

BLACK TUSK RESOURCES INC.
Management Discussion and Analysis
For the six month period ended October 31, 2020

The Management Discussion and Analysis (“MD&A”), prepared December 21, 2019 should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended April 30, 2020 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 200-666 Burrard Street, Vancouver, British Columbia, Canada. On November 12, 2019 the Company acquired 100% of Golda Resources Inc. and on January 13, 2020 the Company acquired 100% Chalice Gold Exploration Corp.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at October 31, 2020, 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

	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
Additions	—	134,855	134,855
Balance, October 31, 2020	1,242,500	465,380	1,707,880

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 and October 31, 2020	-

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.

5. EXPLORATION AND EVALUATION ASSETS *(continued)*

As at October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

	Cluster Project
	\$
Balance, April 30, 2019	–
Acquisition Costs	
Cash	25,000
1,000,000 shares issued at \$0.15 per share	150,000
Balance, April 30, 2020 and October 31, 2020	175,000
Deferred Exploration Costs	
Balance, April 30, 2020	330,525
Exploration Costs	134,855
Total deferred exploration	465,380
Balance, October 31, 2020	640,380

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 October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

	McKenzie East Project
Balance, April 30, 2019	
Acquisition Costs	
Cash	15,000
5,500,000 shares issued at \$0.055 per share	302,500
Balance, April 30, 2020 and October 31, 2020	317,500
Deferred Exploration Costs	
Exploration costs	-
Total Deferred Exploration Costs	-
Balance, April 30, 2020 and October 31, 2020	317,500

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 October 31, 2020, the project is still at an early exploration stage. The Company has incurred the following exploration expenditures as at October 31, 2020:

South Rim Project	
Balance, April 30, 2019	
Acquisition Costs	
10,000,000 shares issued at \$0.075 per share	750,000
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Balance, April 30, 2020 and October 31, 2020	750,000
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Deferred Exploration Costs	
Exploration costs	-
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Total Deferred Exploration Costs	-
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Balance, April 30, 2020 and October 31, 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.

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	April 30, <u>2020</u>	April 30, <u>2019</u>	April 30, <u>2018</u>
Revenue	\$ 0	\$ 0	\$ 0
Net Loss	\$ (2,607)	\$ (1,113)	\$ (477)
Basic and Diluted Loss Per Share	\$ (0.06)	\$ (0.07)	\$ (0.04)
Total Assets	\$ 1,887	\$ 917	\$ 469
Long-Term Debt	\$ 0	\$ 0	\$ 0
Dividends	\$ 0	\$ 0	\$ 0

OPERATIONS

Three month period ended October 31, 2020

During the three months ended October 31, 2020 the Company reported a net loss of \$1,001,354. (2019 - \$598,289). Included in the determination of operating loss was \$82,000 (2019 - \$65,000) spent on management fees, \$47,521 (2019 - \$102,508) on professional fees, \$8,582 (2019 - \$8,922) on transfer agent and filing fees, \$106,595 (2019 - \$36,645) on travel and promotion, \$700,895 (2019 - \$274,699) on consulting \$55,349 (2019 - \$110,286) on investor communication and \$412 (2019 - \$229) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$Nil, (2019 - \$Nil).

Six month period ended October 31, 2020

During the six months ended October 31, 2020 the Company reported a net loss of \$1556,695. (2019 - \$1,400,424). Included in the determination of operating loss was \$148,000 (2019 - \$140,000) spent on management fees, \$88,317 (2019 - \$123,301) on professional fees, \$12,821 (2019 - \$26,289) on transfer agent and filing fees, \$130,963 (2019 - \$57,211) on travel and promotion, \$997,130 (2019 - \$763,342) on consulting \$86,098 (2019 - \$267,478) on investor communication and \$7,371 (2019 - \$3,907) on office and miscellaneous. The Company also incurred a stock based compensation charge of \$85,995, (2019 - \$18,896).

SUMMARY OF QUARTERLY RESULTS

(\$000's except earnings per share)

	October 31, <u>2020</u>	July 31, <u>2020</u>	April 30, <u>2020</u>	January 31, <u>2020</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (1,001)	\$ (555)	\$ (842)	\$ (365)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.01)

	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)	\$ (247)	\$ (244)

Basic and diluted

Loss per share \$ (0.02) \$ (0.03) \$ (0.02) \$ (0.02)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at October 31, 2020 were \$2,471,067 compared to \$159,892 at April 30, 2020.

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, 2020	April 30, 2020
	\$	\$
Accounts payable and accrued liabilities	26,009	8,574

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, 2020	October 31, 2019
	\$	\$
Management fees	148,000	140,000
Geological fees	12,203	20,274

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. The Company is also committed to certain flow-through expenditures.

SUBSEQUENT EVENTS

Subsequent to October 31, 2020 the Company issued 6,875,000 units. Each unit consisted of one common shares issued at \$0.08 per share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of 5 year at \$0.08 per share.

Subsequent to October 31, 2020 the Company issued 3,106,025 shares at a price of \$0.05 for services.

Subsequent to October 31, 2020, 300,000 stock options expired.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 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 for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at October 31, 2020 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	\$	\$	\$	\$
Cash	873,080	–	–	873,080

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at October 31, 2020 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

CRITICAL ACCOUNTING ESTIMATES

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 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:

Share-based payment transaction:

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.

SHARE CAPITAL

Issued

The company has 135,443,471 shares issued and outstanding as at October 31, 2020 and 145,424,496 as at December 21, 2020.

Share Purchase Options

The Company has 7,112,156 stock options outstanding at October 31, 2020 and 6,812,156 as at December 21, 2020.

Warrants

The Company has 65,267,696 share purchase warrants outstanding at October 31, 2020 and 68,705,196 as at December 21, 2020.

Escrow Shares

The Company has 760,009 shares held in escrow as at October 31, 2020 and Nil as at December 21, 2020.