

# **BLACK DRAGON GOLD CORP.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**  
**(Unaudited)**

**THREE MONTHS ENDED MARCH 31, 2021**

These unaudited condensed consolidated interim financial statements of Black Dragon Gold Corp. for the three months ended March 31, 2021 have been prepared by management and approved by the Board of Directors. These unaudited condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

**BLACK DRAGON GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars – Unaudited)  
AS AT

	Notes	March 31, 2021	December 31, 2020 (Audited)
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 1,844,133	\$ 2,097,420
Receivables	3	54,657	47,967
		<u>1,898,790</u>	<u>2,145,387</u>
<b>Deposits</b>		<u>1,240</u>	<u>1,240</u>
<b>Total assets</b>		<u>\$ 1,900,030</u>	<u>\$ 2,146,627</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5	\$ 384,687	\$ 335,997
<b>Total liabilities</b>		<u>384,687</u>	<u>335,997</u>
<b>Shareholders' equity</b>			
Share capital	6	24,661,799	24,661,799
Warrants	6	4,724,574	4,724,574
Reserves	6	5,909,006	5,909,006
Deficit		<u>(33,780,036)</u>	<u>(33,484,749)</u>
<b>Total shareholders' equity</b>		<u>1,515,343</u>	<u>1,810,630</u>
<b>Total liabilities and shareholders' equity</b>		<u>\$ 1,900,030</u>	<u>\$ 2,146,627</u>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 10)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 30, 2021 and are signed on its behalf by:

/s/ Paul Cronin  
Paul Cronin  
Director

/s/ Richard Monti  
Richard Monti  
Director

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

**BLACK DRAGON GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
(Unaudited)  
THREE MONTHS ENDED MARCH 31,

	Notes	2021	2020
<b>EXPENSES</b>			
Consulting		\$ 52,565	\$ 39,959
Directors' fees		63,974	48,023
Filing fees		16,020	12,062
Foreign exchange loss		60,864	115,589
General and administrative		90,788	113,573
General exploration		28,223	51,635
Management fees	7	-	42,659
Professional fees		(21,576)	25,957
Shareholder communication		918	2,081
Share-based compensation		-	-
Transfer agent		3,525	11
Travel and related		-	5,901
<b>Income (loss) before other items</b>		<u>(295,301)</u>	<u>(457,450)</u>
<b>OTHER ITEMS</b>			
Interest income		14	-
Gain /(loss) on settlement of debt		-	-
Other income		-	1,174
<b>Income (loss) and comprehensive income (loss) for the period</b>		<u>\$ (295,287)</u>	<u>\$ (456,276)</u>
<b>Basic and diluted income (loss) per common share</b>		<u>\$ (0.002)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding</b>		134,353,612	111,704,790

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

**BLACK DRAGON GOLD CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
(Unaudited)  
THREE MONTHS ENDED MARCH 31,

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) for the period	\$ (295,287)	\$ (456,276)
Items not affecting cash:		
Depreciation	-	-
Interest received on GIC	(14)	(1,174)
Share-based compensation	-	-
Shares issued for Directors services	-	24,011
Change in non-cash working capital items		
Decrease (increase) in receivables and	(6,690)	(25,583)
Decrease (increase) in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	<u>48,690</u>	<u>86,050</u>
Net cash used in operating activities	<u>(253,301)</u>	<u>(372,972)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest received on GIC	<u>14</u>	<u>1,174</u>
Net cash provided by financing activities	<u>14</u>	<u>1,174</u>
<b>Change in cash during the period</b>	<u>(253,287)</u>	<u>(371,798)</u>
<b>Cash, beginning of period</b>	<u>2,097,420</u>	<u>1,761,658</u>
<b>Cash, end of period</b>	<u>\$ 1,844,133</u>	<u>\$ 1,389,860</u>

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

**BLACK DRAGON GOLD CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**

(Expressed in Canadian dollars)

(Unaudited)

	<u>Share Capital</u>					
	Number	Amount	Warrants	Reserves	Deficit	Total
<b>Balance, December 31, 2019</b>	111,557,814	\$ 23,165,446	\$ 4,724,574	\$ 5,909,006	\$ (32,299,856)	\$ 1,499,170
Shares issued for cash, net	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Shares issued for Directors services	371,522	24,011	-	-	-	24,011
Equity portion of convertible debentures	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-
Income (loss) for the period	-	-	-	-	(456,276)	(456,276)
<b>Balance, March 31, 2020</b>	111,929,336	\$ 23,189,457	\$ 4,724,574	\$ 5,909,006	\$ (32,756,132)	\$ 1,066,905

	<u>Share Capital</u>					
	Number	Amount	Warrants	Reserves	Deficit	Total
<b>Balance, December 31, 2020</b>	134,353,612	\$ 24,661,799	\$ 4,724,574	\$ 5,909,006	\$ (33,484,749)	\$ 1,810,630
Shares issued for cash, net	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Warrants issued with convertible debentures	-	-	-	-	-	-
Shares issued for Directors services	-	-	-	-	-	-
Share-based compensation	-	-	-	-	-	-
Income (loss) for the period	-	-	-	-	(295,287)	(295,287)
<b>Balance, March 31, 2021</b>	134,353,612	\$ 24,661,799	\$ 4,724,574	\$ 5,909,006	\$ (33,780,036)	\$ 1,515,343

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

**BLACK DRAGON GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

THREE MONTHS ENDED MARCH 31, 2021

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Black Dragon Gold Corp. (the “Company”) was incorporated under the laws of the Province of British Columbia on August 20, 2007, and is classified as a junior mining issuer with the Australian Securities Exchange (the “ASX”). On February 28, 2020, the Company voluntarily delisted from the TSX Venture Exchange (“TSX-V”) and continued to trade on the ASX. The Company’s head office address is Ground Floor, Regent House, Rodney Road, Cheltenham, Gloucestershire, GL50 1HX, U.K. The registered and records office address is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2.

These unaudited interim consolidated financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded in these financial statements.

The unaudited interim consolidated financial statements for the period ended March 31, 2021 do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

On May 1, 2018, the Company completed a consolidation of its issued and outstanding common shares on the basis of three (3) pre-consolidation common shares, options and warrants to one (1) post consolidation common share, option and warrant (the “Share Consolidation”). The Share Consolidation has been presented throughout the consolidated financial statements retroactively and all equity related issuances are presented on a post consolidation basis.

**2. SIGNIFICANT ACCOUNTING POLICIES****Basis of presentation**

These unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of application as the Company’s most recent annual audited consolidated financial statements. These unaudited condensed consolidated interim financial statements do not include all information and disclosures required in audited consolidated financial statements and should be read in conjunction with the Company’s December 31, 2020 audited consolidated financial statements.

**BLACK DRAGON GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

THREE MONTHS ENDED MARCH 31, 2021

**3. RECEIVABLES**

		March 31, 2021	December 31, 2020
Related party receivable	\$	36,558	\$ 9,400
Value-added tax receivable		8,990	29,906
GST receivable		<u>9,110</u>	<u>8,661</u>
Total	\$	<u>54,657</u>	<u>\$ 47,967</u>

**BLACK DRAGON GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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THREE MONTHS ENDED MARCH 31, 2021

**4. EXPLORATION AND EVALUATION ASSETS****Salave Gold Property**

The Salave Project is comprised of 30-year-term mining concessions over the resource area. On January 23, 2018 the Company announced that it had commenced an exploration drilling program on the Salave Gold Deposit ("Salave" or "Salave Project") in Asturias, Spain, following the receipt of approval from the Asturias Ministry of Employment, Industry & Tourism, as well as the Municipality of Tapia de Casariego. This drilling program was completed in April of 2018.

A Preliminary Economic Assessment of the Salave project was performed in 2018 and on February 11, 2020 the Company announced results of the PEA. The PEA is based on the recently completed Mineral Resource Estimate completed by CSA Global.

Although the Company has taken steps to verify title to its mineral property in which it has an interest, these procedures do not guarantee the Company's title. Its property may be subject to prior agreements or transfers and title may be affected by undetected defects. Further, we make judgements for properties where concessions terms have expired, and a renewal application has been made and is awaiting approval. We use judgement as to whether the concession renewal application is probable to be received, but ultimately this is beyond our control. If a renewal application is not approved, we could lose rights to those concession.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	March 31, 2021	December 31, 2020
Account payables	\$ 70,733	\$ 60,250
Accrued liabilities	220,121	143,799
Due to related parties (Note 7)	<u>93,833</u>	<u>131,948</u>
Total	<u>\$ 384,687</u>	<u>\$ 335,997</u>

**6. SHARE CAPITAL AND RESERVES***Authorized:*

Unlimited number of common shares without par value.

**Issued – 2020 transactions**

On February 20, 2020, the Company issued 371,522 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$26,373, which resulted with a loss on debt settlement of \$2,718

On August 24, 2020, the Company issued 21,428,572 shares at AUD\$0.07 per share for gross proceeds of AUD\$1,500,000 (\$1,423,137). Finders fees paid were comprised of cash payments totalling \$77,856.

On September 14, 2020, the Company issued 995,704 shares valued at \$0.13 per share to settle outstanding director and officer fees. The shares had a fair value of \$124,699, which resulted with a loss on debt settlement of \$58,163 (Note 8).

**Issued - 2019 transactions**

On November 20, the Company issued 696,589 shares valued at \$0.07 per share to settle outstanding director fees. The shares had a fair value of \$48,761, which resulted with a gain on settlement of debt of \$21,952 .

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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THREE MONTHS ENDED MARCH 31, 2021

**6. SHARE CAPITAL AND RESERVES (continued)****Warrants**

A summary of the number of common shares reserved pursuant to the Company's warrants outstanding as at March 31, 2021 and 31 December 2020, is as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2018	75,895,489	0.34
Expired	<u>(73,228,823)</u>	0.34
Outstanding, December 31, 2019	2,666,666	\$ 0.33
Outstanding, December 31, 2020	2,666,666	\$ 0.33
Outstanding, March 31, 2021	2,666,666	\$ 0.33

**BLACK DRAGON GOLD CORP.**

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

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THREE MONTHS ENDED MARCH 31, 2021

**6. SHARE CAPITAL AND RESERVES (continued)****Stock options**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants, to acquire up to 10% of the issued and outstanding common stock. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the board of directors.

As at March 31, 2021 the following incentive stock options are outstanding;

Expiry Date	Number of Options	Exercise Price
September 24, 2027	5,983,333	\$0.24
October 22, 2027	416,666	\$0.24
August 29, 2023	333,333	\$0.33
September 18, 2022	1,500,000	\$0.10
<b>Total</b>	<b>8,233,332</b>	<b>\$0.22</b>

During the three months ended March 31, 2021, the Company recognized \$Nil (2020 - \$Nil) of share-based compensation expense.

**BLACK DRAGON GOLD CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

THREE MONTHS ENDED MARCH 31, 2021

**7. RELATED PARTY TRANSACTIONS**

The Company considers personnel with the authority and responsibility for planning, directing and controlling the activities of the Company to be key management personnel.

*Transactions with key management personnel*

The following amounts were incurred with respect to the Company's current and former Presidents and Chief Executive Officers, the current and former directors and the current and former Chief Financial Officers of the Company:

	Three Months ended March 31, 2021	Three Months ended March 31, 2020
Management fees – Chief Executive Officer	\$ 32,732	\$ 31,910
Directors' fees	48,008	48,023
Administrative fees – Chief Executive Officer	13,093	12,764
Administrative fees – Chief Financial Officer	-	29,895
Share-based compensation	-	-
	<b>\$ 93,833</b>	<b>\$ 122,592</b>

During the quarter ended March 31, 2021, The Company has not issued any common shares pursuant to the shareholder resolutions relating to Non-Executive Directors' receiving common shares in lieu of cash payment to settle outstanding director fees.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT***Fair value*

The inputs used in making fair value measurements are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of receivables and accounts payable and accrued liabilities and loan facility approximated their fair value because of the short-term nature of these instruments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

Financial instruments measured at fair value on the consolidated statements of financial position are summarized in levels of fair value hierarchy as follows:

Assets	Level 1	Level 2	Level 3	Total
Cash and equivalents	\$ 1,844,133	\$ -	\$ -	\$ 1,844,133

**BLACK DRAGON GOLD CORP.**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

(Unaudited)

THREE MONTHS ENDED MARCH 31, 2021

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** (continued)

The Company has exposure to the following risks from its use of financial instruments:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's cash is held at large financial institutions and it believes it has no significant credit risk.

*Liquidity risk*

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating investing and financing activities. As at March 31, 2021, the Company had current assets of \$1,898,790 to settle current liabilities of \$384,687 which either have contractual maturities of less than 30 days and are subject to normal trade terms or are due on demand.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign exchange rates.

*a) Interest rate risk*

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and no-interest bearing debt, therefore, interest rate risk is nominal.

*b) Foreign currency risk*

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Spain by using Euros converted from its Canadian bank accounts. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. Based on the Company's Euro denominated financial instruments at March 31, 2021, a 10% change in exchange rates between the Canadian dollar and the Euro would result in a change in foreign exchange gain or loss amounting to CAD 1,274,424.

**BLACK DRAGON GOLD CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

(Expressed in Canadian dollars)

(Unaudited)

THREE MONTHS ENDED MARCH 31, 2021

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**9. CAPITAL MANAGEMENT**

The Company's capital structure consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its business and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, high liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the year. The Company will need to raise additional capital by obtaining equity financing, selling assets and incurring debt to develop its business.

**10. SUBSEQUENT EVENTS**

On 5 May 2021 the Company issued 1,285,539 shares in the Company to directors for the payment of director fees as approved by shareholders at the 2020 AGM. The shares were issued in lieu of fees for up to 50% of directors' remuneration.