
BLACK TUSK RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
APRIL 30, 2020 AND 2019
(Expressed in Canadian Dollars)

BLACK TUSK RESOURCES INC.
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FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Black Tusk Resources Inc.

Opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Black Tusk Resources Inc. which comprise the consolidated statements of financial position as at April 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended and the related notes, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the accompanying consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the consolidated financial statements does not cover the other information and do not and will not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indicators that the other information appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Fernando J. Costa.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
August 28, 2020

BLACK TUSK RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	159,892	250,209
Amounts receivable	46,001	20,086
Prepaid expenses (Note 7)	107,954	281,420
Total current assets	313,847	551,715
Exploration and evaluation assets (Note 5)	1,573,025	365,249
TOTAL ASSETS	1,886,872	916,964
LIABILITIES		
CURRENT		
Accounts payable and accrued expenses (Note 8)	110,103	221,322
Deferred flow-through liability (Note 9 and 16)	154,052	-
TOTAL LIABILITIES	264,155	221,322
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	5,338,580	1,809,324
Share subscriptions (Note 9)	-	336,559
Reserves (Note 9)	579,418	237,863
Deficit	(4,295,281)	(1,688,104)
TOTAL SHAREHOLDERS' EQUITY	1,622,717	695,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,886,872	916,964

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
GOING CONCERN (Note 2)
COMMITMENTS (Note 14)
SUBSEQUENT EVENTS (Note 17)

Approved on behalf of the Board:

"Signed"

Richard R. Penn - CEO

"Signed"

Roman Rubin - CFO

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

BLACK TUSK RESOURCES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

	2020	2019
	\$	\$
EXPENSES		
Advertising and promotion	108,540	149,036
Consulting fees	1,275,782	464,762
Investor communications	301,158	139,938
Management fees (Note 6)	270,000	171,500
Office expenses and miscellaneous	23,246	6,821
Professional fees	185,767	66,570
Stock-based compensation (Note 9)	246,594	83,605
Transfer agent and filling	34,080	30,490
LOSS BEFORE OTHER ITEMS	(2,445,167)	(1,112,722)
OTHER ITEMS		
Settlement of flow-through liability (Note 16)	66,023	-
Loss on settlement of debt	(49,261)	-
Write-off of mineral properties	(178,772)	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(2,607,177)	(1,112,722)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.06)	\$ (0.07)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	44,079,334	16,333,265

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

BLACK TUSK RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Net loss	(2,607,177)	(1,112,722)
Non-cash items:		
Stock-based compensation	246,594	83,605
Loss on settlement of debt	49,261	-
Write-off of mineral properties	178,772	-
Settlement of flow-through liability	(66,023)	-
Changes in non-cash working capital items:		
Amounts receivable	(25,915)	(8,721)
Prepaid expenses	173,466	(108,972)
Accounts payable and accrued expenses	404,230	178,294
Net cash used in operating activities	(1,646,792)	(968,516)
INVESTING ACTIVITIES		
Exploration property acquisition	(15,000)	(45,000)
Deferred exploration expenditures (Note 5)	(319,048)	(37,259)
Net cash used in investing activities	(334,048)	(82,259)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares	1,967,753	701,650
Share issuance costs	(82,920)	(21,377)
Share subscriptions	-	341,656
Issuance of common shares for warrant exercises	5,690	126,440
Net cash provided by financing activities	1,890,523	1,148,369
NET CHANGE IN CASH AND CASH EQUIVALENTS	(90,317)	97,594
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	250,209	152,615
CASH AND CASH EQUIVALENTS, END OF YEAR	159,892	250,209
NON-CASH TRANSACTIONS		
Common shares issued for exploration and evaluation assets (Note 5)	1,052,500	150,000
Common shares issued for debt settlements (Note 9)	564,710	-
Finders warrants (Note 9)	18,906	8,391

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

BLACK TUSK RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

(Expressed in Canadian dollars)

	Share Capital		Share Subscription (Receivable)	Reserves	Deficit	Total
	Number of Shares	Amount				
		\$	\$	\$	\$	\$
Balance, April 30, 2018	13,758,668	860,412	(5,097)	146,457	(575,382)	426,390
Shares issued for cash net of issuance costs	3,664,500	680,273	-	-	-	680,273
Shares issued for exploration and evaluation assets	1,000,000	150,000	-	-	-	150,000
Shares issued for exercise of warrants	903,141	127,030	-	(590)	-	126,440
Finder warrants	-	(8,391)	-	8,391	-	-
Stock-based compensation	-	-	-	83,605	-	83,605
Share subscriptions received	-	-	341,656	-	-	341,656
Net loss and comprehensive loss for the year	-	-	-	-	(1,112,722)	(1,112,722)
Balance at April 30, 2019	19,326,309	1,809,324	336,559	237,863	(1,688,104)	695,642
Shares issued for cash net of issuance costs	23,677,965	2,192,759	(336,559)	79,469	-	1,935,669
Shares issued to finders	309,892	-	-	-	-	-
Finder warrants	-	(18,906)	-	18,906	-	-
Proceeds not received	-	(50,836)	-	-	-	(50,836)
Flow-through premium liability	-	(220,075)	-	-	-	(220,075)
Shares issued for exercise of warrants	56,900	9,104	-	(3,414)	-	5,690
Shares issued for exploration and evaluation assets	15,500,000	1,052,500	-	-	-	1,052,500
Shares issued for debt settlement	9,283,889	564,710	-	-	-	564,710
Stock-based compensation	-	-	-	246,594	-	246,594
Net loss and comprehensive loss for the year	-	-	-	-	(2,607,177)	(2,607,177)
Balance at April 30, 2020	68,154,955	5,338,580	-	579,418	(4,295,281)	1,622,717

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

BLACK TUSK RESOURCES INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED APRIL 30, 2020 AND 2019****(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 Quebec and British Columbia, Canada. The Company entered into option agreements to acquire 100% rights over specific mineral claims (Note 5).

2. GOING CONCERN

These consolidated 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, 2020, the Company incurred a net loss of \$2,607,177 and as at April 30, 2020, has an accumulated deficit of \$4,295,281 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. Accordingly, these factors give rise to a material uncertainty which may cast significant doubt on the Company’s ability to continue as a going concern. 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 consolidated 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial government.

3. BASIS OF PRESENTATION**Approval of the consolidated financial statements**

The consolidated financial statements of the Company for the year ended April 30, 2020 were reviewed by the Board of Directors and approved and authorized for issue on August 28, 2020 by the Board of Directors of the Company.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

3. BASIS OF PRESENTATION (continued)

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of measurement

The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency. The consolidated 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 consolidated 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 consolidated 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.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

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.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

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, 2020.

c) Cash and cash equivalents

Cash and cash equivalents 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.

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 enactive 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.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Income taxes (continued)

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.

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 capital stock 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 warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock.

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) Share-based compensation

Share-based compensation 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 compensation 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.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Flow-through shares

Current Canadian tax legislation permits a company to issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from the related resource expenditures to the shareholders. The issue of flow-through shares is in substance an issue of ordinary shares and the sale of tax deductions. At the time the Company issues flow-through shares, the sale of tax deductions is deferred and presented as deferred flow-through liability in the consolidated statements of financial position to recognize the obligation to incur and renounce eligible resource exploration and evaluation expenditures. The tax deduction is measured as the difference between the current market price of the Company's common shares and the issue price of the flow-through share. Upon incurring and renouncing eligible resource exploration and evaluation expenditures, the Company recognizes the sale of tax deductions as a recovery on the statement of comprehensive loss and reduces the deferred flow-through liability.

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.

i) Impairment of non-financial assets

At the end of each reporting period, the Company assesses each cash generating unit to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. 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 discounted 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 profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate and 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.

j) Related party transactions

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. Parties are also considered to be related if they are subject to common control or common significant influence. 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, services or obligations between related parties.

BLACK TUSK RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019
(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through other comprehensive income (“FVOCI”); and
- iii. Fair value through profit and loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification:

i. Amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at amortized cost.

ii. FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.

The Company does not have any assets classified at FVOCI.

iii. FVTPL

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the statement of operations and comprehensive loss in the period in which it arises.

The Company’s cash and cash equivalents are classified at FVTPL.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

Financial Liabilities and Equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as measured at (i) FVTPL; or (ii) amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI and the remaining amount of the change in the fair value is presented in profit or loss.

The Company does not classify any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

The Company classifies its accounts payable at amortized cost.

A financial liability is derecognized when the contractual obligation under the liability is discharged, cancelled or expires or its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

l) Business acquisition

The Company assesses whether an acquisition should be accounted for as an asset acquisition or a business combination under IFRS 3 Business Combinations. This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business and the Company obtains control of the business inputs and processes.

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Adoption of new accounting standards, interpretations and amendments

The Company adopted the following new standard effective May 1, 2019:

IFRS 16 Leases

IFRS 16 replaces IAS 17, "Leases" and the related 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 is not substantially changed. The standard is effective for periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15, "Revenue from Contracts with Customers".

The adoption of IFRS 16 did not have a material impact on the Company's future results and financial position.

n) 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 consolidated financial statements are discussed below:

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

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

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 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.

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.

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.

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.

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5. EXPLORATION AND EVALUATION ASSETS

	Acquisition costs	Exploration costs	Total
	\$	\$	\$
Balance, April 30, 2018	45,000	87,990	132,990
Additions	195,000	37,259	232,259
Balance, April 30, 2019	240,000	125,249	365,249
Additions	1,067,500	319,048	1,386,548
Write-off of mineral property	(65,000)	(113,772)	(178,772)
Balance, April 30, 2020	1,242,500	330,525	1,573,025

Goldsmith Property

On November 30, 2016, the Company entered into an option agreement to purchase certain claims in the Goldsmith Property. In order to exercise its option, the Company must make cash payments 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 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. The Company has incurred the following costs as at April 30, 2020 and 2019:

	Goldsmith Property
	\$
Balance, April 30, 2018	132,990
Acquisition Costs	
Cash	20,000
Deferred Exploration Costs	
Exploration costs	37,259
Balance, April 30, 2019	190,249
Deferred Exploration Costs	
Recovery of exploration costs	(11,477)
Write-off	(178,772)
Balance, April 30, 2020	-

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5. EXPLORATION AND EVALUATION ASSETS (continued)

Goldsmith Property (continued)

During the year ended April 30, 2020, the Company decided not to proceed with the Goldsmith Property option and recorded an impairment of \$178,772 to write off all the accumulated costs.

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 for the Cluster Project, the Company made cash payment of \$25,000 and issued 1,000,000 common shares to the vendor during the year ended April 30, 2019.

As at April 30, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at April 30, 2020 and 2019:

	Cluster Project
	\$
Balance, April 30, 2018	-
Acquisition Costs	
Cash	25,000
1,000,000 shares issued at \$0.15 per share (Note 9)	150,000
Total Acquisition Costs	175,000
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2019	175,000
Acquisition Costs	
Cash	-
Total Acquisition Costs	175,000
Deferred Exploration Costs	
Exploration costs	330,525
Total Deferred Exploration Costs	330,525
Balance, April 30, 2020	505,525

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5. EXPLORATION AND EVALUATION ASSETS (continued)

McKenzie East Project

On November 12, 2019, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Golda Resources Inc (“Golda”). At the time of acquisition, Golda held a 100% interest in the mineral property called the McKenzie East Project, located in Quebec. In consideration for the mineral property, the Company issued 5,500,000 common shares to the owners of Golda and paid \$15,000 cash to a third party consultant.

As at April 30, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at April 30, 2020:

	McKenzie East Project
	\$
Balance, April 30, 2019 and 2018	-
Acquisition Costs	
Cash	15,000
5,500,000 shares issued at \$0.055 per share (Note 9)	302,500
Total Acquisition Costs	317,500
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2020	317,500

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5. EXPLORATION AND EVALUATION ASSETS (continued)

South Rim Project

On January 13, 2020, the Company entered into a share purchase agreement to purchase 100% of the shares of Chalice Gold Exploration Corp. ("Chalice"). At the time of acquisition, Chalice held a 100% interest in the mineral property called the South Rim Project, located in British Columbia. In consideration for the mineral property, the Company issued 10,000,000 common shares to the owners of Chalice.

As at April 30, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at April 30, 2020:

South Rim Project

	South Rim Project
	\$
Balance, April 30, 2019 and 2018	-
Acquisition Costs	
10,000,000 shares issued at \$0.075 per share (Note 9)	750,000
Total Acquisition Costs	750,000
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2020	750,000

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.

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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". 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.

The Company has identified its directors and senior officers as its key management personnel.

Included in the Statements of Loss and Comprehensive Loss for the years ended April 30, 2020 and 2019, are the following amounts, which arose due to transactions with related parties:

	2020	2019
	\$	\$
Management fees from CFO	120,000	78,250
Management fees from CEO	120,000	83,250
Director fees	30,000	10,000
Geological services from Director	34,610	21,613
Stock-based compensation (Note 9)	142,000	46,900

As at April 30, 2020, accounts payable and accrued liabilities included a total of \$8,574 (2019 - \$13,575), payable to directors, officers, and companies controlled by officers.

During the year ended April 30, 2020, the Company granted a total of 4,800,000 options to directors and officer (Note 9).

7. PREPAID EXPENSES

Prepaid expenses are comprised of consulting fees and investor relation fees paid in advance of services provided.

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Included in accounts payable and accrued expenses is \$8,574 (2019 - \$13,575) due to related parties (Note 6).

BLACK TUSK RESOURCES INC.
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9. SHARE CAPITAL

a) Authorized

Unlimited common shares without par value.

b) Issued and outstanding

As at April 30, 2020, the issued share capital is comprised of 68,154,955 common shares (2019: 19,326,309).

During the year ended April 30, 2020:

On May 2, 2019, the Company completed the first tranche of private placement for 3,346,999 non-flow-through units ("Units") at \$0.15 per share for gross cash proceeds of \$502,050. Each Unit consists of one common share and one share purchase warrant. Each Warrant will entitle the holder to purchase an additional share at a price of \$0.25 per share for a two-year term. The Company also issued 5,333 broker warrants in connection with the closing of the tranche.

On June 3, 2019, the Company completed the second and final tranche of private placement for 2,983,400 non-flow-through units ("Units") at \$0.15 per share for gross cash proceeds of \$447,510. Each Unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase an additional share at a price of \$0.25 per share for a two-year term. Proceeds of \$50,836 have not been received as at April 30, 2020.

On June 4, 2019, the Company issued 56,900 common shares of the Company pursuant to exercise of warrants for gross cash proceeds of \$5,690.

On June 13, 2019, the Company completed the first tranche of private placement for 1,689,200 flow-through units ("Units") at \$0.17 per share for gross cash proceeds of \$287,164. Each Unit consists of one flow-through 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 \$0.25 per share for a two-year term.

On July 9, 2019, the Company completed the second and final tranche of private placement for 1,655,588 flow-through units ("Units") at \$0.17 per share for gross cash proceeds of \$281,450. Each Unit consists of one flow-through 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 \$0.25 per share for a two-year term.

On July 9, 2019, the Company issued 133,192 non-flow-through common shares to brokers and 203,781 broker warrants in connection with the private placements closed in June and July 2019. Each broker's warrant will entitle the holder to purchase an additional share at a price of \$0.25 per share for a two-year term.

On September 17, 2019, the Company issued 1,708,489 common shares for services where the fair value of the services was \$136,679 resulting in an unrealized loss of \$59,797. The Company recognized the difference between the fair value of shares issued and services incurred recorded through statement of loss and comprehensive loss as at April 30, 2020.

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9. SHARE CAPITAL (continued)

b) Issued and outstanding

On September 20, 2019, the Company completed a private placement for 1,111,111 flow-through units ("Units") at \$0.135 per share for gross cash proceeds of \$150,000. Each Unit consists of one flow-through 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. The Company also issued 88,889 broker warrants in connection with the closing of the private placement.

On November 1, 2019, the Company completed a private placement for 6,580,000 non-flow-through units ("Units") at \$0.05 per share for gross cash proceeds of \$329,000. Each Unit consists of one common share and one share purchase warrant. Each Warrant will entitle the holder to purchase an additional share at a price of \$0.06 per share for a two-year term.

On November 1, 2019, the Company issued 2,536,000 common shares for services where the fair value of the services was \$126,800 resulting in an unrealized gain of \$12,680. The Company recognized the difference between the fair value of shares issued and services incurred recorded through statement of loss and comprehensive loss as at April 30, 2020.

On November 18, 2019, the Company issued 5,500,000 common shares of the Company to acquire Golda Resources Inc. as described in Note 5 and 15.

On December 10, 2019, the Company completed a private placement for 2,166,667 flow-through common shares at \$0.06 per share for gross cash proceeds of \$130,000. The Company also issued 346,666 broker warrants in connection with the closing of the private placement. Each broker warrant will entitle the holder to purchase an additional share at a price of \$0.10 per share for a two-year term.

On December 10, 2019, the Company issued 2,937,900 common shares for services where the fair value of the services was \$146,895 resulting in an unrealized gain of \$29,379. The Company recognized the difference between the fair value of shares issued and services incurred recorded through statement of loss and comprehensive loss as at April 30, 2020.

On December 19, 2019, the Company completed a private placement for 3,300,000 flow-through units ("Units") at \$0.055 per share for gross cash proceeds of \$181,500. Each Unit consists of one flow-through 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 \$0.10 per share for a two-year term. The Company also issued 48,000 broker warrants in connection with the closing of the private placement.

On December 19, 2019, the Company issued 144,000 non-flow-through common shares to brokers in connection with the private placements closed on December 19, 2019.

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9. SHARE CAPITAL (continued)

b) Issued and outstanding

On December 30, 2019, the Company completed a private placement for 845,000 flow-through units ("Units") at \$0.055 per share for gross cash proceeds of \$46,475. Each Unit consists of one flow-through 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 \$0.10 per share for a two-year term. The Company also issued 10,900 broker warrants in connection with the closing of the private placement.

On December 30, 2019, the Company issued 32,700 non-flow-through common shares to brokers in connection with the private placements closed on December 30, 2019.

On January 15, 2020, the Company issued 10,000,000 common shares of the Company to acquire Chalice Gold Exploration Corp. as described in Note 5 and 15.

On February 5, 2020, the Company issued 2,101,500 common shares of the Company for services where the fair value of the service was \$105,075 resulting in an unrealized loss of \$31,523. The Company recognized the difference between the fair value of shares issued and services incurred recorded through statement of loss and comprehensive loss as at April 30, 2020.

During the year ended April 30, 2019:

On May 10, 2018, the Company closed the third and final tranche of the private placement for 625,000 units ("Units") at \$0.15 per share for gross cash proceeds of \$93,750. Each Unit consists of one common share and one half of one share purchase warrant. Each whole warrant will entitle the holder to purchase an additional share at a price of \$0.20 per share for a two-year term. The Company paid \$4,095 to brokers and issued 27,300 broker warrants in connection with the closing of the tranche.

On September 27, 2018, the Company closed the first tranche of the private placement for 2,514,500 units ("Units") at \$0.20 per share for gross cash proceeds of \$502,900. Each Unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase an additional share at a price of \$0.30 per share for a two-year term. The Company also paid \$4,900 to brokers and issued 32,500 broker warrants in connection with the closing of the tranche.

On December 28, 2018, the Company closed the second tranche of the private placement for 525,000 units ("Units") at \$0.20 per share for gross cash proceeds of \$105,000. Each Unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase an additional share at a price of \$0.30 per share for a two-year term. The Company paid \$4,800 to brokers and issued 24,000 broker warrants in connection with the closing of the tranche.

On February 5, 2019, the Company issued 1,000,000 common shares for the Cluster Project mineral claims described in Note 5.

During the year ended April 30, 2019, the Company issued a total of 903,141 common shares pursuant to the exercise of 903,141 share purchase warrants at an exercise price of \$0.14 per share for gross proceeds of \$126,440.

As of April 30, 2019, the Company had received \$336,559 in shares subscriptions.

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9. SHARE CAPITAL (continued)

c) Warrants

The changes in warrants during the years ended April 30, 2020 and 2019 are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, April 30, 2018	4,495,715	\$0.16
Issued	3,435,800	\$0.29
Exercised	(903,141)	\$0.14
Expired	(2,072,861)	\$0.14
Balance, April 30, 2019	4,955,513	\$0.26
Issued	17,914,418	\$0.16
Exercised	(56,900)	\$0.10
Expired	(1,462,813)	\$0.50
Balance, April 30, 2020	21,350,218	\$0.18

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9. SHARE CAPITAL (continued)

c) Warrants (continued)

A summary of warrants outstanding at April 30, 2020 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants issued and exercisable
May 10, 2020	0.03	\$0.20	339,800
September 27, 2020	0.41	\$0.30	2,547,000
December 28, 2020	0.66	\$0.30	549,000
May 2, 2021	1.01	\$0.25	3,352,332
June 3, 2021	1.09	\$0.25	2,983,400
June 13, 2021	1.12	\$0.25	844,600
July 9, 2021	1.19	\$0.25	1,031,575
September 20, 2021	1.39	\$0.20	644,445
November 1, 2021	1.51	\$0.06	6,580,000
December 10, 2021	1.61	\$0.10	346,666
December 19, 2021	1.64	\$0.10	1,698,000
December 30, 2021	1.67	\$0.10	433,400
			21,350,218

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

	2020	2019
Share price	\$0.04 - \$0.16	\$0.20- \$0.25
Risk – free interest rate	1.38% - 1.70%	1.85 % - 2.18%
Expected life of warrants	2 years	2 years
Dividend rate	0%	0%
Annualized volatility	112%	115%

The fair value per broker's warrant issued is \$0.01-\$0.08 (2019 - \$0.09-\$0.11).

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9. SHARE CAPITAL (continued)

d) Options

The changes in options during the years ended April 30, 2020 and 2019 are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, April 30, 2018	1,000,000	\$0.10
Granted	840,000	\$0.20
Balance, April 30, 2019	1,840,000	\$0.15
Granted	7,012,156	\$0.07
Cancelled	(2,140,000)	\$0.11
Balance, April 30, 2020	6,712,156	\$0.07

A summary of options outstanding at April 30, 2020 is as follows:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Options Issued and Exercisable
May 11, 2020	0.03	\$0.20	250,000
November 7, 2020	0.52	\$0.21	300,000
May 14, 2021	1.04	\$0.06	200,000
July 4, 2021	0.04	\$0.14	200,000
July 31, 2021	1.18	\$0.14	179,156
December 10, 2021	1.61	\$0.05	2,933,000
February 18, 2022	1.81	\$0.075	500,000
March 24, 2022	1.90	\$0.05	1,750,000
April 21, 2022	1.98	\$0.05	400,000
		\$0.07	6,712,156

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9. SHARE CAPITAL (continued)

d) Options (continued)

During the year ended April 30, 2020, the Company issued a total of 7,012,156 options to consultants, Directors and Officer. The options are exercisable between \$0.05 - \$0.21 per share, expired between May 2020 and April 2022, and vested immediately upon grant.

The weighted average remaining contractual life of the options is 1.58 years.

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

	2020	2019
Share price	\$0.04 - \$0.16	\$0.18 - \$0.21
Risk – free interest rate	0.32% - 1.67%	1.65% - 2.33%
Expected life of warrants	2 years	2 years
Dividend rate	0%	0%
Annualized volatility	115%	115%

The fair value per option issued is \$0.02-\$0.09 (2019 - \$0.08-\$0.11).

For the year ended April 30, 2020, the Company recognized stock-based compensation of \$246,594 (2019: \$83,605) 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, 2020, there were 1,520,016 common shares held in escrow.

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10. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended April 30, 2020 was based on the loss attributable to common shareholders of \$2,607,177 (2019: \$1,112,722) and the weighted average number of common shares outstanding of 44,079,334 (2019: 16,333,265).

11. 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 common shares. Although the Company has been successful at raising funds in the past through the issuance of common shares, 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, 2020. The Company is not subject to external restrictions on its capital.

12. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% to income before income taxes. A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2020	2019
Combined statutory rate	27%	27%
Expected income tax recovery	(703,938)	(300,435)
Permanent differences and other	40,152	16,800
Benefit of tax losses (not recognized)	663,786	283,635
	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been set up are as follows:

	2020	2019
Deferred income tax assets	\$	\$
Exploration and evaluation assets (liabilities)	27,360	(20,909)
Other deferred tax assets	26,711	12,623
Non-capital losses carried forwards	1,027,978	426,549
Net deferred income tax assets not recognized	1,082,049	418,263

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12. INCOME TAXES (continued)

No deferred tax asset has been recognized in respect of the above because the amount of future taxable profit that will be available to realize such assets is not probable.

As at April 30, 2020, the Company has available for deduction against future taxable income non-capital losses of approximately \$3,808,000 (2019 - \$1,580,000). These non-capital losses expire as follows:

Expiry Date	\$
2037	149,000
2038	388,000
2039	1,043,000
2040	2,228,000
	3,808,000

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Fair Values

The Company's financial instruments consist of cash, accounts payable and other payables. The fair values of cash and cash equivalents and accounts payable approximate their carrying values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments as at April 30, 2020:

	Fair value	Carrying value
FVTPL (i)	\$ 159,892	\$ 159,892
Amortized cost (ii)	\$ 110,103	\$ 110,103

- (i) Cash and cash equivalents
- (ii) Accounts payable

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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

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13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair Values (continued)

The following table sets forth the Company's financial assets measured at fair value as at April 30, 2020 by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 159,892	\$ -	\$ -	\$ 159,892

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, 2020 equal \$110,103. All the liabilities presented as accounts payable 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.

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, 2020, the Company is not exposed to significant market risk.

14. COMMITMENTS

The Company only has the commitments for the property option agreements as disclosed in Note 5. The Company is also committed to certain flow-through expenditures as described in Note 16.

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15. ACQUISITIONS

On November 12, 2019, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Golda Resources Inc. ("Golda") by issuing 5,500,000 common shares of the Company. The acquisition of Golda provided the Company with mineral property named McKenzie East Project as described in Note 5. The Company has determined that this transaction is an asset acquisition as the assets acquired did not constitute a business.

On January 13, 2020, the Company entered into a share purchase agreement to purchase 100% of the outstanding shares of Chalice Gold Exploration Corp. ("Chalice") by issuing 10,000,000 common shares of the Company. The acquisition of Chalice provided the Company with mineral property named South Rim Project as described in Note 5. The Company has determined that this transaction is an asset acquisition as the assets acquired did not constitute a business.

16. DEFERRED FLOW-THROUGH

During the year ended April 30, 2020, the Company issued 10,767,566 flow-through common shares through multiple private placements for gross proceeds of \$1,076,589 with share prices ranging from \$0.055 to \$0.17 per common share. Pursuant to the private placements of flow-through common shares, the Company recognized a deferred flow-through premium of \$220,075, as the difference between the amounts recognized in common shares and the amounts the investors paid for the common shares. During the year, the Company incurred \$330,525 in eligible expenses in connection with the flow-through share issuances. As a result, the Company recognized an amount of \$66,023 as other income related to these expenditures.

17. SUBSEQUENT EVENTS

- a) On May 2, 2020, the Company issued 1,654,000 common shares pursuant to a debt settlement agreement.
- b) On June 3, 2020, the Company issued 484,615 common shares pursuant to a debt settlement agreement.
- c) On June 3, 2020, the Company issued 4,000,000 common shares pursuant to the exercise of 4,000,000 warrants at a price of \$0.06 per share for total proceeds of \$240,000
- d) On June 26, 2020, the Company completed a private placement for 2,500,000 units ("Units") at \$0.06 per unit for gross cash proceeds of \$150,000. Each Unit consists of one common share and one share purchase warrant. Each warrant will entitle the holder to purchase an additional share at a price of \$0.06 per share for a two-year term.
- e) On July 15, 2020, the Company completed a private placement for 3,125,000 flow-through shares at \$0.08 per share for gross cash proceeds of \$250,000.
- f) On July 15, 2020, the Company completed a private placement for 9,652,000 flow-through units ("Units") at \$0.08 per unit for gross cash proceeds of \$772,160. 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 \$0.08 per share for a two-year term. The Company paid finders fees of \$68,704 in cash, issued 179,400 common shares and granted 679,400 warrants to various brokers in connection with the private placement.

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17. SUBSEQUENT EVENTS (continued)

- g) On July 27, 2020, the Company granted 2,100,000 stock options to directors and officers of the Company. The options are exercisable at \$0.07 per share for a two year term.
- h) On August 13, 2020, the Company completed a private placement for 3,077,000 units ("Units") at \$0.065 per unit for gross cash proceeds of \$200,005. 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 \$0.08 per share for a five year term. The Company paid finders fees of \$12,000 cash and 184,620 warrants in connection with the Private Placement.
- i) On August 18, 2020, the Company issued 2,000,000 common shares pursuant to the exercise of stock options at a price of \$0.05 per share for total proceeds of \$100,000.
- j) On August 25, 2020, the Company issued 200,000 common shares pursuant to the exercise of warrants at a price of \$0.06 per share for total proceeds of \$12,000.
- k) On August 27, 2020, the Company issued 200,000 common shares pursuant to the exercise of stock options at a price of \$0.05 per share for total proceeds of \$10,000.