



Three and Six Months Ended October 31, 2019

**Unaudited Condensed Interim Consolidated Financial
Statements**

(Expressed in Canadian Dollars)

(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.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	October 31, 2019 \$	April 30, 2019 \$
ASSETS			
CURRENT			
Cash		\$1,114,099	\$595,982
Subscriptions receivable		-	15,000
Commodity Tax Recoverable		79,612	100,772
Prepaid		11,887	5,718
Total Current Assets		1,205,598	717,472
NON-CURRENT			
Exploration Advances	6	-	-
Mineral Properties	6	2,486,893	1,509,484
TOTAL ASSETS		3,692,491	2,226,956
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities		139,586	120,950
Total Current Liabilities		139,586	120,950
TOTAL LIABILITIES		139,586	120,950
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share Capital	7	4,818,520	3,664,916
Share-Based Payment Reserve		1,745,153	1,059,284
Deficit		(3,010,768)	(2,618,194)
		3,552,905	2,106,006
TOTAL LIABILITIES AND SHAREHOLER'S EQUITY		\$3,692,491	\$2,226,956

Basis of Preparation and Going Concern (Note 2)
Subsequent events (Note 12)

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

Approved on behalf of the Board:

"Paul Wood"
Paul Wood, Director

"Michael England"
Michael England, Director

BTU Metals Corp.

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

For the Six Months ended October 31, 2019 and 2018

(Expressed in Canadian Dollars)

	Number of Common Shares		Share Capital	Share-Based Payment Reserve		Deficit (Note 2)	Total Shareholders' Equity (Deficiency)
			\$		\$	\$	\$
Balance, April 30, 2018	33,541,735	\$	2,296,282	\$	650,683	\$ (1,907,718)	\$ 1,039,247
Comprehensive Loss For The Period	-		-		-	(259,958)	(259,958)
Private Placement	2,357,500		465,116		-	-	465,116
Subscriptions receivable	-		(353,040)		-	-	(353,040)
Share Issuance Costs	-		(6,177)		-	-	(6,177)
Warrants issued on financing	-		-		29,693	-	29,693
Share issued for property payments	900,000		49,500		-	-	49,500
Share-Based Compensation	-		-		87,700	-	87,700
Balance, October 31, 2018	36,799,235	\$	2,451,681	\$	768,076	\$ (2,167,676)	\$ 1,052,081
Comprehensive Loss For The Period	-		-		-	(450,518)	(450,518)
Private Placement	9,000,000		306,045		-	-	306,045
Subscriptions receivable	-		353,040		-	-	353,040
Share Issuance Costs	-		(24,728)		-	-	(24,728)
Share issuance costs - Broker Warrants	-		(13,764)		13,764	-	-
Warrants issued on financing	-		-		240,596	-	240,596
Shares issued on exercise of warrants	479,000		40,740		-	-	40,740
Share issued for property payments	7,800,000		534,750		-	-	534,750
Share-Based Compensation	-		-		54,000	-	54,000
Carrying value of warrants exercised	-		17,152		(17,152)	-	-
Balance, April 30, 2019	54,078,235	\$	3,664,916	\$	1,059,284	\$ (2,618,194)	\$ 2,106,006
Comprehensive Loss For The Period	-	\$	-	\$	-	\$ (392,574)	\$ (392,574)
Private Placement of flow through units	11,000,000		1,053,709		431,616	-	1,485,325
Share Issuance Costs	593,278		(28,350)		-	-	(28,350)
Share issuance costs -broker warrants	-		(85,671)		85,671	-	-
Shares issued on exercise of warrants	1,082,000		107,920		-	-	107,920
Carrying value of warrants exercised	-		27,826		(27,826)	-	-
Shares issued for property payments	250,000		30,750		-	-	30,750
Share-Based Compensation	-		-		208,328	-	208,328
Shares issued on option exercise	450,000		35,500		-	-	35,500
Carrying value of options exercised	-		11,920		(11,920)	-	-
Balance, July 31, 2019	67,453,513	\$	4,818,520	\$	1,745,153	\$ (3,010,768)	\$ 3,552,905

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

BTU Metals Corp.**Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
For the Three and Six Months ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)**

	Three months Ended October 31, 2019	Three months Ended October 31, 2018	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Continuing Operations				
General and Administrative Expenses				
Bank Charges	\$366	\$213	\$725	\$514
Consulting Fees	1,000	-	2,750	6,600
Interest	-	-	-	-
Investor Relations	8,887	2,185	11,517	5,180
Management Fees	55,500	55,500	114,040	120,000
Office, Rent , Telephone and Insurance	4,009	4,000	7,282	9,187
Professional Fees	5,820	12,155	8,274	21,199
Share-Based Compensation	47,228	87,700	208,328	87,700
Transfer Agent and Filing Fees	7,049	10,357	12,004	15,559
Travel, Meals and Entertainment	7,818	2,580	12,654	3,241
Exploration costs	-	-	15,000	-
Net Loss For the Period before other items	137,677	174,690	392,574	268,592
Net Loss and Comprehensive loss	\$137,677	\$174,690	\$392,574	\$268,592
Loss per Share for the Period				
Basic and Fully Diluted Loss per Share	\$0.00	\$0.01	\$0.01	\$0.01
Weighted Average Number of Shares Outstanding	67,407,861	34,361,735	63,260,393	35,539,778

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

BTU Metals Corp.**Unaudited Condensed Interim Consolidated Statements of Cash Flows
For the Six Months ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)**

	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Operating activities		
Net loss for the period	(\$392,574)	(\$94,490)
Add (deduct) non-cash items:		
Non-cash share based payments	208,328	-
Non-cash recovery of Flow-Through Premium	-	-
Write-off of property acquisition and exploration costs	-	-
Other non-cash items	-	-
	<u>(184,246)</u>	<u>(94,490)</u>
Net change in non-cash working capital		
Amounts receivable	15,000	-
Sales tax recoverable	21,157	(3,121)
Prepaid expenses	(6,169)	8,050
Accounts payable and accrued liabilities	18,636	(17,130)
Cash flow provided by (used in) operating activities	<u>(135,622)</u>	<u>(106,691)</u>
Investing activities		
Purchase of property rights	(12,000)	(150,000)
Evaluation and exploration expenditures	(949,658)	(24,107)
Cash flow used in investing activities	<u>(961,658)</u>	<u>(174,107)</u>
Financing activities		
Interest paid on bank loans and lines of credit	-	-
Other Interest capitalized to the mineral property rights	-	-
Subscriptions received in advance	-	-
Issuance of common shares and warrants for cash	1,500,327	494,505
Share and warrant issuance costs	(28,350)	(5,876)
Issuance of common shares from option and warrant exercise	143,420	-
Loan advances (repayments) from/(to) related parties	-	-
Repayment of long-term debt	-	-
Cash flow provided by (used in) financing activities	<u>1,615,397</u>	<u>488,629</u>
Net increase (decrease) in cash and cash equivalents during the period	518,117	207,831
Cash and cash equivalents at beginning of period	595,982	224,972
Cash and cash equivalents at end of period	<u>\$1,114,099</u>	<u>\$432,803</u>

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

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

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 condensed interim consolidated financial statements of the Company for the three and six months ended October 31, 2019 were approved and authorized for issue by the Board of Directors on December 20, 2019.

NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN

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

The consolidated 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 consolidated 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 and has an accumulated deficit of \$3,010,768 (April 30, 2019 - \$2,618,194) as at October 31, 2019.

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 interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

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.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

These unaudited interim condensed consolidated financials incorporate the financial statements of the Company and its wholly controlled subsidiary, Gold Note Minerals Inc., a company incorporated in British Columbia. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The unaudited interim condensed consolidated financial statements include the accounts of the Company and its direct wholly owned subsidiary. All significant intercompany transactions and balances have been eliminated.

b) 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.

c) 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 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.

d) 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

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

e) 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.

The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

f) 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.

g) Flow-Through Shares

Under the Canadian Income Tax Act, an enterprise may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from qualifying expenditures that the company made with the proceeds. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. The incremental proceeds or "premium" are recorded as a deferred credit. When expenditures are renounced, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery.

h) 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.

i) 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

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

j) Financial Instruments

The Company adopted IFRS 9 in its consolidated financial statements on May 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening deficit balance on May 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Financial instrument	Original classification	New Classification
Cash and cash equivalents	Loans and receivables	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Due to related parties	Other liabilities	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

Financial assets

The Company classifies its financial assets, as amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit and loss ("FVTPL"). Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment.

Financial assets classified as amortized cost are initially measured at fair value and are subsequently measured at amortized cost. The Company has not classified any financial assets as amortized cost.

Financial assets classified as FVTPL are initially measured at fair value with unrealized gains and losses recognized through profit and loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date. The Company's cash and cash equivalents and accounts receivable are classified as FVTPL.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities are designated as FVTPV upon initial recognition. They are initially recorded at their fair market value. They are subsequently measured at their fair market value, with gains or losses recognized in the income statement. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. The net gain or loss recognized in profit or loss excludes any interest paid on the financial liabilities.

Financial Liabilities Measured at Amortized Cost

Financial liabilities are measured at amortized cost and are initially recorded at fair value, net of transaction costs, and are subsequently measured at amortized cost. Subsequent to initial measurement, financial liabilities measured at amortized cost are carried at amortized cost using the effective interest method.

Transaction costs on liabilities other than those classified as FVTPL are treated as part of the carrying value of the liability. Transaction costs for liabilities at FVTPL are expensed as incurred.

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 year ended April 30, 2019.

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.

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.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

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

b) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information

becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

c) 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.

d) 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 April 30, 2019 and April 30, 2018, the Company has no material decommissioning and restoration provision.

e) 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.

f) Share-based transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

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

g) Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year.

NOTE 5 – ACCOUNTING STANDARD ISSUED

Accounting Standard Issued

IFRS 16, Leases

IFRS 16, “Leases”, was issued in January 2016, and replaces IAS 17, “Leases” (“IAS 17”). IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company adopted this standard on May 1, 2019 with no material impact on its statement of financial position or results of operations.

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. On June 30, 2018, the option was re-negotiated to extend the expenditure commitment due dates and shares issuance.

Under the latest 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 the later of 18 months of the exchange approval date or 4 months after receipt by the Company of the assay results that is covered by the \$120,000 prepaid exploration expense.
- incur \$200,000 in exploration expenditures on the later of 18 months of the exchange approval date or 4 months after receipts by the Company of the essay results that is covered by the \$120,000 prepaid exploration expense.
- incur \$200,000 in exploration expenditures on the later of 24 months of the exchange approval date or 12 months after receipt by the company of the essay results that is covered by the \$120,000 prepaid exploration expense.

During the term of the option agreement, the Company was to be responsible for the annual claim maintenance fees. The Company 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.

The Company completed the assay results covered by the \$120,000 prepaid exploration expense in November 2018. After reviewing the assay results, management determined that it was in the Company's best interest to no longer pursue the Shakespeare Gold project in an effort to focus the Company on the remainder of its exploration portfolio (See press release dated November 20, 2018). As a result of this decision the Company recorded an impairment loss of \$182,282, representing the carrying value of option payments on the Shakespeare project and the capitalized exploration expenses that had been incurred on the project, and wrote down the carrying value of the Shakespeare option to \$nil. The Shakespeare option agreement has expired and control of the project has reverted to the Optionors.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 6 – MINERAL PROPERTIES (continued)

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:

Share issuances commitment:

- Issuance of 700,000 shares within 5 days of exchange approval (*issued and valued at \$129,500*)
- Issuance of 700,000 shares within 12 months of exchange approval (*renegotiated and issued 600,000 shares valued at \$33,000 on May 16, 2018*)

Cash payments commitment:

- On the effective date, the sum of \$25,000 (non-refundable) (*paid*)
- Payment of \$40,000 within 5 days of exchange approval (*paid*)
- Payment of \$50,000 within 6 months of exchange approval (*paid*)
- Payment of \$150,000 within 12 months of exchange approval (*paid*)

Work expenditures commitment:

- Incur \$250,000 of exploration and evaluation expenditure within 6 months (*completed*)
- Incur \$250,000 of exploration and evaluation expenditure within 12 months (*no longer required due to acquisition*)

On May 7, 2018 the Company accelerated its purchase of 100% of Gold Note Ltd. (the parent company that owns 100% of the Galway Gold Property) through the payment of \$150,000 (paid) and the issuance of 600,000 shares (issued and valued at \$33,000), a reduction of 100,000 shares from the original share issuance commitment. 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.

In March 2019, as part of its annual renewal process for the Galway Prospecting Licenses, the Company relinquished its rights to Prospecting Licenses 2301, 2647, and 3227 in order to focus its exploration activity on Prospecting Licenses 1431, 2295 and 3145.

Dixie Halo East Project

On August 24, 2018 the Company announced that it was acquiring a 100% interest in the claims comprising the Dixie Halo property from an arms-length party through the payment 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 BTU for \$500,000 at any time.

- On September 13, 2018, the Company issued 150,000 shares (valued at \$5,250) in the first tranche of the share issuance commitment.
- The Company is scheduled to issue the balance of the 600,000 shares in tranches of 150,000 shares on the 1st (shares issued), 2nd (shares issued and valued at \$15,750 on September 3, 2019), 3rd and 4th anniversaries of the first tranche of share issuance that occurred on September 13, 2018.
- On September 25, 2018, the Company paid \$10,000 in cash in the first installment of the \$85,000 in total cash payable to the vendor.
- The Company is scheduled to make the remaining cash payments annually as follows:
 - \$12,000 on or before September 25, 2019; (*paid*)
 - \$16,000 on or before September 25, 2020;
 - \$22,000 on or before September 25, 2021; and,
 - \$25,000 on or before September 25, 2022.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 6 – MINERAL PROPERTIES (continued)

Burnthut Project

On September 5, 2018 the Company announced that it was acquiring a 100% interest in the claims comprising the Burnthut project from an arms-length party through the payment 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 BTU for \$500,000 at any time.

- On September 26, 2018, the Company issued 150,000 shares (valued at \$12,000) in the first tranche of the share issuance commitment.
- The Company is scheduled to issue the balance of the 600,000 in tranches of 150,000 shares on the 1st, 2nd, 3rd and 4th anniversaries of the first tranche of share issuance that occurred on September 26, 2018.
- On October 5, 2018, the Company paid \$10,000 in cash in the first installment of the \$85,000 in total cash payable to the vendor.
- The Company is scheduled to make the remaining cash payments annually as follows:
 - \$12,000 on or before October 5, 2019;
 - \$16,000 on or before October 5, 2020;
 - \$22,000 on or before October 5, 2021; and,
 - \$25,000 on or before October 5, 2022.

As at April 30, 2019 the Company decided not to proceed further with the acquisition of the Burnthut project. With respect to this decision, the Company entered into a termination agreement with the underlying owner. Pursuant to the termination agreement, the Company issued 100,000 common shares valued at \$15,000 to the underlying owner of the property option on July 8, 2019 in consideration for a full release of the Company from any matter relating to or arising of its option agreement with respect to the property. The Company recorded an impairment loss of \$45,100 during the quarter ended April 30, 2019, representing the carrying value of option payments on the Burnthut project and the capitalized exploration expenses that had been incurred on the project, and wrote down the carrying value of the Burnthut option to \$nil. The issuance of the 100,000 common shares as part of the termination agreement resulted in the Company recording a \$15,000 exploration expense during the six months ended October 31, 2019.

Dixie Halo South Project

On November 14, 2018 the Company announced that it had received TSX Venture Exchange approval of the Dixie Halo South Project (originally announced on October 17, 2018) and was acquiring a 100% interest in the claims comprising the Dixie Halo South property from two arms-length parties through the issuance of 8,000,000 common shares as follows:

- On November 14, 2018, the Company issued 4,000,000 shares (valued at \$260,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 4,000,000 common shares on or before a date that is 12 months from the TSX-Venture exchange approval date of January 18, 2019

The Company has also agreed to incur a total of \$2,000,000 in exploration expenditures in or on the property as follows:

- The sum of \$1,000,000 on or before April 11, 2020; and,
- The sum of \$1,000,000 on or before April 11, 2021

The vendor retains a 2.5% Net Smelter Royalty (“NSR”) on all minerals produced from the property. The Company has the right to acquire 1.0% NSR for cancellation at any time by paying \$2,000,000. Advanced royalty payments in the amount of \$4,000 per annum are payable on or before each anniversary date starting on the 5th anniversary date (November 14, 2023) and deducted from any royalty payments payable under the NSR.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 6 – MINERAL PROPERTIES (continued)

Dixie Halo Southeast Project

On November 27, 2018 the Company announced that it had received TSX Venture Exchange approval of the Dixie Halo Southeast Project (originally announced on October 17, 2018) and was acquiring a 100% interest in the claims comprising the Dixie Halo East property from an arms-length party through the issuance of 4,000,000 million BTU common shares as follows:

- On November 27, 2018, the Company issued 2,000,000 shares (valued at \$130,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 2,000,000 shares on or before a date that is 12 months from the TSX-Venture exchange approval date. (Issued on November 26, 2019)

The Company has also agreed to incur a total of \$500,000 in exploration expenditures in or on the property as follows:

- The sum of \$250,000 on or before April 11, 2020; and,
- The sum of \$250,000 on or before April 11, 2021

The vendors retains a 2.5% Net Smelter Royalty (“NSR”) on all minerals produced from the property. The Company has the right to acquire 1.0% NSR for cancellation at any time by paying \$2,000,000. Advanced royalty payments in the amount of \$2,000 per annum are payable on or before each anniversary date starting on the 5th anniversary date (November 14, 2023) and deducted from any royalty payments payable under the NSR.

Dixie Halo Southwest (Burgundy Exploration Corp.) Project

On December 7, 2018 the Company announced that it had received TSX Venture Exchange approval of the Dixie Halo Southwest Project (originally announced on November 23, 2018) through the acquisition of 100% of Burgundy Exploration Corp. in exchange for the issuance of 3,600,000 shares as follows:

- On December 7, 2018, the Company issued 1,800,000 shares (valued at \$144,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 1,800,000 shares on or before a date that is 12 months from the TSX-Venture exchange approval date.

A pre-existing 2% gross smelter royalty is applicable on the tenure being acquired under the Burgundy acquisition.

	Dixie Halo East	Dixie Halo South	Dixie Halo Southeast	Dixie Halo Southwest	Burnthut	Shakespeare	Galway	Total
Carrying value								
Balance May 1, 2018	\$0	\$0	\$0	\$0	\$0	\$66,000	\$507,296	\$573,296
Additions for cash	10,000	-	-	-	10,000	-	150,000	170,000
Additions for shares issued	5,250	260,000	130,000	144,000	12,000	-	33,000	584,250
Costs capitalized	15,211	142,788	991	5,882	23,100	116,282	105,066	409,320
Disposals	-	-	-	-	-	-	-	-
Provision for environmental remediation	-	-	-	-	-	-	-	-
Write-down of mineral property	-	-	-	-	(45,100)	(182,282)	-	(227,382)
Balance April 30, 2019	\$30,461	\$402,788	\$130,991	\$149,882	\$0	\$0	\$795,362	\$1,509,484
Additions for cash	12,000	-	-	-	-	-	-	12,000
Additions for shares issued	15,750	-	-	-	-	-	-	15,750
Costs capitalized	4,453	535,716	329,400	10,582	-	-	69,508	949,659
Disposals	-	-	-	-	-	-	-	-
Provision for environmental remediation	-	-	-	-	-	-	-	-
Write-down of mineral property	-	-	-	-	-	-	-	-
Balance October 31, 2019	\$62,664	\$938,504	\$460,391	\$160,464	\$0	\$0	\$864,870	\$2,486,893

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL

a) Authorized Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at October 31, 2019, the Company had 67,453,513 common shares issued and outstanding as presented in the statements of changes in shareholders' equity.

During the six months ended October 31, 2019, the Company:

- i) On June 24, 2019, the Company completed a non-brokered private placement of 11,000,000 flow through units for gross proceeds of \$1,485,000. Each unit consists of one flow through common share issued at \$0.135 per share, and one-half of a straight common share purchase warrant. Each whole common share purchase warrant may be exercised by the holder to purchase one common share at a price of \$0.18 for a period of 24 months from closing. Finder's fees and other share issuance costs totalling \$28,350 in cash were paid to third parties. The Company also issued 593,278 common shares and 222,565 Broker Unit Warrants in lieu of cash finders fees. Each Broker Unit Warrant entitles the holder to purchase one common share at a price of \$0.18 for a period of 24 months from closing. The Company also issued 550,650 broker warrants to arm's length parties. Each broker warrants entitles the holder to purchase one share at a price of \$0.18 per share for a period of 24 months. The shares and warrants comprising the units and the broker units, the broker unit warrants and broker warrants are subject to a 4 month hold period expiring October 24, 2019.

Gross proceeds from this non-brokered private placement were allocated between shares, warrants, broker units, broker unit warrants and broker warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$431,291 using the Black-Scholes pricing model, therefore \$1,053,709 of gross proceeds from this financing was allocated to common shares. The Common shares issued in lieu of cash were valued at \$91,9858 and the Broker Warrants and Broker Unit warrants were valued using the Black Scholes pricing model and valued at \$85,671 and allocated to contributed surplus.

- ii) On July 8, 2019, the Company issued 100,000 common shares valued at \$15,000 under the terms of the Burnthut termination agreement.
- iii) On August 28, 2019 the Company issued 150,000 common shares valued at \$15,750 under the terms of the Dixie Halo East property option agreement.

During the year ended April 30, 2019, the Company:

- i) On March 29, 2019, the Company completed a non-brokered private placement of 9,000,000 units for gross proceeds of \$900,000. Each unit consists of one common share issued at \$0.10 per share, and one-half of a common share purchase warrant. Each whole common share purchase warrant may be exercised by the holder to purchase one common share at a price of \$0.15 for a period of 24 months from closing. Finder's fees of \$25,045 in cash and 203,200 broker warrants were paid and issued to arm's length parties, valued at \$13,364. Each broker warrants entitles the holder to purchase one share at a price of \$0.10 per share for a period of 12 months. The shares and warrants comprising the units and the broker warrants are subject to a 4 month hold period expiring July 30, 2019.

Gross proceeds from this non-brokered private placement were allocated between shares and warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$344,765 using the Black-Scholes pricing model, therefore \$650,725 of gross proceeds from this financing was allocated to shares and \$249,275 was allocated to contributed surplus.

- ii) On June 1, 2018 the Company closed the second tranche of a non-brokered private placement issuing 2,357,500 units at a price of \$0.06 per unit, for gross proceeds of \$141,540. Each Unit consisted of one common share and

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

one-half of a common share purchase warrant. Each whole warrant enables the holder to purchase one common share at a price of \$0.10 up to June 1, 2020. The Company paid \$5,860 in cash share issuance costs and issued 14,000 broker warrants to arm's length parties, valued at \$400. Each broker warrant entitles the holder to purchase one common share at a price of \$0.06 per share until June 1, 2019.

Gross proceeds from this non-brokered private placement were allocated between shares and warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$24,680 using the Black-Scholes pricing model, therefore \$120,436 of gross proceeds from this financing was allocated to shares and \$21,014 was allocated to contributed surplus.

- iii) On December 7, 2018, the Company issued 1,800,000 common shares at a value of \$144,000, pursuant to the share purchase agreement pertaining to the Dixie Halo Southwest Property (Note 6).
- iv) On November 27, 2018, the Company issued 2,000,000 common shares at a value of \$130,000, pursuant to the option agreement pertaining to the Dixie Halo Southeast Property (Note 6).
- v) On November 14, 2018, the Company issued 4,000,000 common shares at a value of \$260,000, pursuant to the option agreement pertaining to the Dixie Halo South Property (Note 6).
- vi) On September 26, 2018, the Company issued 150,000 common shares at a value of \$12,000, pursuant to the option agreement pertaining to the Burnthut Property (Note 6).
- vii) On September 13, 2018, the Company issued 150,000 common shares at a value of \$5,250, pursuant to the option agreement pertaining to the Dixie Halo East Property (Note 6).
- viii) On May 16, 2018, the Company issued 600,000 common shares at a value of \$33,000, pursuant to the share purchase agreement pertaining to the Galway Gold Property (Note 6).
- ix) The Company issued 479,000 common shares for the exercise of warrants at \$0.06-\$0.10 per share for gross proceeds of \$40,740. The fair value of the warrants exercised \$17,152 was reclassified to share capital from reserves.

Gross proceeds from this non-brokered private placement were allocated between shares and warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$152,935 using the Black-Scholes pricing model, therefore \$421,241 of gross proceeds from this financing was allocated to shares and \$119,203 was allocated to contributed surplus.

c) Stock Options

As at October 31, 2019, the Company had 5,225,000 options outstanding (April 30, 2019 – 3,975,000).

During the six months ended October 31, 2019, the Company:

- i) granted 400,000 stock options to a director of the Company, exercisable at a price of \$0.11 per option expiring on May 1, 2021. The estimated fair value of the options was \$28,600.
- ii) granted 1,050,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.18 per option expiring on July 16, 2021. The estimated fair value of the options was \$132,500.
- iii) granted 1,100,000 stock options to officers, directors and consultants of the Company, exercisable at a price of \$0.10 per option expiring on October 28, 2021. The estimated fair value of the options granted was \$73,500. 700,000 options vested immediately resulting in share-based compensation expense of \$46.773 recognized on

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

October 28, 2019. 400,000 options vest quarterly and will result in share-based compensation expense of \$26,727 to be recognized over the twelve months ending October 28, 2020.

During the year ended April 30, 2019, the Company:

- i) granted 1,650,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.08 per option expiring on August 27, 2020. The estimated fair value of the options was \$83,700.
- ii) granted 150,000 stock options to consultants of the Company, exercisable at a price of \$0.10 per option expiring on November 20, 2020. The estimated fair value of the options was \$8,200.
- iii) granted 100,000 stock options to consultants of the Company, exercisable at a price of \$0.12 per option expiring on February 16, 2020. The estimated fair value of the options was \$5,200.
- iv) granted 400,000 stock options to consultants of the Company, exercisable at a price of \$0.11 per option expiring on April 17, 2021. The estimated fair value of the options was \$27,800.
- v) granted 275,000 stock options to consultants of the Company, exercisable at a price of \$0.11 per option expiring on April 26, 2021. The estimated fair value of the options was \$16,800.

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

	October 31, 2019	Weighted Average Exercise price	April 30, 2019	Weighted Average Exercise price
Stock option activity				
Balance – beginning of period	3,975,000	\$0.12	2,450,000	\$0.12
Granted	2,550,000	\$0.16	2,575,000	\$0.09
Exercised	(450,000)	\$0.08	(1,050,000)	\$0.11
Expired	(850,000)	\$0.17	-	-
Forfeited	-	-	-	\$0.00
Balance – end of period	5,225,000	\$0.11	3,975,000	\$0.12

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

As October 31, 2019, the Company had the following stock options outstanding:

Expiry date	Exercise Price	October-31 2019 Outstanding	October-31 2019 Exercisable
January-25-2020	\$0.12	300,000	300,000
August-26-2020	\$0.08	1,400,000	1,400,000
November-20-2020	\$0.10	150,000	150,000
April-17-2021	\$0.11	400,000	400,000
April-26-2021	\$0.11	225,000	225,000
June-16-2022	\$0.05	200,000	200,000
May-1-2021	\$0.11	400,000	400,000
July-16-2021	\$0.18	1,050,000	1,050,000
October-28-2021	\$0.10	1,100,000	700,000
	\$0.11	5,225,000	4,825,000

	October 31, 2019
The outstanding options have a weighted-average exercise price of:	\$0.11
The weighted average remaining life in years of the outstanding options is:	1.42

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the six months ended October 31, 2019 and the year ended April 30, 2019:

Assumption	October 28, 2019	July 16, 2021	May 1, 2019	April 26, 2019	April 17, 2019	February 16, 2019	November 20, 2018	August 26, 2018
Share price	\$0.095	\$0.180	\$0.100	\$0.090	\$0.100	\$0.120	\$0.100	\$0.075
Exercise price	\$0.10	\$0.18	\$0.11	\$0.11	\$0.11	\$0.12	\$0.10	\$0.08
Risk-free rate	1.71%	1.56%	1.57%	1.55%	1.66.00%	2.19%	2.19%	2.13%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	148.27%	145.40%	154.25%	148.39%	148.21%	153.01%	13558.00%	125.85%
Option life in years	2.00	2.00	2.00	2.00	2.00	1.00	1.00	2.00

d) Warrants

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

Warrant activity	October 31, 2019	Weighted Average Exercise price	April 30, 2019	Weighted Average Exercise price
Balance – beginning of period	10,092,653	\$0.12	14,124,761	\$0.12
Issued on private placements	5,500,000	\$0.18	5,678,751	\$0.14
Issued broker warrants on private placements	775,215	\$0.18	217,200	\$0.10
Exercised	(1,082,000)	\$0.10	(479,000)	\$0.08
Expired	-	\$0.00	(9,449,059)	\$0.13
Balance – end of period	15,285,868	\$0.15	10,092,653	\$0.12

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

As at October 31, 2019, the Company had the following warrants outstanding:

Date of Issuance	Date of Expiry	Exercise Price	October 31, 2019 Outstanding
30-April-2018	30-April-2020	\$0.10	3,628,702
1-June-2018	1-June-2020	\$0.10	678,751
29-March-2019	29-March-2021	\$0.15	4,500,000
29-March-2019	29-March-2020	\$0.10	203,200
24-June-2019	24-June-2021	\$0.18	6,275,215
			15,285,868

	October 31, 2019
The outstanding warrants have a weighted-average exercise price of:	\$0.15
The weighted average remaining life in years of the outstanding warrants is:	1.24

The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued during the six months ended October 31, 2019 and the year ended April 30, 2019:

Assumption	Jun 24, 2019	Mar 29, 2019	Mar 29, 2019	Jun 1, 2018	Jun 1, 2018
Share price	\$0.16	\$0.12	\$0.12	\$0.06	\$0.06
Exercise price	\$0.18	\$0.15	\$0.10	\$0.10	\$0.06
Risk-free rate	1.40%	1.55%	1.71%	1.92%	1.88%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	155.90%	147.23%	146.41%	110.25%	155.92%
Warrant life in years	2.00	2.00	1.00	2.00	1.00

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 8 – 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 for the six months ended October 31, 2019 and 2018 were as follows:

	Six Months Ended October 31, 2019	Six Months Ended October 31, 2018
Consulting and management fees	\$ 92,338	\$ 87,000
Exploration expenses	65,656	9,000
Share-based compensation	191,725	47,151
Total short-term benefits	\$ 349,719	\$ 143,151

As at October 31, 2019, \$nil (April 30, 2019 - \$15,132) were owing to key management personnel or to a company controlled by a 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.

During the six months ended October 31, 2019, the Company granted a total of 2,275,000, stock options (October 31, 2018 – nil) to officers, directors and insiders of the Company, of which the fair market value was estimated at \$191,725 (October 31, 2018 - \$nil).

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 9 – CAPITAL RISK MANAGEMENT

The Company manages its share capital as capital, which as at October 31, 2019 was \$4,818,520 (April 30, 2019 – \$3,664,916). 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, 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, 2019.

NOTE 10 – 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(j). 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.

	Financial assets at fair value			
	Level 1	Level 2	Level 3	October 31, 2019
Held for Trading Financial Assets				
Cash	\$1,114,099	-	-	\$1,114,099
Total Financial Assets at Fair Value	\$1,114,099	-	-	\$1,114,099

The fair values of the Company's cash, 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.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

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 balance of \$48,087 (April 30, 2019 deficit – (\$14,460)) as at October 31, 2019. There can be no assurance that such financing will be available on terms acceptable to the Company.

d) Interest Rate Risk

The Company's policy is to invest excess cash in guaranteed investment certificates (GIC) at fixed or floating rates of interest and cash equivalents are to be maintained in floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. As at October 31, 2019 the Company held \$450,000 in a redeemable GIC with interest accruing at 2.00%. There were no other interest-bearing deposits as at October 31, 2019. Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

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.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statement of cash flows.

During the six months ended October 31, 2019:

The Company transferred \$27,826 from reserves to share capital pursuant to the exercise of 1,082,000 common share purchase warrants.

The Company transferred \$11,920 from reserves to share capital pursuant to the exercise of 450,000 common share purchase options.

The Company issued 593,278 common shares valued at \$91,958 in lieu of cash finders' fees to arm's length finders on the flow through financing that closed on June 24, 2019.

The Company issued 100,000 common shares valued at \$15,000 expensed as exploration costs on the termination of the Burthut property option.

The Company issued 150,000 common shares valued at \$15,750 capitalized to the Dixie Halo East property option.

During the year ended April 30, 2019:

The Company transferred \$17,152 from reserves to share capital pursuant to the exercise of 479,000 common share purchase warrants.

The Company issued 150,000 common shares at a fair value of \$5,250 pursuant to the acquisition of the Dixie Halo East Property option.

The Company issued 600,000 common shares at a fair value of \$33,000 pursuant to the acquisition of 100% the Galway Gold Property.

The Company issued 150,000 common shares at a fair value of \$12,000 pursuant to the acquisition of the Burnthut property option.

The Company issued 4,000,000 common shares at a fair value of \$260,000 pursuant to the acquisition of the Dixie Halo South property option.

The Company issued 2,000,000 common shares at a fair value of \$130,000 pursuant to the acquisition of the Dixie Halo Southeast property option.

The Company issued 1,800,000 common shares at a fair value of \$144,000 pursuant to the acquisition of the Dixie Halo Southwest property.

The Company issued 217,200 finder's fees purchase warrants at a fair value of \$13,764.

BTU Metals Corp.

Notes to the Unaudited Condensed Interim Consolidated Financial Statements For the Three and Six Months Ended October 31, 2019 and 2018 (Expressed in Canadian Dollars)

NOTE 12 – SUBSEQUENT EVENTS

On November 6, 2019 the Company issued 600,000 at a value of \$72,000 under the terms of the Dixie Halo Southeast Extension option agreement.

On November 26, 2019 the Company issued 2,000,000 common shares at a value of \$210,000 under the terms of the Dixie Halo Southeast property option agreement.

On November 28, 2019 the Company issued 64,000 common shares on the exercise of 64,000 common share purchase warrants with a strike price of \$0.10.

On December 2, 2019 the Company issued 16,000 common shares on the exercise of 16,000 common share purchase warrants with a strike price of \$0.10.

On December 4, 2019 the Company issued 1,716,667 common shares on the exercise of 1,716,667 common share purchase warrants with a strike price of \$0.10.

On December 4, 2019 the Company issued 60,000 common shares on the exercise of 60,000 common share purchase warrants with a strike price of \$0.18.

On December 5, 2019 the Company issued 62,500 common shares on the exercise of 62,500 common share purchase warrants with a strike price of \$0.10.

On December 5, 2019 the Company issued 137,500 common shares on the exercise of 137,500 common share purchase warrants with a strike price of \$0.10.

On December 5, 2019 the Company issued 100,000 common shares on the exercise of 100,000 common share purchase warrants with a strike price of \$0.10.

On December 5, 2019 the Company issued 150,000 common shares on the exercise of 150,000 common share purchase warrants with a strike price of \$0.15.

On December 6, 2019, the Company issued 1,800,000 common shares under the terms of the Dixie Halo Southwest Extension property acquisition agreement.

On December 10, 2019, the Company issued 50,000 common shares on the exercise of 50,000 common share purchase warrants with a strike price of \$0.15.

On December 10, 2019, the Company issued 186,700 common shares on the exercise of 186,700 common share purchase warrants with a strike price of \$0.10.

On December 10, 2019, the Company issued 50,000 common shares on the exercise of 50,000 common share options with a strike price of \$0.18.

On December 11, 2019, the Company issued 150,000 common shares on the exercise of 150,000 common share purchase warrants with a strike price of \$0.10.

On December 12, 2019, the Company issued 100,000 common shares on the exercise of 100,000 common share purchase warrants with a strike price of \$0.15.

On December 12, 2019, the Company issued 50,000 common shares on the exercise of 50,000 common share purchase warrants with a strike price of \$0.10.

BTU Metals Corp.**Notes to the Unaudited Condensed Interim Consolidated Financial Statements
For the Three and Six Months Ended October 31, 2019 and 2018
(Expressed in Canadian Dollars)**

On December 13, 2019, the Company issued 125,000 common shares on the exercise of 125,000 common share purchase warrants with a strike price of \$0.15.

On December 13, 2019, the Company issued 189,175 common shares on the exercise of 189,175 common share purchase warrants with a strike price of \$0.18.

On December 16, 2019, the Company issued 51,000 common shares on the exercise of 51,000 common share purchase warrants with a strike price of \$0.15.

On December 16, 2019, the Company issued 200,000 common shares on the exercise of 200,000 common share purchase warrants with a strike price of \$0.18.