



(formerly BTU Capital Corp.)

Three And Six Month Periods Ended October 31, 2017 and 2016

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BTU Metals Corp.

(Formerly BTU Capital Corp.)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Note	October 31, 2017 \$	April 30, 2017 \$
ASSETS			
CURRENT			
Cash		355,925	17,930
Commodity Tax Recoverable		25,701	-
Prepaid		-	-
Total Current Assets		381,626	17,930
NON-CURRENT			
Exploration Advances	8(b)	120,000	-
Mineral Properties	6	447,823	-
		949,449	17,930
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		73,138	112,773
Loan Payable	7	-	35,000
Total Current Liabilities		73,138	147,773
LONG TERM DEBT			
Due to Related Parties	9	69,696	284,037
Flow-Through Share Premium Liability		85,841	-
TOTAL LIABILITIES		228,676	431,810
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share Capital	8(b)	1,610,840	523,425
Subscriptions Received	8(b)	-	116,000
Share-Based Payment Reserve		841,991	173,291
Deficit		(1,732,058)	(1,226,596)
		720,773	(413,880)
		949,449	17,930

Basis of Preparation and Going Concern (Note 2)

Subsequent event (Note 12)

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

Approved on behalf of the Board:

“Paul Wood”

Paul Wood, Director

“Michael England”

Michael England, Director

BTU Capital Corp. (Formerly BTU Capital Corp.)

Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)

For the Six Month Periods Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Common Shares	Share Capital	Subscription Received	Share-Based Payment Reserve	Deficit (Note 2)	Total Shareholders' Equity (Deficiency)
		\$	\$	\$	\$	\$
Balance, April 30, 2016	2,553,334	523,425	-	173,291	(1,105,472)	(408,756)
Comprehensive Loss For The Period	-	-	-	-	(16,300)	(16,300)
Balance, October 31, 2016	2,553,334	523,425	-	173,291	(1,121,772)	(425,056)
Comprehensive Loss For The Period	-	-	-	-	(104,824)	(104,824)
Subscriptions Received	-	-	116,000	-	-	116,000
Balance, April 30, 2017	2,553,334	523,425	116,000	173,291	(1,226,596)	(413,880)
Comprehensive Loss For The Period	-	-	-	-	(505,462)	(505,462)
Private Placement	20,181,000	1,084,320	(116,000)	-	-	968,320
Share Issuance Costs	-	(89,605)	-	-	-	(89,605)
Warrants issued on	-	-	-	485,700	-	485,700
Share issued for property payments	1,600,000	165,500	-	-	-	165,500
Share-Based Compensation	-	-	-	197,400	-	197,400
Shares issued on option exercise	200,000	10,000	-	-	-	10,000
Carrying value of option exercised	-	7,200	-	(7,200)	-	-
Options forfeited	-	-	-	(7,200)	-	(7,200)
Flow-Through Share Premium	-	(90,000)	-	-	-	(90,000)
Balance, October 31, 2017	24,534,334	1,610,840	-	841,991	(1,732,058)	720,773

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

BTU Capital Corp.

(Formerly BTU Capital Corp.)

Condensed Interim Statements of Comprehensive Loss

For the Three And Six Month Periods Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Three months Ended Oct 31, 2017	Three months Ended Oct 31, 2016	Six months Ended Oct 31, 2017	Six months Ended Oct 31, 2016
Continuing Operations				
General and Administrative Expenses				
Bank Charges	353	-	501	-
Consulting Fees	1,800	-	118,300	-
Recovery of Flow-Through Premium	-	-	(4,159)	-
Interest	-	7,062	-	13,800
Investor Relations	4,064	-	7,233	-
Management Fees	68,100	-	80,100	-
Office, Rent and Telephone	8,988	-	15,046	-
Professional Fees	18,564	-	58,463	-
Share-Based Compensation	94,400	-	190,200	-
Transfer Agent and Filing Fees	10,246	1,250	19,599	2,500
Travel And Entertainment	5,586	-	20,179	-
Foreign Exchange (Gain) Loss	-	-	-	-
Net Loss For the Period	212,101	8,312	505,462	16,300
Loss per Share for the Period				
Basic and Fully Diluted Loss per Share	\$0.01	\$0.00	\$0.04	\$0.01
Weighted Average Number of Shares Outstanding	21,243,834	2,553,334	13,543,834	2,553,334

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

BTU Capital Corp.
(Formerly BTU Capital Corp.)
Condensed Interim Statements of Cash Flows
For the Six Month Periods Ended October 31, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Six months Ended Oct 31, 2017	Six months Ended Oct 31, 2016
Operating activities		
Net loss for the period	(505,462)	(16,300)
Add (deduct) non-cash items:		
Non-cash compensation expense	190,200	-
Recovery of Flow-Through Premium	(4,159)	-
Advances from Related Parties	-	10,314
	<u>(319,421)</u>	<u>(5,986)</u>
Net change in non-cash working capital		
Amounts receivable	-	-
Sales tax recoverable	(25,701)	(125)
Prepaid expenses	-	-
Accounts payable and accrued liabilities	(36,878)	(7,689)
Cash flow provided by (used in) operating activities	<u>(382,000)</u>	<u>(13,800)</u>
Investing activities		
Purchase of property rights, evaluation and exploration costs	(282,323)	-
Cash flow used in investing activities	<u>(282,323)</u>	<u>-</u>
Financing activities		
Interests paid on bank loans and lines of credit	-	-
Other Interest capitalized to the mineral property rights	-	-
Issuance of common shares and warrants	1,309,520	-
Share and warrant issuance costs	(57,861)	-
Issuance of common shares from option and warrant exercise	-	-
Loan advances (repayments) from/(to) related parties	(214,341)	13,800
Repayment of long-term debt	(35,000)	-
Cash flow provided by (used in) financing activities	<u>1,002,318</u>	<u>13,800</u>
Net increase (decrease) in cash and cash equivalents during the period	337,995	-
Cash and cash equivalents at beginning of period	17,930	-
Cash and cash equivalents at end of period	<u>355,925</u>	<u>-</u>

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

BTU Capital Corp.

(Formerly BTU Capital Corp.)

Notes to the Condensed Interim Financial Statements

For the Three And Six Month Periods Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE 1 – NATURE OF OPERATIONS

BTU Metals Corp. (formerly BTU Capital Corp.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on August 28, 2008. The Company completed its Qualifying Transaction (“QT”) on June 16, 2017 and is currently listed on the TSX Venture Exchange, under the symbol BTU. 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.

The address of the Company’s corporate office and principal place of business is 1240, 789 West Pender Street, Vancouver, British Columbia, Canada, V6C 1H2.

On August 29, 2017, the Company changed its name to BTU Metals Corp. (formerly BTU Capital Corp.).

The unaudited interim financial statements of the Company for the six-month period ended October 31, 2017 were approved and authorized for issue by the Board of Directors on December 29th, 2017.

NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN

The condensed interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The unaudited condensed interim financial statements are presented in Canadian Dollars, which is also the Company’s functional currency. The financial statements have been prepared on a historical cost basis. Cost is the fair value of the consideration given in exchange for net assets.

The unaudited condensed interim financial statements were prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for the next twelve months. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has incurred losses from inception, has a non-cash working capital deficit of \$117,133 (April 30, 2017 - \$182,773), and has an accumulated deficit of \$1,732,058 (April 30, 2017 - \$1,226,596) as at October 31, 2017.

Management of the Company does not expect that cash flows for the Company’s operations will be sufficient to cover all of its operating requirements, financial commitments, and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity, or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms.

To date there has been no determination whether the Company's interests in mineral exploration properties contain mineral reserves, which are economically recoverable. The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations; and the ability of the Company to raise alternative financing; or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

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These conditions cast uncertainties on the Company's ability to continue as a going concern. The financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

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Notes to the Condensed Interim Financial Statements

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(Unaudited – Prepared by Management)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Foreign Currency Translation

The functional and reporting currencies of the Company are the Canadian dollar. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the date of the statement of financial position. Revenues and expenses denominated in foreign currencies are translated at rates of exchange prevailing on the transaction dates. All exchange gains or losses are recognized immediately in profit or loss in the period in which they are incurred.

b) Mineral Property

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries, until such time as these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related capitalized costs will be tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to the consolidated statement of comprehensive loss in that period.

All expenditures related to the exploration and evaluation of mineral properties are expensed to the statement of comprehensive loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, option payments are recorded as property costs or recoveries when paid or received. When recoveries exceed the carrying value of the mineral property, the excess is reflected in the statement of comprehensive loss.

c) Impairment of Non-Current Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount of a cash generating unit exceeds its recoverable amount, the cash generating unit is considered impaired and is written down to its recoverable amount. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

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

d) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs. Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the Exchange on the date of the agreement.

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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share-Based Payment

The fair value method of accounting is used for share-based payment transactions. The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. The fair value of unexercised equity instruments are transferred from reserve to retained earnings upon expiry.

f) Loss Per Common Share

Basic loss per common share is calculated using the weighted average number of common shares issued and outstanding during the year. Diluted loss per share is the same as basic loss per share as the effect of issuance of shares on the exercise of stock options and warrants is anti-dilutive.

g) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or, obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified at fair value through profit or loss) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets and financial liabilities are measured subsequently as described below. The Company does not have any derivative financial instruments.

i) Financial Assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income. The Company does not have any hedging instruments.

- ***Financial assets at fair value through profit or loss*** – Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The Company's cash falls into this category of financial instruments.
- ***Loans and receivables*** – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less any provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's amounts receivables and fall into this category of financial instruments.
- ***Held-to-maturity investments*** – Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently does not hold financial assets in this category.
- ***Available-for-sale financial assets*** – Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company currently does not hold financial assets in this category.

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Notes to the Condensed Interim Financial Statements

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NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial Instruments (Continued)

i) Financial Assets (Continued)

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date that the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred.

ii) Financial Liabilities

For the purpose of subsequent measurement, financial liabilities are classified as either financial liabilities at fair value through profit or loss, or other financial liabilities upon initial recognition.

- **Financial liabilities at fair value through profit or loss** – Financial liabilities at fair value through profit or loss include financial liabilities that are either classified as held-for-trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. Liabilities in this category are measured at fair value with gains or losses recognized in profit or loss. The Company currently does not hold financial liabilities in this category.
- **Other financial liabilities** – Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method amortization process. The Company's accounts payable and accrued liabilities, amount due to related party, and loans payable fall into this category of financial instruments.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

i) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the net loss for the period ended July 31, 2017.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and 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 may differ from these estimates.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

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Notes to the Condensed Interim Financial Statements

For the Three And Six Month Periods Ended October 31, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS **(Continued)**

a) Title to Mineral Property Interest

Although the Company has taken steps to verify title to mineral properties that it currently has under option,, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfer and title may be affected by undetected defects.

b) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors.

Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

c) Decommissioning and Restoration Provision

The decommissioning and restoration provision is based on future cost estimates using information available at the reporting date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent, and costs of required decommissioning and restoration activities. Actual costs may differ from these estimates. As at October 31, 2017 and April 30, 2017, the Company has no material decommissioning and restoration provision.

d) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

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NOTE 5 – NEWLY ADOPTED ACCOUNTING POLICIES AND ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Newly Adopted Accounting Policies

IFRS 9, Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of International Accounting Standards (“IAS”) 39 and applies to classification and measurement of financial assets as defined in IAS 39.

IAS 7, Disclosure Initiative (Amendments to IAS 7 Statement of Cash Flows)

These amendments 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.

A number of new accounting standards, amendments to standards, and interpretations were adopted by the Company on May 1, 2017. The impact of adoption on the financial statements was insignificant.

Accounting Standard Issued But Not Yet Effective

IFRS 16, Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Under the new standard, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly. The liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under IAS 17 would typically have had straight-line expenses). The standard is effective for annual periods beginning after December 15, 2019 (i.e., calendar periods beginning on January 1, 2020), and interim periods thereafter. Early adoption is permitted. The Company is currently assessing its impact, but expects the impact to be insignificant.

NOTE 6 – MINERAL PROPERTIES

Shakespeare Property

On February 20, 2017, the Company has been granted an option to acquire an undivided 100% interest in the "Shakespeare Property" located approximately three kilometers northeast of Webbwood, Ontario.

Under the terms of the option agreement, the Company will be required to make the following payments and incur the following exploration expenditures to earn a 100% interest in the Shakespeare Property:

- issue 900,000 common shares (issued and valued at \$36,000); and
- issue 900,000 common shares on or before June 16, 2018.

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NOTE 6 – MINERAL PROPERTIES (Continued)

Shakespeare Property (Continued)

- incur \$200,000 in exploration expenditures on or before June 16, 2018; and
- incur \$200,000 in exploration expenditures on or before June 16, 2019.

During the term of the option agreement, the Company will be responsible for the annual claim maintenance fees. The Company has also granted the optionors' a 2% net smelters return royalty on the Shakespeare property. At the option of the Company, the Company may purchase one-half of the royalty for \$1,000,000.

Galway Gold Property

On July 5, 2017, the Company entered into a property option agreement for Galway Gold Property in County Galway, Republic of Ireland. In return for a 100% interest in the property, the Company must make the following payments:

- cash payments of \$240,000 (paid \$65,000 as at October 31, 2017);
- share issuances of 1,400,000 shares (issued 700,000 and valued at \$129,500), and;
- incur \$500,000 of exploration and evaluation expenditure within 12 months.

The property shall be subject to a 2% net smelter return ("NSR") with the option by the Company to purchase 1.5% of the NSR for \$1,500,000 at any time after the effective date.

	Shakespeare	Galway	Total
Carrying value			
Balance May 1, 2016	\$0	\$0	\$0
Additions	-	-	-
Disposals	-	-	-
Interest capitalized	-	-	-
Amortization	-	-	-
Provision for environmental remediation	-	-	-
Balance April 30, 2017	\$0	\$0	\$0
Additions for cash	-	65,000	65,000
Additions for shares issued	36,000	129,500	165,500
Costs capitalized	30,000	187,323	217,323
Disposals	-	-	-
Provision for environmental remediation	-	-	-
Write-down of mineral property	-	-	-
Balance October 31, 2017	\$66,000	\$381,823	\$447,823

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Notes to the Condensed Interim Financial Statements

For the Three And Six Month Periods Ended October 31, 2017 and 2016

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NOTE 7 – LOANS PAYABLE

	October 31, 2017	April 30, 2017
	\$	\$
Due to Shareholder of the Company (a)	-	-
Due to Sunorca Development Corp. (b)	-	-
Due to Ridge Resources (c)	-	35,000
Total	-	35,000

- a) The amount due to a shareholder of the Company was unsecured, subject to an interest of 20% per annum, and had no specific terms of repayment. During the six-month period ended October 31, 2017, the Company accrued interest expense of \$nil (2016 – \$10,190) on the loan. As at November 9, 2016, the date of debt assignment, such amount owing was approximately \$109,924. This indebtedness was assigned to Phil Taneda, a former director of the Company, who then agreed to reduce such indebtedness to \$75,537 with no further interest being charged, resulting in a write-off of \$34,387 of the liability. The amounts have been repaid in full.
- b) On August 21, 2013, the Company received a \$35,000 loan from Sunorca Development Corp (“Sunorca”). The loan had an interest of 12% per annum and was repayable by December 31, 2014. The Company accrued interest expense of \$nil (2016 - \$2,106) for the six-month period ended October 31, 2017. For the year ended April 30, 2014, the Company recorded an additional interest expense of \$7,000 for the issuance of 70,000 common shares of the Company to Sunorca at a deemed price of \$0.10 per common share as a bonus interest payment on August 21, 2013. Sunorca and Nakina Resources Inc. have a common officer and director. As at November 14, 2016, the date of debt assignment, the Company's indebtedness to Sunorca was approximately \$48,578. Sunorca assigned the debt to England Communications Ltd, a company controlled by Michael England, a director of the Company, who agreed to adjust the indebtedness to \$43,400 as at the date of the assignment with no further interest being charged resulting in a write off of \$5,178 of the liability during the year ended April 30, 2017. The repayment period of such indebtedness has also been extended to that date which is 13 months from the Completion of the QT, being July 13, 2018 and is now classified as Due to a Related Party – see Note 9.
- c) On August 21, 2013, the Company received a \$25,000 loan from Ridge Resources Ltd. (“Ridge”). The loan carried an interest of 12% per annum and was repayable by December 31, 2014. The Company accrued interest expense of \$nil (2016 - \$1,503) for the six months ended October 31, 2017. For the year ended April 30, 2014, the Company recorded an additional interest expense of \$5,000 for the issuance of 50,000 common shares of the Company to Ridge at a deemed price of \$0.10 per common share as a bonus interest payment on August 21, 2013. Ridge agreed to settle all indebtedness for an amount of \$35,000. During the period ended July 31, 2017, the Company fully repaid the principal and interest of the loan.

NOTE 8 – SHARE CAPITAL

a) Authorized Capital

Unlimited number of common shares without par value.

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b) Issued and Outstanding Common Shares

As at October 31, 2017, the Company had 24,534,334 common shares issued and outstanding as presented in the statements of changes in shareholders' equity.

During the period ended October 31, 2017, the Company:

- i) completed a non-brokered private placement of 12,000,000 units for gross proceeds of \$600,000 and 1,800,000 flow-through shares for gross proceeds of \$180,000, of which \$120,000 was non-cash transactions and recorded as exploration advances for the Shakespeare Property. Each unit consists of one common share issued at \$0.05 per share, and one-half of a share purchase warrant. Each warrant may be exercised by holder to purchase one common share at a price of \$0.10 for 12 months from closing. The Company paid \$25,814 cash for share issuance costs. A value of \$90,000 was attributed to the flow-through premium liability in connection with the flow-through financing.
- ii) issued 900,000 common shares at a value of \$36,000, pursuant to the option agreement pertaining to the Shakespeare Property (Note 6).
- iii) issued 700,000 common shares at a value of \$129,500, pursuant to the option agreement pertaining to the Galway Gold Property (Note 6).
- iv) On October 2, 2017, the Company closed the first tranche of a non-brokered private placement of 5,114,500 units for gross proceeds of \$613,740 at a price of \$0.12 per unit. On October 12, 2017 the Company closed the second tranche of the private placement and issued 1,266,500 units for gross proceeds of \$151,980. In total the Company issued 6,381,000 units for gross proceeds of \$765,720. Each Unit was comprised of one common share (a "Share") and one half of one Share purchase warrant (a "Warrant") of the Company. Each full Warrant entitles the holder to purchase one Share (a "Warrant Share") at a price of \$0.18 per Warrant Share for an 18-month period. The Company paid \$32,047 cash for share issuance costs and issued 234,560 Broker Warrants, valued at \$24,300. Each Broker Warrant entitles the holder to purchase one share at a price of \$0.12 per share for a period of 18 months.

During the year ended April 30, 2017, the Company had no share issuances.

	Number of Shares	\$
Balance May 1, 2016	2,553,334	\$523,425
Shares issued on private placement	-	-
Shares issued for exercise of warrants	-	-
Shares issued for exercise of options	-	-
Balance at April 30, 2017	2,553,334	\$523,425
Balance at May 1, 2017	2,553,334	\$523,425
Shares issued on private placement July 4, 2017 net of issuance costs	12,000,000	454,186
Flow-through shares issued on private placement July 4, 2017 net of flow through reserve	1,800,000	90,000
Shares issued on acquisition of the Shakespeare property option	900,000	36,000
Shares issued on acquisition of the Galway property option	700,000	129,500
Shares issued on exercise of options	200,000	17,200
Shares issued on private placement October net of share issuance costs	6,381,000	360,529
Balance September October 31, 2017	24,534,334	\$1,610,840

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c) Stock Options

As at October 31, 2017, the Company has 2,150,000 options outstanding (April 30, 2017 - Nil).

During the period ended October 31, 2017, the Company:

- i) granted 800,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.05 per option expiring on June 16, 2022. The estimated fair value of the options was \$28,800.
- ii) granted 700,000 stock options to officers, directors, and consultants of the Company. The options are exercisable at a price of \$0.12 per option expiring on June 27, 2018. The estimated fair value of the options was \$40,700.
- iii) granted 200,000 stock options to a consultant of the Company. The options are exercisable at a price of \$0.19 per option expiring on July 20, 2019. The estimated fair value of the options was \$26,300.
- iv) granted 250,000 stock options to officers, directors and consultants of the Company. The options are exercisable at a price of \$0.19 per option expiring on August 29, 2019. The estimated fair value of the options was \$48,900
- v) granted 600,000 stock options to officers, directors and consultants of the Company. The options are exercisable at a price of \$0.12 per option expiring on October 16, 2019. The estimated fair value of the options was \$52,700.

A summary of the Company's stock option activity is as follows:

	31-October 2017	Weighted Average Exercise price	30-April 2017	Weighted Average Exercise price
Stock option activity				
Balance – beginning of period	0	\$0.00	-	-
Granted	2,550,000	\$0.13	-	-
Exercised	(200,000)	\$0.05	-	-
Expired	-	-	-	-
Forfeited	(200,000)	\$0.05	-	-
Balance – end of period	2,150,000	\$0.14	-	\$0.00

As at October 31, 2017, the Company had the following stock options outstanding:

Expiry date	Exercise Price	October-31 2017 Outstanding	October-31 2017 Exercisable
June-27-2018	\$0.12	700,000	700,000
July-20-2019	\$0.19	200,000	200,000
August-29-2019	\$0.22	250,000	250,000
October-16-2019	\$0.12	600,000	600,000
June-16-2022	\$0.05	400,000	400,000
		2,150,000	2,150,000

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NOTE 8 – SHARE CAPITAL (Continued)

d) Stock Options (Continued)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended October 31, 2017:

Assumption	October 16, 2017	August 29, 2017	July 20, 2017	June 27, 2017	June 16, 2017
Share price	\$0.100	\$0.220	\$0.185	\$0.10	\$0.04
Exercise price	\$0.12	\$0.22	\$0.19	\$0.12	\$0.05
Risk-free rate	1.51%	1.22%	1.23%	0.97%	1.14%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	224.28%	224.28%	150.00%	150.00%	150.00%
Option life in years	2.00	2.00	2.00	1.00	5.00

e) Warrants

A summary of the Company's warrant activity is as follows:

	October-31 2017	Weighted Average Exercise price	April-30 2016	Weighted Average Exercise price
Warrant activity				
Balance – beginning of period	0	\$0.00	-	-
Issued on private placements	9,190,500	\$0.13	-	-
Issued broker warrants on private placements	234,560	\$0.12	-	-
Exercised	-	\$0.00	-	-
Expired	-	\$0.00	-	-
Balance – end of period	9,425,060	\$0.13	-	\$0.00

As at October 31, 2017, the Company had the following warrants outstanding:

Date of Issuance	Date of Expiry	Exercise Price	October-31 2017 Outstanding
15-June-2017	15-June-2018	\$0.10	6,000,000
29-September-2017	29-March-2019	\$0.18	2,557,250
29-September-2017	29-March-2019	\$0.12	234,560
12-October-2017	12-April-2019	\$0.18	633,250
			9,425,060

	October-31 2017
The outstanding warrants have a weighted-average exercise price of:	\$0.13
The weighted average remaining life in years of the outstanding warrants is:	0.91

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The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued during the period ended October 31, 2017:

Assumption	Oct 12, 2017	Sep 29, 2017	June 15, 2017
Share price	\$0.10	\$0.13	\$0.04
Exercise price	\$0.18	\$0.18	\$0.10
Risk-free rate	1.54%	1.51%	0.97%
Expected dividend yield	0.00%	0.00%	0.00%
Expected volatility	203.00%	203.00%	150.00%
Warrant life in years	1.50	1.50	1.00

NOTE 9 – RELATED PARTY TRANSACTIONS

As at October 31, 2017, there was a balance due to a former director of the Company in the amount of \$4,559 (April 30, 2017 – \$4,559) for expenses incurred on behalf of the Company. The balance has been classified as accounts payable for the period ended October 31, 2017 and for the year ended April 30, 2017 as he is no longer a director of the Company.

During the period ended October 31, 2017, the Company had the following transactions with key management, being related:

- i) Granted a total of 2,550,000 stock options (2016 – Nil) to officers and directors of the Company, of which the fair market value was estimated at \$197,400 (2016 - \$Nil) and was included in share-based compensation.
- ii) Recorded a consulting expense of \$55,000 to Kappa Advisors, a Company controlled by Paul Wood, CEO of the Company, for consulting services relating to the Qualifying Transaction and acquisition of the Galway option and other general services. At the time the expense was incurred Kappa Advisors was not a related party to the Company.
- iii) Recorded a consulting expense of \$24,000 to Kappa Advisors, a Company controlled by Paul Wood, CEO of the Company, for consulting services related to CEO duties.
- iv) Recorded a management fee of \$45,600 to England Communications Ltd, a company controlled by Michael England, President and director of the Company, for management services, including office rent, telephone, administrative support, corporate secretarial services and services as President of the Company.
- v) Recorded a consulting expense of \$7,500 to 9703373 Canada Inc., a Company controlled by Dennis Logan, CFO of the Company, for consulting services related to CFO duties.
- vi) During the year ended April 30, 2017, England Communications Ltd, a company controlled by Michael England, President and a director of the Company, made certain payments on behalf of the Company in the amount of \$11,927.
 - By agreement dated February 24, 2016 England Communications Ltd, acquired by assignment the loan payable to Fang Law Corporation in the amount of \$16,629 and the Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness.
 - By agreement dated November 9, 2016 England Communications Ltd, acquired by assignment the loan payable to Phil Taneda in the amount of \$30,215 and the Company will have 13 months from the Completion of the Qualifying Transaction to repay such indebtedness.

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- By agreement dated November 14, 2016 England Communications Ltd, acquired by assignment the loan payable to Sunorca Development Corp in the amount of \$43,400 and the Company has 13 months from the Completion of the Qualifying Transaction to repay such indebtedness.

NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)

- By agreement dated November 1, 2016 England Communications Ltd acquired by assignment a debt from a creditor of the Company in the amount of \$34,545. The Company will have until July 13, 2018.

As at October 31, 2017, a total of \$69,696 (April 30, 2017 - \$204,171) is owing to England Communications Ltd. And is classified as a current liability.

By agreement dated November 9, 2016, Phil Taneda a director of the Company acquired by assignment a loan that had been made to the Company by a shareholder. The amount of the indebtedness was \$45,322. This amount was fully repaid on June 16, 2017.

The above balances due are non-interest bearing, unsecured, and have no specified terms of repayment.

NOTE 10 – CAPITAL RISK MANAGEMENT

The Company manages its share capital as capital, which as at October 31, 2017 was \$1,610,840 (April 30, 2017 – \$523,425). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of operating results, changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, warrants or options, issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company's share capital is not subject to external restrictions. There were no changes in the Company's approach to capital management during the period ended October 31, 2017.

NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed to various risks in relation to financial instruments. The Company's financial assets and liabilities by category are summarized in Note 3(h). The Company's risk management is coordinated in close co-operation with the board of directors and focuses on actively securing the Company's short to medium-term cash flows and raising finances for the Company's capital expenditure program. The Company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

a) Fair Values

The Company uses the following hierarchy for determining fair value measurements:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

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Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets at fair value				
	Level 1	Level 2	Level 3	October 31, 2017
Held for Trading Financial Assets				
Cash	\$355,925	-	-	\$355,925
Total Financial Assets at Fair Value	\$355,925	-	-	\$355,925

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature. The carrying amounts of the amount due to related party and loans payable are measured at amortized cost and approximate their fair values.

b) Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Company is not exposed to significant credit risk.

c) 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 is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a non-cash working capital deficiency of \$117,133 as at October 31, 2017. There can be no assurance that such financing will be available on terms acceptable to the Company.

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NOTE 11 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest on the Company's loans payable is based on fixed rates, and as such the Company is not exposed to significant interest rate risk.

e) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in US Dollars. The Company does not hedge its exposure to fluctuations in the related foreign exchange rates. The Company's exposure to currency risk is currently considered insignificant.

f) Equity Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

NOTE 12 – SUBSEQUENT EVENT

Subsequent to the six-month period ended October 31, 2017, the Company granted 200,000 stock options to a director of the Company, and granted 100,000 options to consultants of the Company on December 18, 2017 exercisable at a price of \$0.12 per option expiring on December 18, 2019.