 7 and 8)	155,500	-
Balance, end of year	1,081,869	846,680
<b>Deficit</b>		
Balance, beginning of year	(9,970,380)	(3,570,485)
Net loss	(1,865,221)	(2,310,615)
Return of capital declared	-	(4,089,280)
Balance, end of year	(11,835,601)	(9,970,380)
<b>Shareholders' equity</b>	<b>\$ 1,854,212</b>	<b>\$ 626,113</b>

See accompanying notes to the consolidated financial statements.

**BLACKHAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

<b>Years ended June 30,</b>	<b>2020</b>	<b>2019</b>
Cash provided by (used in)		
<b>Operations:</b>		
Net loss from continuing operations	\$ (1,865,221)	\$ (2,310,615)
Items not affecting cash:		
Net change in unrealized (gain) loss on investments	(917,725)	2,168,995
Realized loss on investments	1,150,000	-
Accrued interest income	(78,621)	-
Other income	-	(250,000)
Accretion	-	1,159
Bad debt	51,945	-
Change in estimate on decommissioning liabilities	-	810
Share based compensation	79,689	-
Gain on sale of subsidiary	-	(182,684)
Gain on settlement of debts	(50,647)	-
Loss on disposal of GORR	-	39,509
Write-off of investments	527,300	-
Change in operating working capital		
Trade and other receivables	(22,490)	(35,275)
Proceeds on disposal of investments, net of realized gain	-	375,000
Purchase of investments	(59,609)	(535,050)
Prepaid expenses and deposits	61,816	(140,760)
Trade and other payables	377,605	32,429
Decommissioning costs incurred	-	(49,559)
Cash used for continued operations	<b>(745,958)</b>	<b>(886,041)</b>
<b>Finance:</b>		
Proceeds from issuance of shares	1,200,000	998,250
Share issue costs	-	(40,690)
Cash provided by finance	<b>1,200,000</b>	<b>957,560</b>
<b>Investment:</b>		
Sale of GORR – discontinued operations	-	5,000
Cash provided by investment	-	<b>5,000</b>
Net change in cash and cash equivalents	454,042	76,519
Cash and cash equivalents, beginning of the year	165,331	88,812
Cash and cash equivalents, end of the year	\$ 619,373	\$ 165,331
<b>Supplemental cash flow information:</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ 7,500

See accompanying notes to the consolidated financial statements.

**BLACKAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)  
Notes to the Consolidated Financial Statements  
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**1. General information:**

Blackhawk Growth Corp. (formerly Blackhawk Resource Corp.) (the “Company”) was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Company invests in equity and debt instruments of companies to generate positive returns for shareholders.

The Company’s registered office is located at Suite 3810, Bankers Hall West, 888 - 3 Street SW, Calgary, Alberta, T2P 5C5.

**2. Basis of preparation:**

**Statement of compliance**

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are expressed in Canadian dollars, unless otherwise noted. The Company presents its consolidated financial position on a non-classified basis in order of liquidity.

**Basis of presentation**

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in note 4. These consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency.

**3. Going concern:**

For the year ended June 30, 2020, the Company reported a net loss and comprehensive loss of \$1,865,221 (2019 – \$2,310,615) and has a deficit of \$11,835,601 (2019 - \$9,970,380). These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company’s ability to continue as a going concern. As at June 30, 2020, the Company has \$619,373 (2019 - \$165,331) in cash available to meet its liabilities as they become due. The Company will manage its activity levels, expenditures and commitments based on its current cash position.

The consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company’s ability to continue as a going concern is dependent on its ability to generate additional financial resources in order to meet its planned business objectives. Financial resources will come in the form of debt and/or equity financing. These consolidated financial statements do not reflect adjustments in the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.



**BLACKAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)  
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**3. Going concern (continued):**

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. This is causing significant financial market and social dislocation. This has also resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Company's future financial results.

**4. Significant accounting policies:**

These policies have been applied consistently for all periods presented in these consolidated financial statements.

**a.) Basis of consolidation**

These consolidated financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements ("IFRS 10"), and include the accounts of the Company and its former wholly owned consolidated subsidiary. As discussed under critical accounting estimates and judgements, the Company has determined it meets the definition of an investment entity.

**Consolidated subsidiary**

In accordance with IFRS 10, subsidiaries are those entities that provide investments-related services and that the Company controls by having the power to govern the financial and operating policies of the entity. Such entities would include those who incur management and consulting fees for the Company's day to day operations. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation.

During the year ended June 30, 2019, the Company's only consolidated entity was Blackhawk Resource Operating Corp., which was disposed of on January 31, 2019. During the year ended June 30, 2020, the Company incorporated a wholly owned subsidiary in Delaware, which is a consolidated entity that has been inactive throughout the year.

**Interests in unconsolidated subsidiaries**

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities.

The entity, NuWave Foods Inc. ("NuWave") is significantly influenced or controlled by the Company either directly or indirectly and are held as investments. NuWave's principal place of business is in Canada.

During the year ended June 30, 2020, the Company also had significant influence or control over 1202465 B.C. Ltd. and 1216372 B.C Ltd. both of which were sold to Gaia Grow Corp. during the year ended June 30, 2020.

**BLACKAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)  
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**4. Significant accounting policies (continued):**

**b.) Cash and cash equivalents**

Cash comprises cash on hand. Other investments (term deposits and certificates of deposit) with an original term to maturity at purchase of three months or less are reported as cash equivalents in the consolidated statement of financial position.

**c.) Foreign currency translation**

The functional currency of the Company and its former and current subsidiaries is the Canadian dollar. Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign currency translation differences are recognized in net income or loss for the year.

**d.) Taxes**

The Company follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered, or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

**BLACKAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)

Notes to the Consolidated Financial Statements

Years ended June 30, 2020 and 2019

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**4. Significant accounting policies (continued):**

**e.) Revenue recognition**

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

The Company recognizes interest income as the interest is earned using the accrual method.

**f.) Share based compensation**

The Company's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Company records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the consolidated statement of loss and comprehensive loss as share-based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Company's shares, the expected lives of the awards of stock based compensation, the fair value of the Company's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations and adjusted upon actual vesting.

**g.) Financial instruments (investments at fair value)**

**Classification**

All investments at fair value are classified upon initial recognition and are designated as fair value through profit or loss with changes in fair value reported in the consolidated statement of loss and comprehensive loss.

**Recognition, derecognition and measurement**

Purchases and sales of investments are recognized on the trade date.

Equity investments and loan investments are designated at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of loss and comprehensive loss. Investments are derecognized when the rights to receive cash flow from the investment has expired or the Company has transferred the financial asset and the transfer qualifies for derecognition.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of loss and comprehensive loss within net change in unrealized and realized gains or losses on investments in the period in which they arise.

**4. Significant accounting policies (continued):**

**g.) Financial instruments (investments at fair value) (continued)**

**Determination of fair values**

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Company is also required to disclose details of its investments within three hierarchy levels (Level 1, 2, or 3) as defined in note 7, based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

**Equity investments**

Securities including shares, and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1 in note 7.

For warrants not traded in an active market, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes valuation technique is used. These are included in Level 2 in note 7. When no sufficient and reliable observable market inputs are available the warrants would be carried at a Nil value, until a market value can be determined, or the Black-Scholes technique can be used.

The determinations of fair value of the Company's privately-held investments are evaluated based on the financial information available from the private company, including financial statements, cash forecasts, and other completed private placements as well as comparative other companies in the same industry. These are included in Level 3 in note 7.

**Loan investments**

When determining the fair value of short term loans, the Company considers the nature and length of the loan, interest on the loan, business risk of the investee company and any other factors that may be relevant to the ongoing and realizable value of the loan investments. The short term loans would be included in Level 3.

**4. Significant accounting policies (continued):**

**h.) Financial instruments other than investments held at fair value**

The Company classifies its financial instruments into one of the following categories: fair value through profit or loss, and financial assets or liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the statement of loss and comprehensive loss. Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method.

Cash and cash equivalents, and trade and other receivables and trade and other payables are classified as assets or liabilities measured at amortized cost. Investments are classified as assets measured at fair value through profit or loss.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the consolidated statement of loss and comprehensive loss. Transaction costs in respect of financial instruments classified at amortized cost are included in the initial measurement of the financial instrument and amortized to the consolidated statement of loss and comprehensive loss using the effective interest method.

**i.) Per common share amounts**

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year.

**5. Critical accounting estimates and judgments:**

The Company has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**5. Critical accounting estimates and judgments (continued):**

**Accounting Estimates:**

**a) Share based compensation**

The Company measures the cost of share-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, forfeiture rate, volatility and dividend yield of the share option. The Company measures the cost of share-based compensation transactions with consultants by reference to the fair value of the services to be performed.

**b) Taxes**

Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

**c) Fair value of investments in securities not quoted in an active market or private company investments:**

Where the fair value of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The Company will look at the financial information provided by the investee, as well as comparative company information available to determine a fair value.

**Accounting Judgments:**

**a) Determination of investment entity**

Judgement is required when making the determination that the Company or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: “obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.” In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Company has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

**5. Critical accounting estimates and judgments (continued):**

**b) Going concern**

The Company has experienced lower than planned revenue combined with operating losses. Management has assessed and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Management applied significant judgement in arriving at this conclusion including the amount of new investments and total realized gain on investments to be generated to provide sufficient cash flow to continue to fund operations and other committed expenditures; the timing of generating those cash inflows and the timing of the related expenditures; the ability to raise additional capital to support ongoing operations; and the assessment of potentially discretionary expenditures that could be delayed in order to manage cash flows. Given the judgement involved, actual results may lead to a materially different outcome.

**6. Adopted and future accounting standards:**

**IFRS 16 – Accounting for Leases**

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted.

The adoption of IFRS 16 did not have a material impact on the consolidated financial statements as the Company has no leases with terms greater than 12 months.

**7. Investments at fair value and financial instruments hierarchy:**

**Financial hierarchy:**

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

**BLACKAWK GROWTH CORP.** (Formerly Blackhawk Resource Corp.)

## Notes to the Consolidated Financial Statements

Years ended June 30, 2020 and 2019

**7. Investments at fair value and financial instruments hierarchy (continued):**

The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Equity investments by sector consist of the following as at June 30, 2020:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Technology and Esports	\$ 420,000	\$ —	\$ —	\$ 420,000	\$ 420,000	36%
Hemp and Cannabis	1,100,050	750,000	—	—	750,000	64%
<b>Total Investments at Fair Value</b>	<b>\$ 1,520,050</b>	<b>\$ 750,000</b>	<b>\$ —</b>	<b>\$ 420,000</b>	<b>\$ 1,170,000</b>	<b>100%</b>

Equity investments by sector consist of the following as at June 30, 2019:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	\$ 508,166	\$ —	\$ —	\$ —	\$ —	0%
Cannabis	1,350,050	—	—	42,113	42,113	51%
Technology and Esports	455,268	—	40,162	—	40,162	49%
<b>Total Investments at Fair Value</b>	<b>\$ 2,313,484</b>	<b>\$ —</b>	<b>\$ 40,162</b>	<b>\$ 42,113</b>	<b>\$ 82,275</b>	<b>100%</b>
<b>Investments due to shareholders</b>	<b>\$ 1,358,000</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,089,280</b>	<b>\$ 4,089,280</b>	



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**7. Investments at fair value and financial instruments hierarchy (continued):**

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private companies.

The fair value of the level 1 investments of \$750,000 (2019 - \$Nil) is subject to market risk, commodity risk and change in demand in the technology and other industries. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$37,500 (2019 - \$Nil) change in the value of the investment.

At June 30, 2019 the fair value of warrants was estimated using the Black-Scholes pricing model, taking into account amounts that are believed to approximate the volatility of the trading price of the company's shares, the expected lives of the warrants, the fair value of the company's stock and the risk-free interest rate, as determined at the grant date. At June 30, 2020 all warrants had expired, and their value is \$Nil.

The fair value of the level 3 investments of \$420,000 (2019 - \$42,113 and \$4,089,280) have been evaluated based on available data from the corporations involved and the purchase value of the investment and are subject to market risk, commodity risk and change in demand in the mining, technology and other industries. A 5% change in the stock price used to fair value these instruments will result in a corresponding \$21,000 (2019 - \$2,106 and \$204,464) change in the value of the investment.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

In accordance with IFRS 10, the fair value of the Company's investments includes the fair value of entities that are controlled by the Company.

The fair value of Noble Line Inc. ("Noble") was determined to be \$Nil and is included in level 3. As at June 30, 2020 and 2019, the Company owned 71,500 common shares with an initial value of \$0.70 per share, representing 13.5% ownership. The investment has been evaluated based on available data from Noble, and given the need for Noble to find additional capital funding, the higher than expected costs of start up and the increased competition in the industry, the Company has taken a write down of this investment of \$50,050 during the year ended June 30, 2019.

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**7. Investments at fair value and financial instruments hierarchy (continued):**

On May 17, 2019, the Company acquired 100% of the common shares of 1202465 BC Ltd., a company that has applied for a retail cannabis license at a lease location in BC, with a cost of \$1,300,000 and was included in level 3 (note 8). During the year ended June 30, 2019 the Company recognized a write down of this investment of \$1,257,887.

On July 29, 2019, the Company acquired 100% of the common shares of 1216372 BC Ltd., a company that has applied for a retail cannabis license at a leased location in BC, with a cost of \$900,000 and was included in level 3 (note 8).

On April 3, 2020, the Company acquired 51% of the common shares of NuWave Foods Inc., a privately held, fully licensed commercial kitchen and baked goods manufacturer located in Edmonton, Alberta, Canada, with a cost of \$420,000 and was included in Level 3 (note 8). NuWave is developing shelf-stable baked goods with no preservatives, solving a long-time issue in baked food.

On April 22, 2020, the Company acquired the ongoing rights to distribute 2019-nCoV Ab test kits used in the detection of COVID-19 from Emergence Technology Pty. Ltd (“Emergence”) with a cost of \$480,500 (note 8). During the year ended June 30, 2020, the investment was written down to \$Nil.

During the year ended June 30, 2020, the Company sold 100% of its interest in 1202465 BC Ltd. and 1216372 BC Ltd. to Gaia Grow Corp. (“GAIA”), whose common shares are traded on the TSX-V, for 30,000,000 of GAIA’s commons shares valued at \$1,050,000. The Company realized a loss of \$1,150,000 on its investments in 1202465 BC Ltd. and 1216372 BC Ltd. combined. The shares of GAIA are included in level 1 and had a fair value of \$750,000 at June 30, 2020 (2019 - \$Nil). The Company recorded an unrealized loss of \$300,000 for its investment in GAIA during the year ended June 30, 2020 (2019 - \$Nil).

The fair value of \$4,089,280 of the UMG Media Corp. (“UMG”) common shares included in level 3 as at June 30, 2019 was due to shareholders and was a related party investment (a related party with two directors and two officers in common as at June 30, 2019 – as at June 30, 2020, the companies are not related). The investment has been evaluated based on available data from UMG, including prior private placements. As at June 30, 2019, the Company owned 3,197,000 common shares, representing a 19.2% ownership. All of the shares were distributed to the Company’s shareholders as a return of capital during the year ended June 30, 2020, which was declared on April 8, 2019.

Short term loan investments consist of the following:

	June 30, 2020	June 30, 2019
Short term loans	\$349,609	\$290,000
<b>Total loan investments</b>	<b>\$349,609</b>	<b>\$290,000</b>

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**7. Investments at fair value and financial instruments hierarchy (continued):**

The carrying value of the Company's short term loans approximates their fair value due to the short term nature of these loans and would be included in level 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 12 months or less at an average interest rate of 16% starting July 1, 2019.

On June 30, 2019, the Company evaluated the value of a loan to Noble of \$195,000 and determined that based on the need for the company to secure additional capital funding, that the collectability of the loan was uncertain. The Company has taken a write down of the loan of \$195,000 as at June 30, 2019, and will continue to re-evaluate the collectability on a month by month basis. As at June 30, 2020 the value of the loan was estimated to be \$Nil.

As at June 30, 2020, the Company's short term loans included one (2019 – two) related party loan for a total of \$259,609 (June 30, 2019 - \$90,000).

During the year ended June 30, 2020, the Company recorded interest income of \$78,621 (2019 - \$Nil) for the outstanding short-term loans of which \$46,800 related to the Noble loan was written down to \$Nil (2019 – \$Nil). At June 30, 2020, interest receivable of \$31,821 is included in trade and other receivables.

**8. Share capital:****a) Authorized:**

Unlimited number of common voting shares and preferred shares

**b) Issued:**

	<b>Number of Shares</b>		<b>Amount</b>
Balance, June 30, 2017 and 2018	41,196,374	\$	7,492,253
Shares issued for acquisition of investments at fair value	20,000,000		1,300,000
Shares issued pursuant to private placement	19,965,000		998,250
Share issued costs	–		(40,690)
<b>Balance, June 30, 2019</b>	<b>81,161,374</b>	<b>\$</b>	<b>9,749,813</b>
Shares issued for acquisition of investments at fair value	38,500,000		1,645,000
Shares issued pursuant to private placement	50,000,000		1,000,000
Shares issued pursuant to the exercise of warrants	4,000,000		200,000
Shares issued pursuant to debt settlement	407,144		13,131
<b>Balance, June 30, 2020</b>	<b>174,068,518</b>	<b>\$</b>	<b>12,607,944</b>

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**8. Share capital (continued):**

Shares issued during the year ended June 30, 2020:

On July 29, 2019, the Company issued 20,000,000 common shares valued at \$900,000 for the purchase of 100% of the common shares of 1216372 BC Ltd., a company that has two retail leased location in BC (note 7).

On December 18, 2019, the Company completed a private placement of 50,000,000 units at a price of \$0.02 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share of the Company, and one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 for a period of sixty months. No finders' fees or commissions were paid in connection with completion of the placement.

On March 10, 2020, the Company issued 223,810 common shares, at a fair value of \$6,714, to settle outstanding balance of \$11,190 owing to its chief financial officer, in connection with services previously provided to the Company. The Company recorded a gain on settlement of debt in the amount of \$4,476.

On April 3, 2020, the Company issued 12,000,000 common shares valued at \$420,000 for the purchase of 51% of the common shares of NuWave Foods Inc., a privately held, fully licensed commercial kitchen and baked goods manufacturer located in Edmonton, Alberta, Canada (note 7).

On April 22, 2020, the Company issued 6,500,000 common shares valued at \$325,000 and 5,000,000 warrants valued at \$155,500 to Emergence in consideration for the ongoing rights to distribute 2019-nCoV Ab test kits used in the detection of COVID-19 (note 7).

In May 2020, the Company issued a total of 4,000,000 common shares pursuant to the exercise of 4,000,000 share purchase warrants at an exercise price of \$0.05 for gross proceeds of \$200,000.

On May 27, 2020, the Company issued 183,334 common shares, at a fair value of \$6,417, to settle outstanding balance of \$9,167 owing to its chief financial officer, in connection with services previously provided to the Company. The Company recorded a gain on settlement of debt in the amount of \$2,750.

Shares issued during the year ended June 30, 2019:

On May 17, 2019, the Company issued 20,000,000 common shares valued at \$1,300,000 for the purchase of 100% of the common shares of 1202465 BC Ltd., a company that has retail leased location in BC (note 7).

On May 28, 2019, the Company completed a private placement of 19,965,000 common shares at a price of \$0.05 per share for gross proceeds of \$998,250. The Company incurred a total of \$40,690 in share issue costs composed of \$30,300 in finders' fees and \$10,390 in legal fees.

On April 24, 2020, the Company issued 5,000,000 warrants with an exercise price of \$0.06 per common share of the Company for a period of 24 months.

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**8. Share capital (continued):****c) Warrants:**

On December 18, 2019, the Company issued 50,000,000 warrants with an exercise price of \$0.05 per common share of the Company for a period of sixty months.

On April 24, 2020, the Company issued 5,000,000 warrants with an exercise price of \$0.06 per common share of the Company for a period of twenty-four months in connection with the distribution rights acquired from Emergence (note 7). The warrants had a fair value of \$155,500 calculated using Black-Scholes Option Pricing Model using the following assumptions: stock price – \$0.045; exercise price – \$0.06; expected life – two years; volatility – 162%; dividend yield – \$nil; and risk-free rate – 0.32%.

Warrants transactions and the number of warrants outstanding are summarized as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance at June 30, 2019	-	-
Issued	55,000,000	\$ 0.05
Exercised	(4,000,000)	\$ 0.05
Cancelled	-	-
<b>Balance at June 30, 2020</b>	<b>51,000,000</b>	<b>\$ 0.05</b>

The following table summarizes information about warrants outstanding and exercisable at June 30, 2020:

<b>Outstanding</b>	<b>Exercisable</b>	<b>Remaining Life</b>	<b>Exercise Price</b>
46,000,000	46,000,000	4.47 years	\$0.05
5,000,000	5,000,000	1.82 years	\$0.06
<b>51,000,000</b>	<b>51,000,000</b>	<b>4.23 years</b>	<b>\$0.05</b>

**d) Stock options:**

The Company has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 17,406,852 (2019 – 8,116,137) common shares.

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**8. Share capital (continued):****d) Stock options (continued):**

On July 27, 2019, the Company granted 3,600,000 stock options to directors, officers and consultants. The stock options have an exercise price of \$0.10 and expire on July 27, 2024. The stock options vest one third on the grant date, one third six months after the grant date and the balance on the twelve months date after the grant date. The fair value of the options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.045; exercise price – \$0.10; expected life – five years; volatility – 113%; dividend yield – \$nil; and risk-free rate – 1.42%.

The details of this stock options issued are as follows:

	Year ended June 30, 2020		Year ended June 30, 2019	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Options outstanding, beginning of year	1,500,000	\$0.10	2,400,000	\$0.10
Issued	3,600,000	\$0.10	-	-
Expired	-	-	(900,000)	\$0.10
Cancelled	(3,000,000)	\$0.10	-	-
<b>Options outstanding, end of year</b>	<b>2,100,000</b>	<b>\$0.10</b>	<b>1,500,000</b>	<b>\$0.10</b>
<b>Exercisable, end of year</b>	<b>1,566,668</b>	<b>\$0.10</b>	<b>1,500,000</b>	<b>\$0.10</b>

The following table summarizes information about stock options outstanding and exercisable at June 30, 2020:

Outstanding	Exercisable	Remaining Life	Exercise Price
500,000	500,000	0.10 years	\$0.10
1,600,000	1,066,668	4.08 years	\$0.10
<b>2,100,000</b>	<b>1,566,668</b>	<b>3.13 years</b>	<b>\$0.10</b>

The following table summarizes information about stock options outstanding and exercisable at June 30, 2019:

Outstanding	Exercisable	Remaining Life	Exercise Price
1,500,000	1,500,000	1.10 years	\$0.10

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**9. Discontinued operations:**

As at January 31, 2019, the Company disposed of its 100% owned subsidiary, Blackhawk Resource Operating Corp. with total assets of \$129,805 and total liabilities of \$312,489 resulting in a gain on disposal of \$182,684, with net proceeds of \$Nil.

Operating results related to discontinued operations have been included in net income (loss) from discontinued operations on the consolidated statements of loss and comprehensive loss. Comparative period results have been reclassified.

The Company's net income (loss) from discontinued operations consist of the following:

<b>For the years ended June 30,</b>	<b>2020</b>		<b>2019</b>
<b>Revenue:</b>			
Oil and natural gas revenue	\$	-	\$ 12,185
Interest		-	1,153
<b>Total revenue</b>		-	13,338
Oil and natural gas expenses			
Accretion		-	1,159
General and administration		-	13,259
Finance cost		-	91
Field operating costs		-	26,016
Loss on sale of property, plant and equipment		-	39,509
Gain on sale of subsidiary		-	(182,684)
<b>Total expenses</b>	\$	-	\$ (102,650)
<b>Net income from discontinued operations</b>	\$	-	\$ 115,988

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**10. Key management compensation and related party transactions:**

**a) Key management compensation**

Key management personnel are composed of the Company's Directors and Officers.

For the year ended June 30, 2020, the Company incurred consulting fees of \$52,897 (2019 – \$101,250), and directors fees of \$8,850 (2019 - \$26,250), paid to companies which are controlled by key management of the Company. At June 30, 2020, \$4,125 in directors fees (2019 – \$9,000) and in consulting fees \$560 (2019 - \$Nil) remained outstanding.

**b) Related party transactions (not mentioned elsewhere in the financial statements – see Note 7).**

During the year ended June 30, 2020, the Company incurred legal costs of \$Nil (2019 - \$62,637) with a law firm in which the Corporate Secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the fair value of the service provided. \$Nil was payable to this law firm at June 30, 2020 (June 30, 2019 - \$40,674).

**11. Per share amounts:**

Net loss per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

<b>Years Ended June 30,</b>	<b>2020</b>	<b>2019</b>
Weighted average shares outstanding, basic and diluted	131,009,188	45,412,881



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**12. Income taxes:**

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net income (loss) before income taxes. The differences between the “expected” income tax expenses and the actual income tax provision are summarized as follows:

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<b>Continuing operations:</b>	<b>June 30,</b>	
	<b>2020</b>	<b>June 30, 2019</b>
Loss from continuing operations	\$ (1,865,221)	\$ (2,243,920)
Expected income tax recovery at 27%	(503,610)	(605,858)
Stock based compensation and other	21,516	7,852
Change in deferred tax assets not recognized	482,094	598,006
Total income taxes (recovery)	\$ -	\$ -

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<b>Discontinued operations:</b>	<b>June 30, 2020</b>		<b>June 30, 2019</b>	
Loss from discontinued operations	\$ -	\$ -	\$ (66,696)	
Expected income tax recovery at 27%	-	-	(18,008)	
Change in deferred tax assets not recognized	-	-	18,008	
Total income taxes (recovery)	\$ -	\$ -	\$ -	

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The deferred tax assets (liabilities) are comprised of:

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<b>Discontinued operations:</b>	<b>June 30, 2020</b>		<b>June 30, 2019</b>	
Investment at fair value	\$ -	\$ -	\$ (107,322)	
Non-capital losses available for future periods	-	-	107,322	
	\$ -	\$ -	\$ -	

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**12. Income taxes (continued):**

The components of the Corporation's unrecognized deductible temporary differences are as follows:

	<b>June 30,</b>	
	<b>2020</b>	<b>June 30, 2019</b>
Petroleum and natural gas properties	\$ 47,409	\$ 47,409
Investments at fair value	1,988,984	195,000
Capital losses available for future periods	725,308	150,308
Non-capital losses available for future periods	4,437,500	2,789,743
	<b>\$ 7,199,201</b>	<b>\$ 3,182,460</b>

A deferred tax asset has not been recognized as it is not probable that the assets will be realized.

As at June 30, 2020, the Company has not recognized a deferred tax asset in respect of non-capital losses and capital losses available to carry forward to future years. The net operating loss carryforwards reflected above expire as follows (capital losses do not expire):

<b>Year of Expiry</b>	<b>Total</b>
2040	\$ 1,647,757
2039	91,455
2038	372,068
2037	49,406
2035	88,142
2034	74,889
2033	203,645
2032	272,478
2031	702,801
2030	238,668
2029	696,191
<b>Total</b>	<b>\$ 4,437,500</b>

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**13. Financial instruments:**

The carrying values of the Company's financial instruments by category were as follows:

<b>June 30, 2020</b>			
Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ —	\$ 619,373	\$ —
Trade and other receivables	—	45,269	—
Investments at fair value – Equity	1,170,000	—	—
Investments at fair value – Short term loans	349,609	—	—
Trade and other payables	—	—	(429,145)
	<b>\$ 1,519,609</b>	<b>\$ 664,642</b>	<b>\$ (429,145)</b>

<b>June 30, 2019</b>			
Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ —	\$165,331	\$ —
Trade and other receivables	—	42,903	—
Investments at fair value – Equity	82,275	—	—
Investments at fair value – Short term loans	290,000	—	—
Investments due to shareholders	4,089,280	—	—
Trade and other payables	—	—	(115,318)
Due to shareholders as return of capital	(4,089,280)	—	—
	<b>\$ 372,275</b>	<b>\$208,234</b>	<b>\$ (115,318)</b>

The carrying value of the Company's financial instruments, excluding investments at fair value approximate their fair value due to the short term nature of these instruments.

#### **14. Risk Management:**

##### **Financial instruments risks:**

The use of financial instruments can expose the Company to several risks including credit, liquidity, and market risks. A discussion of the Company's use of financial instruments and their associated risks is provided below.

##### **a) Credit risk:**

The Company is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Company manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

At June 30, 2020, the Company's trade and other receivables of \$45,269 (2019 - \$42,903) consisted of \$13,448 (2019 - \$21,632) due from the government in relation to GST returns, and \$31,821 (2019 - \$21,271) of other receivables.

The Company's receivables are normally collected within a 60-90 day period. Management believes that the credit risk with respect to trade and other receivables is minimal.

After initial recognition, trade and other receivables are allocated to one of three stages of the expected credit loss model to determine the expected credit loss ("ECL") as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition
- Stage 2: Credit risk has increased significantly since initial recognition
- Stage 3: There is objective evidence of impairment as at the reporting date

As at June 30, 2020, the Company assessed its trade and other receivables for impairment. During the year ended June 30, 2020, the Company recorded an allowance for doubtful account of \$51,945 (2019 - \$Nil) related to its trade receivables.

The Company manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

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**14. Risk Management (continued):****b) Liquidity risk:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Company's reputation.

The following are the contractual maturities of financial liabilities as at June 30, 2020:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$429,145	\$ -
<b>Total</b>	<b>\$429,145</b>	<b>\$ -</b>

The following are the contractual maturities of financial liabilities as at June 30, 2019:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$115,318	\$ -
<b>Total</b>	<b>\$115,318</b>	<b>\$ -</b>

**c) Market risk:**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Company is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

Additionally, the Company is required to fair value its equity investments at the end of each reporting period. This process could result in significant write-downs of the Company's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavorable effect on the Company's financial position.

- Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Company has a concentration of equity price risk due to one of its investments being worth a significant amount of its portfolio. The Company sets thresholds on purchases of investments over which approval of the Board of Directors is required. During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Company's investment portfolio can be quite vulnerable to market fluctuations. At June 30, 2020, a 5% change in the closing trade price of the Company's equity investments would result in a \$37,500 (2019 - \$204,464) change in unrealized gain (loss) on investments.

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**15. Capital disclosures:**

As at June 30, 2020, in the definition of capital, the Company includes shareholders' equity of \$1,854,212 (2019 - \$626,113). The Company's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or engage in debt financing. The Company is not exposed to externally imposed capital requirements.

**16. Subsequent events:**

On July 28, 2020 the Company acquired all of the outstanding share capital of SAC Pharma Partners Inc. SAC Pharma is a privately-owned British Columbia company which, through its wholly-owned subsidiary, SAC Pharma Partners USA, Inc. ("SAC Pharma USA"), operates a facility for the licensed production of cannabis in California. SAC Pharma now forms part of the Company's existing portfolio of investments in the cannabis sector. SAC Pharma's existing management will continue to retain responsibility for overseeing day-to-day operations, based upon an agreed budget.

The acquisition of SAC Pharma proceeded pursuant to an amalgamation agreement between the Company, a wholly owned subsidiary of the Company ("Subco") and SAC Pharma (the "Definitive Agreement"). Pursuant to the Definitive Agreement, SAC Pharma amalgamated with Subco, and the resulting amalgamated entity is now a wholly-owned subsidiary of the Company (the "Transaction"). In consideration for the completion of the Transaction, the Company has issued 120,000,000 common shares to the shareholders of SAC Pharma in exchange for every share of SAC Pharma they held.

The Company is at arms-length from SAC Pharma and its shareholders. The Transaction neither constitutes a fundamental change nor a change of business for the Company, nor has it resulted in a change of control of the Company within the meaning of applicable securities laws and the policies of the Canadian Securities Exchange. In connection with the completion of the Transaction, the Company has issued 6,000,000 common shares to an arms-length third-party who assisted with facilitating the Transaction.

On August 3, 2020 the Company entered into a Memorandum of Understanding (the "MOU") with Medigen Biotechnology Corporation ("MBC") and its affiliate company, TBG Biotechnology Corp. ("TBG") to distribute an ExProbe SARS-CoV-2 Testing Kit and a SARS-CoV-2 IgG/IgM Rapid Test Kit (collectively, the "Test Kits") used in the detection of antibodies associated with COVID-19.

**BLACKAWK GROWTH CORP.** (Formerly *Blackhawk Resource Corp.*)  
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**16. Subsequent events (continued):**

The MOU contemplates that Blackhawk will be granted the non-exclusive right to distribute the Test Kits in North and South America, including Canada and the United States. The ExProbe SARS-CoV-2 Testing Kit has received Emergency Use Authorization (EUA) from the U.S. Food and Drug Administration (FDA) for use in the United States by authorized laboratories, as of June 10, 2020, and the SARS-CoV-2 IgG/IgM Rapid Test Kit has been listed by the FDA, under the Emergency Use Authorization (EUA) for use in the United States by authorized laboratories as of May 6, 2020.

While the sale of both the ExProbe SARS CoV-2 Testing Kit and the SARS CoV-2 IgG/IgM Rapid Test is permitted in the United States, neither of the Test Kits have been approved by Health Canada. The Company intends to submit the Test Kits for Health Canada approval once a final agreement has been negotiated with MBC and TBG. There can be no guarantee that Health Canada approval will be received once an application is completed.

On August 31, 2020, the Company entered into a definitive distribution agreement (the "Distribution Agreement") with MBC its affiliate company, TBG and a local agent, Boshic Advanced Materials Co., Ltd. ("Boshic") to distribute certain diagnostic products, including an ExProbe SARS-CoV-2 Testing Kit and a SARS-CoV-2 IgG/IgM Rapid Test Kit (collectively, the "Test Kits") used in the detection of antibodies associated with COVID-19. The Distribution Agreement replaces the memorandum of understanding entered into between the Company, MBC and TBG, dated effective August 3, 2020.

On August 11, 2020, the Company granted 10,000,000 stock options to officers, directors and consultants of the Company. The options vest quarterly over the twelve month period and are exercisable at a price of \$0.05 for a period of 24 months.

In August 2020, the Company entered into debt settlement agreements with two arm's length creditors to settle an aggregate of \$240,000 in debt for services provided by the creditors to the Company. In final settlement and satisfaction of the debt in connection with the services, the Company has issued to the creditors an aggregate of 12,000,000 common shares.

On August 28, 2020, the Company issued 400,000 common shares to settle debt of \$20,000 to a consultant.

On September 11, 2020, the Company elected to suspend the distribution of the Innovita 2019-nCoV Ab Test Kit in all jurisdictions, due to uncertainty surrounding rights held by the Company.