Black Bull Resources Inc.

Financial Statements

September 30, 2018

Crowe

Crowe MacKay LLP

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Independent Auditor's Report

To the Shareholders of
Black Bull Resources Inc.

We have audited the accompanying financial statements of Black Bull Resources Inc., which comprise the statements of financial position as at September 30, 2018 and September 30, 2017, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Black Bull Resources Inc. as at September 30, 2018 and September 30, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Black Bull Resources Inc. to continue as a going concern.

Calgary, Alberta
January 28, 2019

"Crowe MacKay LLP"
Chartered Professional Accountants

BLACK BULL RESOURCES INC.
STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian Dollars)		2018		2017
ASSETS				
Current				
Cash and cash equivalents	$	28,195	$	36,432
Receivables (Note 4)		1,870		3,913
Prepaid expenses		8,487		10,185
Other assets (Note 8)		295,511		291,729
		334,063		342,259
Property, plant and equipment (Note 5)		463		660
Mineral claims (Note 6)		1		1
Exploration and evaluation assets (Note 7)		1		1
	$	334,528	$	342,921
LIABILITIES				
Current				
Payables and accrued liabilities (Note9)	$	122,164	$	129,196
Demand loans (Note 12)		351,024		242,429
Deposit (Note3)		53,778		53,778
Asset retirement obligation (Note10)		262,097		257,303
		789,063		682,706
SHAREHOLDERS' EQUITY (DEFICIT)				
Capital stock (Note 11)		23,588,518		23,588,518
Contributed surplus (Note 11)		2,070,133		2,070,133
Deficit		(26,113,186)		(25,998,436)
		(454,535)		(339,785)
	$	334,528	$	342,921

Continuation of business (Note 1)
Subsequent events (Note 16)

These financial statements were approved for issue by the Board of Directors on January 28, 2019:

David Crombie, Director

Dave Wood, Director

See accompanying notes to the financial statements

BLACK BULL RESOURCES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
YEARS ENDED SEPTEMBER 30

(Expressed in Canadian Dollars)		2018		2017
EXPENSES				
Operations and overhead	$	33,914	$	43,461
Amortization		197		281
Interest on demand loans (Note 11)		-		32,622
Sales and marketing		420		375
General and administration (Note 13)		78,750		97,158
		113,281		173,897
LOSS BEFORE OTHER ITEMS		(113,281)		(173,897)
OTHER ITEMS				
Accretion		(4,794)		(4,794)
Interest income		3,325		2,862
NET AND COMPREHENSIVE LOSS FOR THE YEAR	$	(114,750)	$	(175,829)
Basic and diluted loss per share	$	(0.03)	$	(0.05)
Weighted average number of shares		3,552,287		3,283,906

See accompanying notes to the financial statements

BLACK BULL RESOURCES INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30

(Expressed in Canadian Dollars)		2018		2017
OPERATING ACTIVITIES				
Net and comprehensive loss for the year	$	(114,750)	$	(175,829)
Non-cash items:				
Amortization		197		281
Accretion on asset retirement obligation		4,794		4,794
Bonus shares issued		-		32,622
		(109,759)		(138,132)
Change in non-cash working capital accounts				
Receivables		2,043		1,335
Prepaid expenses		1,698		(2,034)
Payables and accrued liabilities		(7,032)		63,694
		(113,050)		(75,137)
INVESTING ACTIVITIES				
Other assets		(3,782)		(2,121)
		(3,782)		(2,121)
FINANCING ACTIVITIES				
Demand loans		108,595		97,429
Share issue costs		-		(7,319)
		108,595		90,110
Change in cash and cash equivalents during the year		(8,237)		12,852
Cash and cash equivalents at beginning of the year		36,432		23,580
Cash and cash equivalents at end of year	$	28,195	$	36,432
Supplemental cash flow information:				
Interest received	$	3,325	$	2,862
Non-cash transactions:				
Shares issued to settle debt	$	-	$	25,000
Bonus shares issued as consideration of loans	$	-	$	32,622
Cash and cash equivalents are comprised of:				
Cash	$	5,407	$	14,030
Guaranteed investment certificates		22,788		22,402
	$	28,195	$	36,432

See accompanying notes to the financial statements

BLACK BULL RESOURCES INC.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

	Common Shares		Contributed Surplus	Deficit	Total Equity
	#	$	$	$	$
Balance September 30, 2016	**3,028,442**	**23,538,215**	**2,070,133**	**(25,822,607)**	**(214,259)**
Net and comprehensive loss	-	-	-	(175,829)	(175,829)
Shares issued to settle debt	227,273	25,000	-	-	25,000
Bonus shares issued in consideration for loans	296,572	32,622	-	-	32,622
Share issue costs	-	(7,319)	-	-	(7,319)
Balance September 30, 2017	**3,552,287**	**23,588,518**	**2,070,133**	**(25,998,436)**	**(339,785)**
Net and comprehensive loss	-	-	-	(114,750)	(114,750)
Balance September 30, 2018	**3,552,287**	**23,588,518**	**2,070,133**	**(26,113,186)**	**(454,535)**

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

For years ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUATION OF BUSINESS

The Company with the registered and head office at P.O. Box 698 Shelburne, Nova Scotia was incorporated under the Business Corporations Act (Alberta) on July 18, 1997. On June 12, 2008 the Company continued under the Canada Business Corporations Act.

The Company is in the business of mining, processing, and marketing quartz from its White Rock claim in Nova Scotia, Canada. The Company also investigated the commercialization of its kaolin resource.

On September 19, 2017 and amended on May 26, 2018, the Company entered into an asset purchase agreement with a group of investment and business professionals (the "Vendors") to affect an arm's length "Change of Business" transaction (as defined in Policy 5.2 of the TSX Venture Exchange). Under the amended terms of the transaction, the Company will acquire certain shareholdings from the Vendors in exchange for the issuance of 38,000,000 common shares of the Company at a deemed price of $0.05 per common share, as well as the creation and issuance to the Vendors of 1,000,000 preferred series B shares of the Company at a deemed price of $1.00 per preferred share for aggregate deemed consideration of $2,900,000.

The transaction, which is subject to regulatory and final closing conditions, will see the Company transition from a resource issuer to an investment issuer within the meaning of such terms in the policies of the TSX Venture Exchange. As a condition of closing, the Company and Vendors are required to jointly complete a private placement financing for gross proceeds of not less than $3,000,000. The closing is also subject to a number of other conditions, including but not limited to: requisite regulatory corporate, and third-party approvals, including TSX Venture Exchange approval; all required board approvals by the Company; the receipt of a fairness opinion to the satisfaction of the Board of Directors of the Company; and completion of due diligence investigations to the satisfaction of each of the Company and the Vendors.

In accordance with TSX Venture Exchange policy, sponsorship of a "Change of Business" transaction is required unless exempt therefrom in accordance with the TSX Venture Exchange's policies or a waiver is provided. The Company intends to apply for exemption from the sponsorship requirements pursuant to Section 3.4(a)(ii) of Policy 2.2 of the TSX Venture Exchange. If the exemption is not granted, the Company would be required to engage a sponsor or will seek a waiver from the sponsorship requirement.

GOING CONCERN

While the financial statements have been prepared based on accounting principles applicable to a going concern, several adverse conditions and events cast significant doubt upon the validity of this assumption.

The Company continues to incur significant operating losses. The Company has no revenue-generating operating activities and has a significant accumulated deficit. If the trend continues, the current working capital is not sufficient to sustain the Company for the next 12 months. Such material uncertainties cast substantial doubt as to the ability of the Company to satisfy its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continued existence is dependent upon maintaining control of its mineral resources until such time as the market improves. However, there can be no assurances that the steps management is taking will be successful. Management's opinion is that the Company must conserve cash resources while the Company seeks strategic options.

The Company's ability to continue as a going concern is dependent on the continued financial support of a director, either directly or indirectly through a Company under his control. As at the reporting period date, the Company has received $351,024 (2017 - $242,429) of financing via demand loans from these related parties.

If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance
These financial statements for the years ended September 30, 2018 and 2017, 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 accounting policies applied to these financials statements are presented in Note 2 and are based on IFRS issued and outstanding as of September 30, 2018. These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Significant accounting judgments, estimates and assumptions
The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial

statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

a) Cash and cash equivalents

Cash and cash equivalents include amounts held on deposit and cashable guaranteed investment certificates with financial institutions.

b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is a method to write off the cost of the assets. Amortization is based on the asset's estimated useful life using either the declining-balance (DB) or straight-line (SL) method. The depreciation rates applicable to each category of property and equipment are as follows:

Buildings	10% DB
Equipment	20% DB
Computer equipment	30% DB
Leasehold improvements	50% SL
Site improvements	20% SL

Amortization of buildings and equipment commence when they are commercially utilized; other property, plant and equipment are amortized 50% of the given rate in the first year.

c) Intangible assets

Intangible assets are accounted for at cost. Amortization is based on the asset's estimated useful life using either the declining-balance (DB) or straight-line (SL) method using the following rates:

Software	100% DB
Trademarks &Patents	10% SL

d) Mineral claims

The cost of mineral properties are capitalized until the properties are placed into production, sold or abandoned. These costs are amortized on a unit- of-production basis following the commencement of production or written-off if the properties are sold or abandoned. If the properties are impaired in value, an appropriate charge will be made at the time.

Costs include the cash consideration and the fair market value of share and options issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is to be under development and is classified as development properties. The carrying value of capitalized mineral claims is transferred to development properties after being tested for impairment.

The recorded carrying value of mineral claim costs represents costs incurred, net of impairments, and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic reserves or the sale of mineral rights.

On an on-going basis, the Company evaluates each mineral property based on results obtained to date to determine the nature of exploration, other assessment and development work, if any, that is warranted in the future and the potential for recovery of the capitalized costs. If there is little prospect of future work on a property being carried out within a three-year period from completion of previous activities, the deferred costs related to that property are written-down to the estimated amount recoverable unless there is persuasive evidence that an impairment allowance is not required.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry norms for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or non-compliance with regulatory requirements.

e) Exploration and evaluation expenditures

Exploration costs are capitalized until the properties are placed into production, sold or abandoned. These costs are amortized on a unit- of-production basis following the commencement of production or written-off if the properties are sold or abandoned. If the properties are impaired in value, an appropriate charge will be made at the time.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

The carrying amount of exploration costs represents costs incurred, net of impairments, and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic reserves or the sale of mineral rights.

On an ongoing basis, the Company evaluates each mineral property based on results obtained to date to determine the nature of exploration, other assessment and development work, if any, that is warranted in the future and the potential for recovery of the capitalized costs. If there is little prospect of future work on a property being carried out within a three-year period from completion of previous activities, the deferred costs related to that property are written-down to the estimated amount recoverable unless there is persuasive evidence that an impairment allowance is not required.

f) Revenue recognition

Interest income is recognized when earned.

g) Asset retirement obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money and risks specific to the liability, are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

h) Use of estimates

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverable values and useful lives of property, plant and equipment, timing and costs used to determine expected asset retirement obligations, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

i) Stock-based compensation

The Company has a stock-based compensation plan as described in Note 11. The Company accounts for stock options using the fair-value method, whereby compensation expense for stock options is measured at the fair value at the grant date and is recognized over the vesting period of the options granted. The Company uses the Black-Scholes model to estimate fair value.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

j) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists and the deferred income taxes relate to the same taxable entity and the same taxation authority.

k) Loss per share

Loss per share is calculated using the weighted-average number of common shares outstanding. The weighted average is calculated based on the number of days outstanding during the reporting periods.

Diluted loss per share is determined as net loss divided by the weighted average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising stock options or warrants based on the treasury-stock method.

The Company does not have any dilutive instruments outstanding as at September 30, 2018 and 2017.

l) Impairment of long-lived assets

The carrying amount of the Company's assets (which include property, plant and equipment, mineral claims and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

n) Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are measured at fair value. Unrealized gains and losses are recognized in other comprehensive income.

Non-derivative financial liabilities (excluding financial guarantees) are measured at amortized cost.

Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. The Company does not have any derivative financial assets and liabilities.

As of September 30, 2018, and September 30, 2017, the Company has classified cash and cash equivalents as fair value through profit and loss, receivables as loans and receivables and payables and accrued liabilities and demand loans as other liabilities.

o) Foreign currency translation

Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the year except for amortization, which is translated at historical rates. Translation gains or losses are included in net loss.

p) Changes to accounting Policies

New accounting standards

The Company has adopted these accounting standards effective October 1, 2017. The adoption of the standards and amendments had no material impact on the financial statements:

Amendments to IAS 7 Statement of Cash Flows
These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Amendments to IAS 12 Income Taxes
These amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value

Accounting standards issued but not yet effective

The following accounting standards and amendments are effective for future periods.

IFRS 9 Financial Instruments
This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition,

those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company does not believe this new standard will have a material impact when adopted.

This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers
The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The Company does not believe this new standard will have a material impact when adopted.

This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment
These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The Company does not believe this new standard will have a material impact when adopted.

These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not believe this new standard will have a material impact when adopted.

This standard is effective for reporting periods beginning on or after January 1, 2019.

3. DEPOSIT

The Company has entered into an arm's length Share Exchange Agreement (the "Share Exchange Agreement") dated April 23, 2014, for the acquisition (the "Transaction") by the Company of all of the issued and outstanding shares of AUS Industrial Minerals Limited ("AUS"), a privately held company incorporated under the laws of British Columbia and wholly owned by AUS Streams.

On November 6, 2015, AUS Streams sold AUS Industrial Minerals Limited to DWF Capital Limited ("DWF"), a private equity group in Australia. DWF has re-named AUS Industrial Minerals Limited, to Renewable Energy Minerals Limited ("REM"). As a result, the proposed take-over transaction was with REM, a private company that is wholly owned by DWF.

Pursuant to the Share Exchange Agreement, AUS has advanced a non-refundable deposit in the amount of US$50,000 (CDN $53,778) in favour of the Company. In exchange, the Company has agreed to issue 333,333 common shares, of the Company at a deemed issue price $0.15 on the closing date, subject to the prior approval of the TSX- V.

These funds have been used to fund the legal requirements of the Agreement. To date, the Company has dispersed the total amount of $53,778 on transaction-related expenditures, which have been expensed in the period incurred.

During the year ended September 30, 2017, the Transaction was terminated by the Company. The Company and REM have not reached an agreement as to settlement of the deposit hence the balance remains to be recognized as a liability on the statements of financial position as at September 30, 2018 and 2017.

4. RECEIVABLES

		Sept 30 2018		Sept 30 2017
Harmonized Sales Tax (HST)	$	**1,870**	$	3,913

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer Equipment	Water Treatment Equipment	Water Treatment Building	Leasehold Improvements	Site Improvements	Total
As at September 30, 2016, 2017 and 2018	$43,132	$107,872	$105,822	$17,115	$216,210	$490,151

Accumulated amortization and impairments	Computer Equipment	Water Treatment Equipment	Water Treatment Building	Leasehold Improvements	Site Improvements	Total
As at September 30, 2016	42,194	107,871	105,821	17,115	216,209	489,210
Amortization	281	-	-	-	-	281
As at September 30, 2017	42,475	107,871	105,821	17,115	216,209	489,491
Amortization	197	-	-	-	-	197
As at September 30, 2018	**42,672**	**107,871**	**105,821**	**17,115**	**216,209**	**489,688**

Carrying Value	Computer Equipment	Water Treatment Equipment	Water Treatment Building	Leasehold Improvements	Site Improvements	Total
As at September 30, 2017	$ 657	$ 1	$ 1	$ -	$ 1	$ 660
As at September 30, 2018	**$ 460**	**$ 1**	**$ 1**	**$ -**	**$ 1**	**$ 463**

6. MINERAL CLAIMS

	2018	2017
Cost, beginning and end of year	**$ 972,183**	$ 972,183
Accumulated depletion, beginning and end of year	**(14,381)**	(14,381)
Accumulated impairment, beginning and end of year	**(957,801)**	(957,801)
Accumulated depletion and impairments, beginning and end of year	**(972,182)**	(972,182)
Carrying value, end of year	**$ 1**	$ 1

On July 13, 2018, the Company entered into an option agreement with Infrastructure Commodities Limited ("InfCom"), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted InfCom the sole and exclusive right and option to explore and mine the Company's White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, InfCom will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

The agreement is subject to several conditions to closing as follows:

- Within 1 month of the option grant date, and no later than July 28, 2018, InfCom must prepare a paper describing the anticipated exploitation prospects to facilitate the preparation of a bankable report;

- Within 3 months of the option grant date, and not later than October 28, 2018, InfCom must:

  a) Research and prepare a review of the applicable quartz market for use in preparing a plan for exploiting the quartz prospects on the property;

  b) Prepare a report on options to pre-treat feedstock prior to delivery to high value clients;

  c) Preview potential offtake partners in the USA, Canada, EU and Asia for higher-end market opportunities;

  d) Preview potential exploitation partners; and

  e) Preview prospects for beneficiation technology located in Nova Scotia.

- Within 4 months of the option grant date, and not later than November 30, 2018, InfCom must:

  a) Outline the prospective project value and return to investors in a pre-bankable report; and

  b) Prepare an outline of a budget for completion of due diligence and a bankable report on the exploitation of the quartz, kaolin and mica assets on the property.

- Within 6 months of the option grant date, and not later than January 31, 2019, InfCom must be prepared to review project possibilities with the Company for the way forward for exploitation of the property for quartz, kaolin and mica production and sale of aforesaid.

InfCom has not complied with the terms of the agreement and the option has lapsed. The Company is working with InfCom on extending and revising the terms of this option agreement.

7. EXPLORATION AND EVALUATION ASSETS

		2018		2017
Cost, beginning and end of year	$	**2,994,903**	$	2,994,903
Accumulated depletion, beginning and end of year		**(48,659)**		(48,659)
Accumulated impairment, beginning and end of year		**(2,946,243)**		(2,946,243)
Accumulated depletion and impairments, beginning and end of year		**(2,994,902)**		(2,994,902)
Carrying value, end of year	**$**	**1**	**$**	1

8. OTHER ASSETS

Other assets consist of funds held under the National Resources Reclamation Fund by the Province of Nova Scotia.

In addition, an irrevocable standby letter of credit of $17,400 (2017 - $17,400) has been issued to the Province of Nova Scotia (Note 15).

9. PAYABLES AND ACCRUED LIABILITIES

	Sept 30, 2018	Sept 30, 2017
Trade payables	**$122,164**	$129,196

10. ASSET RETIREMENT OBLIGATION

The Company's total asset retirement obligation is estimated based on the Company's net ownership interest in mineral leases and management's estimate of costs to abandon and reclaim these leases, as well as an estimate of the future timing of the costs to be incurred. Under the terms of the agreement with the Province of Nova Scotia, the Company is obligated to update its reclamation plan every three years.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The total undiscounted amount of the estimated cash flows required to settle its asset retirement obligations are approximately $262,097 (2017 - $257,303) which are expected to be settled over the next year. A risk-free interest rate of nil% (due to the nature of the liability being current) and an inflation rate of 2% were used to calculate the liability.

Changes to the liabilities were as follows:

		Sept 30, 2018		Sept 30, 2017
Balance, beginning of year	**$**	**257,303**	$	252,509
Accretion		**4,794**		4,794
Balance, end of year	**$**	**262,097**	$	257,303

11. SHAREHOLDERS' EQUITY

a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

b) Issued, common shares

	September 30, 2018		September 30, 2017	
	#	**$**	#	$
Balance, beginning of year	**3,552,287**	**23,588,518**	3,028,442	23,538,215
Share issued to settle debt	**-**	**-**	227,273	25,000
Bonus shares issued as consideration for loans	**-**	**-**	296,572	32,622
Share issue costs	**-**	**-**	-	(7,319)
Balance, end of year	**3,552,287**	**23,588,518**	3,552,287	23,588,518

Share Consolidation

On February 24, 2017, the Company completed a share consolidation on the basis of one (1) post-consolidation common share for every thirty (30) pre-consolidation common shares. This transaction has been retrospectively presented throughout these financial statements which has resulted in all common shares and stock option transactions and balances being adjusted accordingly.

c) Contributed Surplus

	Stock Options Fair Value	Warrants Fair Value	Total
Balance, Sept 30, 2017	**$ 1,236,797**	**$ 833,336**	**$ 2,070,133**
Balance, Sept 30, 2018	**$ 1,236,797**	**$ 833,336**	**$ 2,070,133**

The contributed surplus of $2,070,133 (2017 - $2,070,133) consists of the fair value attributed to options and warrants granted and recognized to date.

d) Stock options

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

The Company did not have any options outstanding or exercisable as at September 2018, and 2017.

12. DEMAND LOANS

During the year ended September 30, 2018, a director or a corporation under his control, Zenith Appraisal & Land Consulting Ltd. (the "Holders") advanced funds under four promissory notes in the amount of $108,595 (2017 - $97,429 advanced under four promissory notes). The loans are covered under a general security agreement, non-interest bearing and due on demand by the Holders, or shall be converted to common shares of Black Bull Resources Inc. at a share price to be determined at the time of settlement.

During the year ended September 30, 2017, loans totalling $25,000 were settled through the issuance of 227,273 common shares at a deemed price of $0.11/share. At September 30, 2018, the total balance owing under these demand loans was $351,024 (2017 - $242,429).

13. RELATED PARTY BALANCES AND TRANSACTIONS

The following amounts are due to related parties:

Demand Loans		
	Sep 30 2018	Sep 30 2017
David Wood and Zenith Appraisal & Land Consulting Ltd.	**$ 351,024**	$ 242,429
Total	**$ 351,024**	$ 242,429

The following amounts are included in payables and accrued liabilities:

	September 30, 2018	September 30, 2017
Due to directors and senior officers	**$775**	nil

For the years ending September 30, 2018 and September 30, 2017, the following is a summary of related party expenditures not disclosed elsewhere in these financial statements.

Year Ending		
	Sept 30 2018	Sept 30, 2017
Consulting fees charged directly or indirectly by the CFO	**$ 15,987**	$ 12,699

Stock-based compensation expense for the directors and senior officers was $ nil (2017- $nil) for the year ending September 30, 2018.

During the year ended September 30, 2017, the Company settled debt owing to a related party in the amount of $25,000 through the issuance of 227,273 common shares at a deemed price of $0.11/share (see Note 11 and 12). The Company also issued 296,572 common shares to a related party at a deemed price of $0.11/share as consideration for loans received. The value of these shares of $32,622 has been recorded as interest on demand loans.

14. INCOME TAX

The income tax recovery and change in tax benefits not recognized differs from the amounts computed by applying Canadian statutory rates of 31.0% (2017 – 31.0%) to the loss before income taxes as follows:

	2018	2017
Income tax recovery at statutory rate	$ 36,000	$ 55,000
Share issue costs	-	2,000
Decrease (increase) in tax benefits not recognized	(36,000)	(57,000)
	$ -	$ -

The approximate tax effect of temporary differences and tax loss carry forwards that give rise to the Company's deferred income tax assets computed by applying Canadian statutory rates of 31.0% (2017 – 31.0%) are as follows:

	2018	2017
Deferred income tax assets		
Property, plant and equipment	$ 82,000	$ 82,000
Mineral claims	1,246,000	1,245,000
Share issue costs	203,000	203,000
Other	5,000	5,000
Tax loss carry forwards	4,397,000	4,362,000
Capital loss carry forwards	26,000	26,000
	5,959,000	5,923,000
Tax benefit not recognized	(5,959,000)	(5,923,000)
Deferred income tax asset	$ -	$ -

The Company has $14,182,000 of non-capital losses carried forward which can be applied against future taxable income and will expire between 2026 and 2038.

15. RESTRICTED CASH

The Company has provided an assignment of cash as security on the irrevocable standby letter of credit to the Province of Nova Scotia (Note 8) and for corporate credit card liabilities. As at September 30, 2018, $17,400 (2017 - $17,400) was held in a guaranteed investment certificate as security.

16. SUBSEQUENT EVENTS

On October 26, 2018, a related party advanced funds under a promissory note in the amount of $15,000. The loans are non-interest bearing, due on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.

In addition, on January 22, 2019, a related party advanced funds under a promissory note in the amount of $18,460. The loans are non-interest bearing, due on demand or shall be converted to shares of Black Bull Resources Inc. at a price to be determined.

17. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Fair value: The fair values of cash and cash equivalents are based on Level 1 inputs. Receivables and payables and accrued liabilities approximate their fair values based on their liquidity and short-term nature. Demand loans are recognized at their face values given that there is no market for similar loans, the balance owing is due on demand and they are all owed to related parties.

Interest rate risk: The Company has cash balances invested in guaranteed investment certificates that are issued by a Canadian Chartered bank. The Company has no interest-bearing debt. The Company believes its interest rate risk is not significant.

Credit risk: The Company is exposed to credit risk from receivables, which is the risk that they will not be received in full when due. Allowances are provided for potential losses that have been incurred at the reporting period date (estimated by management based on previous experience and its assessment of the current economic environment). These allowances are $ nil (2017 - $nil) as at September 30, 2018. The carrying amount of receivables on the balance sheet represents the Company's maximum credit exposure at the balance sheet date.

Capital management: The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of debt and equity. The capital structure of the Company consists of shareholders' equity (deficit) comprising of capital stock, contributed surplus and deficit. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. The Company's capital management objectives are unchanged from the prior year. The Company has no externally imposed capital requirements.

Total managed capital was as follows:

		Sept 30, 2018		Sept 30, 2017
Capital Stock	$	**23,588,518**	$	23,588,518
Contributed Surplus		**2,070,133**		2,070,133
Deficit		**(26,113,186)**		(25,998,436)
	$	**(454,535)**	$	(339,785)

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