

BTU **METALS CORP.**

(formerly BTU Capital Corp)

Management's Discussion and Analysis

For the Three and Six Months
Ended October 31, 2018

REPORT DATED: December 28, 2018



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The following Management's Discussion and Analysis ("**MD&A**") is intended to assist the reader to assess material changes in financial condition and results of operations of BTU Metals Corp (TSX-V: BTU) ("**BTU**" or the "**Company**") for the three and six months ended October 31, 2018.

This MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended October 31, 2018 (the "**Q2 2019 Financial Statements**").

The Company's management is responsible for the preparation of the Company's consolidated financial statements as well as other information contained in this MD&A. The board of directors of BTU (the "**Board of Directors**") is required to ensure that management assumes its responsibility in regard to the preparation of the Company's financial statements. To facilitate this process, the Board of Directors has created an audit committee (the "**Audit Committee**"). The Audit Committee meets with members of the management team to discuss the operating results and the financial results of the Company, before making their recommendations and submitting the Q2 2019 Financial Statements and MD&A to the Board of Directors for review and approval. Following the recommendation of the Audit Committee, the Board of Directors approved the Q2 2019 Financial Statements and this MD&A on December 28, 2018.

The Q2 2019 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Additional information regarding the Company is available on the Company's website www.btumetals.com and on SEDAR at www.sedar.com under BTU's profile.

FORWARD-LOOKING INFORMATION

This MD&A together with the Company's 2018 Financial Statements contain certain statements that may be deemed "forward-looking statements". Forward-looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continue", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.



DESCRIPTION OF BUSINESS

BTU was incorporated under the Business Corporations Act (British Columbia) on August 28, 2008. The Company is classified as a Tier 2 mining issuer listed on the TSX Venture Exchange (the “**Exchange**”), having the symbol BTU and is involved in the exploration and development of the various projects it has acquired or under option.

On June 15, 2017, the Company completed its qualifying transaction (the “**Qualifying Transaction**”), whereby the Company entered into an option to acquire an undivided 100% interest in the Shakespeare Property located approximately three kilometres Northeast of Webbwood, Ontario. The project includes the Shakespeare Gold Mine which had operated intermittently since 1905. Concurrently with the closing of the Qualifying Transaction the Company completed a private placement offering of Units, issuing a total of 12.0 million units (at a price per unit of \$0.05) with each unit consisting of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one additional common share at a price of \$0.10 per share for a period of 1 year). The Company also issued 1.8 million flow-through shares (at price per share of \$0.10 per flow-through share). Total proceeds raised from the Private Placement totaled \$780,000, of which \$120,000 was non-cash transactions and recorded as exploration advances for the Shakespeare Property. The Company also issued 900,000 common shares to the optionors as part of the acquisition.

On July 5, 2017, the Company announced that it had signed an option agreement to acquire a 100% interest in the 16,640-hectare Galway Gold Project located in County Galway, Republic of Ireland. The Company paid cash of \$65,000 and is obligated to pay an additional \$50,000 within six months (this amount has been paid as of the date of this MD&A) and a further \$150,000 (this amount has been paid as of the date of this MD&A) within 12 months for a total of \$265,000 in cash. In addition, the Company issued 700,000 common shares to the optionors on closing and is obligated to issue an additional 700,000 common shares within 12 months of the closing of the option agreement. On May 22, 2018, the Company accelerated the terms of its option agreement and acquired 100% of Gold Note, Ltd., the holder of the Company’s Galway project located in Galway, Ireland. The Company paid \$150,000 in cash and issued 600,000 common shares of the Company in exchange for 100% ownership of the Galway project through its ownership of Gold Note, Ltd. Furthermore, the property is subject to a 2% net smelter royalty (the “**NSR**”), with the option for BTU to acquire 1.5% of the NSR, resulting in a 0.5% NSR, for \$1.5 million at any time.

On August 24, 2018, the Company announced it was acquiring a 100% interest in the claims that comprise the Dixie Halo property from an arms-length vendor for payments of \$85,000 in cash and the issuance of 750,000 shares over a 4-year period. The vendor retains a 1.5% Net Smelter Royalty (“**NSR**”), half of which is purchasable by the Company for \$500,000 at any time. This transaction closed on September 25, 2018 and the Company made a cash payment of \$10,000 and issued 150,000 shares.

On September 5, 2018, the Company announced it was acquiring a 100% interest in the claims comprising the Burnthut Project from an arms-length party through the cumulative payment of \$85,000 and the issuance of 750,000 shares of the Company over a 4-year period. The vendor retains a 1.5% Net Smelter Royalty (“**NSR**”), half of which may be purchased by BTU for \$500,000 at any time. This transaction closed on October 15, 2018 and the Company made a cash payment of \$10,000 and issued 150,000 shares.

On October 15, 2018, the Company announced that it had entered into an option agreement to acquire a 100% ownership interest in the property known as Dixie Halo South Property from arm’s-length vendors in exchange for the issuance of 8,000,000 common shares of the Company payable in two tranches, 50% due on closing and 50% due 12 months from the closing date. In addition, the option agreement requires the Company to incur up to



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\$2,000,000 in expenditures on the property with \$1,000,000 required to be spent prior to a date that is 12 months from the closing date and the second \$1,000,000 to be spent no later than a date that is 24 months from the closing date. In addition, the property is subject to a Net Smelter Royalty ("NSR") of 2.5% on all mineral products produced from the property. The Company has the right to repurchase up to 1.0% of the NSR at any time at its discretion for a total cash payment of \$2,000,000. The transaction is waiting final approval from the TSX-Venture exchange prior to closing.

On October 15, 2018, the Company announced that it had entered into an option agreement to acquire a 100% ownership interest in the property known as Dixie Halo South East Extension Property from arm's-length vendors in exchange for the issuance of 4,000,000 common shares of the Company payable in two tranches, 50% due on closing and 50% due 12 months from the closing date. In addition, the option agreement requires the Company to incur up to \$500,000 in expenditures on the property with \$250,000 required to be spent prior to a date that is 12 months from the closing date and the second \$250,000 to be spent no later than a date that is 24 months from the closing date. In addition, the property is subject to a Net Smelter Royalty ("NSR") of 2.5% on all mineral products produced from the property. The Company has the right to repurchase up to 1.0% of the NSR at any time at its discretion for a total cash payment of \$2,000,000. The transaction closed on November 27, 2018 and the Company issued the vendors 2,000,000 common shares.

On November 23, 2018, The Company announced that it was acquiring 100% of the shares of Burgundy Exploration Corp. (The Dixie Halo South West Extension Property), from arm's-length vendors, in exchange for 3,600,000 common shares (1,800,000 common shares which are to be issued on TSX-V approval and 1,800,000 common shares to be issued on the first anniversary of TSX-V approval) to the vendors of Burgundy Exploration Corp. A pre-existing 2% NSR is applicable on the tenure being acquired. There are no cash payments nor are there any mandated work expenditures outside of normal government assessment reporting obligations. This transaction closed on December 17, 2018 and the Company issued the vendors 1,800,000 common shares.

About the Shakespeare Property

The Shakespeare Property consists of 9 mining claims covering roughly 528 hectares, and is located in the Baldwin and Shakespeare Townships, Sudbury Mining Division, Ontario. The Shakespeare Gold Mine is situated in northeast-trending folded ~2.4 billion-year old Huronian Supergroup, intruded by the ~2.21 billion-year old Nipising diabase dikes and sills, and the ~1.1 billion-year old northwest-trending Keweenawan diabase dikes. The Murray Fault is a regional structure that strikes ENE and passes 300 meters north of the mine. The mineralized zone is broadly concordant with the schistose Matinenda Formation, consisting of quartzite and greywacke that also trends ENE and dips steeply to the south. Historic sampling in the mine area reported 1.12-1.85 ounces per ton over an average width of one meter (see Ontario Geological Survey Mineral Deposits Circular 18, 1979, part 2, 294p.). The Shakespeare Property claim package was assembled to enclose the ENE-trending Matinenda Formation that hosts mineralization, including the down-dip projection of the ore zone at the Shakespeare Mine.

The historical information above predate and do not refer to any category of sections 1.2 or 1.3 of National Instrument 43-101 ("NI 43-101"), such as "mineral resources or "mineral reserves". The Company has not undertaken any independent verification of these estimates and it is uncertain if further exploration will result in the target being delineated as a "mineral resource" within the meaning of NI 43-101. However, the Company believes that the historical information provides a conceptual indication of the potential of the project.

Additionally, a NI 43-101 technical report dated December 5, 2016 regarding the Shakespeare Property has been prepared on behalf of the Company by Elizabeth Ronacher, PhD, P.Ge., and Jenna McKenzie, P.Ge. of Ronacher McKenzie Geoscience. The report authors have recommended an exploration program of \$200,000, comprised of



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data compilation, integration and targeting, an IP survey and reconnaissance drilling. Both report authors are independent qualified persons within the meaning of NI 43-101. A copy of the technical report is available under the Company's SEDAR profile online at www.sedar.com.

Elisabeth Ronacher, Ph.D., P.Geo. and Jenna McKenzie, P. Geo., are each an independent "qualified person" within the meaning of NI 43-101 and has reviewed and approved the contents of this MD&A as it relates to the Shakespeare Project.

Terms of Option Agreement for the Shakespeare Project

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

- issue an aggregate total of 1,800,000 common shares over a period of 12 months, 50% of such shares were issued on closing, and the remaining 50% of such shares to be issued on the 12-month anniversary of the Qualifying Transaction; and
- incur an aggregate total of \$400,000 in exploration expenditures in or on the Shakespeare Property, with 50% of such expenditures to be incurred by the 12-month anniversary of the Qualifying Transaction, and the remaining 50% of such expenditures to be incurred by the 24-month anniversary of the Qualifying Transaction. As at the date of this MD&A \$30,000 has been spent and an addition \$120,000 exploration advance has been prepaid. The exploration work related to the exploration advance is currently in progress.
- The Company has entered into an extension agreement with the optionors that extends the date to complete the first \$200,000 in exploration expenditures to December 31, 2018; extends the timing of the issuance of the remaining 900,000 shares in the Company to a date that is the later of 18 months from the closing of the Qualifying transaction or 4 months after the Company receives the assay results from the exploration program currently underway on the property and expected to be completed no later than December 31, 2019. The extension agreement also extends the date to complete the second phase of an additional \$200,000 in exploration expenditures to a date that is the later of 24 months from the closing of the Qualifying transaction or 12 months from the date of issuance of the second tranche of 900,000 shares to the optionors.

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

The optionors include the following individuals: Steven Anderson (Timmins, ON); Don Mc Holdings Ltd., a private company in which Don McKinnon (Connaught, ON) is the principal; 2554022 Ontario Ltd., a private company in which Amanda Salo (Timmins, ON) is the principal; and Kidridge Capital Inc., a private company in which Leigh Parnham (Burlington, ON) is the principal. Each of the optionors was at arm's length to BTU at the time of closing of the Qualifying Transaction. Subsequent to closing, Don McKinnon was appointed as VP Exploration at BTU and as at the date hereof is considered to be a Related Party of BTU.

Update on Exploration Activities on the Shakespeare Project

The Company has completed a 4-hole drill program to test targets across the 1.5 km IP anomaly which runs through the historic mine shaft at its Shakespeare Gold project located near Sudbury. The historic mine produced a reported



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2,959 ounces of gold at a grade of 0.33 g/t. Core from the recent drill program has been logged, split and select samples sent to Actlabs in Timmins, Ontario. On November 20, 2018, the Company announced that the results from the recent drill program were insufficient to justify additional work on the project. The Company is currently reviewing the carrying value of the capitalized costs associated with the project.

About the Galway Gold Project

The Galway Gold Property is located 45km North of the city of Galway and has excellent access (paved roads) and infrastructure (electricity, water and a sufficiently large population centre near). The Property has undergone substantial geological work historically and recent surface samples from the property returned gold grades of 66g/t gold in outcrop, 6.5oz/t gold in float, 2.2g/t, 5.06 g/t, and, 6.3 g/t gold in surface samples. Three large anomalous areas over a 13.2 km long trend have been identified and believed to be related to the regional Maum Shear zone.

The Galway Property has been targeted for orogenic and low-sulphidation mineralization and is located 145 km southwest of Dalradian Resources Inc.'s high-grade Curraghinalt Gold Deposit. BTU is continuing its exploration programme on the Galway Property and is in the process of carrying out a detailed compilation of historic data, prospecting, sampling and mapping of the entire property and identifying suitable targets for a planned drill program. The Drill program is expected to begin once permits have been granted.

Now that the Company owns 100% of the Galway project, having exercised its option to acquire the project on May 22, 2018, it is able to determine the timing of all future exploration expenditures on the project based on available capital to conduct such exploration activities and obtaining the necessary permits to carry out such planned activities.

Doug Hunter, P.Geo, is the qualified person as defined by National Instrument 43-101 who has examined and described the mineral occurrences within BTU Metals Corp. Irish prospecting licenses and is responsible for reviewing and approving the technical contents contained in its MD&A on the Galway property.

Update on Exploration Activities on the Galway Project

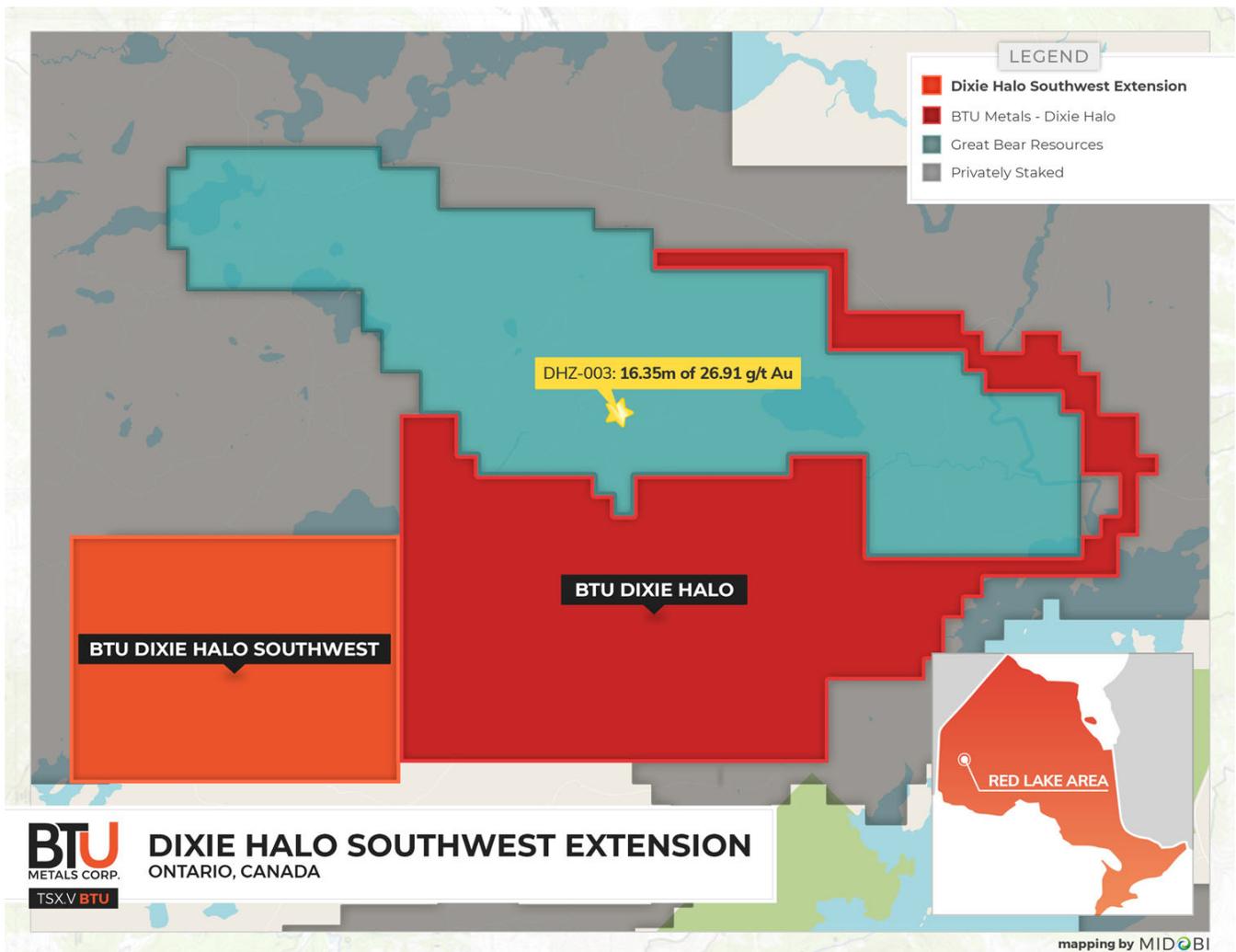
BTU has put the Galway drill program on hold for the near future. BTU has been informed by the Exploration and Mining Division of the Department of Communications, Climate Action and Environment of the Republic of Ireland that a legislative problem has been identified in the environmental screening determination of mineral exploration drilling applications. This had led to an effective moratorium on new drilling permits being issued to mineral explorers throughout the Republic. The issue has since been partially resolved and the Company is in discussions with the Exploration and Mining Division for further clarity on the exploration regime before proceeding with further exploration and potential drilling.

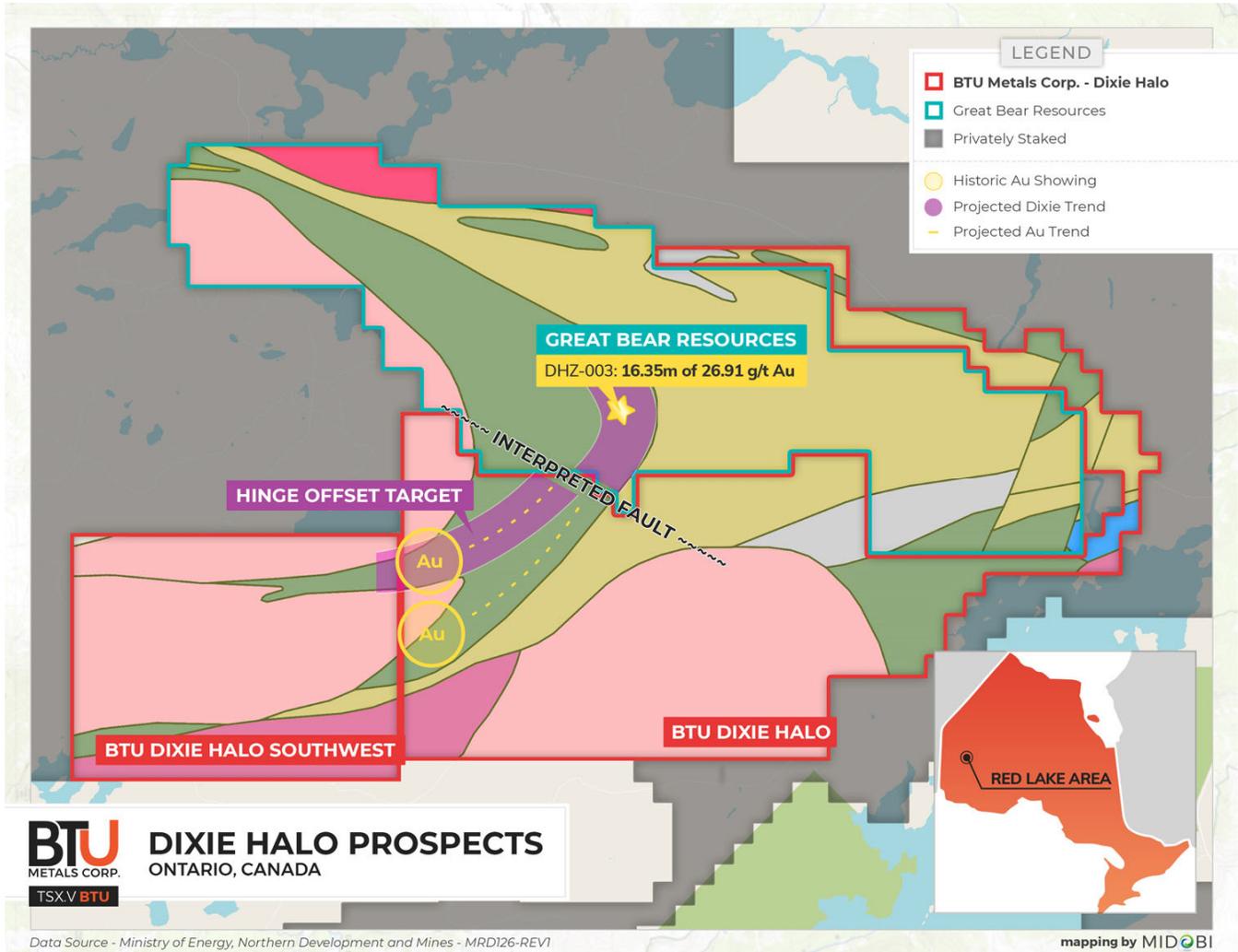
About the Dixie Halo Project

The Company is in the process of finalizing the acquisition of four property blocks with claims comprising a total of 12,963 hectares adjoining the northern (Dixie Halo Property - closed), eastern (Dixie Halo Southeast Property, closed) and southern (Dixie Halo South Property, pending TSX-V approval and the Dixie Halo Southwest Extension Property - closed) boundaries of Great Bear Resources Corp.'s (GBR – TSX:V) as well as an extension to the southwest. The Dixie Halo Project is located in the Red Lake District of Ontario. Great Bear recently reported a high-grade discovery in drill core assaying 16.35 meters of 26.91 g/t gold and 7 meters of 44.47 g/t gold in two holes on the "Hinge Zone" at the Great Bear's Dixie Project (see the press release dated August 22, 2018).

The Dixie Halo Southeast property wraps around the north-eastern and eastern portions of the Great Bear's Dixie Project. The northwestern portion of the Dixie Halo property is approximately 2.3 kilometers northeast of Great Bear's "North West Step-Out" target and approximately 4.5 kilometers northeast of the "Hinge Zone". Portions of the Dixie Halo property were actively explored as recently as 2008 (Trueclaim Resources Inc.-Assessment Report # 20006619) with two drill holes located within 250 meters of the Dixie Halo property boundary.

The Dixie Halo South and Dixie Halo Southwest extension contain an interpreted "hinge extension" which is a focus of upcoming exploration programs.





The Company is conducting a complete review of the assessment files in order to assess the exploration potential of the claims and delineating a work program for early 2019 on the overall Dixie Halo Project (comprised of the Dixie Halo Property, the Dixie Halo Southeast Property, the Dixie Halo South Property, and the Dixie Halo Southwest Extension Property).

About the Burnthut Project

The “Burnthut Gold Project” adjoining the northeastern boundaries of First Mining Gold Corp.’s (FF – TSX:V) Goldlund Project located in Northwestern Ontario, approximately 60 kilometres from the town of Dryden. First Mining recently reported a drill intersection of 2.44 grams per tonne gold over 108 meters from a regional exploration program on the Goldlund Project, which is approximately 13 kilometers from the northwestern block of the Burnthut Project (mineralization hosted on the Goldlund Property is not necessarily indicative of the mineralization hosted on the Company’s Burnthut Property).



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The Burnthut property is located east, and northeast, of First Mining's current regional drill area, and covers all of the historic gold occurrences on Burnthut Island in Lake Minnitaki. The property also is contiguous to the Tak patents, a historic gold occurrence with drilling by Triex Resources Corp., in the late 1990's.

The claims on Burnthut Island covers a quartz-feldspar intrusive hosted in mafic volcanics that is strongly sheared, sericitized, and locally mineralized. Previous exploration work on the property includes a 14.6-meter (m) shaft, and 39 diamond drill holes) 2,610 m, completed during the 1940s and early 1960s. Four historic mineralized gold zones (North Zone, No. 1 Zone, No. 2 Zone, and Shaft Zone) have been discovered on the southern half of Burnthut Island. Shallow drilling concentrated on two quartz vein systems within the porphyry, with gold values up to 35.14 g/t Au over 0.6 m in hole #62, in the No. 1 Zone (Source: Triex Res. Corp Press Release October 7, 1998). Drilling on the Shaft Zone returned 1.03 g/t Au over 16.2 m, in hole #1, and 10.29 g/t Au over 0.4 m in hole #37A, and 24.34 g/t Au over 0.8 m in holes #40A. Only limited assaying of the entire mineralized porphyry was completed during the drilling. Triex reported that the porphyry zone, in places, is in excess of 50 meters in true width, and represents a large tonnage bulk mineable gold target. In addition, the vein sets themselves have not been drill tested over any appreciable strike length, or to depth, due to the physical constraints of the island.

Triex drilled two holes on Burnthut Island, designed to evaluate quartz feldspar porphyry zones (Source: Triex Res. Corp Press Release September 13, 1999) Significant results included 1.57 g/t Au over 3.8 m in hole TAK-99-04 from a depth of 18.2 meters, and 1.04 g/t Au over 1.5 m (depth 19.2 m), 1.40 g/t Au over 1.5 m (depth 23.7 m) and 1.55 g/t Au over 0.3 m (depth 28.1 m) in hole TAK-99-05.

West of Burnthut Island (approximately 500 meters) Triex rediscovered old pits and gold showings, with eight grab samples ranged from 0.32 to 8.08 g/t Au and averaged 2.68 g/t Au.

The Company has yet to verify the historic exploration data and data verification is one of the primary objectives of the proposed program.



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RESULTS OF OPERATIONS

	Three months Ended October 31, 2018	Three months Ended October 31, 2017	% Change	Six months Ended October 31, 2018	Six months Ended October 31, 2017	% Change	Year Ended April 30, 2018
Continuing Operations							
General and Administrative Expenses							
Bank Charges	213	353	(39.66%)	514	501	2.59%	1,001
Consulting Fees	-	1,800	(100.00%)	6,600	118,300	(94.42%)	124,400
Interest	-	-	-	-	-	-	-
Investor Relations	2,185	4,064	(46.24%)	5,180	7,233	(28.38%)	58,297
Management Fees	55,500	68,100	(18.50%)	120,000	80,100	49.81%	223,500
Office, Rent, Telephone and Insurance	4,000	8,988	(55.50%)	9,187	15,046	(38.94%)	11,615
Professional Fees	12,155	18,564	(34.52%)	21,199	58,463	(63.74%)	62,250
Share-Based Compensation	87,700	94,400	(7.10%)	87,700	190,200	(53.89%)	156,900
Transfer Agent and Filing Fees	10,357	10,246	1.08%	15,559	19,599	(20.61%)	28,390
Travel And Entertainment	2,580	5,586	(53.81%)	3,241	20,179	(83.94%)	33,882
Foreign Exchange (Gain) Loss	(588)	-	-	(588)	-	-	46
Net Loss For the Period before other items	174,102	212,101	(17.92%)	268,592	509,621	(47.30%)	700,281
Recovery of flow through premium	(8,634)	-	NA	(8,634)	(4,159)	107.60%	(19,159)
Gain from settlement of loan interest payable	-	-	-	-	-	-	-
Net Loss and Comprehensive loss	165,468	212,101	(21.99%)	259,958	505,462	(48.57%)	681,122
Loss per Share for the Period							
Basic and Fully Diluted Loss per Share	\$0.00	\$0.01		\$0.01	\$0.02		\$0.04
Weighted Average Number of Shares Outstanding	36,000,322	21,243,834		35,539,778	21,243,834		19,759,056

During the three months ended July 31, 2017 the Company completed its Qualifying Transaction acquiring the Shakespeare Option on June 20, 2017. The Company also acquired the Galway Property Option on July 5, 2017 and, acquired 100% of the Galway project through the acquisition of 100% of Gold Note Ltd. on May 22, 2018

Up until the completion of the Qualifying Transaction on June 20, 2017 and the acquisition of the Galway option and subsequent acquisition of 100% ownership interest in the Galway project, the Company had been engaged in the identification and evaluation of business for the purposes of completing a Qualifying Transaction. Expenses were limited to accounting, office, consulting and professional fees in the context of maintaining the listing, associated reporting requirements and evaluation of potential property acquisition for a Qualifying Transaction. Subsequent to the completion of the Qualifying Transaction the Company began incurring additional expenditures associated with the exploration and evaluation of the Shakespeare Project, the Galway Project, the Dixie Halo Project and the Burnthut Project and is now operating as a junior mining company.

During the three months ended October 31, 2018 the Company reported a loss of \$174,102 (three months October 31, 2017 – loss of \$212,101) and a Comprehensive loss of \$165,468 (2017 - \$212,101). The Company's loss per share for the three months ended October 31, 2018 was \$0.00 (2017 - \$0.01). The loss incurred during the three months ended October 31, 2018 was mainly due to the following:

- Management and consulting fees of \$55,000 (2017 - \$69,900). The fees incurred during Q2 2019 were related to the general management of the business and decreased by 21% over the three months ended October 31, 2017. The costs incurred in the prior period included costs associated with completing the acquisition of the Galway option. Similar costs were incurred in the three months ended October 31, 2018 with respect to the Company entering into the Dixie Halo Project acquisition agreement and the Burnthut Project acquisition agreement.
- Professional fees (legal, auditing and accounting) of \$12,155 (2017 - \$18,564) incurred on regular business activities and the completion of the 2018 audit and tax returns. Expenses incurred in the three months ended October 31, 2017 related primarily to the completion of the Qualifying Transaction and enter into the various option agreements related to the Galway property,



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- Transfer agent and filing fees of \$10,357 (2017-\$10,246) mostly associated with transfer agent fees of the Company associated with equity financings and share issuances on property acquisitions,
- Non-cash share based (options) compensation of \$87,700 (2017 - \$94,400) incurred through issuing options to Officers, Directors and consultants to the Company to properly incentivize management, and,
- Travel and Entertainment expenses of \$2,580 (2017 - \$5,586) spent on travel related expenses on the evaluation of both the Shakespeare Property and to the Dixie Halo Project and Burnthut Project (both located near Red Lake Ontario). Travel expenses in the prior period related mainly to travel to the Galway project and Shakespeare Project. No travel to the Galway project occurred during the three months ended October 31, 2018.
- Incurred investor relations expenses (press release dissemination, investor conferences) of \$2,185 (2017 - \$4,064)
- Incurred office related expenses of \$4,000 (2017 - \$8,988); and,
- Recognized a recovery of \$8,634 on flow-through expenditures (2017 - \$nil)

During the six months ended October 31, 2018 the Company reported a loss of \$268,592 (six months October 31, 2017 – loss of \$509,621) and a Comprehensive loss of \$259,958 (2017 - \$505,462). The Company's loss per share for the six months ended October 31, 2018 was \$0.01 (2017 - \$0.02). The loss incurred during the six months ended October 31, 2018 was mainly due to the following:

- Management and consulting fees of \$126,600 (2017 - \$198,400). The fees incurred during the six months ended October 31, 2018 were related to the general management of the business and decreased by 36% over the six months ended October 31, 2017. The costs incurred in the prior period included costs associated with completing the Qualifying Transaction and the acquisition of the Galway option. The costs incurred in the six months ended October 31, 2018 with respect to the Company entering into the Dixie Halo Project acquisition agreement and the Burnthut Project acquisition agreement were significantly less in comparison.
- Professional fees (legal, auditing and accounting) of \$21,199 (2017 -\$58,463) incurred on regular business activities and the completion of the 2018 audit and tax returns and entering in to various option agreements. Expenses incurred in the three months ended October 31, 2017 related primarily to the completion of the Qualifying Transaction and enter into the various option agreements related to the Galway property,
- Transfer agent and filing fees of \$15,559 (2017-\$19,599) mostly associated with transfer agent fees of the Company associated with equity financings and share issuances on property acquisitions,
- Non-cash share based (options) compensation of \$87,700 (2017 - \$190,200) incurred through issuing options to Officers, Directors and consultants to the Company to properly incentivize management, and,
- Travel and Entertainment expenses of \$3,241 (2017 - \$20,179) spent on travel related expenses on the evaluation of both the Shakespeare Property and to the Dixie Halo Project and Burnthut Project (both located near Red Lake Ontario). Travel expenses in the prior period related mainly to travel to the Galway project and Shakespeare Project. No travel to the Galway project occurred during the six months ended October 31, 2018.
- Incurred investor relations expenses (press release dissemination, investor conferences) of \$5,180 (2017 - \$7,233)
- Incurred office related expenses of \$9,187 (2017 - \$15,046); and,
- Recognized a recovery of \$8,634 on flow-through expenditures (2017 - \$4,159)

The Company's policy with respect to Mineral Properties is as follows:

- 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



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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.

The following table is a summary of the Company's Mineral Property Assets as at October 31, 2018 (and does not reflect the closing of the Dixie Halo South Property, the Dixie Halo Southeast Property or the Dixie Halo Southwest Extension Property whose acquisitions closed or are expected to close subsequent to October 31, 2018):

	Dixie Halo	Burnthut	Shakespeare	Galway	Total
Carrying value					
Balance May 1, 2017	\$0	\$0	\$0	\$0	\$0
Additions for cash	-	-	-	115,000	115,000
Additions for shares issued	-	-	36,000	129,500	165,500
Costs capitalized	-	-	30,000	262,796	292,796
Disposals	-	-	-	-	-
Provision for environmental remediation	-	-	-	-	-
Balance April 30, 2018	\$0	\$0	\$66,000	\$507,296	\$573,296
Additions for cash	10,000	10,000	-	150,000	170,000
Additions for shares issued	7,500	9,000	-	33,000	49,500
Costs capitalized	11,821	5,446	-	27,214	44,481
Disposals	-	-	-	-	-
Provision for environmental remediation	-	-	-	-	-
Write-down of mineral property	-	-	-	-	-
Balance July 31, 2018	\$29,321	\$24,446	\$66,000	\$717,510	\$837,277

During the six months ended October 31, 2018 the Company capitalized cash payments of \$170,000 and share based payments valued at \$49,500 on the acquisition of its options on the Dixie Halo, Burnthut and Galway Projects. In addition, the Company capitalized cash costs totaling \$44,481 spent on exploration and evaluation activities related to the mineral properties.



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SUMMARY OF QUARTERLY RESULTS

Results for the most recent quarters:

Financial Results	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017	July 31, 2017	April 30, 2017	January 31, 2017
Net loss for the quarter	(\$165,468)	(\$94,490)	(\$26,568)	(\$149,092)	(\$212,101)	(\$293,361)	(\$46,327)	(\$58,497)
Basic and diluted loss per share	-	-	-	(\$0.01)	(\$0.01)	(\$0.03)	(\$0.01)	(\$0.01)
Total assets	\$1,355,561	\$1,380,628	\$1,323,659	\$868,213	\$949,449	\$392,439	\$17,930	\$10,675

Financial Results	April 30, 2018	April 30, 2017	April 30, 2016	April 30, 2015
Net loss for the year	(\$681,122)	(\$121,124)	(\$37,911)	(\$67,997)
Basic and diluted loss per share	(\$0.04)	(\$0.05)	(\$0.01)	(\$0.03)
Total assets	\$1,323,659	\$17,930	\$573,296	\$17

	October 31, 2018	April 30, 2018	April 30, 2017
Deficit	(\$2,167,676)	(\$1,907,718)	(\$1,105,472)
Non-cash Working Capital Deficit	(\$186,247)	(\$91,524)	(\$408,756)
Cash	\$343,258	\$224,972	-

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles is derived from the Company's audited financial statements for the year ended April 30, 2018, 2017, and 2016.

Financial Results	April 30, 2018	April 30, 2017	April 30, 2016
Net loss for the year	(\$681,122)	(\$121,124)	(\$37,911)
Basi and diluted loss per share	(\$0.04)	(\$0.05)	(\$0.01)
Total assets	\$1,323,659	\$17,930	\$573,296

RELATED PARTY TRANSACTIONS

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate value of transactions relating to key management personnel were as follows:

Name and principal position	Year	Remuneration or fees ⁽¹⁾	Share based payments ⁽¹⁾	Included in accounts payable ⁽¹⁾
Paul Wood, CEO ⁽²⁾ - management fees	2018	\$24,000	-	\$44,000
	2017 ⁽³⁾	\$50,000	\$11,628	\$55,000
Dennis Logan ⁽⁴⁾ , CFO - management fees	2018	\$7,500	-	\$7,500
	2017	-	\$26,300	-
Michael England ⁽⁵⁾ , President - management fees	2018	\$24,000	-	\$93,696
	2017	\$3,000	\$18,828	-
Midobi Inc. ⁽⁶⁾	2018	\$2,000	-	-
	2017	\$3,000	-	-
Don McKinnon ⁽⁷⁾ , VP Exploration	2018	\$9,000	-	\$9,000
	2017 ⁽⁸⁾	\$120,000	\$11,628	-
Douglas Hunter, Director and QP	2018	\$5,000	-	\$5,000
	2017	-	-	-
Richard O'Shea, Director	2018	-	-	-
	2017	-	-	-
Twila Jansen, Director	2018	-	-	-
	2017	-	\$7,200	-

⁽¹⁾ Amounts disclosed were paid or accrued to the related party during the three months ended July 31, 2018 and 2017.

⁽²⁾ Paid to Kappa Advisors Ltd, a company controlled by Paul Wood.

⁽³⁾ Paid to Kappa Advisors Ltd, a company controlled by Paul Wood prior to him becoming a related party in August 2017.

⁽⁴⁾ Paid to 9703373 Canada Inc., a company controlled by Dennis Logan.

⁽⁵⁾ Paid to England Communications Inc., a company controlled by Michael England.

⁽⁶⁾ A company controlled by Michael England Jr., a family member of the President of the Company.

⁽⁷⁾ Paid to Don MC Holdings Ltd., a company controlled by Don McKinnon.

⁽⁸⁾ Pre-Paid \$120,000 for future drilling expenditures on the Shakespeare property to a company controlled by Don McKinnon.



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As at October 31, 2018, \$140,000 (April 30, 2018 - \$95,328) were owing to key management personnel or to a company controlled by director or key management personnel and the amounts were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

As at October 31, 2018, a total of \$69,696 (April 30, 2018 - \$69,696) is owing to England Communications Ltd. and is classified as a current liability and is due July 13, 2019.

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, other than indicated, have no specified terms of repayment.

LIQUIDITY AND CAPITAL RESOURCES

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 deficit of \$186,247 as at October 31, 2018. There can be no assurance that such financing will be available on terms acceptable to the Company.

	October 31, 2018	April 30, 2018	April 30, 2017
Deficit	(\$2,167,676)	(\$1,907,718)	(\$1,105,472)
Non-cash Working Capital Deficit	(\$186,247)	(\$91,524)	(\$408,756)
Cash	\$343,258	\$224,972	-

NEWLY ADOPTED ACCOUNTING POLICIES AND ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

Newly Adopted Accounting Policies

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments: Recognition and Measurement, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The adoption of this amendment did not have a material impact on the Company's unaudited interim condensed financial statements.

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. The adoption of this amendment did not have a material impact on the Company's unaudited interim condensed financial statements.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of BTU's accounting policies are presented in Note 3 of the Audited Annual Financial Statements for the year ended April 30, 2018. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's financial statements and the uncertainties that could have a bearing on its financial results.

MANAGEMENT OF FINANCIAL RISKS

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(i) of the Q2 2019 Financial Statements of the Company. 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.

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



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	Level 1	Level 2	Level 3	October 31, 2018
Held for Trading Financial Assets				
Cash	\$343,258	-	-	\$343,258
Total Financial Assets at Fair Value	\$343,258	-	-	\$343,258

The fair values of the Company's cash, amounts receivable, 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 had a non-cash working capital deficit of \$186,247 as at October 31, 2018. There can be no assurance that such financing will be available on terms acceptable to the Company.

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 Euros (€). 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.

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.



CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at October 31, 2018 was \$2,451,681 (April 30, 2018 – \$2,296,282). 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 six months ended October 31, 2018.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

OUTSTANDING SHARES

As at October 31, 2018, the Company had the following securities issued and outstanding:

	<u>Number</u>
Common shares	36,799,235
Stock Options	3,400,000
Warrants	9,317,511

Please refer to Note 8 in the Company's Q2 2019 Interim Condensed Financial Statements for additional detail on the Company's share capital.

RISKS AND UNCERTAINTIES

The Company operates in the mining industry, which is subject to numerous significant risks that can influence profitability. The Company has disclosed several risks below which it believes to be the most significant and that could have a material impact on its current and future operations. Other risks may exist or may arise at a future date.



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Access to Capital Markets

To fund its future growth plans, the Company may become dependent on securing the necessary capital through loans or permanent capital. The availability of this capital is subject to general economic conditions and lender and investor interest in the Company's projects. To facilitate the availability of capital, the Company maintains an investor relations program in order to inform all shareholders and potential investors of the Company's developments.

Future Financing, Credit and Liquidity risk

The success of exploration programs, development programs and other transactions related to concessions could have a significant impact on the need for capital. If BTU decides to develop one of its properties, it must ensure that it has access to the required capital. The Company could finance its need for capital by using working capital, by arranging partnerships or other arrangements with other companies, through equity financing, by taking on long-term debt or any combination thereof.

Competition

The mining industry is very competitive and the Company has to compete with other companies related to the acquisition of attractive mineral properties and the retention of skilled labour. Many competitors possess greater financial, technical and other resources than the Company. As a result, the Company may be faced with a shortage or no supply of ore or employees, as well as not being able to maintain or acquire mineral properties on reasonable terms or at all.

Risks Related to Property Title

The Company does not own all of the land that its various Option Agreements cover and has to negotiate access from third party property owners as well as municipalities in order to carry out exploration activity on the properties covered by the Shakespeare and Galway Properties. Although the Company has taken reasonable measures to ensure that all property titles and mining and exploration rights held by the various optionors are valid, there is no certainty that the property titles will not be challenged or questioned. Third parties could have valid claims to the lands underlying the Properties that are the subject of the option agreements.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key employees, of which the loss of any could have an adverse effect on its operations.

Laws and Regulations

The Company's exploration and development projects are subject to laws and regulations, including those concerning mining as well as environmental and health and safety matters. The laws and regulations in place are susceptible to change and the impact of any modification is difficult to measure. The Company's policy is to maintain safe working conditions in compliance with applicable health and safety rules.

Licenses and Permits

There can be no guarantees that the Company will be able to obtain or maintain all the necessary licenses and permits to extract and process minerals, explore, develop, or maintain its continued operations, or that the Company will be able to comply with all the conditions imposed.

Political Risk

The Canadian, Province of Ontario and Irish governments currently support the development of their natural resources by foreign and domestic companies. However, there is no assurance the government will not adopt



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different policies regarding foreign ownership of mineral resources, taxation, exchange rates, environmental protection, labour relations, repatriation of income or expropriation in the future.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company has in the past and may in the future be involved in various legal proceedings. While the Company is not aware of any possible legal proceeding that could have a material adverse effect on its financial position, future cash flow or results of operations of the Company, due to the inherent uncertainty of the litigation process and the defence costs which may have to be incurred, even with respect to claims that have not merit, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company.

Risks Linked to Common Shares

The price of the common shares of BTU may fluctuate for several reasons such as production and/or exploration results or operating results and cash flow, exchange rates, available financing, lack of liquidity and several other factors. It is possible that the price of a common share of BTU may experience significant fluctuations and that such price might be less than the actual price paid by an investor.

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained from the Company's website at www.btumetals.com and on SEDAR at www.sedar.com under the Company's profile.