

BLACK TUSK RESOURCES INC.
Management Discussion and Analysis
For the six month period ended October 31, 2019

The Management Discussion and Analysis (“MD&A”), prepared December 18, 2019 should be read in conjunction with the audited financial statements and notes thereto for the year ended April 30, 2019 and the notes thereto of Black Tusk Resources Inc. (“Black Tusk”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Black Tusk Resources Inc. (“the Company”) was incorporated on November 18, 2016 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is 500-666 Burrard Street, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2019, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

EXPLORATION PROJECT

Goldsmith Property

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; (paid)
- 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, 2019, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2019:

Goldsmith Property	
Balance, April 30, 2017	
Acquisition Costs	
Cash	
200,000 shares issued at \$0.10 per share (Note 9)	
Total Acquisition Costs	
Deferred Exploration Costs	
Balance April 30, 2017	
Exploration costs	
Total Deferred Exploration Costs	
Balance, April 30, 2018	132,990
Acquisition Costs	
Cash	
Deferred Exploration Costs	
Exploration costs	
Balance, April 30, 2019	190,249
Deferred Exploration Costs	
Mineral exploration grant	(11,477)
Balance October 31, 2019	178,772

Cluster Project

On February 5, 2019, the Company entered into a mineral claim purchase agreement to purchase 100% interest in the mineral property called the Cluster Project, located in Val-D'Or, Quebec. In consideration of the Property, the Company made a cash payment of \$25,000 and issued 1,000,000 common shares to the vendor during the year ended April 30, 2019.

As at October 31, 2019, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2019.

Cluster project

	\$
Balance, April 30, 2018	-
Acquisition Costs	
Cash	25,000
1,000,000 shares issued at \$0.15 per share	150,000
Total Acquisition Costs	175,000
Deferred Exploration Costs	
Balance April 30, 2019	-
Exploration costs	249,066
Total Deferred Exploration Costs	249,066
Balance, October 31, 2019	424,066

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.

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	April 30, <u>2019</u>	April 30, <u>2018</u>	April 30, <u>2017</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (1,131)	\$ (477)	\$ (98)
Basic and Diluted Loss Per Share	\$ (0.04)	\$ (0.04)	\$ (0.02)
Total Assets	\$ 746	\$ 469	\$ 232
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended October 31, 2019

During the three months ended October 31, 2019 the Company reported a net loss of \$598,289. (2018 - \$405,388). Included in the determination of operating loss was \$65,000 (2018 - \$20,000) spent on management fees, \$102,508 (2018 - \$37,599) on professional fees, \$8,922 (2018 - \$12,467) on transfer agent and filing fees, \$36,645 (2018 - \$34,498) on travel and promotion, \$274,699 (2018 - \$195,931) on consulting, \$110,286 (2018 - \$85,210) on investor communication and \$229 (2018 - \$19,683) on office and miscellaneous.

Six month period ended October 31, 2019

During the six months ended October 31, 2019 the Company reported a net loss of \$1,400,424. (2018 - \$623,733). Included in the determination of operating loss was \$140,000 (2018 - \$58,000) spent on management fees, \$123,301 (2018 - \$68,549) on professional fees, \$26,289 (2018 - \$16,678) on transfer agent and filing fees, \$57,211 (2018 - \$79,193) on travel and promotion, \$763,342 (2018 - \$258,704) on consulting, \$267,478 (2018 - \$85,210) on investor communication and \$3,907 (2018 - \$21,881) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$18,896 (2018 - \$35,518).

SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	October 31, <u>2019</u>	July 31, <u>2019</u>	April 30, <u>2019</u>	January 31, <u>2019</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (598)	\$ (802)	\$ (264)	\$ (244)
Basic and diluted Loss per share	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.02)

	October 31, <u>2018</u>	July 31, <u>2018</u>	April 30 <u>2018</u>	January 31, <u>2018</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (405)	\$ (217)	\$ (264)	\$ (128)
Basic and diluted Loss per share	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at October 31, 2019 were \$329,732 compared to \$250,209 at April 30, 2019.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	October 31, 2019	April 30, 2019
	\$	\$
Accounts payable and accrued liabilities	–	13,575

The amounts are due to a company controlled by the Chief Executive Officer (“CEO”) of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

The Company had the following related party transactions for the three month period ended:

	October 31, 2019	July 31, 2018
	\$	\$
Management fees	140,000	58,000
Geological fees	20,274	18,594

Key management includes directors and key officers of the Company, including the President, CEO and Chief Financial Officer. Management fees were provided by a company owned or controlled by the CEO.

COMMITMENTS

The Company is committed to certain cash payments, share issuances and exploration expenditures in connection with the acquisition of its mineral property claims.

SUBSEQUENT EVENTS

Subsequent to October 31, 2019 the Company issued 19,720,567 common shares at \$0.55 per share pursuant to private placements and to settle certain debts.

Subsequent to October 31, 2019 the Company issued 5,500,000 common shares to acquire a 100% in Golda Resources Inc. As a result the Company acquire a 100% interest in the McKenzie East property located in Val-D’or Quebec.

Subsequent to October 31, 2019 the Company granted 3,033,563 stock options at \$0.05 per common share.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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).

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

The mandatory adoption of the following new and revised accounting standards and interpretations on March 1, 2015 had no significant impact on the Company's financial statements for the years presented:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the

consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

The Company has a stock option plan, which is described in to the financial statements. Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;

- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company’s cash is classified as FVTPL assets.

Held-to-maturity (“HTM”)

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets (“AFS”)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to

initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses. The Company does not have any assets classified as loans and receivables.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset’s cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

Issued

The company has 32,011,491 shares issued and outstanding as at October 31, 2019 and 57,232,058 as at December 18, 2019.

Share Purchase Options

The Company has 750,000 stock options outstanding at October 31, 2019 and 3,783,563 as at December 18, 2019.

Warrants

The Company has 15,734,067 share purchase warrants outstanding at October 31, 2019 and December 18, 2019.

Escrow Shares

The Company has 2,280,023 shares held in escrow as at October 31, 2019 and 1,520,016 as at December 18, 2019.