

BGX - Black Gold Exploration Corp.

(Formerly 1280582 BC Ltd.)

Condensed Consolidated Interim Financial Statements
For the three months ended
March 31, 2024 and 2023
(Unaudited)

(Expressed in Canadian dollars, unless otherwise noted)

NOTE TO READER

Under National Instrument 51-102, if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a note indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management. The Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements.

BGX - Black Gold Exploration Corp.

Condensed Consolidated Interim Statements of Financial Position

As at March 31, 2024 and December 31, 2023

(Expressed in Canadian Dollars)

As at:	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	44,059	21,607
Investment GIC (Note 6)	824,195	967,986
Investment	2,858	-
Receivables	15,060	12,229
Total Current Assets	\$ 886,172	\$ 1,001,822
Non-current assets		
Exploration and evaluation asset (Note 7)	2,110,990	2,108,848
TOTAL ASSETS	\$ 2,997,162	\$ 3,110,670
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	37,008	80,662
Subscriptions received in advance	-	686,874
Total Current Liabilities	\$ 37,008	\$ 767,536
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	3,479,095	2,535,000
Special warrants (Note 9)	-	135,941
Equity reserve (Note 9)	126,226	-
Deficit	(645,167)	(327,807)
Total Shareholders' Equity	2,960,154	2,343,134
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,997,162	\$ 3,110,670

Nature of operations and going concern (Note 1)

Approved by the Board of Directors on May 27, 2024:

"/s/ Michael Sato", Director

"/s/ Francisco Gulisano", Director and CEO

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

BGX - Black Gold Exploration Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

For the three months ended March 31:	2024	2023
Operating Expenses		
Audit fees	\$ 3,000	\$ -
Consulting fees	20,000	20,000
General administration	479	331
Legal fees	40,298	-
Management fees (Note 8)	15,000	-
Professional fees	46,633	-
Regulatory fees	19,243	200
Travel expense	-	7,947
Share-based compensation (Note 8)	179,558	-
Total operating expenses	\$ 324,211	\$ 28,478
Loss before other income	\$ (324,211)	\$ (28,478)
Other Income		
Foreign exchange gain	329	-
Interest income (Note 6)	6,522	-
Net loss and comprehensive loss	\$ (317,360)	\$ (28,478)
Loss per share – basic and diluted	\$ (0.06)	\$ (0.01)
Weighted average number of shares outstanding – basic and diluted	5,057,691	2,550,000

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

BGX - Black Gold Exploration Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

	<u>Share Capital</u>					
	<u>Number</u>	<u>Amount</u>	<u>Special Warrants</u>	<u>Equity Reserve</u>	<u>Deficit</u>	<u>Total</u>
		\$	\$	\$	\$	\$
Balance at December 31, 2022	2,550,000	435,000	-	-	(42,073)	392,927
Conversion of special warrants	-	-	-	-	-	-
Net loss and comprehensive loss	-	-	-	-	(28,478)	(28,478)
Balance at March 31, 2023	2,550,000	435,000	-	-	(70,551)	364,449
Balance at December 31, 2023	4,650,000	2,535,000	135,941	-	(327,807)	2,343,134
Conversion of debt to equity (Note 8)	16,987	67,948	-	-	-	67,948
Conversion of special warrants	90,627	135,941	(135,941)	-	-	-
Conversion of private placement units	457,916	686,874	-	-	-	686,874
Performance common shares issued	13,333	53,332	-	-	-	53,332
Share based options issued	-	-	-	126,226	-	126,226
Net loss and comprehensive loss	-	-	-	-	(317,360)	(317,360)
Balance at March 31, 2024	5,228,863	3,479,095	-	126,226	(645,167)	2,960,154

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BGX - Black Gold Exploration Corp.

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars)

For the three months ended March 31:	2024		2023	
Operating Activities				
Net loss	\$	(317,360)	\$	(28,478)
<i>Items not involving cash:</i>				
Share-based compensation		179,558		-
Interest income		3,909		-
<i>Changes in non-cash working capital:</i>				
Receivables		(2,831)		(1,265)
Deposits and prepaid expenses		-		(5,000)
Accounts payable and accrued liabilities		24,294		138
Subscriptions received in advanced		-		203
Net cash used in operating activities	\$	(112,430)	\$	(34,402)
Investing Activities				
Net investments in GIC		139,882		-
Investments in securities		(2,858)		-
Exploration and evaluation expenditures		(2,142)		-
Net cash provided by investing activities	\$	134,882	\$	-
Change in cash during the period	\$	22,452	\$	(34,402)
Cash, beginning of the period	\$	21,607	\$	1,230,224
Cash, ending of the period	\$	44,059	\$	1,195,822
Cash (paid) received for:				
Interest	\$	10,431	\$	-

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

BGX - Black Gold Exploration Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

1. Nature of Operations and Going Concern

BGX - Black Gold Exploration Corp. (formerly 1280582 BC Ltd.) (the “Company”) was incorporated on December 21, 2020 in the Province of British Columbia. On February 24, 2022, the Company’s name changed from 1280582 BC Ltd. to BGX - Black Gold Exploration Corp. The Company is in the business of acquiring and exploring oil and gas assets. The registered office of the Company is located at 6th floor- 905 West Pender Street Vancouver, BC V6C 1L6.

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern under International Financial Reporting Standards (“IFRS”). The use of these principles under IFRS assumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge its liabilities in the normal course of operation.

The Company has incurred net losses since inception and as at March 31, 2024 has a deficit of \$645,167 (December 31, 2023 of \$327,807). The Company’s continuation as a going concern is dependent upon its ability to develop and attain profitable operations and generate funds from there, and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and/or private placement of common shares. These factors indicate the existence of material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Statement of Compliance and Basis of Presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting of the International Financial Reporting Standards” (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), following the same accounting policies, including estimates and judgments and methods of application as those disclosed in the annual audited consolidated financial statements for the year ended December 31, 2023, except as described in the notes to the condensed consolidated interim financial statements. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2023, which have been prepared in accordance with IFRS.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 27, 2024.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

2. Statement of Compliance and Basis of Presentation (continued)

Basis of presentation

These condensed consolidated interim financial statements have been prepared on a going concern basis, under the historical cost convention, except for certain financial instruments which may be measured at fair value in subsequent periods and have been prepared using the accrual basis of accounting except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entity controlled by the Company: Spinell S.A. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany transactions and balances have been eliminated.

Functional and presentation currency

All amounts in these condensed consolidated interim financial statements are presented in Canadian dollars, the functional currency of the Company. The Company considers the primary and secondary indicators as part of its decision-making process. The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

Significant accounting estimates and judgements

The significant estimates, assumptions and judgments applied to these condensed consolidated interim financial statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2023.

3. Material Accounting Policies

The material accounting policies applied to these condensed consolidated interim financial statements are the same as those applied to the Company's audited consolidated financial statements for the year ended December 31, 2023, except for the following:

Share-based payments

The Company grants stock options to purchase common shares and performance shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the grant date using the Black-Scholes option pricing model and is recognized over the vesting period. Share-based payments are initially recorded to equity reserve. Subsequently, consideration paid for the shares on the exercise of share-based payments are credited to share capital. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

BGX - Black Gold Exploration Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

3. Material Account Policies (continued)

The Company grants performance shares with vesting conditions not related to the market price of the equity instruments of the Company and, as a result, they are non-market performance conditions. Upon grant or issuance into escrow, the fair value of performance shares are recorded to equity reserve based on management's assessment of whether the vesting conditions will be met. The evaluation of whether vesting conditions will be met is reassessed every reporting period and changes, if any, are reflected in future periods. Upon vesting, the fair value of performance shares is transferred to share capital.

4. Risk Management and Financial Instruments

The Company's financial instruments consist of cash, short-term investments in Guaranteed Investment Certificates, receivables, accounts payable and accrued liabilities and subscriptions received in advance.

The Company's financial assets and liabilities are recorded and measured as follows:

Asset or Liability	Category
Cash	FVTPL
Investment GIC	Amortized cost
Investment	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Subscriptions received in advance	Amortized cost
Due to related parties	Amortized cost

Fair value

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. from derived prices); and
- Level 3: inputs for the asset or liability that are not based upon observable market data.

Cash and investments under the fair value hierarchy was recorded based on Level 1 inputs. The fair values of other financial instruments, which include short-term investments in Guaranteed Investment Certificates, receivables, accounts payable and accrued liabilities and subscriptions received in advance, approximate their carrying values due to the relatively short-term maturity of these instruments.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous reported periods unless otherwise stated in the note. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

BGX - Black Gold Exploration Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

4. Risk Management and Financial Instruments (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. Receivables are government sales tax receivable from the Canada Revenue Agency. The Guaranteed Investment Certificates are secured investments that the Company is able to sell into cash on demand; similarly, investments can be sold on demand. Management believes that credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due. The Company maintained cash at March 31, 2024 in the amount of \$44,059 and Guaranteed Investment Certificates of \$824,195 to meet short-term business requirements. At March 31, 2024, the Company had accounts payable of \$37,008. All of the Company's current financial liabilities have contractual maturities of less than 90 days. Liquidity risk is assessed as low.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

- (i) **Interest rate risk**
Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rates for the Company is considered minimal. The Company has no interest-bearing borrowings.
- (ii) **Foreign exchange rate risk**
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to U.S. Dollar and Argentinian Peso foreign exchange fluctuations. The Company assessed this risk to be insignificant.
- (iii) **Price risk**
The Company is not exposed to significant price risk.

5. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company considers the items included in shareholders' equity as capital. The Company's primary source of capital comes from the issuance of equity instruments.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars, unless otherwise noted)

5. Capital Management (continued)

The Company manages and adjusts its capital structure when changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek to additional funding through issuance of securities or new debt. The Company may require additional capital resources to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required in the long-term but recognizes there will be risks involved that may be beyond its control. There were no changes to the Company's capital management approach during the three months ended March 31, 2024. The Company is not subject to any externally imposed capital requirements.

6. Investment GIC

As at March 31, 2024 the balance of GIC was \$824,195 (December 31, 2023 - \$967,986) and the Company accrued \$3,909 in interest income related to this investment. The GIC carries an annual interest rate of 4% and the interest will be payable upon maturity.

7. Exploration and Evaluation Asset

On July 7, 2023, the Company entered into an amended purchase agreement with International Iconic Gold Exploration Corporation ("ICON") to acquire an oil and gas asset El Carmen (the "Property") by way of purchasing 95% interest in Spinell S.A. ("Spinell"), the owner of the property, in exchange for securities of the Company. The Company issued 2,100,000 common shares at a price of \$1.00 per share for a deemed transaction value of \$2,100,000 and the transaction was treated as an asset purchase transaction in accordance with IFRS 3. Of the total number of common shares issued for the transaction, 2,000,000 common shares of the Company are held in escrow until certain milestones are met in connection with the Property and will be issued to ICON once these milestones are met. These milestones include: 1,000,000 shares of the Company will be released from escrow upon the Property entering production of natural gas; and 1,000,000 shares of the Company will be released from escrow upon the Property entering production of oil.

During the three months ended March 31, 2024, the Company capitalized \$2,142 of exploration and evaluation expenses on the El Carmen property (March 31, 2023 - \$nil).

8. Related Party Transactions

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

During the three months ended March 31, 2024, the Company incurred \$15,000 (March 31, 2023 - \$ nil) in management fees to Francisco Gulisano, a director and CEO of the Company. As at March 31, 2024, \$5,684 (December 31, 2023 - \$28,809) was included in accounts payable and accrued liabilities for management fees due to Francisco Gulisano.

On March 14, 2024, the Company issued 9,531 common shares at \$4.00 per share to settle an aggregate outstanding debt of \$38,124 owed to the CEO of the Company.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

During the 3 months ended March 31, 2024, \$55,363 stock-based compensation was expensed related to officers and directors of the company (March 31, 2023 - \$Nil).

9. Share Capital

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

Issued and outstanding

	Number of Common Shares	Fair Value per Share \$	Fair Value of Shares \$
Balance at January 1, 2023	2,550,000	0.17	435,000
Issued (Note 7)	2,100,000	1.00	2,100,000
Balance at December 31, 2023	4,650,000	0.55	2,535,000
Issued units private placement	457,916	1.50	686,874
Issued special warrant private placement	90,627	1.50	135,941
Issued performance shares	13,333	4.00	53,332
Issued equity in exchange for debt	16,987	4.00	67,948
Balance at March 31, 2024	5,228,863	1.50	3,479,095

On July 7, 2023, the Company issued 2,100,000 common shares at a price of \$1.00 per share for the acquisition of a petroleum property for a deemed transaction value of \$2,100,000. Of the total number of common shares issued for the transaction, 2,000,000 common shares of the Company are held in escrow and are subject to certain milestones (Note 8).

On January 19, 2024, the Company closed its subscriptions in advance private placement round and issued 457,916 units of the Company (a "Unit") at a price of \$1.50 per Unit for total proceeds of \$686,874. Each Unit is comprised of one common share and one share purchase warrant at an exercise price of \$3.00 for a period of 3 years with an expiry date of January 19, 2027.

On February 2, 2024, the Company's 90,627 Special Warrants issued in a private placement at a price of \$1.50 per special warrant were exercised. Each special warrant is comprised of one common share and one common share purchase warrant (a "Warrant"). Each warrant is exercisable into one common share at an exercise price of \$3.00 for a period of three years.

On March 8, 2024, the Company issued 13,333 performance shares to a consultant at a price of \$4.00 per share.

On March 14, 2024, the Company issued an aggregate of 16,987 common shares at \$4.00 per share to settle an aggregate outstanding debt of \$67,948, of which \$38,124 was a debt owed to the CEO of the Company (Note 8).

BGX - Black Gold Exploration Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share capital (continued)

Subscription in Advance

During the year ended December 31, 2022, the Company accepted subscription agreements for a total of 88,630 special warrants (each a “Special Warrant”) at \$1.50 per Special Warrant for total consideration of \$132,945. During the year ended December 31, 2023, the Company accepted subscriptions in advance for a total of 1,997 special warrants (each a “Special Warrant”) at \$1.50 per Special Warrant for total consideration of \$2,995. On July 24, 2023, the Company issued a total of 90,627 special warrants (each a “Special Warrant”) at \$1.50 per Special Warrant for total consideration of \$135,941. Each Special Warrant will be convertible into units of the Company (each a “Unit”) comprising of one common share and one share purchase warrant (a “Warrant”). On February 2, 2024, the Special Warrants were converted into Units of the Company. Each warrant is exercisable into one common share at an exercise price of \$3.00 for a period of 3 years.

During the year ended December 31, 2022, the Company accepted subscriptions in advance for a total of 457,916 units at \$1.50 per unit for total consideration of \$686,874. Upon the closing of the agreement, the units, comprising of one common share and one share purchase warrant (each a “Warrant”), will be issued. Each Warrant is exercisable into one common share at an exercise price of \$3.00 for a period of three years from the date of issuance. During the three months ended March 31, 2024, the subscriptions in advance converted into private placement units on January 19, 2024. The subscription in advance balance was \$nil on March 31, 2024 (December 31, 2023 - \$686,874).

Share Purchase Warrants

A summary of the Company’s share purchase warrants is as follows:

	March 31, 2024		December 31, 2023	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Warrants outstanding - beginning of year	2,550,000	0.17	2,550,000	0.17
Issued special warrants converted	90,627	3.00	-	-
Issued units converted	457,916	3.00		
Warrants outstanding - end of year	3,098,543	0.67	2,550,000	0.17

Number of Warrants	Exercise Price \$	Remaining Contractual Life (years)	Expiry Date
500,000	0.05	2.74	December 27, 2026
2,050,000	0.20	2.84	January 31, 2027
90,627	3.00	2.84	February 2, 2027
457,916	3.00	2.81	January 19, 2027

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in Canadian Dollars, unless otherwise noted)

9. Share capital (continued)

Special Warrants

A summary of the Company's special warrants is as follows:

	Number of Special Warrants	Price per Special Warrant \$
Balance at December 31, 2022	-	-
Issued	90,627	1.50
Balance at December 31, 2023	90,627	1.50
Special Warrants converted	(90,627)	1.50
Balance at March 31, 2024	-	-

On July 26, 2023, the Company issued a total of 90,627 special warrants (each a "Special Warrant") at \$1.50 per Special Warrant for total consideration of \$135,941. Each Special Warrant is convertible into units of the Company (each a "Unit") comprising of one common share and one share purchase warrant (a "Warrant"). On February 2, 2024, the Special Warrants were exercised into units (each a "Unit"). Each Unit is comprised of one common share and one common share purchase warrant (a "Warrant"). Each warrant is exercisable into one common share at an exercise price of \$3.00 for a period of three years. Using the residual method, a \$nil value was allocated to the warrants.

Stock Options

On March 7, 2024, the Company granted 186,667 stock options to directors, officers and consultants of the Company with an exercise price of \$4.00 expiring on March 7, 2029. The options vest in accordance with terms between 2 to 5 years. In addition, the company granted a total of 13,333 performance share units convertible into 13,333 common shares at a price of \$4.00 a common share.

Black Scholes Model was used to value the stock options and used the following inputs: stock options expiry date of March 7, 2029, stock price at time of issuance was \$4.00 a share, the expected volatility used was 100%, the risk free rate was 3.83%, expected option life was 3.33 and exercise price is \$4.00 per common share.

10. Segmented information

The Company has one reportable operating segment, being the acquisition, exploration and evaluation of assets in Argentina.

Geographical information is as follows:

As at		March 31, 2023	December 31, 2023
Argentina			
Exploration and evaluation assets	\$	2,110,990	2,108,848
Cash and other assets	\$	1,903	3,391
Three months ended		March 31, 2023	March 31, 2022
Argentina			
Net Income	\$	110	-