
BLACK TUSK RESOURCES INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18,
2016 (DATE OF INCEPTION) TO APRIL 30, 2017**

(Expressed in Canadian Dollars)

BLACK TUSK RESOURCES INC.

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Black Tusk Resources Inc.,

We have audited the accompanying financial statements of Black Tusk Resources Inc. (the "Company") which comprise the statements of financial position as at April 30, 2018 and 2017, and the statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the year ended April 30, 2018 and for the period from November 18, 2016 (date of inception) to April 30, 2017 and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian Generally Accepted Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Black Tusk Resources Inc. and as at April 30, 2018 and 2017, and its financial performance and cash flows for the year ended April 30, 2018 and for the period from November 18, 2016 (date of inception) to April 30, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Vancouver, British Columbia
August 15, 2018

Jackson and Company
CHARTERED PROFESSIONAL ACCOUNTANTS

BLACK TUSK RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION
AS AT APRIL 30, 2018 AND 2017
(Expressed in Canadian dollars)

	2018	2017
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalent	152,615	113,557
GST receivable	11,365	4,928
Prepaid expenses	172,448	31,400
Total current assets	336,428	149,885
Exploration and evaluation assets (Note 5)	132,990	81,815
TOTAL ASSETS	469,418	231,700
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses	43,028	9,761
TOTAL LIABILITIES	43,028	9,761
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	860,412	282,621
Share subscription (Note 7)	(5,097)	-
Reserves (Note 7)	146,457	37,500
Deficit	(575,382)	(98,182)
TOTAL SHAREHOLDERS' EQUITY	426,390	221,939
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	469,418	231,700

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 13)

Approved on behalf of the Board:

"Signed"

Richard R. Penn - CEO

"Signed"

Roman Rubin - CFO

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

BLACK TUSK RESOURCES INC.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

	For the year ended April 30, 2018	For the period from November 18, 2016 (date of inception) to April 30, 2017
EXPENSES		
Consulting fees	\$ 86,900	\$ 7,000
Management fees (Note 6)	72,000	30,000
Office expenses and miscellaneous	19,275	333
Transferred agent and filling	27,219	-
Professional fees	90,155	8,912
Stock-based compensation (Note 7)	99,113	37,500
Travel and promotion	82,538	14,437
NET LOSS AND COMPREHENSIVE LOSS	\$ (477,200)	\$ (98,182)
LOSS PER SHARE - basic and diluted	\$ (0.04)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - basic and diluted		
	11,093,174	5,936,979

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

BLACK TUSK RESOURCES INC.**STATEMENTS OF CASH FLOWS****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Net loss and comprehensive loss	(477,200)	(98,182)
Stock-based compensation	99,113	37,500
Changes in non-cash working capital items:		
GST receivable	(6,437)	(4,928)
Prepaid expenses	(141,048)	(31,400)
Accounts payable and accrued expenses	33,267	9,761
Net cash used in operating activities	(492,305)	(87,249)
INVESTING ACTIVITY		
Exploration and evaluation assets (Note 5)	(31,175)	(81,815)
Net cash used in investing activity	(31,175)	(81,815)
FINANCING ACTIVITIES		
Proceeds from issuance of shares, net of issuance costs (Note 7)	562,538	270,121
Issuance of common shares for warrant exercises	-	12,500
Net cash provided by financing activities	562,538	282,621
Net Change in Cash and Cash Equivalent	39,058	113,557
Cash and Cash Equivalent, Beginning of Year	113,557	-
Cash and Cash Equivalent, End of Year	152,615	113,557
NON-CASH TRANSACTIONS		
Shares issued for exploration and evaluation assets (Note 5)	20,000	-
Finders warrants (Note 7)	9,844	-

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

BLACK TUSK RESOURCES INC.**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

	Share Capital		Share Subscription	Reserves	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, November 18, 2016 (Inception)	-	-	-	-	-	-
Shares issued for cash (Note 7)	7,966,003	270,121	-	-	-	270,121
Shares issued for exercise of warrants (Note 7)	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, April 30, 2017	10,466,003	282,621	-	37,500	(98,182)	221,939
Shares issued for cash net of issuance costs (Note 7)	4,811,655	567,635	(5,097)	-	-	562,538
Shares issued for exploration and evaluation assets (Note 5)	200,000	20,000	-	-	-	20,000
Cancellation of founder shares (Note 7)	(1,719,000)	-	-	-	-	-
Finder warrants (Note 7)	-	(9,844)	-	9,844	-	-
Stock-based compensation (Note 7)	-	-	-	99,113	-	99,113
Net loss and comprehensive loss for the year	-	-	-	-	(477,200)	(477,200)
Balance, April 30, 2018	13,758,658	860,412	(5,097)	146,457	(575,382)	426,390

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

BLACK TUSK RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

1. NATURE OF BUSINESS AND CONTINUING 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.

The Company's principal business activities include the acquisition and exploration of mineral property assets located in Poplar Creek Area, Southeastern British Columbia, Canada. The Company entered into an option agreement to acquire 100% rights over specific mineral claims (Note 5).

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 year ended April 30, 2018, the Company incurred a net loss of \$477,200 and as at April 30, 2018, has an accumulated deficit of \$575,382, 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**Approval of the financial statements**

The financial statements of the Company for the year ended April 30, 2018 were reviewed by the Board of Directors and approved and authorized for issue on August 15, 2018 by the Board of Directors of the Company.

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. BASIS OF PRESENTATION (continued)

Basis of measurement

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.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Exploration and evaluation assets

i. Pre-license expenditures

Pre-license expenditures are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation ("E&E") assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mineral properties which have been determined to be economically viable.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Exploration and evaluation assets (continued)

ii. Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure or further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Restoration, rehabilitation, and environmental obligations

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arise from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss. The Company has no restoration, rehabilitation and environmental obligations as at April 30, 2018.

c) Cash and cash equivalent

Cash and cash equivalent include bank demand deposit accounts and highly liquid short-term investments with maturities of three months or less when purchased. Cash consists of checking accounts held at financial institutions in Canada and funds held in trust which, at times, balances may exceed insured limits. The Company has not experienced any losses related to these balances, and management believes the credit risk to be minimal.

d) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income taxes (continued)

Deferred tax is provided using the liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

e) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

f) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

g) Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all of the risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

At initial recognition, the Company classifies its financial instruments in the following categories:

- Financial assets at fair value through profit or loss:

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also included in this category unless they are designated as hedges.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial instruments (continued)

- Financial assets at fair value through profit or loss: *(continued)*

Financial instruments in this category are recognized initially at cost, and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Interest rate swaps and warrants are classified as current.

As at April 30, 2018 and 2017, the Company had no financial instruments under this classification.

- Available-for-sale investments:

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in the other comprehensive income, except for exchange gains and losses on the translation of equity securities, which are recognized in the statement of loss. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from the accumulated other comprehensive income to the statements operations and are included in "gains (losses) on sale of debt and equity security (net)". Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Interest on available-for-sale debt instruments, calculated using the effective interest method, is recognized in the statement of operations as part of the interest income. Dividends on available-for-sale equity instruments are recognized in the statement of loss as dividend income, when the Company's right to receive payment is established.

As at April 30, 2018 and 2017, the Company had no financial instruments under this classification.

- Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise cash and cash equivalent. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

BLACK TUSK RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g) Financial instruments (continued)**

- Financial liabilities at amortized cost:

Financial liabilities at amortized cost include accounts payable and accrued expenses. Payable costs are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortized cost using the effective interest method. Due to related parties are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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.

The carrying value of the cash and cash equivalent and accounts payable and accrued expenses approximate their fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

h) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

h) New and revised accounting standards issued but not yet effective (*continued*)

IFRS 9 Financial Instruments (continued)

- **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).

The Company is currently evaluating the impact of the final standard and amendments on its financial statements.

IFRS 16 Leases

IFRS 16, *Leases* ("IFRS 16"): In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is currently assessing the impact of IFRS 16.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"): In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet commenced revenue-producing operations.

IFRIC Interpretation 22

IFRIC *Interpretation 22 Foreign Currency Transactions and Advance Consideration* ("IFRIC 22"): On December 8, 2016, the IASB issued IFRIC 22, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The Standard provides guidance on how to determine the date of the transaction for the purpose of determining the spot exchange rate used to translate the asset, expense or income on initial recognition that relates to, and is recognized on the de-recognition of, a non-monetary prepayment asset or a non-monetary deferred income liability. It is effective January 1, 2018. The Company is currently assessing the impact on the adoption of this interpretation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

i) Critical accounting estimates and judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and 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 statements are discussed below:

Judgements

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 2.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Recognition of deferred income tax assets and liabilities

The carrying amount of deferred income tax assets and liabilities is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable profit can materially affect the amount of deferred income tax assets and liabilities recognized from period to period.

BLACK TUSK RESOURCES INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

i) Critical accounting estimates and judgements (*continued*)

Estimates (*continued*)

Impairment

Management assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of any such assets may exceed their recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company shall measure, present and disclose any resulting impairment.

5. EXPLORATION AND EVALUATION ASSETS

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; (paid)
- an additional \$13,000 on or before November 30, 2017; (paid)
- an additional \$20,000 on or before November 30, 2018;
- an additional \$25,000 on or before November 30, 2019; and
- an additional \$30,000 on or before November 30, 2020.

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; (issued) and
- 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.

As at April 30, 2018, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at April 30, 2018 and 2017:

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5. EXPLORATION AND EVALUATION ASSETS (continued)**Goldsmith Property (continued)**

	Goldsmith Property	
Balance, November 18, 2016	\$	-
Acquisition Costs		
Cash		5,000
Total Acquisition Costs		5,000
Deferred Exploration Costs		
Geology and geophysical costs		45,130
Exploration costs		31,685
Total Deferred Exploration Costs		76,815
Balance, April 30, 2017	\$	81,815
Acquisition Costs		
Cash		20,000
200,000 shares at \$0.10 per share (Note 7)		20,000
Total Acquisition Costs		40,000
Deferred Exploration Costs		
Exploration costs		11,175
Total Deferred Exploration Costs		11,175
Balance, April 30, 2018	\$	132,990

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and the expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

BLACK TUSK RESOURCES INC.**NOTES TO FINANCIAL STATEMENTS****FOR THE YEAR ENDED APRIL 30, 2018 AND FOR THE PERIOD FROM NOVEMBER 18, 2016 (DATE OF INCEPTION) TO APRIL 30, 2017****(Expressed in Canadian dollars)**

6. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Related parties or transactions with related parties are assessed in accordance with IAS 24 "Related Party Disclosures". Related parties may enter into transactions which unrelated parties might not. Transactions between related parties are generally affected on the same terms, conditions and amounts as transactions between unrelated parties.

When considering each possible related party, not only their legal status is taken into account, but also the substance of the relationship between these parties.

Included in the Statements of Loss and Comprehensive Loss for the year ended April 30, 2018 and the period from November 18, 2016 (date of inception) to April 30, 2017, are the following amounts, which arose due to transactions with related parties:

	For the year ended April 30, 2018	For the period from November 18, 2016 (date of inception) to April 30, 2017
	\$	\$
Management fees from CFO	36,000	30,000
Management fees from CEO	36,000	-
Stock-based compensation (Note 7)	99,113	37,500

There are \$Nil balances due to related parties as at April 30, 2018 and 2017.

During the period ended April 30, 2017, the Company granted 1,250,000 stock purchase warrants to the CEO which they were subsequently exercised (Note 7).

During the period ended April 30, 2017, the Company granted 1,250,000 stock purchase warrants to the CFO which they were subsequently exercised (Note 7).

During the year ended April 30, 2018, the Company granted 350,000 options to the CEO (Note 7).

During the year ended April 30, 2018, the Company granted 350,000 options to the CFO (Note 7).

During the year ended April 30, 2018, the Company granted 300,000 options to the Directors (Note 7).

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7. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued and outstanding

As at April 30, 2018, the issued share capital is comprised of 13,758,658 common shares (2017: 10,466,003).

For the period from November 18, 2016 (the date of inception) to April 30, 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 stock purchase warrants to Directors exercisable to acquire common shares of the Company for a period of two years at an exercise price of \$0.005. The estimated fair-value of these stock warrants was \$37,500. These stock warrants were exercised by the Directors during the period ended April 30, 2017 for proceeds of \$12,500.

During the year ended April 30, 2017, the Company issued 2,500,000 shares at a price of \$0.05 per share for proceeds of \$12,500.

During the period ended April 30, 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 April 30, 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 April 30, 2017, the Company incurred \$76,815 in eligible exploration expenditures related to the flow-through shares.

Year ended April 30, 2018:

On November 6, 2017, in order to meet the requirements of the Canadian Security Exchange, the founders of the Company surrendered an aggregate of 1,719,000 common shares for cancellation.

On November 9, 2017, the Company issued 2,086,000 common shares pursuant to a prospectus offering at \$0.10 per share for gross proceeds of \$208,600.

On November 9, 2017, the Company issued 200,000 common shares at \$0.10 per share for the option agreement to purchase the claims in Goldsmith Property (Note 5).

On February 1, 2018, the Company closed the first tranche for 1,384,000 common shares at \$0.15 per share for gross cash proceeds of \$207,600. Each Unit consists of one common share and one half of one share purchase warrant. Each Warrant will entitle the holder to purchase an additional share at a price of \$0.20 per share for a two-year term.

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7. SHARE CAPITAL (continued)**b) Issued and outstanding (continued)**

On April 19, 2018, the Company closed the second tranche for 1,341,665 common shares at \$0.15 per share for gross cash proceeds of \$201,250. Each Unit consists of one common share and one half of one share purchase warrant. Each Warrant will entitle the holder to purchase an additional share at a price of \$0.20 per share for a two-year term.

c) Warrants

The changes in warrants during the period ended April 30, 2017 and the year ended April 30, 2018 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	-
Issued	5,466,002	\$0.080
Exercised	(2,500,000)	\$0.005
Outstanding, April 30, 2017	2,966,002	\$0.140
Issued	1,529,713	\$0.190
Outstanding, April 30, 2018	4,495,715	\$0.160

A summary of warrants outstanding at April 30, 2018 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
March 31, 2019	0.92	\$0.14	2,966,002
November 9, 2019	1.52	\$0.10	166,880
February 1, 2020	1.75	\$0.20	692,000
April 19, 2020	1.97	\$0.20	670,833
	1.22	\$0.16	4,495,715

On November 9, 2017, the Company issued 166,880 agent warrants related to the IPO. The agent warrants are exercisable at \$0.10 per share and expire on November 9, 2019.

The weighted average remaining contractual life of the warrants is 1.22 years.

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7. SHARE CAPITAL (continued)

c) Warrants (continued)

The following assumptions were used for the Black-Scholes valuation of warrants issued:

	2017
Share price	\$0.10
Risk – free interest rate	1.45%
Expected life of warrants	2 years
Dividend rate	0%
Annualized volatility	115%

The fair value per agent's warrant issued is \$0.10.

d) Options

The changes in options during the period ended April 30, 2017 and the year ended April 30, 2018 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, April 30, 2017	-	-
Issued	1,000,000	\$0.10
Outstanding, April 30, 2018	1,000,000	\$0.10

A summary of options outstanding at April 30, 2018 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants Outstanding
November 9, 2022	4.52	\$0.10	1,000,000

On November 10, 2017, the Company issued 1,000,000 options to the CEO, CFO and Directors (Note 6) in accordance with the Company's Stock Option Plan. The options are exercisable at \$0.10 per share, expire on November 9, 2022 and vested automatically upon grant.

The weighted average remaining contractual life of the options is 4.52 years.

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7. SHARE CAPITAL (continued)**d) Options (continued)**

The following assumptions were used for the Black-Scholes valuation of options issued:

	2018
Share price	\$0.12
Risk – free interest rate	1.50%
Expected life of warrants	5 years
Dividend rate	0%
Annualized volatility	115%

The fair value per option issued is \$0.10.

For the year ended April 30, 2018, the Company recognized stock-based compensation of \$99,113 relating to stock options granted.

e) Escrow Shares

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. At April 30, 2018, there were 4,560,044 common shares held in escrow.

8. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 26% to income before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2018	2017
Loss before income taxes	\$ (477,200)	\$ (98,182)
Combined statutory rate	27%	26%
Expected income tax recovery	(128,844)	(25,527)
Permanent differences and other	-	11,050
Benefit of tax losses (not recognized)	128,844	14,477
	\$ -	\$ -

The Company has non-capital losses of \$575,382 available for carry-forward to reduce future years' Income for income tax purposes. The expiration years for the losses is 2038 for \$446,699 and 2037 for \$98,182.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended April 30, 2018 was based on the loss attributable to common shareholders of \$477,200 (2017: \$98,182) and the weighted average number of common shares outstanding of 11,093,174 (2017: 5,936,979).

10. CAPITAL MANAGEMENT

The Company manages the capital structure and adjusts 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.

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 year ended April 30, 2018. The Company is not subject to external restrictions on its capital.

11. FINANCIAL RISK MANAGEMENT

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 April 30, 2018 equal \$43,028. All the liabilities presented as accounts payable and due to related parties are due on demand. The Company intends to finance its operations over the next twelve months with loans from directors and companies controlled by directors and share private placements.

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11. FINANCIAL RISK MANAGEMENT (continued)**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 April 30, 2018, the Company is not exposed to significant market risk.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Company only has the commitments for the Property Option Agreement as at April 30, 2018 (Note 5). The Company has no contingent liabilities as at April 30, 2018.

13. SUBSEQUENT EVENTS

On May 10, 2018, the Company completed the private placement for 625,000 common shares at \$0.15 per share for a cash proceeds of \$93,750. Each unit consist of one common share and one half of one share purchase warrant at a price of \$0.20 per share for a two-year term.

On May 11, 2018, the Company granted 300,000 stock options to Company's consultants at exercise price of \$0.20. The expiration date is March 11, 2020 and the stock options are vested at the grant date.