BLACK TUSK RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JULY 31, 2017

(UNAUDITED)

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors

BLACK TUSK RESOURCES INC.
Condensed Interim Statement of Financial Position
(Expressed in Canadian Dollars)

		July 31, 2017 (UNAUDITED)		April 30, 2017 (AUDITED)
Assets				
Current				
Cash	$	87,046	$	113,557
GST receivable		5,388		4,928
Deposits and prepaids		31,400		31,400
		123,834		149,885
Exploration and Evaluation Asset (note 6)		81,815		81,815
Total assets	$	205,649	$	231,700
Liabilities				
Current				
Accounts payable	$	14,625	$	9,761
Shareholders' Equity				
Share Capital (note 7)		282,621		282,621
Reserves		37,500		37,500
Deficit		(129,097)		(98,182)
Total shareholders' equity		191,024		221,939
Total liabilities and shareholders' equity	$	205,649	$	231,700

Nature of operations (Note 1)

Authorized for issuance on behalf of the board September 15, 2017:

"Roman Rubin"
.... Director
Roman Rubin

"Richard R. Penn"
.... Director
Richard R. Penn

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

BLACK TUSK RESOURCES INC.
Statement of Operations and Comprehensive Loss
Condensed Interim
(Expressed in Canadian Dollars)

	Three months ended July 31, 2017	November 18, 2016 (inception) to July 31, 2017
Expenses		
Bank and interest charges	$ 60	$ 233
Consulting fees	–	7,000
Management fees	15,000	30,000
Office expenses	325	100
Professional fees	5,600	8,912
Transfer agent and filing fees	7,677	–
Stock–based compensation	–	37,500
Travel and promotion	2,253	14,437
Net and Comprehensive Loss for the Period	$ 30,915	$ 98,182
Basic and Diluted Loss per Share	$ (0.00)	$ 0.02
Weighted Average Number of Common Shares Outstanding – Basic and Diluted	10,466,003	5,936,979

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

BLACK TUSK RESOURCES INC.
Condensed Interim Statement of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, July 31, 2017	10,466,003	$ 282,621	$ 37,500	$ (98,182)	$ 221,939
Net loss and comprehensive loss for the period	–	–	–	(30,915)	(30,915)
Balance, July 31, 2017	**10,466,003**	**$ 282,621**	**$ 37,500**	**$ (129,097)**	**$ 191,024**
Balance, November 18, 2016 (Inception)	–	$ –	$ –	$ –	$ –
Shares issued for cash	7,966,003	270,121	–	–	270,121
Shares issued for exercise of warrants	2,500,000	12,500	–	–	12,500
Stock–based compensation (Note 7)	–	–	37,500	–	37,500
Net loss and comprehensive loss for the period	–	–	–	(98,182)	(98,182)
Balance, July 31, 2017	**10,466,003**	**$ 282,621**	**37,500**	**$ (98,182)**	**$ 221,939**

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

BLACK TUSK RESOURCES INC.
Condensed Interim Statement of Cash Flows
(Expressed in Canadian Dollars)

		Three months Ended July 31, 2017		November 18, 2016 (inception) to July 31, 2017
Operating Activities				
Net loss	$	(30,915)	$	(98,182)
Items not affecting cash:				
Stock–based compensation		–		37,500
Changes in non–cash working capital:				
GST receivable		(500)		(4,928)
Deposits and prepaids		–		(31,400)
Accounts payable and accrued liabilities		4,864		9,761
Cash Used in Operating Activities		(26,551)		(87,249)
Investing Activity				
Exploration and evaluation expenditures		–		(81,815)
Cash Used in Investing Activity		–		(81,815)
Financing Activity				
Issuance of common shares for private placements		–		270,121
Issuance of common shares for warrant exercises		–		12,500
Cash Provided by Financing Activity		–		282,621
Increase (decrease) in Cash		(26,551)		113,557
Cash, Beginning of Period		113,557		–
Cash, End of Period	$	87,046	$	113,557

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

1. NATURE OF OPERATIONS

Black Tusk Resources Inc. (the "Company") was incorporated under the *Business Corporations Act* on November 18, 2016 in the province of British Columbia. The Company operates in a single business segment focusing on mineral exploration in Canada.

The principal business office of the Company is located at #500 – 666 Burrard Street, Vancouver, British Columbia, Canada, V6C 3P6.

2. GOING CONCERN UNCERTAINTY

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. For the period ended July 31, 2017, the Company incurred a net loss of $30,915 and as at July 31, 2017, has an accumulated deficit of $129,097, has limited resources, no sources of operating cash flow and no assurances that sufficient funding will be available to continue operations for an extended period of time. The Company is in the exploration stage, and accordingly, has not yet commenced revenue–producing operations.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests, the attainment of profitable mining operations or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and will require and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. If the going concern assumption were not appropriate for these financial statements then adjustments may be necessary in the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

Statement of compliance

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the period ended April 30, 2017.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on September 15, 2017.

3. BASIS OF PRESENTATION

Basis of presentation

The financial statements are presented in Canadian dollars, which is also the Company's functional currency. The financial statements of the Company have been prepared on an accrual basis, except for cash flow information, and are based on historical costs, except for certain financial instruments, which are stated at their fair values.

4. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

Significant accounting judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

The carrying value of the exploration and evaluation asset and the recoverability of the carrying value

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

If, after exploration and evaluation expenditures are capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash–generating unit ("CGU") or group of CGUs level in the year the new information becomes available.

Significant accounting estimates and assumptions

The key estimates applied in the preparation of the financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- The recoverability of deferred tax assets; and
- Provision for reclamation costs, among others.

Actual results could differ from those estimates. Key judgments and estimates made by management with respect to those areas noted previously have been disclosed in the notes to the financial statements, as appropriate.

Exploration and evaluation assets

Exploration and evaluation expenditures

Exploration and evaluation activities involve the search for minerals, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation assets (continued)

Exploration and evaluation costs incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration, and classified as a component of mineral properties. Such expenditures include, but are not limited to, exploration license expenditures, leasehold property acquisition costs, evaluation costs, including drilling costs directly attributable to a property, and directly attributable to general and administrative costs. From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received.

Exploration and evaluation expenditures (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets are tested for impairment and transferred to “mines under construction”. No amortization is taken during the exploration and evaluation phase.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset. The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against operating profit. The discount rate used to measure the net present value of the obligations is the pre–tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. To date the Company does not have any decommissioning liabilities.

Impairment of long–lived assets

Assets that have an indefinite useful life are tested annually for impairment. At the end of each reporting period, the Company reviews the carrying amounts of its assets that are subject to amortization to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long–lived assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Flow–through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow–through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow–through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro–rata portion of the deferred premium. To the extent that the Company has deferred tax assets in the form of tax loss carry–forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow–through shares.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss (“FVTPL”), held–to–maturity investments (“HTM”), loans and receivables, and available–for–sale (“AFS”). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of assets at recognition.

- Financial assets at fair value through profit or loss
  Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

- Held–to–maturity investments
  HTM investments are recognized on a trade–date basis and are initially measured at fair value, including transaction costs. The Company has no assets classified as held–to–maturity.

- Loans and receivables
  Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets or non–current assets based on their maturity date. Loans and receivables are carried at amortized cost, less any impairment. The Company has no assets classified as loans and receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (continued)

- Available–for–sale financial assets
  AFS financial assets are non–derivatives that are either designated as available–for–sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. Marketable securities are included in this category of financial assets.

  Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit or loss.

Financial liabilities

The Company classifies its financial liabilities in the following categories: Borrowings and other financial liabilities and derivative financial liabilities.

- Borrowings and other financial liabilities
  Borrowings and other financial liabilities are non–derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non–current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities.

- Derivative financial liabilities
  Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re–measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statements of operations and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period–end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the income (loss) for the year by the weighted average number of common shares outstanding during the year. Diluted loss per share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used in the calculation of diluted loss per share assumes that the deemed proceeds received from the exercise of share options, share purchase warrants and their equivalents would be used to repurchase common shares of the Company at the average market price during the year.

Existing share options and share purchase warrants have not been included in the computation of diluted loss per share as to do so would be anti–dilutive. Accordingly, basic and diluted loss per share is the same.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non–monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of options or warrants is recorded in share capital and the related residual value is transferred to share capital. For those warrants that expire, the recorded value is transferred to expired warrants reserve in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New and revised accounting standards issued but not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early–adopted by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued, but are not expected to have an impact on the Company's financial statements.

IFRS 9 Financial Instruments

Issued by the IASB July 2014, effective for the Company's annual periods beginning May 1, 2018.

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9. However, for annual periods beginning before January 1, 2018, an entity may elect to apply those earlier versions instead of applying the final version of this new standard if its initial application date is before February 1, 2015.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- Classification and measurement of financial assets:
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".

- Classification and measurement of financial liabilities:
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- Impairment of financial assets:
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve–month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- Hedge accounting:
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

5. FINANCIAL INSTRUMENTS

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as financial assets at FVTPL; and accounts payable and accrued liabilities, as other financial liabilities, which are measured at amortized cost. The carrying values of these instruments approximate their fair values due to their short term to maturity.

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

- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing cash at major Canadian financial institutions. The Company has minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The contractual financial liabilities of the Company as of July 31, 2017 equal $14,625. All of the liabilities presented as accounts payable are due within 90 days of July 31, 2017.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

As at July 31, 2017, the Company is not exposed to significant market risk.

6. EXPLORATION AND EVALUATION ASSET

Goldsmith Property

On November 30, 2016, the Company entered into an option agreement to purchase the claims in Goldsmith Property. In order to exercise its option, the Company must make cash payment of $100,000 as follows:

- $5,000 upon execution of the agreement (paid);
- an additional $7,000 on the Initial Public Offering of the Company;
- an additional $13,000 on or before November 30, 2017;
- an additional $20,000 on or before November 30, 2018;
- an additional $25,000 on or before November 30, 2019;
- an additional $30,000 on or before November 30, 2020.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Goldsmith Property (continued)

The Company must also issue 400,000 common shares of the Company as follows:

- 200,000 common shares on the Initial Public Offering of the Company;
- an additional 200,000 common shares on or before November 30, 2020.

The Company must make all government payments in order to maintain the mineral claims in good standing. The Optionors retain a 2% net smelter royalty ("NSR") on the Goldsmith Property. The Company may purchase the first 1% of the NSR by paying the Optionors $500,000.

		Goldsmith Property
Balance, November 18, 2016	**$**	**–**
Acquisition Costs		
Cash		5,000
Total Acquisition Costs		5,000
Deferred Exploration Costs		
Geology & geophysical costs		45,130
Exploration costs		31,685
Total Deferred Exploration Costs		76,815
Balance, July 31, 2017 and July 31, 2017	**$**	**81,815**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized

Unlimited number of common shares without par value

Issued

For the 163–Day Period Ended April 30, 2017 and the three month period ended July 31, 2017

On November 18, 2016, the Company issued 1 common share at a price of $1.00 per share.

On November 25, 2016, the Company issued 2,500,000 founder units at a price of $0.005 per share for proceeds of $12,500. Each founder unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years at an exercise price of $0.005. The estimated fair–value of the 2,500,000 units issued was estimated to be $50,000. Accordingly, the Company recorded share–based compensation expense of $37,500, and a corresponding increase to contributed surplus as a result of the issuance of founders' shares below fair–value.

During the period ended July 31, 2017, the Company issued 2,500,000 shares at a price of $0.02 per share for proceeds of $50,000.

During the period ended July 31, 2017, the Company issued 2,966,002 units at a price of $0.07 per unit for proceeds of $207,620. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant is exercisable by the holder to acquire an additional common share of the Company for a period of two years at an exercise price of $0.14. Of the 2,966,002 issued common shares, 387,286 were issued on a flow–through basis. As of July 31, 2017, the Company incurred $76,815 in eligible exploration expenditures related to the flow–through shares.

For the purpose of calculating the tax effect of any premium related to the issuance of the flow–through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. The flow–through shares were issued at the same price as common shares without preferential tax treatment therefore the Company did not recognize any premiums.

Warrants

The changes in warrants during the 163–day period ended April 30, 2017 and the three month period ended July 31, 2017 are summarized as follows:

	2017	
	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	–	–
Issued	5,466,002	$ 0.08
Exercised	(2,500,000)	$ 0.005
Outstanding, April 30, 2017 and July 31, 2017	2,966,002	$ 0.14

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

Warrants (continued)

A summary of warrants outstanding at April 30, 2017 and July 31, 2017 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
March 31, 2019	1.87	$ 0.14	2,966,002

Escrow Shares

As at July 31, 2017, the Company has 2,500,000 escrow shares subject to the following schedule:

10% released upon the Company completing its Initial Public Offering ("IPO")
15% released 6 months after the IPO
15% released 12 months after the IPO
15% released 18 months after the IPO
15% released 24 months after the IPO
15% released 30 months after the IPO
15% released 36 months after the IPO

8. RELATED PARTY TRANSACTIONS

Key management personnel compensation is as follows:

	Three month ended July 31, 2017	November 18, 2016 (Inception) to April 30, 2017
Management fees	$ 15,000	$ 30,000
Share–based compensation	–	37,500
	$ 15,000	$ 67,500

9. CAPITAL MANAGEMENT

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

9. CAPITAL MANAGEMENT (continued)

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the period ended July 31, 2017. The Company is not subject to external restrictions on its capital.

10. SUBSEQUENT EVENTS

Subsequent to July 31, 2017 the Company receives regulatory approval for the issuance of a minimum 2,000,000 common shares to a maximum 4,000,000 common shares pursuant to a prospectus dated September 8, 2017. The Company has not yet completed the offering.

11. COMPARATIVE FIGURES

Comparative figures for the period ended July 31, 2016 are not available as the Company was incorporated on November 18, 2016. The Company has used the figures for the period November 18, 2016 (date of incorporation) to April 30, 2017 for comparative purposes.