



Management's Discussion and Analysis

For the Three and Six months Ended October 31, 2020

REPORT DATED: December 23, 2020



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

The following Management's Discussion and Analysis ("**MD&A**") is intended to assist the reader to assess material changes in financial condition and results of operations of BTU Metals Corp (TSX-V: BTU) ("**BTU**" or the "**Company**") for the three and six months ended October 31, 2020.

This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended October 31, 2020 (the "**Q2 2021 Financial Statements**") as well as the annual audited consolidated financial statements for the year ended April 30, 2020 (the "**2020 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 met with members of the management team to discuss the operating results and the financial results of the Company, before making their recommendations and submitting the Q2 2021 Financial Statements and this MD&A to the Board of Directors for review and approval. Following the recommendation of the Audit Committee, the Board of Directors approved the Q2 2021 Financial Statements and this MD&A on December 23, 2020.

The Q2 2021 Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

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

FORWARD-LOOKING INFORMATION

This MD&A together with the Company's Q2 2021 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 holds under option.

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 was 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 was required to be paid within 12 months (this amount has been paid as of the date of this MD&A) for a total of \$265,000 in cash. In addition, the Company issued 700,000 common shares common shares to the optionors on closing. 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 (“**NSR**”), with the option for the Company 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% 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 3, 2019, the Company made a cash payment of \$12,000 and issued 150,000 common shares at a deemed value of \$15,750 according to the terms of the property option agreement.

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 retained a 1.5% NSR, half of which may be purchased by the Company 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. As of April 30, 2019, the Company determined that it was in the Company’s best interest to abandon the Burnthut option agreement and focus its exploration activity on the Dixie Halo group of properties. The Company reduced the carrying value of the Burnthut property Option to nil as at April 30, 2019. On July 8, 2019, the Company issued 100,000 common shares at a deemed value of \$15,000 as a termination payment under the option agreement and returned the project to the optionor.

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 arms-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 \$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 an 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 January 18, 2019. On March 18,



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

2020, the Company entered into an extension agreement with respect to the Dixie Halo South project, extending by 30 days the requirement to meet a minimum spending commitment on the property of \$1,000,000. The Company issued 20,000 common shares to the optionor upon the granting of the extension. The extension agreement also included an option to further extend the expenditure obligation for an additional two months, with each additional extension requiring the issuance of 20,000 BTU common shares. The Company exercised an additional one-month extension and issued 20,000 additional shares on May 1, 2020. The Company met the first-year exploration expenditure requirements prior to the end of the extension period.

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 arms-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. As of the date of this MD&A, the Company has met the entire exploration expenditure commitment on the property, having spent in excess of \$500,000 on the property. In addition, the property is subject to an 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 that date and issued the second tranche of 2,000,000 common shares on November 26, 2019. As of the date of this MD&A the Company has met its full expenditure obligations under the Agreement.

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 arms-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 on that date and issued the second tranche of 1,800,000 common shares on December 6, 2019. The transaction has been completed and the claims are now registered in the name of the Company.

On October 28, 2019, the Company announced that it was acquiring 94 claims (1,913 hectares) adjoining the eastern and southern boundaries of BTU's existing Dixie Halo project in Red Lake from an arms-length vendor in exchange for 1,800,000 common shares. 600,000 common shares were issued to the vendors on November 6, 2019 and the remaining 1,200,000 shares were issued on January 6, 2020. The Company was required to incur \$38,000 in expenditures on the property within 6 months (incurred as at the date of this MD&A) and the vendors were granted a 2% Gross Smelter Royalty ("GSR") on non-base metals. The Vendors were also granted a 2% GSR on base metals, 1% of which may be purchased by the Company within the first 7 years of closing for the payment of \$1,000,000. The terms of the option have been completed and the claims are now registered in the name of the Company.

On November 29, 2019, the Company announced that it expanded its Dixie Halo property position by 238 claims covering 4,853 hectares. The new claims are royalty free and not subject to any agreement.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

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 nearby). The property has undergone substantial geological work historically and surface samples from the property returned gold grades of up to 66g/t gold in outcrop, up to 6.5oz/t gold in float, as well as up to 2.2g/t, 5.06 g/t, and, 6.3 g/t gold in surface samples. Three large anomalous areas over a 13.2 km long trend have been identified and believed to be related to the regional Maum Shear zone.

The Galway Property has been targeted for orogenic and low-sulphidation gold mineralization and is located 145 km southwest of Dalradian Resources Inc.'s high-grade Curraghinalt Gold Deposit. The Company has completed the work required under PLs 3145 and 1341 for license extension and awaits permitting approvals to continue exploration work on PL 2295.

The Company acquired control of 100% of the Galway project on May 22, 2018.

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

Update on Exploration Activities on the Galway Project

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.

The Company awaits permit renewals, including on PL 2195, the Lee Valley prospect, where samples of 49 g/t gold have been extracted from an exposed vein and multiple veins are interpreted based on the available governmental magnetic survey. The permit renewals are required in order for the Company to continue with its planned exploration activities of the Galway project. During the period of time that the Government is reviewing the permit renewals, the Company has been given an extension of time to complete the required expenditures on the project. Once the license renewal deliberations have been completed, the Company will evaluate the next steps for this project.

About the Dixie Halo Project

The Company has continued to expand and explore its 100% owned Dixie Halo project in the prolific Red Lake Ontario mining district. The project now covers a total of 19,622 hectares of land adjoining and wrapping around a large portion of the eastern part of Great Bear Resources Ltd. ("Great Bear") (GBR-TSXV) Dixie project. The collective properties, which share a 35km common boundary with Great Bear are referred to as the Dixie Halo project. Most of the mineralization being identified by Great Bear in their ongoing large scale surface drill program is reported to be hosted in felsic rocks proximal to a regional deformation zone they refer to as the LP Fault or LP Zone that trends in a southeasterly direction generally toward a common boundary between the Company and Great Bear Resources. Importantly, highly deformed, similar rock units as those that host the gold mineralization on the Great Bear property, are known to occur on the Dixie Halo project several kilometres distant from the mutual boundary of the companies.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

The Company has been actively exploring the Dixie Halo property since May 2019 with exploration drilling having commenced in July 2019. Historic exploration work in the area has been hampered by the presence of widespread transported overburden cover that made traditional exploration techniques rather ineffective. This historic exploration work was generally wide-spaced, focused mostly on base metal targets, and the work was carried out mainly in the 1970's long before the discovery of the significant new gold mineralization just to the north of the main part of the Dixie Halo project. Only in the last 10 years, has the Dixie Halo property area been somewhat more seriously prospected for gold. Even then, only a few wide spaced test drill holes were completed on a small part of the property.

Geological mapping, prospecting, grid cutting, geophysics, geochemistry and gold in till sampling and core drilling programs have all been carried out in specific areas of the nearly 200 square kilometre property and this work continues as the exploration team builds the geological database of the property. As well, the Company has recently undertaken a review to define potential gold exploration target areas using artificial intelligence (AI) techniques. This work is only partially complete and 35 potential target areas were identified from the work completed to date. The Company is following up on these AI possible target areas to determine their potential to constitute good target areas to host gold mineralization.

Since drilling commenced in the summer of 2019, the Company has completed fifty-four exploration drill holes on more than a dozen discrete gold and base metal exploration targets on the Dixie Halo Project. The Company is continuing to execute a number of target evaluation programs and continues to generate priority targets that require drill testing. Drilling is expected to re-start mid-January 2021.

Since commencing exploration activities on the property in mid 2018 the Company has focused the bulk of its efforts on the discovery of significant gold mineralization, particularly in the northeastern and central parts of the main part of the property given the success of Great Bear immediately to the north of this area of the Dixie Halo property. The Great Bear gold discoveries clearly demonstrate the potential for the discovery of significant new areas and even new styles of gold mineralization in this largely overburden covered and underexplored part of the Red Lake mining camp.

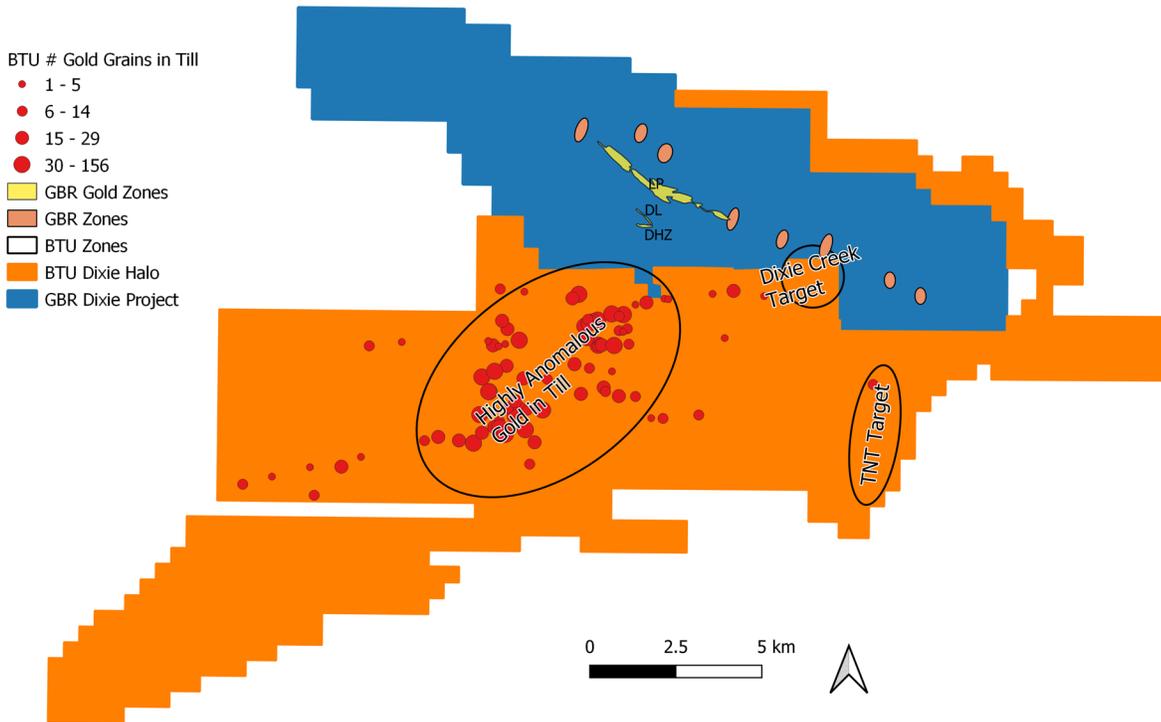
In the course of developing gold exploration drill targets in the southeast of the property, the Company discovered copper-silver-gold mineralization that resembled more Volcanogenic Massive Sulphide ("VMS") than Archean gold style mineralization. Additional property was acquired in that area and additional geophysical surveying as well as drilling was completed over an area of roughly 2,200m north to south and up to 500m east to west. The area, denoted the "TNT" area, is almost completely overburden covered and hence good quality geophysical data was a necessity. The geophysical surveying completed in late 2019 and in 2020 included IP-resistivity surveying, horizontal loop electromagnetic surveying, magnetic surveying, large loop, surface time domain electromagnetic surveying as well similar downhole electromagnetic surveying. Twenty drill holes have been completed in the TNT area with drill holes BTU-19-13, 19, 20 and 25 returning the best results.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

Drilling completed to date shows the area to be underlain by a suite of sedimentary, felsic to mafic volcanic and intrusive rocks. The volcanic rocks appear to be comprised of tuffs and volcanoclastic units as well as intrusive varieties. Mineralization in the 2200 metre interval drill tested to date is largely pyrite with lower amounts of chalcopyrite. Minor amounts of galena, sphalerite, molybdenite and rare scheelite were identified in some of the drill holes. Silver, as a ratio of the amount of copper present is high for a VMS setting and the strong biotite alteration is unusual. Geochemical and technical reviews are underway to determine if the geological setting of the mineralization is VMS style or something different. Several geophysical targets in the area remain to be tested for their base metal or precious metal content. Some additional follow-up drilling is planned in the first half of 2021.

Figure 1 Dixie Halo Project



The TNT target currently has a footprint of 200m-500m wide east to west and a strike length of at least 2,200m north to south as identified by a Versatile Time Domain Electromagnetic (“VTEM”) survey, Induced Polarization (“IP”) survey work, as well as surface and down hole time domain electromagnetic survey data (“TDEM”). The TNT target remains open to further expansion to the north and to the south. The Company intersected copper-gold-silver mineralization over a substantial core length in its first two drill holes on the TNT target. Widely spaced drill holes were drilled across mostly the northerly portion of the TNT target. The initial large step-outs to the east, south and north in the early phase of drilling at TNT were planned to create a well spaced grid across the target area for downhole geophysical surveying that would provide a better understanding of the extent of mineralization related to the large TNT target, with the view to ultimately discovering high-grade copper rich massive sulphides or alternatively gold mineralization. The initial two step-out drill holes, BTU-19-19 and BTU-19-20 were located 165m and 355m east of discovery drill hole BTU-19-13 and drilled perpendicular to the strike of the TNT mineralized system. BTU-19-25 was drilled further east along the same line and assays confirmed that copper mineralization continued down-dip to the east. Mineralogy, alteration, and polymetallic mineralization that appeared consistent with footwall style mineralization in a VMS system was intersected in drill holes 19, 20 and 25. These three holes were drilled in a westerly direction from well to the east of the location of drill hole 13 and intersected the mineralization at shallower depths than the mineralization in discovery drill hole 13. (see maps and additional information on the Company’s website)

Assay results from drill holes BTU-19-21 to 25, confirm the presence of a large alteration system at the TNT target. This alteration and associated sulphide mineralization which consists of varying amounts of pyrite and chalcopyrite, as well as minor amounts of sphalerite, galena and molybdenite is traceable using the IP geophysical technique as



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

well as electromagnetic methods. From drilling, this mineralization is known to extend throughout the TNT trend as outlined using IP for at least 2,200m.

Geophysical survey information shows the TNT target covering an area from 200-500 metres wide (east-west) and extending for more than 2,200m north-south and the target remains open along strike. Drill hole BTU-20-25 was drilled along the same east-west line as drill holes 13, 19, and 20 and this deeper hole shows continuity of mineralization that starts at surface in drill hole 19 and dips to the east. Highlights from drill hole 25 include 27.25 metres of 1.11% CuEq* and 7.80 metres of 2.27% CuEq* within a large envelope of mineralization extending for a core length of 173 metres. Drill hole 13 intercepted 44 m of 1.14% CuEq* including elemental highlights of 5.56% Cu, 2 g/t Au and 99.6 g/t Ag. Drill hole 25, collared approximately 500m to the east of drill hole 13 included elemental assay highlights of 0.92 g/t Au, 5.86% Cu and 116 g/t Ag.

Highlight assays from hole 25 include:

- A highlight of 2.27% Cu equivalent over 7.8 metres within a very wide copper enriched zone assaying 0.4% Cu equivalent over 147 metres
- Highest elemental assay results: 0.92 g/t Au, 5.86% Cu, and 116 g/t Ag

Dixie Creek

The Dixie Creek target area is adjacent to Great Bear Resources' flagship Dixie Project where they have reported numerous high-grade gold intersections from their ongoing expanded drilling campaign that is focused on defining the extent and continuity of the gold mineralization associated with the LP Fault structure. There are common geological rock units as well as similar structures that connect the Dixie Halo property with the Great Bear discoveries. The interpretation that there are strong indications of gold mineralization on the Dixie Halo property immediately to the south of the areas of focus of Great Bear is supported by data from geological mapping and prospecting, geophysical surveys, gold in till sampling, rock samples from available outcrop areas, as well as from historical and Company drilling information.

The Company has completed geophysical surveys and rather widely spaced drilling in the area near the north boundary of the Dixie Halo property to the south of the gold discoveries of Great Bear.

Strong to weak deformation, sulphide mineralization including pyrrhotite, pyrite and arsenopyrite were intersected at various locations along with associated strong to moderate sericite and carbonate alteration with quartz veining and some anomalous gold mineralization.

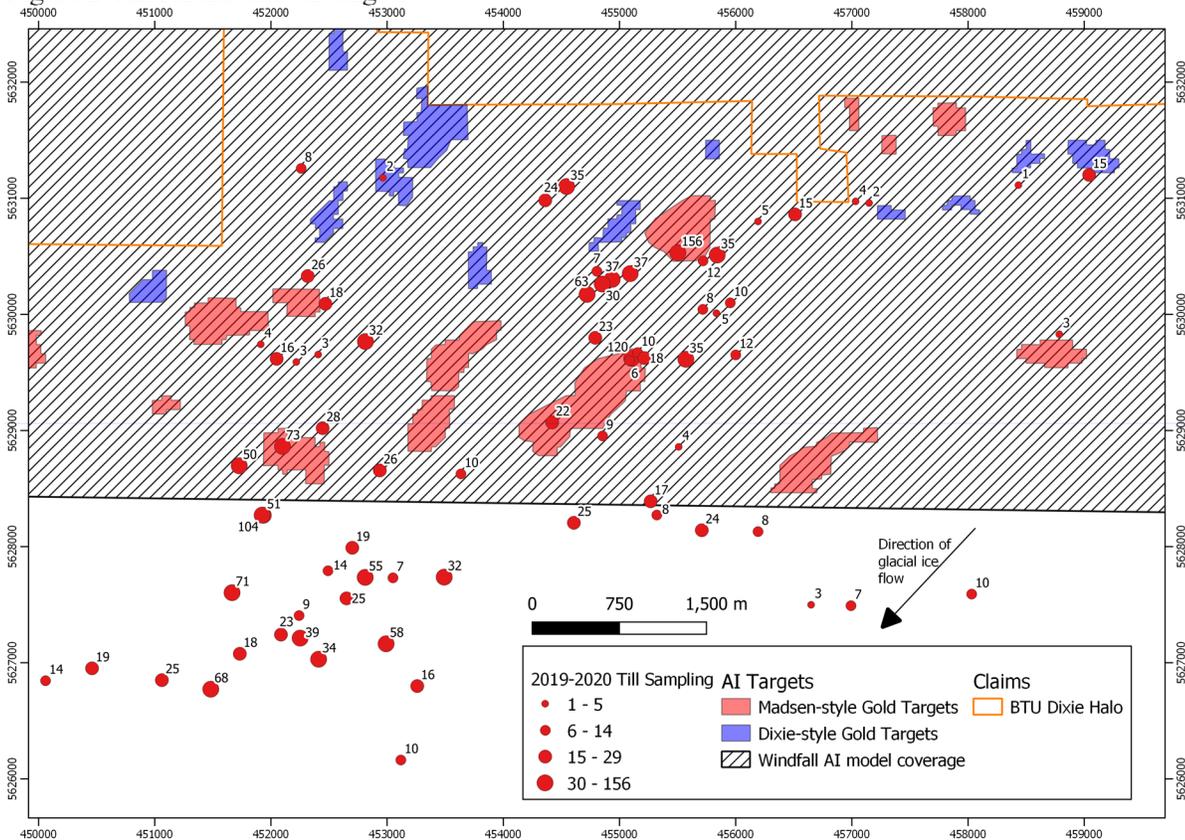
The Company initiated test gold in till sampling late in 2019 as a trial to see if gold grain counts in surface till could be used and a means to identify target areas with more abundant gold grains in surface till exposures. That program successfully identified areas with high gold grain counts with a peak number of 99 pristine gold grains in one till sample. Drilling to the north of the location of this high concentration of gold grains showed some strong alteration and quartz veining although no significant gold mineralization was intersected in the limited drilling completed.

Encouraging results from the limited 2019 SGH soil sampling program indicate two high priority gold exploration targets on the Company's Dixie Creek target area in the limited area sampled. The SGH anomalies coincide with geological structures that are clearly seen in geophysical surveys (e.g. see SGH anomalies over 2nd Vertical Derivative Magnetics). ActLabs rated the Dixie Creek targets at a 5.5 out of 6 on its scale of interpreted prospectivity. SGH is a technique neighboring Great Bear reported to have used to identify some areas of gold mineralization along the LP structural trend (see BTU press release dated Aug. 1, 2019). The Company has completed only one drill hole so far to test for gold mineralization associated with these SGH target areas. Strongly altered pyritic volcanoclastic rocks were intersected and more work is planned for this target area.

The Company announced on July 21, 2020 that it has contracted Windfall Geotek to conduct Artificial Intelligence (“AI”) methods for the identification of gold exploration targets on the Dixie Halo property. The Red Lake gold district has an abundance of known gold deposits and showings as well as publicly available geoscience datasets which makes it an ideal location to apply AI for identifying gold exploration targets. Initial AI data analysis completed on one-third of the property area yielded 35 new high priority potential gold target areas that warrant follow-up evaluation. The remaining two-thirds of the property are now being analyzed and results are expected in the first quarter of 2021.

An initial 2020 gold in till sampling program was completed and announced on August 10, 2020. The highlights of the program identified new high regional gold grain counts in till samples with one sample containing 156 total gold grains, 115 of which are described as pristine in nature indicating a very short transport distance from the original bedrock source. Furthermore, several high gold grain counts are directly associated with, or are immediately down-ice from some of the recently identified AI targets and several high gold grain counts occur on areas of the property not yet assessed with AI targeting. Additional till samples are being collected to help define the sources of the extensive gold in till anomalies as the current drill program progresses.

Figure 2 Till results and AI targets



The Company completed part of its drilling program in the central part of the property and will continue evaluating early-stage targets in the central part of the property. The program is fully funded and drilling is expected to continue through the spring of 2021. The Company has been undertaking work on a wide variety of exploration targets across the entire property including the far western part of the property where prospecting and



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

till sampling recently revealed a new discovery. Most recently, PR dated December 7, 2020, the Company announced it intersected Visible Gold in hole BTU 20-53. This and four other recently drilled holes are currently being logged, split and sent for assay.

The Company is continuing with geological mapping, prospecting, geophysics, till geochemistry, Artificial Intelligence investigations and geophysical data re-interpretation. The Company is also continuing with scientific data review in conjunction with work by Laurentian University professor Harold Gibson whose work is focused on both the TNT and gold exploration target areas of the property.

QA/QC

BTU staff collected and processed samples and securely sealed and shipped them to SGS Canada Inc. ("SGS") in Red Lake, Ontario and Activation Laboratories Ltd. ("ActLabs") in Dryden, Ontario for sample preparation that includes drying, crushing until 80% passes a 2 mm sieve, then riffle splitting (250 g) and pulverizing (mild steel) to 95% passing 105 µm. The resulting pulps are analysed for gold by fire assay in Red Lake or Dryden, and for base metals by a multi-element aqua regia ICP-OES technique in Burnaby or Thunder Bay. All assay data have undergone internal validation of QA/QC; noting there is an established sampling control program with blind insertion of assay blanks, certified industry standards and sample duplicates. A QA/QC program is also in place at SGS and ActLabs and includes insertion of blanks, standards, and duplicate reanalysis of selected samples. SGS and ActLabs are Canadian assay laboratories and are accredited under ISO/IEC 17025 and ISO 9001. Overlimit protocols are in place for gold, silver, and copper if required.

Intervals in this MD&A are drilled intervals. True widths could not be determined at this early stage of target evaluation.

The technical contents of this MD&A were approved by Mr. Bruce Durham, P. Geo., a qualified person as defined by National Instrument 43-101.

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

- All expenditures related to the acquisition, exploration and development 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.

The following table is a summary of the Company's Mineral Property Assets as at October 31, 2020:



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

	Dixie Halo East	Dixie Halo South	Dixie Halo Southeast	Dixie Halo Southeast extension	Dixie Halo Southwest	Dixie Halo new claims staked	Burnthut	Galway	Total
Carrying value									
Balance April 30, 2019	\$ 30,461	402,788	130,991	-	149,882	-	-	795,362	1,509,484
Additions for cash	12,000	-	-	-	-	-	-	-	12,000
Additions for shares issued	15,750	1,402,600	210,000	456,000	594,000	-	15,001	-	2,693,351
Costs capitalized	935,476	818,504	603,693	433,071	10,582	11,900	-	69,923	2,883,149
Disposals	-	-	-	-	-	-	(15,001)	-	(15,001)
Provision for environmental remediation	-	-	-	-	-	-	-	-	-
Write-down of mineral property	-	-	-	-	-	-	-	-	-
Balance April 30, 2020	\$ 993,687	2,623,892	944,684	889,071	754,464	11,900	-	865,285	7,082,983
Additions for cash	16,000	-	-	-	-	-	-	-	16,000
Additions for shares issued	28,500	4,800	-	-	-	-	-	-	33,300
Costs capitalized	67,708	541,624	50,352	202,305	12,810	3,871	-	-	878,670
Disposals	-	-	-	-	-	-	-	-	-
Provision for environmental remediation	-	-	-	-	-	-	-	-	-
Write-down of mineral property	-	-	-	-	-	-	-	-	-
Balance October 31, 2020	\$ 1,105,895	3,170,316	995,036	1,091,376	767,274	15,771	-	865,285	8,010,953

During the six months ended October 31, 2020 the Company capitalized cash costs totalling \$878,670 spent on exploration and evaluation activities related to the mineral properties and issued 170,000 common shares valued at \$33,300 and paid \$16,000 in cash under the terms of existing property option agreements

RESULTS OF OPERATIONS

	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019	% Change	Three months Ended October 31, 2020	Three months Ended October 31, 2019	% Change
Continuing Operations						
General and Administrative Expenses						
Bank Charges	615	725	(15.17%)	202	366	(44.81%)
Consulting Fees	-	2,750	(100.00%)	-	1,000	(100.00%)
Investor Relations	59,168	11,517	413.74%	38,253	8,887	330.44%
Management and Director Fees	195,270	114,040	71.23%	95,000	55,500	71.17%
Office, Rent, Telephone and Insurance	8,312	7,282	14.14%	5,532	4,009	37.99%
Professional Fees	9,273	8,274	12.07%	9,151	5,820	57.23%
Share-Based Compensation	551,475	208,328	164.71%	479,425	47,228	915.13%
Transfer Agent and Filing Fees	38,473	12,004	220.50%	6,839	7,049	(2.98%)
Travel And Related Expenses	5,534	12,654	(56.27%)	4,934	7,818	(36.89%)
Exploration costs	8,506	15,000	(43.29%)	8,250	-	N/A
Net Loss For the Period before other items	876,626	392,574	123.30%	647,586	137,677	370.37%
Recovery of flow through premium	(311,198)	-	N/A	(308,340)	-	100.00%
Net Loss and Comprehensive loss	565,428	392,574	44.03%	339,246	137,677	146.41%
Loss per Share for the Period						
Basic and Fully Diluted Loss per Share	\$0.01	\$0.01		\$0.01	\$0.00	
Weighted Average Number of Shares Outstanding	93,507,692	63,260,393		93,835,134	67,407,861	

During the three months ended October 31, 2020 (Q2 2021) the Company reported a loss of \$339,246 (three months October 31, 2019 (Q2 2020) - loss of \$137,677). The Company's loss per share for Q2 2021 was \$0.01 (Q2 2020 - \$nil). The loss incurred during Q2 2021 was mainly due to the following:

- Management, Director, and consulting fees of \$95,000 (Q2 2020 - \$55,500). The fees incurred during Q2 2021 were related to the general management of the business and increased by 71.17% compared to Q2 2020 due to an overall increase in management cash compensation and payment of cash director fees.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

- Professional fees (legal, auditing and accounting) of \$9,151 (Q2 2020 - \$5,820) incurred on regular business activities, an increase of 57.23% as a result of increased overall corporate activity on property option acquisitions relative to Q2 2020.
- Transfer agent and filing fees of \$6,839 (Q2 2020 - \$7,049) associated with transfer agent fees of the Company from share issuances on warrant exercises and other activities during Q2 2021 decreased by 2.98% when compared to Q2 2020 as a result of a reduction in the amount of option and warrant exercises in the current period when compared to the prior period.
- Non-cash share based (options) compensation of \$479,425 (Q2 2020 – \$47,228) incurred through the granting of stock options to Directors, Officers and consultants of the Company in Q2 2021 compared to the granting of and vesting of options to Officers, Directors and consultants to the Company in Q2 2020. The Company utilizes stock options to properly incentivize management and bring recently added directors to a level of option ownership that is in line with the remainder of the executive team.
- Travel and related expenses of \$4,934 (Q2 2020 - \$7,818). The amounts relate to travel of non-exploration related personnel to the Dixie Halo Project site location during the periods and investor relations activity during the period. Travel related to investor relations activity was significantly reduced during Q2 2021 as a result of COVID-19 related shutdowns and travel restrictions that were in place during Q2 2021 when compared to Q2 2020. Travel expenses directly related to exploration activity are capitalized to the various Dixie properties. All meal and entertainment expenses associated with the exploration activities and related costs are capitalized as incurred.
- Incurred investor relations expenses (press release dissemination, investor conferences, video production and news dissemination, etc.) of \$38,253 (Q2 2020 - \$8,887). The increase is due to increased investor relations activity during the period when compared to the prior year period.
- Incurred office related expenses of \$5,532 (Q2 2020 - \$4,009), and,
- The Company recorded a gain on the recovery of the flow through premium of \$308,340 during Q2 2021 (Q2 2020 - \$nil)

During the six months ended October 31, 2020 (H1 2021) the Company reported a loss of \$565,428 (six months October 31, 2019 (H1 2020) - loss of \$392,574). The Company's loss per share for H2 2021 was \$0.01 (H1 2020 - \$0.01). The loss incurred during H1 2021 was mainly due to the following:

- Management, Director, and consulting fees of \$195,270 (H1 2020 - \$114,040). The fees incurred during H1 2021 were related to the general management of the business and increased by 71.23% compared to H1 2020 due to an overall increase in management cash compensation and payment of cash director fees.
- Professional fees (legal, auditing and accounting) of \$9,273 (H1 2020 - \$8,274) incurred on regular business activities, an increase of 12.07% as a result of increased overall corporate activity on property option acquisitions relative to H1 2020.
- Transfer agent and filing fees of \$38,473 (2020 - \$12,004) associated with transfer agent fees of the Company from share issuances on warrant exercises and other activities during H1 2021 increased by 220.50% when compared to H1 2020 as a result of an increase in share issuance activity from a flow through financing as well as fees related to the Company's AGM in H1 2021 when compared to H1 2020.
- Non-cash share based (options) compensation of \$551,475 (H1 2020 – \$208,328) incurred through the granting of stock options to Directors, Officers and consultants of the Company in H1 2021 compared to the granting of and vesting of options to Officers, Directors and consultants to the Company in H1 2020. The Company utilizes stock options to properly incentivize management and bring recently added directors to a level of option ownership that is in line with the remainder of the executive team.
- Travel and related expenses of \$5,534 (H1 2020 - \$12,654). The amounts relate to travel of non-exploration related personnel to the Dixie Halo Project site location during the periods and investor relations activity during



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

the period. Travel related to investor relations activity was significantly reduced during H1 2021 as a result of COVID-19 related shutdowns and travel restrictions that were in place during H1 2021 when compared to H1 2020. Travel expenses directly related to exploration activity are capitalized to the various Dixie properties. All meal and entertainment expenses associated with the exploration activities and related costs are capitalized as incurred.

- Incurred investor relations expenses (press release dissemination, investor conferences, video production and dissemination, etc.) of \$59,168 (H1 2020 - \$11,517). The increase is due to increase investor relations activity during the period when compared to the prior year period.
- Incurred office related expenses of \$8,312 (H1 2020 - \$7,282),
- Incurred \$8,506 in exploration costs (H1 2020 - \$15,000) on exploration related expenses potential property option agreements that were abandoned during the period; and,
- The Company recorded a gain on the recovery of the flow through premium of \$311,198 during H1 2021 (H1 2020 - \$nil)

SUMMARY OF QUARTERLY RESULTS

Results for the most recent quarters:

Financial Results	October 31, 2020	July 31, 2020
Net loss for the quarter	(\$339,246)	(\$226,182)
Basic and diluted loss per share	-	-
Total assets	\$11,021,797	\$8,864,553

Financial Results	April 30, 2020	January 31, 2020	October 31, 2019	July 31, 2019
Net loss for the quarter	(\$15,909)	(\$142,422)	(\$137,677)	(\$254,897)
Basic and diluted loss per share	-	\$0.01	-	-
Total assets	\$8,425,701	\$6,868,487	\$3,692,491	\$3,657,362

Financial Results	April 30, 2019	January 31, 2019	October 31, 2018	July 31, 2018
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

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, 2020, 2019, 2018, and 2017.

Financial Results	April 30, 2020	April 30, 2019	April 30, 2018	April 30, 2017
Net loss for the year	(\$550,905)	(\$710,476)	(\$681,122)	(\$121,124)
Basic and diluted loss per share	(\$0.01)	(\$0.02)	(\$0.04)	(\$0.05)
Total assets	\$8,425,701	\$2,226,956	\$1,323,659	\$17,930



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020



Management's Discussion and Analysis
 For the Three and Six Months Ended October 31, 2020
 Dated December 23, 2020

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, 2020 and 2019 were as follows:

	Six Months Ended October 31, 2020	Six Months Ended October 31, 2019
Consulting and management fees	\$ 194,620	\$ 92,338
Exploration expenses	64,969	65,656
Share-based compensation	387,150	191,725
Total short-term benefits	\$ 646,739	\$ 349,719

As at October 31, 2020, \$nil (October 31, 2019 - \$nil) were owing to Directors, key management personnel or to a company controlled by a director or key management person 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, 2020, the Company granted 2,750,000 stock options to officers, directors and consultants of the Company of which the fair value was estimated at \$477,800. (October 31, 2019 – granted 1,300,000, of which the fair market value was estimated at \$151,655).

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 had a non-cash working capital deficit of (\$120,692) as at October 31, 2020. There can be no assurance that such financing will be available on terms acceptable to the Company.

	October 31, 2020	July 31, 2020	April 30, 2020	April 30, 2019	April 30, 2018
Deficit	(\$3,734,527)	(\$3,734,527)	\$3,169,099	(\$2,618,194)	(\$1,907,718)
Non-cash Working Capital (Deficit)	(\$120,692)	(\$120,692)	\$3,364	\$540	\$261,516
Cash and equivalents	\$2,908,149	\$2,908,149	\$1,203,061	\$595,982	\$224,972



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

There are no new standards that are expected to have a significant impact on the Company's financial position and results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Company's accounting policies are presented in Note 3 of the annual audited Consolidated Financial Statements for the year ended April 30, 2020. 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 annual audited Consolidated Financial Statements for the year ended April 30, 2020. 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.

	Level 1	Level 2	Level 3	October 31, 2020
Held for Trading Financial Assets				
Cash	\$2,908,149	-	-	\$2,908,149
Total Financial Assets at Fair Value	\$2,908,149	-	-	\$2,908,149

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.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

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 deficit of (\$120,692) as at October 31, 2020 (April 30, 2020 - \$3,364). 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, 2020 the Company held \$500,000 in a redeemable GIC with interest accruing at 1.85%. There were no other interest-bearing deposits as at October 31, 2020. 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.

Equity Price Risk

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

CAPITAL MANAGEMENT

The Company manages its share capital as capital, which as at October 31, 2020 was \$11,045,741 (April 30, 2020 – \$9,219,107). 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,



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

the Company may attempt to issue new shares, warrants or options, issue new debt, acquire or dispose of assets, or adjust the amount of cash and cash equivalents.

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

The Company's share capital is not subject to external restrictions. There were no changes in the Company's approach to capital management during the six months ended October 31, 2020.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING

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

OUTSTANDING SHARES

As of December 23, 2020, the Company had the following securities issued and outstanding:

	<u>Number</u>
Common shares	101,952,236
Stock Options	8,325,000
Warrants	<u>12,871,312</u>
Fully diluted	123,148,548

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.



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

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 the Company decides to develop one of its properties, it must ensure that it has access to the required capital. The Company could finance its need for capital by using working capital, by arranging partnerships or other arrangements with other companies, through equity financing, by taking on long-term debt or any combination thereof.

Competition

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

Risks Related to Property Title

The Company does not own all of the land that its various Option Agreements cover and in some case 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 Red Lake 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



Management's Discussion and Analysis
For the Three and Six Months Ended October 31, 2020
Dated December 23, 2020

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 the Company 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.

Risks Linked to COVID-19

The Company cautions that current global uncertainty with respect to the spread of the COVID-19 virus (the "coronavirus") and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of the COVID-19 virus on the Company remain unknown, rapid spread of the COVID-19 virus may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Company.

OTHER REQUIREMENTS

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