WESTMOUNTAIN GOLD, INC. AND SUBSIDIARIES

Consolidated Financial Statements
and
Independent Auditor’s Report
February 29, 2020 and February 28, 2019

WESTMOUNTAIN GOLD, INC.
INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of WestMountain Gold, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of WestMountain Gold, Inc. as of February 29, 2020 and February 28, 2019, the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2020 and February 28, 2019, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Substantial Doubt about the Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a significant accumulated deficit. In addition, the Company continues to experience negative cash flows from operations. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ BF Borgers CPA PC

BF Borgers CPA PC

We have served as the Company's auditor since 2019
Lakewood, CO
August 25, 2020

WestMountain Gold, Inc.
Audited Consolidated Balance Sheets

	February 29, 2020	February 28, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,888,949	$ 769,561
Prepaid expenses	211,082	142,629
Total current assets	2,100,031	912,190
Property and equipment, net	23,894	39,089
Asset retirement costs	72,786	75,848
Security deposits	1,225,140	1,225,140
Total assets	$ 3,421,851	$ 2,252,267
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 65,330	$ 9,127
Accrued interest - related party	566,013	269,654
Accrued liabilities	28,826	11,077
Total current liabilities	660,169	289,858
Notes payable	6,000,000	6,000,000
Asset retirement obligation	193,701	172,352
Total liabilities	6,853,870	6,462,210
Commitments and contingencies	-	-
Stockholders' Equity:		
Preferred stock, $0.10 par value, 1,000,000 shares authorized, 0 issued and outstanding as of February 29, 2020 and February 28, 2019	-	-
Common stock, $0.01 par value. 100,000,000 shares authorized; 16,659,531 and 8,559,531 shares issued and outstanding as of February 29, 2020 and February 28, 2019, respectively	166,595	85,595
Additional paid-in capital	6,519,472	2,525,565
Accumulated deficit	(10,118,086)	(6,821,103)
Total stockholders' deficit	(3,432,019)	(4,209,943)
Total liabilities and deficit	$ 3,421,851	$ 2,252,267

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

WestMountain Gold, Inc.
Audited Consolidated Statements of Operations

	Year Ended February 29, 2020	Year Ended February 28, 2019
Sales	$ -	$ 396,197
Cost of goods sold	-	-
Gross margin	-	396,197
Operating expenses:		
General and administrative	1,038,370	1,944,687
Exploration expense	1,942,835	1,131,710
Total operating expenses	2,981,205	3,076,397
Income (loss) from operations	(2,981,205)	(2,680,200)
Other income (expense)		
Interest income (expense), net	1,929	290
Asset retirement obligation	(21,348)	(18,098)
Interest expense, related party	(296,359)	(255,067)
Total other income (expense)	(315,778)	(272,875)
Income (loss) before income taxes	(3,296,983)	(2,953,075)
Provision for income taxes (benefit)	-	-
Net loss	(3,296,983)	(2,953,075)
Basic and diluted earnings (loss) per common share	$ (0.24)	$ (0.35)
Weighted-average number of common shares outstanding:		
Basic and diluted	13,913,629	8,555,399

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

WestMountain Gold, Inc.
Audited Consolidated Statement of Changes in Stockholders' Deficit

	Preferred Stock		Common Stock		Additional Paid-In	Subscription	Accumulated	Total Stockholders'
	Shares	Value	Shares	Value	Capital	Receivable	Deficit	Deficit
Balance, February 28, 2018	-	$ -	8,331,531	$ 83,315	$ 2,379,598	(197,000)	$ (3,868,028)	$ (1,602,115)
Net income (loss)	-	-	-	-	-	-	(2,953,075)	(2,953,075)
Issuance of common stock in connection with sales made under private offerings	-	-	228,000	2,280	111,720	-	-	114,000
Stock-based compensation expense related to stock options	-	-	-	-	34,247	-	-	34,247
Funds received for stock previously issued through private offerings	-	-	-	-	-	197,000	-	197,000
Balance, February 28, 2019	-	$ -	8,559,531	$ 85,595	$ 2,525,565	-	$ (6,821,103)	$ (4,209,943)
Net income (loss)	-	-	-	-	-	-	(3,296,983)	(3,296,983)
Issuance of common stock in connection with sales made under private offerings	-	-	8,100,000	81,000	3,969,000	-	-	4,050,000
Stock-based compensation expense related to stock options	-	-	-	-	24,907	-	-	24,907
Balance, February 29,2020	-	$ -	16,659,531	$166,595	$ 6,519,472	-	$ (10,118,086)	$ (3,432,019)

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

WestMountain Gold, Inc.
Audited Consolidated Statements of Cash Flows

		Year Ended February 29, 2020		Year Ended February 28, 2019
Cash flows from operating activities of continuing operations:				
Net income (loss)	$	(3,296,983)	$	(2,953,075)
Adjustments to reconcile net loss to cash used in operating activities:				
Depreciation and amortization		15,195		10,836
Stock-based compensation		24,907		34,247
Changes in operating assets and liabilities:				
Accounts receivable – other		-		60,647
Prepaid expenses		(68,453)		4,142
Accounts payable		56,203		(45,443)
Asset retirement obligation		21,349		18,098
Asset retirement costs		3,062		3,751
Accrued liabilities		17,749		11,077
Accrued interest		296,359		255,068
Net cash used in operating activities		(2,930,612)		(2,600,652)
Cash flows from investing activities:				
Purchase of fixed assets		-		(49,925)
Net cash used in financing activities		-		(49,925)
Cash flows from financing activities:				
Proceeds from the sale of promissory notes		-		1,000,000
Decrease in subscription receivable		-		(197,000)
Proceeds from stock issuances		4,050,000		114,000
Net cash provided by financing activities		4,050,000		1,311,000
Net increase (decrease) in cash and cash equivalents		1,119,388		(1,339,577)
Cash and cash equivalents at beginning of period		769,562		2,109,139
Cash and cash equivalents at end of period	$	1,888,950	$	769,562
Supplemental disclosure of cash flow information:				
Cash paid for interest	$	-	$	-
Cash paid for income taxes	$	-	$	-

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

1. NATURE OF OPERATIONS

WestMountain Gold, Inc. ("WMTN" or the "Company") is an exploration stage mining company, determined in accordance with applicable Securities and Exchange Commission ("SEC") guidelines, which pursues gold projects.

WMTN's wholly-owned subsidiary, Terra Gold Corporation ("TGC"), was a joint venture partner with Raven Gold Alaska, Inc. ("Raven") through February 12, 2014, on a gold system project ("the Terra Project"). On February 12, 2014, the Company, through its wholly-owned subsidiary, Terra Gold Corp, acquired 100% ownership interest in the Terra Project from Raven, which is a wholly-owned subsidiary of Corvus Gold Inc. for $1.8 million in cash and 200,000 shares of WMTN.

On March 1, 2017 the Company filed for relief under Chapter 11 of the Unites States Bankruptcy Code (titled 11 of the United States Code) in the United States Bankruptcy Court for the District of Colorado (the "Court"). At the time of the filing, the Company had approximately $8.3 million of outstanding debt, $2.4 million of accrued and unpaid interest, and $1.9 million of outstanding trade payables. Under the plan, a portion of the Company's Creditors converted their claims into a $5.0 million Secured Promissory Note ("Senior Note"). The Senior Note accrues interest at an annual rate equal to 2.0% above the current yield of a 10-year U.S. Treasury bond and is due on February 7, 2023. The interest rate will change annually on February 7th. Additionally, the Company has the option to extend the maturity date for an additional two years by paying an amount equal to one half of the outstanding accrued interest as of February 7, 2023. Under the terms of the Plan, the Company's remaining creditors received Common Stock at a rate equal to $0.20 Common Stock for each dollar of claim then held.

The Company had 74,240,023 Common Shares outstanding and had 60,000 Preferred Shares outstanding at the date of the bankruptcy filing. Following a reverse split of 500:1 per the Plan of Reorganization, WestMountain's Pre-Petition Common Stock represented approximately 1.8% of the Common Stock. The Company's Pre-Petition Preferred Stock converted into Common Stock representing approximately 0.7% of the total outstanding Common Stock. On January 19, 2018, the Court confirmed the Debtors' First Amended and Restated Joint Plan of Reorganization dated December 20, 2017 ("Reorganization").

The Company is currently focused on exploration at the Terra Project (which it now calls the "Terra Project") in the state of Alaska. The Terra Project consists of 339 Alaska state mining claims plus an additional 5 unpatented lode mining claims held under the lease (subject to a 3-4% net smelter return ("NSR") royalty to the lessor, dependent upon the gold price) covering 86.1 square miles (55,104 acres). The property is centered on a five mile long trend of gold vein occurrences. All government permits and reclamation plans for continued exploration through 2024 were renewed and the fees to maintain the Terra claims through September 2020 were paid by the Company. The property lies approximately 120 miles west-northwest of Anchorage and is accessible via helicopter or fixed-wing aircraft. The property has haul roads, a mill facility and adjoining camp infrastructure, a tailings pond, and other infrastructure. The remote camp is powered by diesel-powered generators and water is supplied to the mill by spring-fed sources and year-round water well.

The Company is considered an exploration stage company under SEC criteria because it has not demonstrated the existence of proven or probable reserves at the Terra Project. Accordingly, as required under SEC guidelines and U.S. GAAP for companies in the exploration stage, substantially all expenditures in the mining properties to date, have been expensed as incurred and therefore do not appear as assets on our balance sheet. The Company expects to remain as an exploration stage company for the foreseeable future. The Company will not exit the exploration stage until such time that it demonstrates the existence of proven or probable reserves that meet SEC guidelines. Likewise, unless mineralized material is classified as proven or probable reserves, substantially all expenditures for mine exploration and construction will continue to be expensed as incurred.

COVID-19

On March 11, 2020, the World Health Organization ("WHO") declared the Covid-19 outbreak to be a global pandemic. In addition to the devastating effects on human life, the pandemic is having a negative ripple effect on the global economy, leading to disruptions and volatility in the global financial markets. Most US states and many countries have issued policies intended to stop or slow the further spread of the disease.

Covid-19 and the U.S,'s response to the pandemic are significantly affecting the economy. There are no comparable events that provide guidance as to the effect the Covid-19 pandemic may have, and, as a result, the ultimate effect of the pandemic is highly uncertain and subject to change. We do not yet know the full extent of the effects on the economy, the markets we serve, our business, or our operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its Reorganization on January 19, 2018 resulting in an accumulated deficit of $10,118,086 as of February 29, 2020, and further losses are anticipated in the development of its business. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern.

During the next several years WMTN estimates that it will require approximately $12.0-$15.0 million in capital to achieve its business plan. WMTN expects to raise this capital through the issuance of equity or debt. Additionally, the Company is considering all avenues to satisfy its existing obligations under its $5.0 million Senior Note as well as providing the required performance guarantee bonds related to its business. The Company expects to remain in the exploration stage for the foreseeable future and continues to evaluate its options for alternative revenue-generating operations, which may result in a change of the Company's current business plan. Alternatively, the Company may choose to scale back operations with a smaller level of business activity, while adjusting overhead depending on the availability of additional financing.

No assurance can be given that WMTN will be able to raise the additional capital as it is needed, or that this capital can be obtained or on reasonable terms acceptable to the Company. Also, as a result of the COVID-19 outbreak, securing capital for development stage companies has become much more difficult compared to recent levels prior to COVID-19.

If the Company is unsuccessful in obtaining or agreeing to financing, the Company may be forced to discontinue all operations.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with US GAAP and are expressed in United States dollars. For the years ended February 29, 2020, and 2019, the consolidated financial statements include the accounts of the Company; and its wholly-owned subsidiary, Terra Gold Corporation. All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to revenue recognition and contingencies. The Company bases its estimates on historical experience, known or expected trends, and various other assumptions that are believed to be reasonable given the quality of information available as of the date of these financial statements. The results of these assumptions provide the basis for making estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks and money market funds, the fair value of which approximates cost. The Company maintains its cash balances with a high-credit-quality financial institution. At times, such cash may be more than the Federal Deposit Insurance Corporation-insured limit of $250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk on its cash and cash equivalents.

Revenue Recognition

The Company recognizes revenue under the guidelines of The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606. Revenue is recognized net of royalties. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example, the London Bullion Market for both gold and silver, in an identical form to the product sold.

Fair Value Measurements

FASB ASC 820 "Fair Value Measurements and Disclosures" ("ASC 820") defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of February 29, 2020, and February 28, 2019. The Company uses the market approach to measure fair value for its Level 1 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The respective carrying value of certain balance sheet financial instruments approximates its fair value. These financial instruments include cash, trade receivables, related party payables, accounts payable, accrued liabilities, and short-term borrowings. Fair values were estimated to approximate carrying values for these financial instruments since they are short term in nature, and they are receivable or payable on demand.

The estimated fair value of assets and liabilities acquired in business combinations and reporting units and long-lived assets used in the related asset impairment tests utilize inputs classified as Level 3 in the fair value hierarchy.

Property and equipment

Property and equipment are stated at cost or fair value if acquired as part of a business combination. Depreciation is computed by the straight-line method and is charged to operations over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The carrying amount and accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in the results of operations. The estimated useful lives of property and equipment are as follows:

Computers, software, and office equipment	1 – 5 years
Machinery and equipment	1 – 3 years
Vehicles	5 years
Furniture and fixtures	5 – 10 years
Leasehold improvements	Lesser of the lease term or estimated useful life

Construction in process is not depreciated until the construction is completed and the asset is placed into service.

Income taxes

The Company accounts for income taxes under FASB ASC 740, *"Accounting for Income Taxes"*. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. FASB ASC 740-10-05, *"Accounting for Uncertainty in Income Taxes"* prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company assesses the validity of its conclusions regarding uncertain tax positions every quarter to determine if facts or circumstances have arisen that might cause it to change its judgment regarding the likelihood of a tax position's sustainability under audit.

Related Parties

The Company accounts for related party transactions in accordance with ASC 850 ("Related Party Disclosures"). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, *"Earnings per Share"*. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Recent accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations except as noted below:

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 (“ASU 2019-12”), *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The standard is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, as well as improve the consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For the Company, the amendments in ASU 2019-12 are effective for annual periods beginning January 1, 2022. The Company is evaluating the impact this new accounting guidance may have on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. This new standard established a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The Company adopted the standard on January 1, 2019, and all leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. As of February 29, 2020, the Company did not have any leases that fell under this standard.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its financial position or results of operations.

3. PREPAID EXPENSES

The following table sets forth the components of the Company’s prepaid expenses on February 29, 2020 and February 28, 2019:

	February 29, 2020	February 28, 2019
Insurance down payments	$ 16,202	$ 14,416
Annual fees	194,880	128,213
Total	$ 211,082	$ 142,629

Prepaid expenses represent prepayments made in the normal course and in which the economic benefit is expected to be realized within twelve months.

4. PROPERTY AND EQUIPMENT

The following table sets forth the components of the Company’s property and equipment at February 29, 2020 and February 28, 2019:

	February 29, 2020			February 28, 2019		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Capital assets subject to depreciation:						
Machinery and equipment	$49,925	$ (26,031)	23,894	$49,925	$ (10,836)	39,089
Total fixed assets	$49,925	$ (26,031)	$ 23,894	$49,925	$ (10,836)	$ 39,089

For the years ended February 29, 2020 and the year ended February 28, 2019, the Company recorded depreciation expense of $15,195 and $10,836 respectively.

5. OTHER ASSETS

Since 2017, the Company's wholly-owned subsidiary, Terra Gold Corporation ("TGC"), has provided a $1,224,140 certificate of deposit (the "CD") as security for a Land Use Performance Guarantee Agreement ("Performance Guarantee") as required by the Alaska Department of Natural Resources ("ADNR"). The CD was pledged to and accepted by the ADNR on February 1, 2017, which remains in full effect until TGC has satisfactorily complied with the obligations, terms and conditions of the Performance Guarantee.

On February 1, 2018, the Company paid a $1,000 deposit to Corporate Stock transfer that will be kept on file for the duration of our business relationship with this vendor.

The Company operates in Alaska. ADNR requires a pool of funds from all permittees with exploration and mining projects to cover reclamation. There is a $750 per acre disturbance reclamation bond that is required for disturbance of 5 acres or more and/or removal of more than 50,000 cubic yards of material. The Company disturbed area is currently less than five acres and/or 50,000 cubic yards of material. The Company uses the Standardized Reclamation Cost Estimator (nvbond.org), the method presented in the Mine Closure and Reclamation Cost Estimation Guidelines, to calculate the Company's asset retirement obligation ("ARO"). The asset retirement obligation, consisting of estimated future mine reclamation and closure costs, may increase or decrease significantly in the future as a result of changes in regulations, mine plans, estimates, or other factors. The Company's ARO is recognized as a liability at fair value in the period incurred. An ARO, which is initially estimated based on discounted cash flow estimates, is accreted to full value over time through charges to accretion expense. Resultant ARO cost assets are depreciated on a units-of-production method over the related long-lived asset's useful life. The Company's ARO is adjusted annually, or more frequently at interim periods if necessary, to reflect changes in the estimated present value resulting from revisions to the timing or amount of reclamation and closure costs.

The following table sets forth the components of the Company's Other Assets at February 29, 2020 and February 28, 2019.

	February 29, 2020	February 28, 2019
State of Alaska performance guarantee	$ 1,224,140	$ 1,224,140
Security deposit	1,000	1,000
Asset retirement costs	72,786	75,848
Total other assets	$ 1,297,926	$ 1,300,988

6. ACCOUNTS PAYABLE

Trade payables are recognized initially at the transaction price and subsequently measured at the undiscounted amount of cash or other consideration expected to be paid. Accrued expenses are recognized based on the expected amount required to settle the obligation or liability. The accounts payable balance as of February 29, 2020 and February 28, 2019 is $65,330 and $9,127, respectively.

7. RELATED PARTY PAYABLES AND ACTIVITY

The Company entered into a promissory note with BOCO Investments, a related party, dated February 7, 2018 in the amount of $5,000,000. The note has a maturity date of February 7, 2023 and carries an interest rate of 2% plus 10-year US Treasury Bond Yield yearly adjustment on February 7. The default interest rate is 14%. As of February 29, 2020 and February 28, 2019 the principal and accrued interest is $5,485,811 and $5,256,014, respectively.

The Company entered into a promissory note with BOCO Investments, a related party, dated December 18, 2018, in the amount of $1,000,000. The note has a maturity date of December 18, 2021, and carries an interest rate of 4% plus 10-year US Treasury Bond Yield yearly adjustment on December 18. The default interest rate is 14%. As of February 29, 2020 and February 28, 2019 the principal and accrued interest is $1,080,202 and $1,013,640, respectively.

As of February 29, 2020, BOCO Investments owned approximately 76.4% of the Company. Brian Klemsz, a member of the Company's Board of Directors, is employed by Bohemian Asset Management which oversees and manages the investments of BOCO Investments, LLC.

8. COMMITMENTS AND CONTINGENCIES

On January 7, 2011, Terra Mining Corporation ("TMC") entered into an Amended Claims Agreement with Ben Porterfield related to five mining claims known as Fish Creek 1-5 (ADL-648383 through ADL-648387), which claims have been assigned to the Terra Project. As part of this Amended Claims Agreement, Ben Porterfield consented to certain conveyances, assignments, contributions and transfers related to the above five mining claims.

The Amended Lease Agreement dated January 7, 2011, which incorporates certain transfers and amendments to the Lease dated March 22, 2005, between Ben Porterfield and AngloGold Ashanti (USA) Exploration Inc., has a term of ten years, which can be extended as long thereafter as the Company pays the minimum royalties provided in the Amended Lease Agreement. Effective March 22, 2015, the annual minimum royalty payment due is $125,000. Terra Gold Corp, our wholly owned subsidiary,. was assigned the interest of Terra Project on January 22, 2014.

9. INCOME TAXES

Reconciliation between the expected federal income tax rate and the actual tax rate is as follows:

	Years Ended	
	February 29, 2020	February 28, 2019
Federal statutory tax rate	21%	21%
State tax, net of federal benefit	5%	5%
Total tax rate	26%	26%
Allowance	(26)%	(26)%
Effective tax rate	-%	-%

The following is a summary of the deferred tax assets:

	Year Ended	
	February 29, 2020	**February 28, 2019**
Net operating loss carryforwards	$ 2,623,000	1,765,000
Valuation allowance	(2,623,000)	(1,765,000)
Net deferred tax asset	$ -	$ -

The Company has no tax provision for any period presented due to our history of operating losses. As of February 29, 2020, the Company had estimated net operating loss carry forwards of approximately $10,087,000 that may be available to reduce future years' taxable income through 2032 subject to Section 382 limitations. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as management has determined that their realization is not likely to occur and accordingly, the Company has recorded a valuation allowance for the full value of the deferred tax asset relating to these tax loss carry-forwards. Additionally, the Company has not filed tax returns, therefore the potential realizability of this loss in future periods is indeterminable

The Company adopted accounting rules which address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under these rules, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. These accounting rules also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of February 29, 2020 no liability for unrecognized tax benefits was required to be recorded.

10. STOCKHOLDERS' EQUITY

Common stock

The Company is authorized to issue 100,000,000 shares of common stock at a par value of $0.01 and had 16,659,531 and 8,559,531 shares of common stock issued and outstanding as of February 29, 2020 and February 28, 2019, respectively.

Preferred stock

The Company is authorized to 1,000,000 shares of preferred stock at a par value of $0.10. There were no preferred shares issued and outstanding as of February 29, 2020 and February 28, 2019.

Common Stock Issued in Private Placements

During the year ended February 29, 2020, the Company issued 8,100,000 shares and realized proceeds of $4,050,000.

Stock Options

The following table represents all outstanding and exercisable stock options as of February 29, 2020.

	Options Issued	Options Forfeited	Options Outstanding	Vested Options	Strike Price	Weighted Average Remaining Life (Yrs.)
	14,500	(8,250)	6,250	6,250	$ 50.00	3.18
	2,000	-	2,000	2,000	$ 60.00	1.60
Total	16,500	(8,250)	8,250	8,250	$ 52.42	2.79

During the quarter ended July 31, 2015, the Company issued a six-and-a-quarter year option to purchase 2,000 shares of our common stock at $60.00 per share. On the date of grant, utilizing the Black-Scholes model, the following assumptions were used: expected life of the options of 6.25 years, expected volatility of 148.30%, risk-free interest rate of 2.00% and no dividend yield. The remaining stock-based compensation to be recorded on this issuance was $0 as of February 29, 2020.

During the quarter ended July 31, 2016, the Company issued seven year options to purchase 14,500 of our common stock at $50.00 per share. On the date of grant, utilizing the Black-Scholes model, the following assumptions were used: expected life of the options of 5 years, expected volatility of 258.53%, risk-free interest rate of 1.32% and no dividend yield. During the years ended February 29, 2020 and February 28, 2019, the Company recorded $24,907 and $34,247 in stock-based compensation expense related to these stock options after calculating their value using the Black-Scholes pricing model. The remaining stock-based compensation to be recorded on this issuance was $4,151 as of February 29, 2020.

11. SUBSEQUENT EVENTS

In accordance with ASC 855-10 management has performed an evaluation of subsequent events from February 29th, 2020, through the date the financial statements were available to be issued and has determined that there are no items requiring disclosure.

WestMountain Gold, Inc.
Consolidated Balance Sheets

		May 31, 2020		February 29, 2020
		(unaudited)		
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,587,876	$	1,888,949
Prepaid expenses		138,650		211,082
Total current assets		1,726526		2,100,031
Property and equipment, net		20,096		23,894
Asset retirement costs		71,657		72,786
Security deposits		1,225,140		1,225,140
Total assets	$	3,043,419	$	3,421,851
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	65,472	$	65,330
Accrued interest – related party		626,179		566,013
Accrued liabilities		31.395		28,826
Total current liabilities		723,046		660,169
Notes payable		6,000,000		6,000,000
Asset retirement obligation		199,126		193,701
Total liabilities		6,922,172		6,853,870
Commitments and contingencies		–		–
Stockholders' Equity:				
Preferred stock, $0.10 par value, 10,000,000 shares authorized, 0 issued And outstanding as of May 31, 2020 and February 29, 2020		-		-
Common stock, $0.01 par value. 100,000,000 shares authorized; 16,659,531 issued and outstanding as of May 31, 2020 and February 29, 2020, respectively		166,595		166,595
Additional paid-in capital		6,523,623		6,519,472
Accumulated deficit		(10,568,971)		(10,118,086)
Total stockholders' deficit		(3,878,753)		(3,432,019)
Total liabilities and deficit	$	3,043,419	$	3,421,851

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

WestMountain Gold, Inc.
Unaudited Consolidated Statements of Operations

	Three Months Ended May 31, 2020	Three Months Ended May 31, 2019
	(unaudited)	(unaudited)
Sales	$ -	$ -
Cost of goods sold	-	-
Gross margin	-	-
Operating expenses:		
General and administrative	337,509	150,731
Exploration expense	48,046	-
Total operating expenses	385,555	150,731
Income (loss) from operations	(385,555)	(150,731)
Other income (expense)		
Interest income (expense), net	261	129
Asset retirement obligation	(5,426)	(4,725)
Interest expense, related party	(60,165)	(75,793)
Total other income (expense)	(65,330)	(80,389)
Income (loss) before income taxes	(450,885)	(231,121)
Provision for income taxes (benefit)	-	-
Net loss	$ (450,885)	$ (231,121)
Basic and diluted earnings (loss) per common share	$ (0.03)	$ (0.03)
Weighted-average number of common shares outstanding:		
Basic and diluted	16,659,531	8,555,531

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

WestMountain Gold, Inc.
Unaudited Consolidated Statement of Changes in Stockholders' Deficit

	Preferred Stock		Common Stock		Paid-In	Accumulated	Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Deficit
Balance, February 28, 2019	-	$ -	8,559,531	$ 8,560	$2,571,076	$ (6,789,579)	$ (4,209,943)
Net income (loss)	-	-	-	-	-	(231,121)	(231,121)
Stock based compensation expense related to stock options	-	-	-	-	6,227	-	6,227
Balance, May 31,2019	-	$ -	8,559,531	$ 8,560	$2,577,303	$ (7,020,700)	$ (4,434,837)

	Preferred Stock		Common Stock		Paid-In	Accumulated	Stockholders'
	Shares	Value	Shares	Value	Capital	Deficit	Deficit
Balance, February 29, 2020	-	$ -	16,659,531	$166,595	$6,519,472	$ (10,118,086)	$ (3,432,019)
Net income (loss)	-	-	-	-	-	(450,885)	(450,885)
Stock based compensation expense related to stock options	-	-	-	-	4,151	-	4,151
Balance, May 31,2020	-	$ -	16,659,531	$166,595	$6,523,623	$ (10,568,971)	$ (3,878,752)

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

WestMountain Gold, Inc.
Unaudited Consolidated Statements of Cash Flows

	Three Months Ended May 31, 2020	Three Months Ended May 31, 2019
Cash flows from operating activities of continuing operations:		
Net income (loss)	$ (450,885)	$ (231,121)
Adjustments to reconcile net loss to cash used in operating activities:		
Depreciation and amortization	3,799	3,799
Stock-based compensation	4,151	6,227
Changes in operating assets and liabilities:		
Prepaid expenses	72,432	48,615
Accounts payable	141	(29)
Asset retirement obligation	5,425	4,725
Asset retirement costs	1,129	1,121
Accrued liabilities	2,569	1,384
Accrued interest	60,165	75,793
Net cash used in operating activities	(301,074)	(89,486)
Cash flows from investing activities:		
Net cash used in financing activities	-	-
Cash flows from financing activities:		
Net cash provided by financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(301,073)	(89,486)
Cash and cash equivalents at beginning of period	1,888,949	769,561
Cash and cash equivalents at end of period	$ 1,587,876	$ 680,075
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -

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

WestMountain Gold, Inc.
Notes to Consolidated Financial Statements (unaudited)
For the Three Months Ended May 31, 2020 and May 31, 2019

1. NATURE OF OPERATIONS

WestMountain Gold, Inc. ("WMTN" or the "Company") is an exploration stage mining company, determined in accordance with applicable Securities and Exchange Commission ("SEC") guidelines, which pursues gold projects.

WMTN's wholly-owned subsidiary, Terra Gold Corporation ("TGC"), was a joint venture partner with Raven Gold Alaska, Inc. ("Raven") through February 12, 2014, on a gold system project ("the Terra Project"). On February 12, 2014, the Company, through its wholly-owned subsidiary, Terra Gold Corp, acquired 100% ownership interest in the Terra Project from Raven, which is a wholly-owned subsidiary of Corvus Gold Inc. (TSX:KOR, OTCQX: CORVF) for $1.8 million in cash and 200,000 shares of WMTN.

On March 1, 2017 the Company filed for relief under Chapter 11 of the Unites States Bankruptcy Code (titled 11 of the United States Code) in the United States Bankruptcy Court for the District of Colorado (the "Court"). At the time of the filing, the Company had approximately $8.3 million of outstanding debt, $2.4 million of accrued and unpaid interest, and $1.9 million of outstanding trade payables. Under the plan, a portion of the Company's Creditors converted their claims into a $5.0 million Secured Promissory Note ("Senior Note"). The Senior Note accrues interest at an annual rate equal to 2.0% above the current yield of a 10-year U.S. Treasury bond is due on February 7, 2023. The interest rate will change annually on February 7th. Additionally, the Company has the option to extend the maturity date for an additional two years by paying an amount equal to one half of the outstanding accrued interest as of February 7, 2023. Under the terms of the Plan, the Company's remaining creditors received Common Stock at a rate equal to $0.20 Common Stock for each dollar of claim then held.

The Company had 74,240,023 Common Shares outstanding and had 60,000 Preferred Shares outstanding at the date of the bankruptcy filing. Following a reverse split of 500:1 per the Plan of Reorganization, WestMountain's Pre-Petition Common Stock represented approximately 1.8% of the Common Stock. The Company's Pre-Petition Preferred Stock converted into Common Stock representing approximately 0.7% of the total outstanding Common Stock. On January 19, 2018, the Court confirmed the Debtors' First Amended and Restated Joint Plan of Reorganization dated December 20, 2017 ("Reorganization").

The Company is currently focused on exploration at the Terra Project (which it now calls the "Terra Project") in the state of Alaska. The Terra Project consists of 344 Alaska state mining claims including five unpatented lode mining claims held under the lease (subject to a 3-4% net smelter return ("NSR") royalty to the lessor, dependent upon the gold price) covering 86.1 square miles (55,040 acres). The property is centered on a five mile long trend of gold vein occurrences. All government permits and reclamation plans for continued exploration through 2024 were renewed and the fees to maintain the Terra claims through September 2020 were paid by the Company. The property lies approximately 120 miles west-northwest of Anchorage and is accessible via helicopter or fixed-wing aircraft. The property has haul roads, a mill facility and adjoining camp infrastructure, a tailings pond, and other infrastructure. The remote camp is powered by diesel-powered generators and water is supplied to the mill by spring-fed sources and year-round water well.

The Company is considered an exploration stage company under SEC criteria because it has not demonstrated the existence of proven or probable reserves at the Terra Project. Accordingly, as required under SEC guidelines and U.S. GAAP for companies in the exploration stage, substantially all expenditures in the mining properties to date, have been expensed as incurred and therefore do not appear as assets on our balance sheet. The Company expects to remain as an exploration stage company for the foreseeable future. The Company will not exit the exploration stage until such time that it demonstrates the existence of proven or probable reserves that meet SEC guidelines. Likewise, unless mineralized material is classified as proven or probable reserves, substantially all expenditures for mine exploration and construction will continue to be expensed as incurred.

COVID-19

On March 11, 2020, the World Health Organization ("WHO") declared the Covid-19 outbreak to be a global pandemic. In addition to the devastating effects on human life, the pandemic is having a negative ripple effect on the global economy, leading to disruptions and volatility in the global financial markets. Most US states and many countries have issued policies intended to stop or slow the further spread of the disease.

Covid-19 and the U.S.'s response to the pandemic are significantly affecting the economy. There are no comparable events that provide guidance as to the effect the Covid-19 pandemic may have, and, as a result, the ultimate effect of the pandemic is highly uncertain and subject to change. We do not yet know the full extent of the effects on the economy, the markets we serve, our business, or our operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Going Concern

The financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since its Reorganization on January 19, 2018 resulting in an accumulated deficit of $10,568,971 as of May 31, 2020, and further losses are anticipated in the development of its business. Accordingly, there is substantial doubt about the Company's ability to continue as a going concern.

During the next several years WMTN estimates that it will require approximately $12.0-$15.0 million in capital to achieve its business plan. WMTN expects to raise this capital through the issuance of equity or debt. Additionally, the Company is considering all avenues to satisfy its existing obligations under its $5.0 million Senior Note as well as providing the required performance guarantee bonds related to its business. The Company expects to remain in the exploration stage for the foreseeable future and continues to evaluate its options for alternative revenue-generating operations, which may result in a change of the Company's current business plan. Alternatively, the Company may choose to scale back operations with a smaller level of business activity, while adjusting overhead depending on the availability of additional financing.

No assurance can be given that WMTN will be able to raise the additional capital as it is needed, or that this capital can be obtained or on reasonable terms acceptable to the Company. Also, as a result of the COVID-19 outbreak, securing capital for development stage companies has become much more difficult compared to recent levels prior to COVID-19.

If the Company is unsuccessful in obtaining or agreeing to financing, the Company may be forced to discontinue all operations.

Unaudited Financial Statements

The accompanying unaudited consolidated financial statements of WMTN and its subsidiaries have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The February 29, 2020 consolidated balance sheet has been derived from the audited financial statements for the year ended February 29, 2020. The financial statements for the periods May 31, 2020 and 2019 are unaudited and include all adjustments necessary to a fair statement of the results of operations for the periods then ended. All such adjustments are of a normal, recurring nature. The results of the Company's operations for any interim period are not necessarily indicative of the results of the Company's operations for a full fiscal year.

Basis of Presentation

The consolidated financial statements of the Company have been prepared in accordance with US GAAP and are expressed in United States dollars and include the accounts of the Company; and its wholly-owned subsidiary, Terra Gold Corporation. All intercompany accounts and transactions are eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to revenue recognition and contingencies. The Company bases its estimates on historical experience, known or expected trends, and various other assumptions that are believed to be reasonable given the quality of information available as of the date of these financial statements. The results of these assumptions provide the basis for making estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents consist of cash on deposit with banks and money market funds, the fair value of which approximates cost. The Company maintains its cash balances with a high-credit-quality financial institution. At times, such cash may be more than the Federal Deposit Insurance Corporation-insured limit of $250,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any significant credit risk on its cash and cash equivalents.

Revenue Recognition

The Company recognizes revenue under the guidelines of The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606. Revenue is recognized net of royalties. Product pricing is determined at the point revenue is recognized by reference to active and freely traded commodity markets, for example, the London Bullion Market for both gold and silver, in an identical form to the product sold.

Fair Value Measurements

FASB ASC 820 "Fair Value Measurements and Disclosures" ("ASC 820") defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable.

Level 3 - Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of May 31, 2020, and February 29, 2020. The Company uses the market approach to measure fair value for its Level 1 financial assets and liabilities. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The respective carrying value of certain balance sheet financial instruments approximates its fair value. These financial instruments include cash, trade receivables, related party payables, accounts payable, accrued liabilities, and short-term borrowings. Fair values were estimated to approximate carrying values for these financial instruments since they are short term in nature, and they are receivable or payable on demand.

The estimated fair value of assets and liabilities acquired in business combinations and reporting units and long-lived assets used in the related asset impairment tests utilize inputs classified as Level 3 in the fair value hierarchy.

Property and equipment

Computers, software, and office equipment	1 – 5 years
Machinery and equipment	1 – 3 years
Vehicles	5 years
Furniture and fixtures	5 – 10 years
Leasehold improvements	Lesser of the lease term or estimated useful life

Property and equipment are stated at cost or fair value if acquired as part of a business combination. Depreciation is computed by the straight-line method and is charged to operations over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The carrying amount and accumulated depreciation of assets sold or retired are removed from the accounts in the year of disposal and any resulting gain or loss is included in the results of operations. The estimated useful lives of property and equipment are as follows:

Construction in process is not depreciated until the construction is completed and the asset is placed into service.

Income taxes

The Company accounts for income taxes under FASB ASC 740, *"Accounting for Income Taxes"*. Under FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under FASB ASC 740, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. FASB ASC 740-10-05, *"Accounting for Uncertainty in Income Taxes"* prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities.

The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. The Company assesses the validity of its conclusions regarding uncertain tax positions every quarter to determine if facts or circumstances have arisen that might cause it to change its judgment regarding the likelihood of a tax position's sustainability under audit.

Related Parties

The Company accounts for related party transactions in accordance with ASC 850 ("Related Party Disclosures"). A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and its management and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests. A party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party.

Basic and Diluted Net Income (Loss) Per Share

The Company computes net income (loss) per share in accordance with ASC 260, *"Earnings per Share"*. ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common stockholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive.

Recent accounting pronouncements

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new pronouncements that have been issued that might have a material impact on its financial position or results of operations except as noted below:

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 ("ASU 2019-12"), *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The standard is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740, as well as improve the consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. For the Company, the amendments in ASU 2019-12 are effective for annual periods beginning January 1, 2022. The Company is evaluating the impact this new accounting guidance may have on its Consolidated Financial Statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases. This new standard established a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The Company adopted the standard on January 1, 2019, and all leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. As of May 31, 2020, the Company did not have any leases that fell under this standard.

Although there are several other new accounting pronouncements issued or proposed by the FASB, which the Company has adopted or will adopt, as applicable, the Company does not believe any of these accounting pronouncements has had or will have a material impact on its financial position or results of operations.

3. PREPAID EXPENSES

The following table sets forth the components of the Company's prepaid expenses on May 31, 2020 and February 29, 2020:

	May 31, 2020 (unaudited)	February 29, 2020
Insurance down payments	$ 15,819	$ 16,202
Annual fees	122,831	194,880
Total	$ 138,650	$ 211,082

Prepaid expenses represent prepayments made in the normal course and in which the economic benefit is expected to be realized within twelve months.

4. PROPERTY AND EQUIPMENT

The following table sets forth the components of the Company's property and equipment at May 31, 2020 and February 29, 2020:

	May 31, 2020 (unaudited)			February 29, 2020		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Capital assets subject to depreciation:						
Machinery and equipment	$49,925	$ (29,829)	$ 20,096	$49,925	$ (26,031)	23,894
Total fixed assets	$49,925	$ (29,829)	$ 20,096	$49,925	$ (26,031)	$ 23,894

For the quarter ended May 31, 2020 and May 31, 2019, the Company recorded depreciation expense of $3,799 and $3,799, respectively.

5. OTHER ASSETS

Since 2017, the Company's wholly-owned subsidiary, Terra Gold Corporation ("TGC"), has provided a $1,224,140 certificate of deposit (the "CD") as security for a Land Use Performance Guarantee Agreement ("Performance Guarantee") as required by the Alaska Department of Natural Resources ("ADNR"). The CD was pledged to and accepted by the ADNR on February 1, 2017, which remains in full effect until TGC has satisfactorily complied with the obligations, terms and conditions of the Performance Guarantee.

On February 1, 2018, the Company paid a $1,000 deposit to Corporate Stock transfer that will be kept on file for the duration of our business relationship with this vendor.

The Company operates in Alaska. ADNR requires a pool of funds from all permittees with exploration and mining projects to cover reclamation. There is a $750 per acre disturbance reclamation bond that is required for disturbance of 5 acres or more and/or removal of more than 50,000 cubic yards of material. The Company disturbed area is currently less than five acres and/or 50,000 cubic yards of material. The Company uses the Standardized Reclamation Cost Estimator (nvbond.org), the method presented in the Mine Closure and Reclamation Cost Estimation Guidelines, to calculate the Company's asset retirement obligation ("ARO"). The asset retirement obligation, consisting of estimated future mine reclamation and closure costs, may increase or decrease significantly in the future as a result of changes in regulations, mine plans, estimates, or other factors. The Company's ARO is recognized as a liability at fair value in the period incurred. An ARO, which is initially estimated based on discounted cash flow estimates, is accreted to full value over time through charges to accretion expense. Resultant ARO cost assets are depreciated on a units-of-production method over the related long-lived asset's useful life. The Company's ARO is adjusted annually, or more frequently at interim periods if necessary, to reflect changes in the estimated present value resulting from revisions to the timing or amount of reclamation and closure costs.

The following table sets forth the components of the Company's other assets at May 31, 2020 and February 29, 2020.

	May 31, 2020 (unaudited)	February 29, 2020
State of Alaska performance guarantee	$ 1,224,140	$ 1,224,140
Security deposit	1,000	1,000
Asset retirement costs	71,657	72,786
Total other assets	$ 1,296,797	$ 1,297,926

6. ACCOUNTS PAYABLE

Trade payables are recognized initially at the transaction price and subsequently measured at the undiscounted amount of cash or other consideration expected to be paid. Accrued expenses are recognized based on the expected amount required to settle the obligation or liability. The accounts payable balance as of May 31, 2020 and February 29, 2020 is $65,472 and $65,330, respectively.

7. RELATED PARTY PAYABLES AND ACTIVITY

The Company entered into a promissory note with BOCO Investments, a related party, dated February 7, 2018 in the amount of $5,000,000. The note has a maturity date of February 7, 2025 and carries an interest rate of 2% plus 10-year US Treasury Bond Yield yearly adjustment on February 7. The default interest rate is 14%. As of May 31, 2020 and February 29, 2020 the principal and accrued interest is $5,531,055 and $5,485,811, respectively.

The Company entered into a promissory note with BOCO Investments, a related party, dated December 18, 2018, in the amount of $1,000,000. The note has a maturity date of December 18, 2021, and carries an interest rate of 4% plus 10-year US Treasury Bond Yield yearly adjustment on December 18. The default interest rate is 14%. As of May 31, 2020 and February 29, 2020 the principal and accrued interest is $1,095,124 and $1,080,202, respectively.

As of May 31, 2020, BOCO Investments owned approximately 76.4% of the Company. Brian Klemsz, a member of the Company's Board of Directors, is employed by Bohemian Asset Management which oversees and manages the investments of BOCO Investments, LLC.

8. COMMITMENTS AND CONTINGENCIES

On January 7, 2011, Terra Mining Corporation ("TMC") entered into an Amended Claims Agreement with Ben Porterfield related to five mining claims known as Fish Creek 1-5 (ADL-648383 through ADL-648387), which claims have been assigned to the Terra Project. As part of this Amended Claims Agreement, Ben Porterfield consented to certain conveyances, assignments, contributions and transfers related to the above five mining claims.

The Amended Lease Agreement dated January 7, 2011, which incorporates certain transfers and amendments to the Lease dated March 22, 2005, between Ben Porterfield and AngloGold Ashanti (USA) Exploration Inc., has a term of ten years, which can be extended as long thereafter as the Company pays the minimum royalties provided in the Amended Lease Agreement. Effective March 22, 2015, the annual minimum royalty payment due is $125,000. Terra Gold Corp., our wholly owned subsidiary, was assigned the interest of Terra on January 22, 2014.

9. INCOME TAXES

Reconciliation between the expected federal income tax rate and the actual tax rate is as follows:

	Period Ended	
	May 31, 2020	February 29, 2020
Federal statutory tax rate	21%	21%
State tax, net of federal benefit	5%	5%
Total tax rate	26%	26%
Allowance	(26)%	(26)%
Effective tax rate	-%	-%

The following is a summary of the deferred tax assets:

	Period Ended	
	May 31, 2020	February 28, 2020
Net operating loss carryforwards	$ 2,740,000	2,623,000
Valuation allowance	(2,740,000)	(2,623,000)
Net deferred tax asset	$ -	$ -

The Company has no tax provision for any period presented due to our history of operating losses. As of May 31, 2020, the Company had estimated net operating loss carry forwards of approximately $10,537,000 that may be available to reduce future years' taxable income through 2032 subject to Section 382 limitations. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as management has determined that their realization is not likely to occur and accordingly, the Company has recorded a valuation allowance for the full value of the deferred tax asset relating to these tax loss carry-forwards. Additionally, the Company has not filed tax returns, therefore the potential realizability of this loss in future periods is indeterminable

The Company adopted accounting rules which address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under these rules, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. These accounting rules also provide guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As of May 31, 2020 no liability for unrecognized tax benefits was required to be recorded.

10. STOCKHOLDERS' EQUITY

Common stock

The Company is authorized to issue 100,000,000 shares of common stock at a par value of $0.01 and had 16,659,531 of common stock issued and outstanding as of May 31, 2020 and February 29, 2020.

Common Stock Issued in Private Placements

No common stock was issued during the quarters ended May 31, 2019 and May 31, 2019.

Stock Options

The following table represents all outstanding and exercisable stock options as of May 31, 2020.

	Options Issued	Options Forfeited	Options Outstanding	Vested Options	Strike Price	Weighted Average Remaining Life (Yrs.)
	14,500	(8,250)	6,250	6,250	$ 50.00	2.92
	2,000	-	2,000	2,000	$ 60.00	1.35
Total	16,500	(8,250)	8,250	8,250	$ 52.42	2.54

During the quarter ended July 31, 2015, the Company issued a six-and-a-quarter year option to purchase 2,000 of our common stock at $60.00 per share. On the date of grant, utilizing the Black-Scholes model, the following assumptions were used: expected life of the options of 6.25 years, expected volatility of 148.30%, risk-free interest rate of 2.00% and no dividend yield. The remaining stock-based compensation to be recorded on this issuance was $0 as of May 31, 2020.

During the quarter ended July 31, 2016, the Company issued seven year options to purchase 14,500 shares of our common stock at $50.00 per share. On the date of grant, utilizing the Black-Scholes model, the following assumptions were used: expected life of the options of 5 years, expected volatility of 258.53%, risk-free interest rate of 1.32% and no dividend yield. During the quarter ended May 31, 2020 and May 31, 2019, the Company recorded $4,151 and $6,227 in stock-based compensation expense related to these stock options after calculating their value using the Black-Scholes pricing model. The remaining stock-based compensation to be recorded on this issuance was $0 as of May 31, 2020.

11. SUBSEQUENT EVENTS

In accordance with ASC 855-10 management has performed an evaluation of subsequent events from May 31st, 2020, through the date the financial statements were available to be issued and has determined that there are no items requiring disclosure.