

# **BTU** **METALS CORP.**

(formerly BTU Capital Corp)

Management's Discussion and Analysis

For the Three Months and Year  
Ended April 30, 2019

REPORT DATED: August 12, 2019



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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 months and year ended April 30, 2019.

This MD&A should be read in conjunction with the audited annual consolidated financial statements for the year ended April 30, 2019 (the "**2019 Audited 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 Q3 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 2019 Audited Financial Statements and this MD&A on August 12, 2019.

The 2019 Audited 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](http://www.btumetals.com) and on SEDAR at [www.sedar.com](http://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 East 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 5, 2018 and the Company made a cash payment of \$10,000 and issued 150,000 shares.



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On October 17, 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 \$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 was approved by the TSX-Venture exchange on November 14, 2018.

On October 17, 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 Southeast 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 Southwest 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 7, 2018 and the Company issued the vendors 1,800,000 common shares.

#### ***Update on Exploration Activities on the Shakespeare Project***

The Company 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 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 has determined that it has let the option expire and has recorded a write-down of \$182,282, representing all of the costs that were previously capitalized to 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.



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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, meeting its governmental expenditure obligations to maintain its licenses 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 his MD&A on the Galway property.

#### ***Update on Exploration Activities on the Galway Project***

BTU had put the Galway drill program on hold as the Company had 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 had 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 has since received permits to execute a small drill program at Glenlusk. The Company undertook a short two-hole drill program of approximately 125 meters in total to keep the licenses in good standing and conducted additional prospecting work on PL 1431.

The Company awaits permits on PL 2195, the Lee Valley, where samples of 49 g/t have been extracted from an exposed vein and there are interpreted multiple veins based on the governmental magnetic survey.

#### ***About the Dixie Halo Project***

The Company has finalized the acquisition or option rights of four property blocks with claims comprising a total of 12,963 hectares adjoining the northern (Dixie Halo East Property - closed), eastern (Dixie Halo Southeast Property, closed) and southern (Dixie Halo South Property, closed) and the Dixie Halo Southwest Extension Property - closed) boundaries of Great Bear Resources Corp.'s (GBR – TSX:V). 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) in addition to multiple new zones as it continues its announced 90,000 meter drill program.

The Dixie Halo Project wraps around the north-eastern, eastern and southern portions of the Great Bear's Dixie Project. The northwestern portion of the Dixie Halo Project 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 Project 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 Project boundaries.

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

Figure 1 Dixie Halo Project

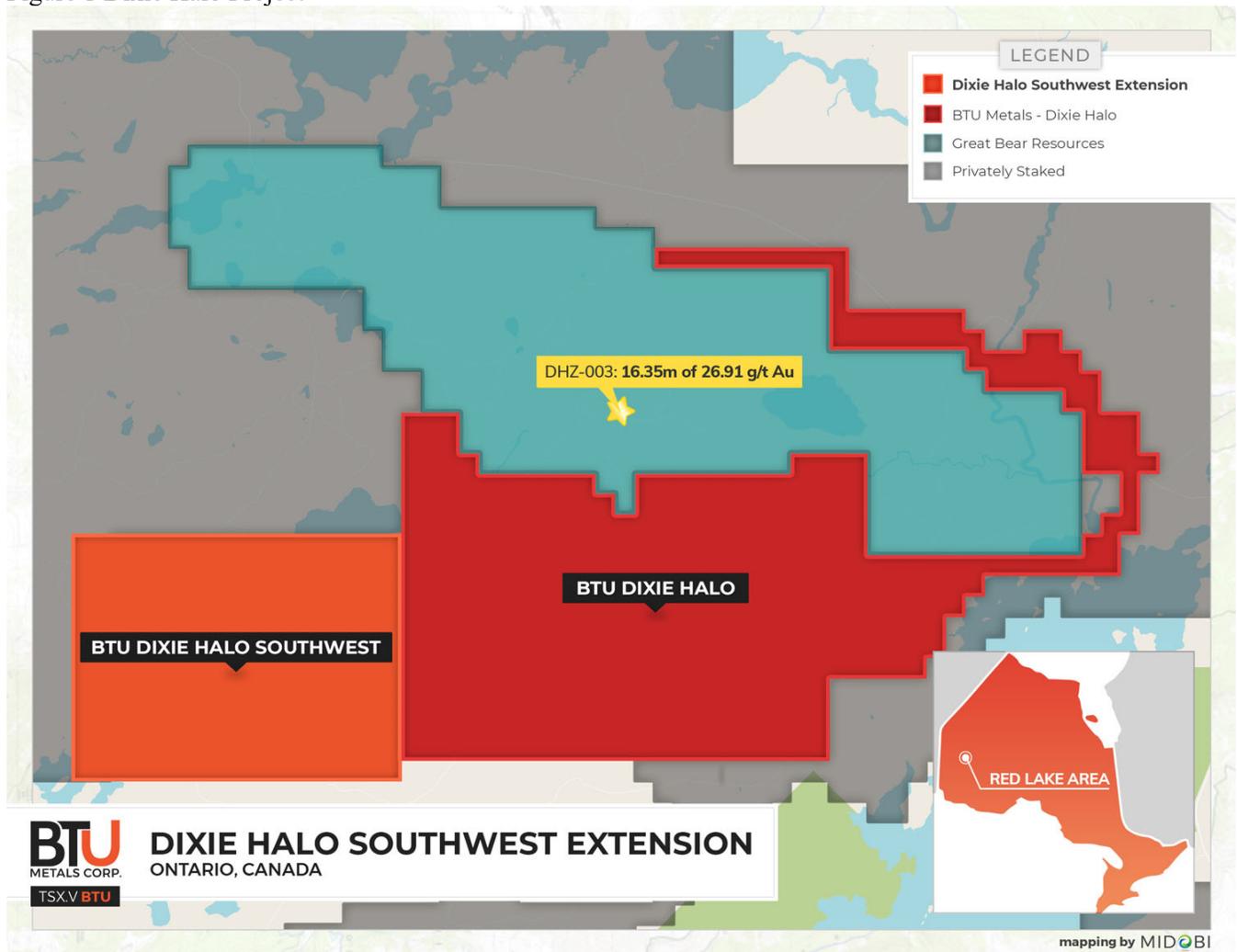
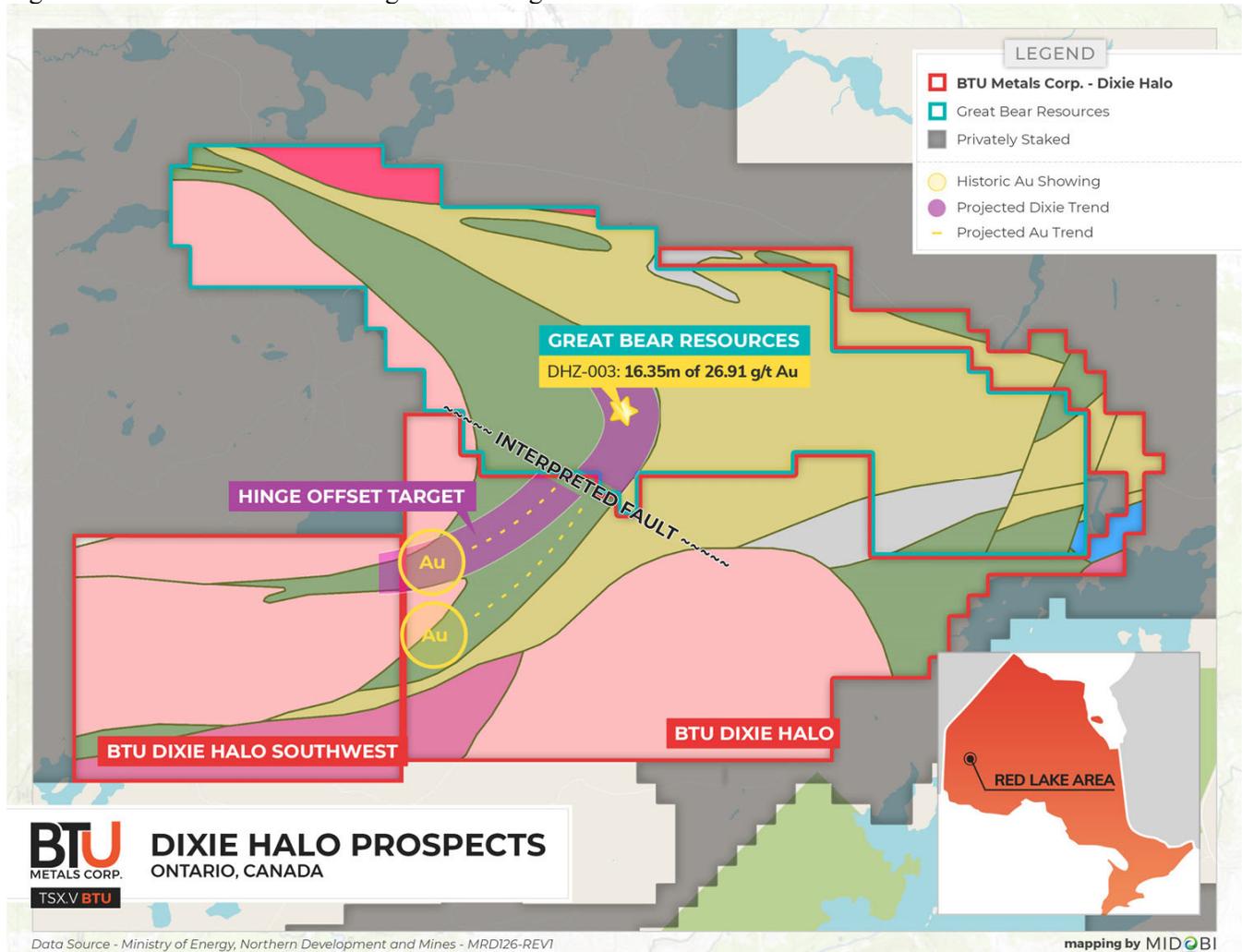


Figure 2- BTU Dixie Halo and Hinge Offset Targets



The acquisition of the Dixie Halo Southwest Extension land package along with the acquisitions of the original Dixie Halo East, Dixie Halo South and Dixie Halo Southeast (hereinafter collectively referred to as the “Dixie Halo”) give the Company a total of 12,963 hectares of prospective land in this emerging Dixie gold discovery area of Red Lake.

The initial field program findings from an interpreted D2 structural trend parallel to the one hosting the high grade Hinge Zone of Great Bear Resources Ltd.’s Dixie Gold Project (GBR – TSX:V) in the Red Lake district, Ontario. Highlights of this release: • New highly prospective gold environment found approximately 1,200 meters from GBR’s Hinge Zone gold discovery • Extensive quartz-carbonate-pyrite silicified stockwork zone to be further sampled and surveyed by IP in preparation for drilling • Drone survey to be completed soon to



help further evaluate already identified target areas. The company has had a seasoned prospecting crew on the ground for the last few weeks, resulting in the discovery of a broad quartz – carbonate –pyrite zone in silicified basalt. The new prospect is located in the central portion of BTU's approximately 13,000 ha Dixie Halo property and approximately 1,200 metres south of GBR's Hinge Zone gold discovery. Other associated rock units noted are pyritic iron formation and what are interpreted to be ultramafic rocks. Spatially, the company's new zone is on the edge of an east-west oriented major structure of the same orientation as the one currently being drilled by GBR at its Hinge Zone. Structures such as these have previously been described as 'D2 structures' in a previous BTU press release (Feb.20, 2019). This new prospecting discovery has led to the mobilization of a ground geophysical crew and initial planning of an IP survey to map out the zone. A drone magnetic survey has been flown over the area to help direct the on-going IP surveys and generate additional drill targets. With the aid of new data derived from the low altitude, high resolution drone magnetic survey on the Dixie Halo project, BTU personnel have followed up with ground truthing to prioritize drill targets. It must be emphasized that the company is at a very early stage of its evaluation of its extensive Dixie gold property.

The Company continues to focus on the "Hinge Offset" thesis initially developed by Mr. Tony Pryslak and reinforced with supporting evidence from the Fugro Helitem Survey flown by the vendor of the Dixie Halo South claims. The Hinge Offset target areas are highlighted in figure 2 above "BTU Dixie Halo and Hinge Offset Targets".

The technical contents included in this MD&A on the Dixie Halo Project were approved by Mr. Doug Hunter, P. Geo, a qualified person as defined by National Instrument 43-101.

### ***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).

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.



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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.

Subsequent to year end, 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 will issue 100,000 common shares to the underlying owner, 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. As a result of this decision the Company recorded an impairment loss of \$45,100, 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 \$nil.

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 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 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.

The following table is a summary of the Company's Mineral Property Assets as at April 30, 2019:

	Dixie Halo East	Dixie Halo South	Dixie Halo Southeast	Dixie Halo Southwest	Burnthut	Shakespeare	Galway	Total
Carrying value								
Balance May 1, 2017	\$ -	-	-	-	-	-	-	-
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
Balance April 30, 2018	\$ -	-	-	-	-	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
Write-down of mineral property	-	-	-	-	(45,100)	(182,282)	-	(227,382)
Balance April 30, 2019	\$ 30,461	402,788	130,991	149,882	-	-	795,362	1,509,484

During the year ended April 30, 2019 the Company capitalized cash payments of \$170,000 and share based payments valued at \$584,250 on the acquisition of its options on the Dixie Halo, Burnthut and Galway Projects. In addition, the Company capitalized cash costs totaling \$409,320 spent on exploration and evaluation activities related to the mineral properties and incurred a write-down of \$227,382 on the decision to no longer pursue the Shakespeare project option and the Burnthut project option.



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**RESULTS OF OPERATIONS**

	Year Ended April 30, 2019	Year Ended April 30, 2018	Three months Ended April 30, 2019	Three months Ended April 30, 2018
<b>Continuing Operations</b>	\$	\$	\$	\$
<b>General and Administrative Expenses</b>				
Bank Charges	1,041	1,001	318	247
Consulting Fees	11,400	124,400	4,800	1,100
Investor Relations	15,103	58,297	6,087	8,950
Management Fees	229,850	223,500	54,150	70,500
Office, Rent , Telephone and Insurance	12,147	11,615	937	(1,032)
Professional Fees	55,699	62,250	25,114	450
Share-Based Compensation	141,700	156,900	45,700	(64,300)
Transfer Agent and Filing Fees	39,420	28,390	15,361	7,682
Travel, Meals and Entertainment	26,709	33,882	23,469	2,972
Foreign Exchange (Gain) Loss	(578)	46	-	-
Exploration costs	21,444	-	21,444	-
<b>Net Loss For the Year before other items</b>	<b>(553,935)</b>	<b>(700,281)</b>	<b>(197,380)</b>	<b>(26,569)</b>
Write-off of property exploration and acquisition costs	227,382	-	(10,575)	-
Recovery of flow through premium	(70,841)	(19,159)	-	-
<b>Net Loss and Comprehensive loss</b>	<b>(710,476)</b>	<b>(681,122)</b>	<b>(186,805)</b>	<b>(26,569)</b>
<b>Loss per Share for the Year</b>				
Basic and Fully Diluted Loss per Share	<b>(\$0.02)</b>	<b>(\$0.04)</b>	<b>\$0.00</b>	<b>\$0.00</b>
Weighted Average Number of Shares Outstanding	40,767,285	19,759,056	48,212,464	24,534,334

During the year ended April 30, 2018 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 April 30, 2019 the Company reported a loss of \$197,380 (three months April 30, 2018 – loss of \$26,569) and a Comprehensive loss of \$186,805 (2018 - \$26,569). The Company's loss per share for the three months ended April 30, 2019 was \$0.00 (2018 - \$0.00). The loss incurred during the three months ended April 30, 2019 was mainly due to the following:

- Exploration costs of \$21,444 related to the Company's Shakespeare property after management determined that it was in the Company's best interest to no longer pursue the project in an effort to focus on the remainder of the Company's exploration portfolio (\$nil write-down incurred during the three months ended



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April 30, 2018). The Company also recognized a reversal of prior period write-downs on its Shakespeare project in the amount of \$10,575 as a result of receiving an HST refund on expenses that had been previously written off. (\$nil during the three months ended April 30, 2018).

- Management and consulting fees of \$54,150 (2018 - \$70,500). The fees incurred during Q4 2019 were related to the general management of the business and decreased by 25.72% over the three months ended April 30, 2018.
- Professional fees (legal, auditing and accounting) of \$25,114 (2018 - \$450) incurred on regular business activities.
- Transfer agent and filing fees of \$15,361 (2018-\$7,682) associated with transfer agent fees of the Company from share issuances on private placements and other activities during the current and prior year periods.
- Non-cash share based (options) compensation of \$45,700 (2018 - (\$64,300)) incurred through issuing options to Officers, Directors and consultants to the Company to properly incentivize management. The negative amount recorded for the three-month period ended April 30, 2018 was the result of a change in assumptions associated with the share-based compensation expensed in Q1 through Q3 of 2018,
- Travel and Entertainment expenses of \$23,469 (2018 - \$2,972). The large increase was due to the exploration and evaluation work and preparation that was carried out on the recently acquired Dixie Halo Properties. 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 April 30, 2019.
- Incurred investor relations expenses (press release dissemination, investor conferences, news letter writers etc.) of \$6,087 (2018 - \$8,950), and,
- Incurred office related expenses of \$937 (2018 - recovery of \$1,032 in previously expensed amounts).

During the Year ended April 30, 2019 the Company reported a loss of \$553,935 (year ended April 30, 2018 - loss of \$700,281) and a Comprehensive loss of \$710,476 (2018 - \$681,122). The Company's loss per share for the year ended April 30, 2019 was \$0.02 (2018 - \$0.04). The loss incurred during the year ended April 30, 2019 was mainly due to the following:

- The write-off of \$227,382 in property acquisition and exploration costs related to the Company's Shakespeare property and the Burthut property after management determined that it was in the Company's best interest to no longer pursue these projects in an effort to focus on the remainder of the Company's exploration portfolio (\$nil write-down incurred during the year ended April 30, 2018).
- Exploration costs of \$21,444 related to the Company's Shakespeare property after management determined that it was in the Company's best interest to no longer pursue the project in an effort to focus on the remainder of the Company's exploration portfolio (\$nil write-down incurred during the year ended April 30, 2018).
- Management and consulting fees of \$241,250 (2018 - \$347,900). The fees incurred during the year ended April 30, 2019 were related to the general management of the business and the work related to the acquisition of the various Dixie Halo Project agreements and the Burthut acquisition agreement. The costs incurred in the prior period included costs associated with completing the Qualifying Transaction and the acquisition of the Galway option.
- Professional fees (legal, auditing and accounting) of \$55,699 (2018 - \$62,250) incurred on regular business activities and the completion of the 2018 audit and tax returns and entering into various Dixie Halo Project option and acquisition agreements and the Burthut option agreement. Expenses incurred during the year ended April 30, 2018 related primarily to the completion of the Qualifying Transaction and entering into the various option agreements related to the Galway property,
- Transfer agent and filing fees of \$39,420 (2018-\$28,390) mostly associated with transfer agent fees of the Company associated with equity financings and share issuances on property acquisitions,



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- Non-cash share based (options) compensation of \$141,700 (2018 - \$156,900) incurred through issuing options to Officers, Directors and consultants to the Company to properly incentivize management, and,
- Travel and Entertainment expenses of \$26,709 (2018 - \$33,882) spent on travel related expenses on the evaluation of both the Shakespeare Property and to the various Dixie Halo Projects and Burnthut Project. 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 year ended April 30, 2019.
- Incurred investor relations expenses (press release dissemination, investor conferences, news letters etc.) of \$15,103 (2018 - \$58,297).
- Incurred office related expenses of \$12,147 (2018 - \$11,615); and,
- Recognized a recovery of \$70,841 on flow-through expenditures (2018 - \$19,159)

**SUMMARY OF QUARTERLY RESULTS**

Results for the most recent quarters:

<b>Financial Results</b>	<b>April 30, 2019</b>	<b>January 31, 2019</b>	<b>October 31, 2018</b>	<b>July 31, 2018</b>
Net loss for the quarter	(\$186,805)	(\$263,713)	(\$165,468)	(\$94,490)
Basic and diluted loss per share	-	(\$0.01)	-	-
Total assets	\$2,226,956	\$1,521,016	\$1,355,561	\$1,380,628

<b>Financial Results</b>	<b>April 30, 2018</b>	<b>January 31, 2018</b>	<b>October 31, 2017</b>	<b>July 31, 2017</b>
Net loss for the quarter	(\$26,568)	(\$149,092)	(\$212,101)	(\$293,361)
Basic and diluted loss per share	-	(\$0.01)	(\$0.01)	(\$0.03)
Total assets	\$1,323,659	\$868,213	\$949,449	\$392,439

**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, 2019, 2018, and 2017.

<b>Financial Results</b>	<b>April 30, 2018</b>	<b>April 30, 2018</b>	<b>April 30, 2017</b>
Net loss for the year	(\$710,476)	(\$681,122)	(\$121,124)
Basic and diluted loss per share	(\$0.02)	(\$0.04)	(\$0.05)
Total assets	\$2,226,956	\$1,323,659	\$17,930



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### **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:

	April 30, 2019	April 30, 2018
Consulting and management fees	\$ 236,975	\$ 290,000
Exploration costs	27,500	8,833
Share-based compensation	103,971	130,700
Total short-term benefits	\$ 368,446	\$ 429,533

As at April 30, 2019, \$15,132 (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.

During the year ended April 30, 2019, the Company granted a total of 1,900,000 stock options (April 30, 2018 – 2,350,000) to officers and directors of the Company, of which the fair market value was estimated at \$103,971 (April 30, 2018 - \$130,700)

As at April 30, 2019, a total of \$nil (April 30, 2018 - \$69,696) is owing to England Communications Ltd.

As at April 30, 2019, the Company had outstanding an outstanding receivable from an officer of the Company in the amount of \$15,000 (April 30, 2018: \$Nil) for share purchases

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 of \$596,522 as at April 30, 2019. There can be no assurance that such financing will be available on terms acceptable to the Company.

	April 30, 2019	April 30, 2018	April 30, 2017
Deficit	(\$2,618,194)	(\$1,907,718)	(\$1,226,596)
Non-cash Working Capital Deficit	\$596,522	\$486,488	(\$129,843)
Cash	\$595,982	\$224,972	\$17,930



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

**Newly Adopted Accounting Policies**

The following are new standards that the Company adopted and their impact on the on the Company's financial position and results of operations:

**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 Company adopted this standard on May 1, 2018 with no material impact on its financial position and results of operations.

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

<b>Financial instrument</b>	<b>Original classification</b>	<b>New Classification</b>
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.

**Accounting Standard Issued But Not Yet Effective**

**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 is in the process of assessing the impact of this standard on the Company's financial statements.

**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, 2019. 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(j) of the Company's Audited Annual Financial Statements for the year ended April 30, 2019. 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			April 30, 2019
	Level 1	Level 2	Level 3	
Held for Trading Financial Assets				
Cash	\$595,982	-	-	\$595,982
<b>Total Financial Assets at Fair Valu</b>	<b>\$595,982</b>	<b>-</b>	<b>-</b>	<b>\$595,982</b>

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.

*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 of \$596,522 (April 30, 2018 - \$486,488) as at April 30, 2019. There can be no assurance that such financing will be available on terms acceptable to the Company.



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*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 April 30, 2019 the Company held \$450,000 in a redeemable GIC with interest accruing at 2.00%. There were no interest-bearing deposits as at April 30, 2018. 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 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 April 30, 2019 was \$3,664,916 (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 year ended April 30, 2019.

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING**



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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 of the date of this MD&A, the Company had the following securities issued and outstanding:

	<u>Number</u>
Common shares	66,803,513
Stock Options	4,775,000
Warrants	15,233,217

### **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.

#### *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.



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#### *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 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.

### **SUBSEQUENT EVENTS**

On May 1, 2019, the Company granted 400,000 options to a director of the Company. The options are for a two-year term and have a strike price of \$0.11.



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On May 27, 2019, the Company entered into a termination agreement with 1544230 Ontario Inc., whereas, the parties previously entered into option agreement, dated August 27, 2018. Pursuant to the termination agreement, on July 8, 2019, the Company issued 100,000 common shares to the underlying owner, in consideration for a full release of the Company from any matter relating to or arising of its option agreement with respect to the Burnthut property.

On June 24, 2019 the Company closed a non-brokered private placement of flow through units issuing 11,000,000 flow through units at a price of \$0.135 per unit raising aggregate gross proceeds of \$1,485,000. Each flow through unit is comprised of one flow through common share and one-half of one non-flow through common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of \$0.18 per common share for a period of 24 months. The Company paid finders fees of \$94,608 and issued 222,565 Finders' warrants entitling the holder to purchase one common share at a price of \$0.18 per share for a period of 12 months. Finders had the option to accept cash or could accept an equivalent amount of Finders' units. The Finders' units are comprised of one non-flow through common share and one half of a non-flow through common share purchase warrant. Each whole warrant from the Finders' units entitles the holder to acquire one common share at a price of \$0.18 per share for a period of 24 months. The Company issued 593,278 Finders' units, representing approximately \$80,093 of the Finders' fee.

On July 16, 2019 1,050,000 options were issued to Officers, Directors and consultants of the Company. The options are for a two-year term and have a strike price of \$0.18.

On July 20, 2019, 200,000 options expired without being exercised.

The Company issued 582,000 shares for the exercise of warrants at \$0.06-\$0.10 per share for gross proceeds of \$57,920.

The Company issued 450,000 shares for the exercise of options at \$0.05-\$0.12 per share for gross proceeds of \$35,500.

### **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](http://www.btumetals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.