

Condensed consolidated interim financial statements of

**BLACKHAWK GROWTH CORP.**

For the Nine and Three Months Ended March 31, 2021 and 2020

(unaudited)

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

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Financial Position  
(Expressed in Canadian Dollars)

	<b>March 31, 2021</b>	<b>June 30, 2020</b>
		(audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,070,707	\$ 619,373
Trade and other receivables (note 8(a))	260,626	45,269
Prepaid expenses and deposits	603,630	99,106
Investment at fair value – Short term loans (note 4)	255,000	349,609
Investments at fair value – equity (note 4)	6,971,709	1,170,000
<b>Total assets</b>	<b>\$ 10,125,609</b>	<b>\$ 2,283,357</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables (note 8(b))	\$ 859,083	\$ 429,145
	859,083	429,145
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 5)	20,036,138	12,607,944
Contributed surplus	1,488,689	1,081,869
Deficit	(12,258,301)	(11,835,601)
<b>Total shareholders' equity</b>	<b>9,266,526</b>	<b>1,854,212</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 10,125,609</b>	<b>\$ 2,283,357</b>

Going concern (note 3)

Subsequent events (note 10)

See accompanying notes to the condensed consolidated interim financial statements.

Approved for issuance by the Board of Directors on May 27, 2021

Signed "*Dave Antony*"

Director

Signed "*Frederick Pels*"

Director

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)

	Nine months as at March 31,		Three months as at March 31,	
	2021	2020	2021	2020
<b>Revenues</b>				
Net investment gains (losses)				
Net change in unrealized gain (loss) on investments (note 4)	\$ 1,955,899	\$ (40,162)	\$ -	\$ -
Interest revenue (note 4)	22,466	3,975	-	-
<b>Total revenues</b>	<b>1,978,365</b>	<b>(36,187)</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>				
General and administrative	174,766	174,232	92,605	56,317
Consulting (note 6)	1,574,490	323,650	939,299	206,595
Directors fee (note 6)	-	8,750	-	-
Professional fees	177,620	72,379	50,812	38,977
Share based compensation (note 5)	471,937	80,423	144,890	11,575
<b>Total expenses</b>	<b>2,398,813</b>	<b>659,434</b>	<b>1,227,606</b>	<b>313,464</b>
<b>Loss before other items</b>	<b>(420,448)</b>	<b>(695,621)</b>	<b>(1,227,606)</b>	<b>(313,464)</b>
<b>Other expenses</b>				
Other gain (loss)	40,712	-	-	-
Gain (loss) on settlement of debts (note 5)	(42,964)	-	(12,964)	-
Reclassified investments (note 4)	-	-	-	-
<b>Total other expenses</b>	<b>(2,252)</b>	<b>-</b>	<b>(12,964)</b>	<b>-</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (422,700)</b>	<b>\$ (695,621)</b>	<b>\$ (1,240,570)</b>	<b>\$ (313,464)</b>
Weighted average shares outstanding, basic and diluted	16,018,676	4,066,127	19,688,219	4,188,531
Net loss per share (note 7)				
Net loss basic and diluted	\$ (0.03)	\$ (0.00)	\$ (0.06)	\$ (0.08)

See accompanying notes to the condensed consolidated interim financial statements.

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Changes in Equity  
(Expressed in Canadian Dollars)

	<b>Nine months ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>Share capital</b>		
Balance, beginning of year	\$ 12,607,944	\$ 9,749,813
Issued common shares for purchase of investments (note 5)	3,247,934	-
Issued common shares pursuant to private placement (note 5)	2,286,166	2,005,596
Issued common shares pursuant to exercise of stock options (note 5)	463,649	-
Issued common shares pursuant to debt settlements (note 5)	1,430,445	-
Balance, end of period	20,036,138	11,755,409
<b>Contributed surplus</b>		
Balance, beginning of year	1,081,869	846,680
Exercise of stock options	(200,649)	-
Finders' warrants	135,532	-
Share based compensation (note 5)	471,937	80,423
Balance, end of period	1,488,689	927,103
<b>Deficit</b>		
Balance, beginning of year	(11,835,601)	(9,970,380)
Net income (loss)	(422,700)	(695,622)
Balance, end of period	(12,258,301)	(10,666,002)
<b>Shareholders' equity</b>	<b>\$ 9,266,526</b>	<b>\$ 2,016,510</b>

See accompanying notes to the condensed consolidated interim financial statements.

**BLACKHAWK GROWTH CORP.**Consolidated Statements of Cash Flows  
(Expressed in Canadian Dollars)

	<b>Nine months ended March 31,</b>	
	<b>2021</b>	<b>2010</b>
Cash provided by (used in)		
<b>Operations:</b>		
Net loss from operations	\$ (422,700)	\$ (695,622)
Items not affecting cash:		
Net change in unrealized (gain) loss on investments	(1,955,899)	40,162
Share based compensation	471,937	80,423
Loss (gain) on settlement of debts	(15,850)	-
Change in operating working capital		
Trade and other receivables	(318,188)	(13,673)
Purchase of investments	(377,930)	(63,585)
Prepaid expenses and deposits	(504,524)	20,374
Trade and other payables	1,889,790	372,647
Cash used for continued operations	(1,233,364)	(260,357)
<b>Finance:</b>		
Private placement	2,421,698	1,000,000
Exercise of stock options	263,000	-
Cash provided by finance	2,684,698	1,000,000
Net change in cash and cash equivalents	1,451,334	739,643
Cash and cash equivalents, beginning of the year	619,373	165,331
Cash and cash equivalents, end of the year	\$ 2,070,707	\$ 904,974
<b>Supplemental cash flow information:</b>		
Interest received	\$ -	\$ 3,975

See accompanying notes to the condensed consolidated interim financial statements.

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements  
Nine months ended March 31, 2021 and 2020

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### **1. General information:**

Blackhawk Growth 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 condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting using accounting policies consistent with 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 accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual consolidated financial statements as at and for the year ended June 30, 2020.

These condensed consolidated interim financial statements do not include all of the information and note disclosures required for annual financial statements and should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended June 30, 2020. The accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those applied and disclosed in the Corporation’s audited consolidated financial statements for the year ended June 30, 2020. The Corporation’s interim results are not necessarily indicative of its results for a full year.

#### **Basis of presentation**

The condensed consolidated interim financial statements have been prepared on a historical cost basis except as disclosed in note 4 of the audited consolidated financial statements as of and for the year ended June 30, 2020.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company’s functional and presentation currency. The Corporation presents its consolidated financial position on a non-classified basis in order of liquidity.

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

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### **3. Going concern:**

For the nine months ended March 31, 2021, the Company reported a net and comprehensive loss of \$422,700 (2020 – \$695,621) and has an accumulated deficit of \$12,258,301 (June 30, 2020 - \$11,835,601). 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 March 31, 2021, the Company has \$2,070,707 (June 30, 2020 - \$619,373) 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 condensed consolidated interim 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 condensed consolidated interim 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.

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. 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.

### **4. 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).



**BLACKAWK GROWTH CORP.**

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

The fair value of the equity investments of \$6,859,203 (June 30, 2020 - \$1,170,000) consists of investments in Gaia Grow Corp. (“Gaia”), Noble Line Inc. (“Noble”), NuWave Foods Inc. (“NuWave”) and SAC Pharma Partners Inc. (“SAC Pharma”), that have been evaluated based on available data from the corporations involved and the purchase value of the investments.

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.

Equity investments consist of the following as at March 31, 2021:

<b>Company</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total FV</b>	<b>% of total FV</b>
Noble Line Inc.	\$ 532,935	\$ –	\$ –	\$ 1,433,177	\$ 1,433,177	21%
NuWave Foods Inc.	525,586	–	–	777,000	777,000	11%
Gaia Grow Corp.	1,050,000	750,000	–	–	750,000	10%
Engine Media Holdings Inc.	112,507	112,507	-	-	112,507	2%
SAC Pharma Partners Inc.	1,890,000	–	–	3,041,350	3,041,350	44%
Trip Pharma	826,852	-	-	857,675	857,675	12%
<b>Total Investments at Fair Value</b>	<b>\$ 4,937,880</b>	<b>\$ 750,000</b>	<b>\$ –</b>	<b>\$ 6,109,202</b>	<b>\$ 6,971,709</b>	<b>100%</b>

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

<b>Company</b>	<b>Cost</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total FV</b>	<b>% of total FV</b>
Noble Line Inc.	\$ 50,050	\$ –	\$ –	\$ –	\$ –	0%
NuWave Foods Inc.	420,000	–	–	420,000	420,000	36%
Gaia Grow Corp.	1,050,000	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>

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements  
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### **4. Investments at fair value and financial instruments hierarchy (continued):**

#### **Gaia Grow Corp**

The Company owns 30,000,000 common shares of Gaia Grow Corp. (“Gaia”) which represents approximately 13% of the common shares outstanding of Gaia. The fair value of the holdings is \$750,000 (June 30, 2020 - \$750,000). Gaia is a publicly traded Canadian corporation focused on farming Industrial Hemp for Medical Purposes whose shares are traded on the TSX-V under the symbol GAIA. The Company acquired this investment as a result of selling 100% of its interests in the leases for The Green Room’s retail cannabis dispensary locations via its interests in 1202465 BC Ltd. and 1216372 BC Ltd. to GAIA during the year ended June 30, 2020.

#### **Noble Line Inc.**

The Company owns 100% of the common shares of Noble Line Inc. As at September 30 2020 the Company owned 71,500 common shares of Noble Line Inc. (“Noble”) which represented approximately 10.6% of the common shares outstanding of Noble.

On November 17, 2020, the Company acquired remaining balance or 89.4% of the outstanding share capital of Noble Line Inc. by issuing 2,131,738 post consolidated shares of the Company. The fair market value of the shares issued was determined to be \$532,934.

During the nine months ended March 31, 2021 the fair market value of the company was estimated to be \$1,433,177. The valuation is based on the market value multipliers approach using publicly available data from a company with comparative business and the funds invested by Blackhawk.

Noble operates an on-line store with an array of CBD/hemp consumable and topical products. Manufacturing and fulfillment operations are based out of Colorado and California. Noble currently sells products in all 50 U.S. states.

#### **Nu Wave Foods Inc.**

The Company owns 7,650 common shares of NuWave Foods Inc. (“Nu Wave”) which represents 51% of the common shares outstanding in Nu Wave. The fair value of the holdings is \$777,002 (June 30, 2020 - \$420,000) (note 5). During the period ended March 31, 2021 the Company reclassified \$357,002 of receivable from NuWave as addition to the investment. NuWave is a fully licensed commercial kitchen and baked goods manufacturer that is developing shelf-stable baked goods with no preservatives, solving a long-time issue in baked food.

#### **Sac Pharma Partners Inc.**

The Company owns 100% of the common shares of SAC Pharma Partners Inc. Sac Pharma, through its wholly-owned subsidiary, SAC Pharma Partners USA, Inc. operates a facility for the licensed production of cannabis in California. SAC Pharma became fully operational in the regulated cannabis business when commercial sales became legal in California on January 1, 2018. During the nine months ended March 31, 2021 the Company issued 5,040,000 shares with a fair value of \$1,890,000 (note 5).

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

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

During the nine months ended March 31, 2021 the fair market value of the company was estimated to be \$3,041,350. The valuation is based on the market value multipliers approach using publicly available data from a company with comparative business.

##### **Trip Pharma Inc. – Operating as LeichtMind Clinics**

On October 13, 2020, the Company acquired all of the outstanding share capital of Trip Pharma Inc. (“LeichtMind”) by issuing 1,320,000 post consolidated shares of the Company at market price of \$0.625. The fair market value of the shares issued was determined to be \$825,000. During the period ended March 31, 2021 the Company reclassified \$32,675 of receivable from LeichtMind as addition to the investment.

LeichtMind is a psychedelic development and wellness company based in Edmonton, Alberta. On January 21, 2021 LeichtMind opened the first LeichtMind Clinic, located in Edmonton. The clinic has begun seeing patients and will provide a supply of high-quality products for use in research and prescription for clinical patients. LeichtMind intends to conduct research in psilocybin producing mushrooms, is in the process of submitting an application for a Controlled Drugs and Substances Dealers License in Canada and is working to source a library of Psilocybin Cubensis genetics.

##### **Engine Media Holdings Inc.**

In February 2021, the Company settled the loan and other receivable from Engine with the acceptance of shares and warrants in Engine. Engine is a multi-platform media group leading the charge in esports, news streaming and gaming.

##### **Short term loans**

As at March 31, 2021 short term loan investments consist of the following:

<u>Loan Agreement</u>	<u>Principal</u>	<u>Fair Value</u>
May 31, 2019	255,000	255,000

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

As at June 30, 2020, short term loan investments consist of the following:

<u>Loan Agreement</u>	<u>Principal</u>	<u>Fair Value</u>
May 29, 2019	\$ 90,000	\$ 90,000
May 31, 2019	255,000	259,609
<b>Total loan investments</b>	<b>\$ 345,000</b>	<b>\$ 349,609</b>

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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 12% starting July 1, 2019.

As at March 31, 2021, the Company's short-term loans included one (June 30, 2020 – one) related party loan for a total of \$255,000 (June 30, 2020 - \$259,609).

During the nine months ended March 31, 2021, the Company recorded interest income of \$22,466 (2019 - \$3,975) for the outstanding short-term loans. At March 31, 2021, interest receivable of \$47,099 is included in trade and other receivables.

During the nine months ended March 31, 2021 the short-term loan of \$90,000 and \$36,063 in receivable was settled by the Company receiving 7,703 shares and 3,852 warrants of a public company. The warrants are exercisable at \$15 for a period up to January 22, 2024. The company recorded loss on the settlement of \$13,556.

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

Unlimited number of common voting shares and preferred shares

**b) Issued:**

	Number of Shares	Amount
<b>Balance, June 30, 2019</b>	<b>81,161,374</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>\$ 12,607,944</b>

**5. Share capital (continued):****b) Issued (continued):**

<b>Balance, June 30, 2020</b>	<b>174,068,518</b>	<b>\$ 12,607,944</b>
<b>Share consolidation 25:1</b>	<b>6,962,701</b>	<b>\$ 12,607,944</b>

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Shares issued for acquisition of investments at fair value	8,491,738	3,247,934
Shares issued pursuant to debt settlement	3,349,136	1,430,445
Shares issued on exercise of stock options	1,052,000	463,649
Shares issued pursuant to private placement	5,000,000	2,286,166
<b>Balance, March 31, 2021</b>	<b>24,855,575</b>	<b>\$ 20,036,138</b>

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Shares issued during the nine months ended March 31, 2021:

On July 28, 2020, the Company issued 5,040,000 post consolidated common shares valued at \$1,890,000 for the purchase of 100% of the common shares of SAC Pharma (note 4).

In October 2020 the Company issued 1,320,000 post consolidated common shares valued at \$825,000 for purchase of 100% of the shares of Trip Pharma (note 4).

In November 2020 the Company issued 2,131,738 post consolidated common shares valued at \$532,934 for purchase of the balance of the Noble shares (note 4).

During the nine months ended March 31, 2021 the Company issued 1,052,000 shares on exercise of stock options at \$0.25 per option. The fair value of the options of \$200,649 was deducted from Contributed Surplus.

During the period ended March 31, 2021, the Company issued 3,349,136 post consolidated shares at a fair value of \$1,430,445 to settle \$1,459,852 in outstanding accounts payable to two vendors. The Company recorded \$29,407 in loss on debt settlement.

In March 2021, the Company completed a private placement of 5,000,000 post consolidated units at a price of \$0.50 per unit for gross proceeds of \$2,500,000. Each unit consists of one post consolidated common share of the Company, and one post consolidated common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.60 until March 31, 2023. The Company paid \$78,285 as share issue cost. In addition, the Company issued 154,170 warrants exercisable at \$0.60 for a period of two years to finders with the fair value of \$135,532.

**5. Share capital (continued):**Shares issued during the year ended June 30, 2020:

On July 29, 2019, the Company issued 800,000 post consolidated 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.

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Nine months ended March 31, 2021 and 2020

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On December 18, 2019, the Company completed a private placement of 2,000,000 post consolidated units at a price of \$0.50 per unit for gross proceeds of \$1,000,000. Each unit consists of one post consolidated common share of the Company, and one post consolidated common share purchase warrant entitling the holder to acquire an additional common share at a price of \$1.25 for a period of sixty months.

On March 10, 2020, the Company issued 8,952 post consolidated 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 480,000 post consolidated common shares valued at \$420,000 for the purchase of 51% of the common shares of NuWave Foods Inc., (note 4).

On April 22, 2020, the Company issued 260,000 post consolidated common shares valued at \$325,000 and 200,000 post consolidated 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 4).

In May 2020, the Company issued 160,000 post consolidated common shares pursuant to the exercise of 160,000 post consolidated share purchase warrants at a post consolidated exercise price of \$1.25 for gross proceeds of \$200,000.

On May 27, 2020, the Company issued 7,333 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.

#### **c) Warrants:**

On December 18, 2019, the Company issued 2,000,000 post consolidated warrants with a post consolidated exercise price of \$1.25 per common share of the Company for a period of sixty months.

On April 24, 2020, the Company issued 200,000 post consolidated warrants with a post consolidated exercise price of \$1.50 per common share of the Company for a period of twenty-four months in connection with the distribution rights acquired from Emergence. The warrants had a fair value of \$155,500 calculated using Black-Scholes Option Pricing Model using the following assumptions: post consolidated stock price – \$1.13; post consolidated exercise price – \$1.50; expected life – two years; volatility – 162%; dividend yield – \$nil; and risk-free rate – 0.32%.

## **5. Share capital (continued):**

### **c) Warrants (continued):**

On March 31, 2021, the Company issued 5,000,000 post consolidated warrants with units in private placement with a post consolidated exercise price of \$0.60 per common share of the Company for a period of twenty-four months. The Company issued 154,170 warrants to finders.

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The warrants had a fair value of \$135,532 calculated using Black-Scholes Option Pricing Model using the following assumptions: post consolidated stock price – \$0.95; post consolidated exercise price – \$0.60; expected life – two years; volatility – 236%; dividend yield – \$nil; and risk-free rate – 0.22%.

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

	<b>Post Consolidated Number of Warrants</b>	<b>Weighted Average Post Consolidated Exercise Price</b>
Balance at June 30, 2020	2,040,000	\$ 1.25
Issued	5,154,170	\$ 0.60
<b>Balance at March 31, 2021</b>	<b>7,194,170</b>	<b>\$ 0.79</b>

The following table summarizes information about post consolidated warrants outstanding and exercisable at March 31, 2021:

Outstanding	Exercisable	Remaining Life (years)	Exercise Price
1,840,000	1,840,000	3.72	\$ 1.25
200,000	200,000	1.07	\$ 1.50
5,154,170	5,154,170	2.17	\$ 0.60
200,000	200,000	2.00	\$ 1.50
<b>5,354,170</b>	<b>5,354,170</b>	<b>2.41</b>	<b>\$ 0.79</b>

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

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

On March 1, 2021, the Company granted 350,000 post consolidated stock options to directors, officers and consultants. The stock options have an exercise price of \$0.69 and expire on March 1, 2026. The stock options vest one third three months after the grant and one third every three

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months thereafter. The fair value of the post consolidated options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.70; exercise price – \$0.69; expected life – five year; volatility – 236%; dividend yield – \$nil; and risk-free rate – 0.81%.

On December 10, 2020, the Company granted 1,052,000 post consolidated stock options to directors, officers and consultants. The stock options have an exercise price of \$0.25 and expire on December 10, 2021. The stock options vest immediately. The fair value of the post consolidated options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.25; exercise price – \$0.25; expected life – one year; volatility – 236%; dividend yield – \$nil; and risk-free rate – 0.26%.

On August 11, 2020, the Company granted 400,000 post consolidated stock options to directors, officers and consultants. The stock options have an exercise price of \$1.25 and expire on August 11, 2022. The stock options vest quarterly over the next twelve months. The fair value of the post consolidated options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$0.63; exercise price – \$1.25; expected life – two years; volatility – 188%; dividend yield – \$nil; and risk-free rate – 0.29%.

On July 27, 2019, the Company granted 144,000 post consolidated stock options to directors, officers and consultants. The stock options have a post consolidated exercise price of \$2.50 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 post consolidated options was calculated using Black-Scholes option pricing model with the following assumptions: stock price – \$1.13; exercise price – \$2.50; expected life – five years; volatility – 113%; dividend yield – \$nil; and risk-free rate – 1.42%.

### **5. Share capital (continued):**

#### **d) Stock options (continued):**

The details of this post consolidated stock options issued are as follows:

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<u>Period ended</u>	<u>Year ended</u>
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**BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

	<b>March 31, 2021</b>		<b>June 30, 2020</b>	
	Number of Options	Exercise Price	Number of Options	Exercise Price
Options outstanding, beginning of period	84,000	\$2.50	60,000	\$2.50
Issued	1,902,000	\$0.56	144,000	\$2.50
Expired	(20,000)	\$2.50	-	-
Exercised	(1,052,000)	\$0.25		
Cancelled	-	-	(120,000)	\$2.50
<b>Options outstanding, end of year</b>	<b>914,000</b>	<b>\$1.06</b>	<b>84,000</b>	<b>\$2.50</b>
<b>Exercisable, end of period</b>	<b>164,000</b>	<b>\$1.74</b>	<b>62,667</b>	<b>\$2.50</b>

The following table summarizes information about post consolidated stock options outstanding and exercisable at March 31, 2021:

Outstanding	Exercisable	Remaining Life (years)	Exercise Price
400,000	100,000	1.36	\$1.25
64,000	64,000	3.33	\$2.50
450,000	-	4.92	\$0.69
<b>914,000</b>	<b>164,000</b>	<b>3.25</b>	<b>\$1.06</b>

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

Outstanding	Exercisable	Remaining Life	Exercise Price
20,000	20,000	0.10 years	\$2.50
64,000	42,667	4.08 years	\$2.50
<b>84,000</b>	<b>62,667</b>	<b>3.13 years</b>	<b>\$2.50</b>

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

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### **5. Share capital (continued):**

#### **d) Restricted Share Units:**

In January 2021 the Company implemented a restricted share unit plan for Directors, Officers, employees, and consultants.

On March 1, 2021, the Company granted 950,000 post consolidated restricted share units (RSU) to directors, officers and consultants. The restricted share units vest on January 1, 2022 with immediate vesting on a change of control or end of involvement as a director or officer of the Company. The Company recorded expense of \$70,000 related to the restricted share units granted during the period.

The details of this post consolidated restricted share units issued are as follows:

	<b>Period ended March 31, 2021</b>
	Number of RSU
Options outstanding, beginning of period	-
Issued	950,000
<b>Options outstanding, end of year</b>	<b>950,000</b>
<b>Exercisable, end of period</b>	<b>-</b>

As at March 31, 2021 there is no RSU vested and remaining life of the RSU outstanding is 0.75 years.

### **6. Key management compensation and related party transactions:**

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

For the nine months ended March 31, 2020, the Company incurred consulting fees of \$55,500 (2020 - \$52,897), and directors fees of \$Nil (2019 - \$8,850), paid to companies which are controlled by key management of the Company. At March 31, 2021, \$10,500 (June 30, 2020 - \$Nil) remained payable in relation to expense reimbursements or fees.

During the nine months ended March 31, 2021 the Company granted stock options to related parties for the value of \$112,020 (2020 - \$nil) and restricted shares units for the value of \$58,333 (2020-\$nil).

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**7. Financial instruments:**

The carrying values of the Company's financial instruments by category as at March 31, 2021 were as follows:

Asset (liability)	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	\$ —	\$ 2,070,707	\$ —
Trade and other receivables	—	260,626	—
Investments at fair value – Equity	6,971,709	—	—
Investments at fair value – Short term loans	255,000	—	—
Trade and other payables	—	—	(859,083)
	<b>\$ 7,226,709</b>	<b>\$ 2,331,333</b>	<b>\$ (859,083)</b>

The carrying values of the Company's financial instruments by category as at June 30, 2020 were as follows:

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>

**8. 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.

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements  
Nine months ended March 31, 2021 and 2020

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### **8. Risk Management (continued):**

#### **Financial instruments risks (continued)**

##### **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 March 31, 2021, the Company's trade and other receivables of \$224,563 (June 30, 2020 - \$45,269) consisted of \$108,393 (June 30, 2020 - \$13,448) due from the government in relation to GST returns, net trade receivables of \$103,223 (June 30, 2020 - \$Nil), and \$47,099 (June 30, 2020 - \$31,821) of interest receivable.

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 March 31, 2021 and 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 amounts of \$51,945 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 reviews the financial conditions of its investee companies regularly.

##### **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.

**BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

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**8. Risk Management (continued):****b) Liquidity risk (continued):****Financial instruments risks (continued):**

The following are the contractual maturities of financial liabilities as at March 31, 2021:

<b>Financial Liabilities</b>	<b>&lt; One Year</b>	<b>&gt; One Year</b>
Trade and other payables	\$ 859,083	\$ –
<b>Total</b>	<b>\$ 859,083</b>	<b>\$ –</b>

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>

**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 March 31, 2021, a 5% change in the closing trade price of the Company's equity investments would result in a \$37,500 (June 30, 2020 - \$37,500) change in unrealized gain (loss) on investments.

## **BLACKAWK GROWTH CORP.**

Notes to the condensed consolidated interim financial statements

Nine months ended March 31, 2021 and 2020

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### **8. Risk Management (continued):**

#### **d) Classification of financial instruments:**

IFRS 7 Financial Instruments: Disclosures establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – 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 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

<b>Financial assets</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Cash and cash equivalents	\$ 2,070,707	\$ –	\$ –
Trade and other receivables	–	48,072	–
Short-term loans	–	–	255,000
Equity investments	750,000	–	6,221,709
<b>Total financial assets</b>	<b>\$ 2,820,707</b>	<b>\$ 48,072</b>	<b>\$ 6,476,709</b>

### **9. Capital disclosures:**

As at March 31, 2021, in the definition of capital, the Company includes shareholders' equity of \$9,280,083 (June 30, 2020 - \$1,854,212). 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.

### **10. Subsequent events:**

Subsequent to the nine months ended March 31, 2021 the Company entered into a letter of intent, with TERP Wholesale, LLC an arm's-length party, to acquire TERP. Pursuant to the terms of the letter of intent, it is contemplated that the Company would acquire all of the outstanding membership interests in TERP in consideration for \$2,500,000 CDN which would be satisfied through the issuance of common shares of the Company to the existing members of TERP at a deemed price of \$0.95 per share.