



Year Ended April 30, 2020

Annual Audited Consolidated Financial Statements

(Expressed in Canadian Dollars)

(Prepared by Management)

p | 604.683.3277
f | 604.684.8464

SUITE 1735, TWO BENTALL CENTRE
555 BURRARD STREET
BOX 243
VANCOUVER, BC V7X 1M9



charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of:
BTU Metals Corp.

Opinion

We have audited the consolidated financial statements of BTU Metals Corp. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at April 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the consolidated financial statements, which indicates that the Company has an accumulated deficit of \$3,169,099 and a working capital of \$1,188,268. As stated in Note 2, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert G. Charlton.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

1735-555 Burrard Street
Vancouver, BC
V7X 1M9

August 31, 2020

BTU Metals Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	April 30, 2020 \$	April 30, 2019 \$
ASSETS			
CURRENT			
Cash		1,203,061	595,982
Subscriptions receivable	8	-	15,000
Commodity Tax Recoverable		121,500	100,772
Prepaid		18,157	5,718
Total Current Assets		1,342,718	717,472
NON-CURRENT			
Mineral Properties	6 & 8	7,082,983	1,509,484
TOTAL ASSETS		8,425,701	2,226,956
LIABILITIES			
CURRENT			
Accounts Payable and Accrued Liabilities	8	136,293	120,950
Total Current Liabilities		136,293	120,950
LONG TERM DEBT			
Flow-Through Share Premium Liability	7 (b)	268,111	-
TOTAL LIABILITIES		404,404	120,950
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share Capital	7 (b)	9,219,107	3,664,916
Reserves	7(c) & 7(d)	1,971,289	1,059,284
Deficit		(3,169,099)	(2,618,194)
		8,021,297	2,106,006
TOTAL LIABILITIES AND SHAREHOLER'S EQUITY		8,425,701	2,226,956

Basis of Preparation and Going Concern (Note 2)
Subsequent events (Note 13)

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

Approved on behalf of the Board:

"Paul Wood"

Paul Wood, Director

"Michael England"

Michael England, Director

BTU Metals Corp.

Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

For the Years ended April 30, 2020 and 2019

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital \$	Reserves \$	Deficit \$	Total Shareholders' Equity (Deficiency) \$
Balance, April 30, 2018	33,541,735	\$ 2,296,282	\$ 650,683	\$ (1,907,718)	\$ 1,039,247
Comprehensive Loss For The Year	-	-	-	(710,476)	(710,476)
Private Placement	11,357,500	771,161	270,289	-	1,041,450
Share Issuance Costs - cash	-	(30,905)	-	-	(30,905)
Share Issuance Costs - warrants	-	(13,764)	13,764	-	-
Share issued for property payments	8,700,000	584,250	-	-	584,250
Share-Based Compensation	-	-	141,700	-	141,700
Shares issued on exercise of warrants	479,000	40,740	-	-	40,740
Carrying value of warrants exercised	-	17,152	(17,152)	-	-
Balance, April 30, 2019	54,078,235	3,664,916	1,059,284	(2,618,194)	2,106,006
Comprehensive Loss For The Year	-	-	-	(550,905)	(550,905)
Private Placement	16,425,000	2,437,204	675,638	-	3,112,842
Flow-Through Share Premium	-	(651,000)	-	-	(651,000)
Finder's fee shares	593,278	91,958	-	-	91,958
Share Issuance Costs -cash	-	(108,850)	-	-	(108,850)
Share Issuance Costs - finder shares	-	(91,958)	-	-	(91,958)
Share issuance costs - Broker Warrants	-	(108,340)	108,340	-	-
Share issued for property payments	9,870,000	2,693,350	-	-	2,693,350
Share-Based Compensation	-	-	511,018	-	511,018
Shares issued on option exercise	1,425,000	140,500	-	-	140,500
Carrying value of options exercised	-	80,057	(80,057)	-	-
Shares issued on exercise of warrants	6,728,452	768,336	-	-	768,336
Carrying value of warrants exercised	-	302,934	(302,934)	-	-
Balance, April 30, 2020	89,119,965	9,219,107	1,971,289	(3,169,099)	8,021,297

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

BTU Metals Corp.
Consolidated Statements of Comprehensive Loss
For the Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

		Year Ended 30-Apr-20 2020	Year Ended April 30, 2019
Continuing Operations	Note	\$	\$
General and Administrative Expenses			
Bank Charges		1,376	1,041
Consulting Fees		2,750	11,400
Investor Relations	8	78,299	15,103
Management Fees	8	215,596	229,850
Office, Rent , Telephone and Insurance		13,592	12,147
Professional Fees		44,818	55,699
Share-Based Compensation	7(c) & 8	511,018	141,700
Transfer Agent and Filing Fees		36,452	39,420
Travel, Meals and Entertainment		24,160	26,709
Foreign Exchange (Gain) Loss		(417)	(578)
Exploration costs		15,000	21,444
Net Loss For the Period before other items		942,644	553,935
Write-off of property exploration and acquisition costs	6	-	227,382
Other income		(8,850)	-
Recovery of flow through premium		(382,889)	(70,841)
Net Loss and Comprehensive loss		550,905	710,476
Loss per Share for the Period			
Basic and Fully Diluted Loss per Share		\$0.01	\$0.02
Weighted Average Number of Shares Outstanding		71,706,392	40,767,285

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

BTU Metals Corp.
Consolidated Statements of Cash Flows
For Years ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

	Year Ended April 30, 2020	Year Ended April 30, 2019
Operating activities	\$	\$
Net loss for the period	(550,905)	(710,476)
Add (deduct) non-cash items:		
Non-cash share based payments	511,018	141,700
Non-cash recovery of Flow-Through Premium	(382,889)	(70,841)
Exploration costs	15,000	-
Write-off of property acquisition and exploration costs	-	227,382
	<u>(407,776)</u>	<u>(412,235)</u>
Net change in non-cash working capital		
Subscriptions receivable	15,000	353,040
Sales tax recoverable	(20,728)	(56,471)
Prepaid expenses	(12,439)	6,050
Accounts payable and accrued liabilities	15,343	(22,925)
Cash flow provided by (used in) operating activities	<u>(410,600)</u>	<u>(132,541)</u>
Investing activities		
Purchase of property rights	(12,000)	(170,000)
Evaluation and exploration expenditures	(2,883,149)	(293,038)
Cash flow used in investing activities	<u>(2,895,149)</u>	<u>(463,038)</u>
Financing activities		
Advances from related parties	-	(69,696)
Issuance of common shares for cash	3,112,842	1,026,450
Share issuance costs	(108,850)	(30,905)
Issuance of common shares from option exercise	140,500	-
Issuance of common shares from warrant exercise	768,336	40,740
Cash flow provided by (used in) financing activities	<u>3,912,828</u>	<u>966,589</u>
Net increase (decrease) in cash and cash equivalents during the period	<u>607,079</u>	<u>371,010</u>
Cash and cash equivalents at beginning of period	595,982	224,972
Cash and cash equivalents at end of period	<u>1,203,061</u>	<u>595,982</u>
Cash consist of:		
Cash	703,061	145,982
Guaranteed investment certificate	500,000	450,000
	<u>1,203,061</u>	<u>595,982</u>

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 1 – NATURE OF OPERATIONS

BTU Metals Corp. (formerly BTU Capital Corp.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on August 28, 2008. The Company completed its Qualifying Transaction (“QT”) on June 16, 2017 and is currently listed on the TSX Venture Exchange, under the symbol BTU. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

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

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

The audited financial statements of the Company for year ended April 30, 2020 were approved and authorized for issue by the Board of Directors on August 31, 2020.

NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN

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

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

The consolidated financial statements were prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for the next twelve months. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has incurred losses from inception, has a working capital of \$1,188,268 (April 30, 2019 – \$590,804), and has an accumulated deficit of \$3,169,099 (April 30, 2019 - \$2,618,194) as at April 30, 2020.

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

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

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

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

b) Foreign Currency Translation

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

c) Mineral Property

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

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

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

d) Impairment of Non-Current Assets

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

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

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Share Capital

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

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

f) Share-Based Payment

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

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

g) Flow-Through Shares

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

h) Loss Per Common Share

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

i) Income Taxes

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

i) Current Income Tax

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Deferred Income Tax

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

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

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

j) Financial Instruments

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

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

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

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

Financial assets

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

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

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

+

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Financial liabilities

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

Financial Liabilities at Fair Value through Profit or Loss

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

Financial Liabilities Measured at Amortized Cost

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

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

i) Comparative Figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period. These reclassifications have no effect on the net loss for the year ended April 30, 2020.

NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of these financial statements in conformity of IFRS requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes may differ from these estimates.

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

Judgements:

a) Title to Mineral Property Interest

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

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

b) Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

c) Impairment of Non-Current Assets

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

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

d) Flow-through shares

The Company determines the flow-through share premium by allocating the total funds received between common share and flow-through premium liability by first assessing the fair value of the common shares issued, based on market price at issuance, with any excess considered being allocated to warrants (if any) and the flow-through premium.

e) Going concern

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

Estimates

f) Decommissioning and Restoration Provision

The decommissioning and restoration provision is based on future cost estimates using information available at the reporting date. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors such as the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The decommissioning and restoration provision requires other significant estimates and assumptions such as requirements of the relevant legal and regulatory framework, and the timing, extent, and costs of required decommissioning and restoration activities. Actual costs may differ from these estimates. As at April 30, 2020 and April 30, 2019, the Company has no material decommissioning and restoration provision.

g) Deferred Tax Assets

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

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

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

h) Share-based transactions

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

NOTE 5 – NEW ACCOUNTING PRONOUNCEMENTS

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

NOTE 6 – MINERAL PROPERTIES

Shakespeare Property

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

The Company completed the assay results covered by the \$120,000 prepaid exploration expense in November 2018. After reviewing the assay results, management determined that it was in the Company's best interest to no longer pursue the Shakespeare Gold project in an effort to focus the Company on the remainder of its exploration portfolio. As a result of this decision the Company recorded an impairment loss of \$182,282 during the year ended April 30, 2019, representing the carrying value of option payments on the Shakespeare project and the capitalized exploration expenses that had been incurred on the project, and wrote down the carrying value of the Shakespeare option to \$nil. The Shakespeare option agreement has expired and control of the project has reverted to the Optionors.

Galway Gold Property

On July 5, 2017, the Company entered into a property option agreement for Galway Gold Property in County Galway, Republic of Ireland.

On May 7, 2018 the Company accelerated its purchase of 100% of Gold Note Ltd. (the parent company that owns 100% of the Galway Gold Property) through the payment of \$150,000 (paid) and the issuance of 600,000 shares (issued and valued at \$33,000), a reduction of 100,000 shares from the original share issuance commitment. The property shall be subject to a 2% net smelter return ("NSR") with the option by the Company to purchase 1.5% of the NSR for \$1,500,000 at any time after the effective date.

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

Dixie Halo East Project

On August 24, 2018 the Company announced that it was acquiring a 100% interest in the claims comprising the Dixie Halo property from an arms-length party through the payment of \$85,000 in cash and the issuance of 750,000 shares over a 4-year period. The vendor retains a 1.5% Net Smelter Royalty ("NSR"), half of which is purchasable by BTU for \$500,000 at any time.

- On September 13, 2018, the Company issued 150,000 shares (valued at \$5,250) in the first tranche of the share issuance commitment.

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 6 – MINERAL PROPERTIES (continued)

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

Burnthut Project

On September 5, 2018 the Company announced that it was acquiring a 100% interest in the claims comprising the Burnthut project from an arms-length party through the payment of \$85,000 in cash and the issuance of 750,000 shares over a 4-year period. The vendor retains a 1.5% Net Smelter Royalty (“NSR”), half of which is purchasable by BTU for \$500,000 at any time.

- On September 26, 2018, the Company issued 150,000 shares (valued at \$12,000) in the first tranche of the share issuance commitment.
- On October 5, 2018, the Company paid \$10,000 in cash in the first installment of the \$85,000 in total cash payable to the vendor.

On May 29, 2019 the Company decided not to proceed further with the acquisition of the Burnthut project. With respect to this decision, the Company entered into a termination agreement with the underlying owner. Pursuant to the termination agreement, the Company issued 100,000 common shares (valued at \$15,000) to the underlying owner on July 8, 2019, in consideration for a full release of the Company from any matter relating to or arising of its option agreement with respect to the property. As a result of this decision the Company recorded an impairment loss of \$45,100 during the year ended April 30, 2019, representing the carrying value of option payments on the Burnthut project and the capitalized exploration expenses that had been incurred on the project, and wrote down the carrying value of the Burnthut option \$nil.

Dixie Halo South Project

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

- On November 14, 2018, the Company issued 4,000,000 shares (valued at \$260,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 4,000,000 common shares on or before a date that is 12 months from the TSX-Venture exchange approval date. (Issued on January 15, 2020 valued at \$1,400,000)

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

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

As at April 11, 2020 the Company had incurred expenditures totalling \$961,292. The Company entered into an extension agreement with the vendor on March 1, 2020 for an extension of time to incur the agreed upon expenditures by one month to May 11, 2020 in exchange for the issuance of 20,000 shares to the vendor. On March 20, 2020, the Company issued 20,000 common shares valued at \$2,600 extending the time to May 11, 2020 and on May 1, 2020 the Company issued

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

20,000 common shares valued at \$4,800 extending the timing to June 11, 2020. As at June 11, 2020 the Company had incurred in excess of \$1,000,000 in exploration expenditures on the property.

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

Dixie Halo Southeast Project

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

- On November 27, 2018, the Company issued 2,000,000 shares (valued at \$130,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 2,000,000 shares on or before a date that is 12 months from the TSX-Venture exchange approval date. (Issued on November 26, 2019 valued at \$210,000)

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

- The sum of \$250,000 on or before the first anniversary of closing; and,
- The sum of \$250,000 on or before the second anniversary of closing

As at April 30, 2020 the Company had incurred \$604,684 in exploration expenditures on the property.

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

Dixie Halo Southwest (Burgundy Exploration Corp.) Project

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

- On December 7, 2018, the Company issued 1,800,000 shares (valued at \$144,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 1,800,000 shares on or before a date that is 12 months from the TSX-Venture exchange approval date. (Issued on December 6, 2019 valued at \$594,000)

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 6 – MINERAL PROPERTIES (continued)

Dixie Halo Southeast Extension Project

On November 6, 2019 the Company received TSX Venture Exchange approval of the Dixie Halo Southeast Extension Project (originally announced on October 28, 2019) and that it was acquiring a 100% interest in the claims comprising the Dixie Halo Southeast Extension property from an arms-length party through the issuance of million BTU common shares as follows:

- On closing issue 600,000 common shares (issued on November 6, 2019 and valued at \$72,000) in the first tranche of the share issuance commitment; and,
- Issue an additional 1,200,000 shares on or before a date that is 12 months from the TSX-Venture exchange approval date. (Issued on January 6, 2020 and valued at \$384,000)

The Company has also agreed to incur a total of \$38,000 in exploration expenditures in or on the property as follows:

- The sum of \$38,000 on or before May 1, 2020 (Incurred)

The vendors retain a 2.0% Gross Smelter Royalty (GSR) on non-base metals. The Vendors have also been granted a 2% GSR on base metals, 1% of which may be bought down for \$1,000,000 within the first 7 years of closing at the option of the Company.

Dixie Halo New Claims

On December 5, 2019, the Company announced that it has been building its overall property position in the Dixie Creek area and that it expanded its Dixie Halo Property position by 238 claims covering 4,853 hectares. These claims are royalty free and not subject to any agreement. Total cost incurred to obtain the claims was \$11,900.

A Summary of the Company's Mineral Properties is as follows:

	Dixie Halo East	Dixie Halo South	Dixie Halo Southeast	Dixie Halo Southeast extension	Dixie Halo Southwest	Dixie Halo new claims staked	Burnthut	Shakespeare	Galway	Total
Carrying value										
Balance May 1, 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
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)
Balance April 30, 2020	\$ 993,687	2,623,892	944,684	889,071	754,464	11,900	-	-	865,285	7,082,983

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL

a) Authorized Capital

Unlimited number of common shares without par value.

b) Issued and Outstanding Common Shares

As at April 30, 2020, the Company had 89,119,965 common shares issued and outstanding as presented in the statements of changes in shareholders' equity.

During the year ended April 30, 2020, the Company:

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

Gross proceeds from this non-brokered private placement were allocated between shares, warrants, broker units, broker unit warrants and broker warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$607,822 using the Black-Scholes pricing model, therefore \$1,053,709 of gross proceeds from this financing was allocated to common shares and \$431,291 was allocated to contributed surplus. The Common shares issued in lieu of cash were valued at \$91,858 and the Broker Warrants and Broker Unit warrants were valued using the Black Scholes pricing model and valued at \$85,671 and allocated to contributed surplus.

- ii) On July 8, 2019, the Company issued 100,000 common shares valued at \$15,000 under the terms of the Burnthut termination agreement (Note 6).
- iii) On August 28, 2019, the Company issued 150,000 common shares valued at \$15,750 under the terms of the Dixie Halo East property option agreement (Note 6).
- iv) On November 6, 2019, the Company issued 600,000 common shares valued at \$72,000 under the terms of the Dixie Halo South East Extension property option agreement (Note 6).
- v) On November 26, 2019, the Company issued 2,000,000 common shares valued at \$210,000 under the terms of the Dixie Halo Southeast property option agreement (Note 6).
- vi) On December 6, 2019, the Company issued 1,800,000 common shares valued at \$594,000 under the terms of the Dixie Halo South West Extension property option agreement (Note 6).
- vii) On January 6, 2020, the Company issued 1,200,000 common shares valued at \$384,000 under the terms of the Dixie Halo South East Extension property option agreement (Note 6).
- viii) On January 15, 2020, the Company issued 4,000,000 common shares valued at \$1,400,000 under the terms of the Dixie Halo South property option agreement (Note 6).

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

- ix) On February 28, 2020, the Company completed a non-brokered private placement of 5,425,000 flow through units for gross proceeds of \$1,627,500. Each unit consists of one flow through common share issued at \$0.30 per share, and one-half of a straight common share purchase warrant. Each whole common share purchase warrant may be exercised by the holder to purchase one common share at a price of \$0.40 for a period of 24 months from closing. Finder's fees and other share issuance costs totalling \$80,502 in cash were paid to third parties. The Company also issued 198,000 Broker Unit Warrants in lieu of cash finders fees. Each Broker Unit Warrant entitles the holder to purchase one common share at a price of \$0.30 for a period of 24 months from closing. A value of \$651,000 was attributed to the flow-through premium liability in connection with the flow-through financing.

Gross proceeds from this non-brokered private placement were allocated between shares, warrants, broker units, broker unit warrants and broker warrants using a pro-rata method based on the fair values of shares and warrants on the date of issuance. The fair value of warrants was estimated at \$287,514 using the Black-Scholes pricing model, therefore \$1,383,153 of gross proceeds from this financing was allocated to common share and \$244,347 was allocated to contributed surplus. The Broker Warrants were valued using the Black Scholes pricing model and valued at \$22,669 and allocated to contributed surplus.

- x) On March 20, 2020, the Company issued 20,000 common shares, valued at \$2,600, to the optionor of the Dixie Halo South project in exchange for a 30-day extension of time to incur the agreed upon exploration expenditures (see Note 6).

The Company issued 1,425,000 common shares for the exercise of options at \$0.05 - \$0.18 per share for gross proceeds of \$140,500. The fair value of options exercised \$80,057 was reclassified to share capital from reserves.

- xi) The Company issued 6,728,452 common shares for the exercise of warrants at \$0.06 - \$0.18 per share for gross proceeds of \$768,336. The fair value of warrants exercised \$302,935 was reclassified to share capital from reserves.

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

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

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

- ii) On June 1, 2018 the Company closed the second tranche of a non-brokered private placement issuing 2,357,500 units at a price of \$0.06 per unit, for gross proceeds of \$141,540. Each Unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant enables the holder to purchase one common share at a price of \$0.10 up to June 1, 2020. The Company paid \$5,860 in cash share issuance costs and issued 14,000 broker warrants to arm's length parties, valued at \$400. Each broker warrant entitles the holder to purchase one common share at a price of \$0.06 per share until June 1, 2019.

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

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

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

c) Stock Options

As at April 30, 2020, the Company had 6,500,000 options outstanding (April 30, 2019 – 3,975,000).

During the year ended April 30, 2020, the Company:

- i) granted 400,000 stock options to a director of the Company, exercisable at a price of \$0.11 per option expiring on May 1, 2021. The estimated fair value of the options was \$28,600.
- ii) Granted 1,050,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.18 per option, expiring on July 16, 2021. The estimated fair value of the options was \$132,500.
- iii) Granted 1,100,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.10 per option, expiring on October 28, 2021. 700,000 of these options vest immediately and 400,000 vest quarterly over one-year term. The estimated fair value of the options was \$73,500, of which \$68,019 was recorded during the year ended June 30, 2020.
- iv) Granted 2,350,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.25 per option, expiring on February 28, 2022. The estimated fair value of the options was \$281,900.

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

- i) granted 1,650,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.08 per option expiring on August 27, 2020. The estimated fair value of the options was \$83,700.

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

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

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

	April 30, 2020	Weighted Average Exercise price	April 30, 2019	Weighted Average Exercise price
Stock option activity				
		\$		\$
Balance – beginning of period	3,975,000	0.12	2,450,000	\$0.12
Granted	4,900,000	0.19	2,575,000	\$0.09
Exercised	(1,425,000)	(0.10)	(1,050,000)	(0.11)
Expired	(950,000)	0.16	-	-
Balance – end of period	6,500,000	0.16	3,975,000	\$0.12

As April 30, 2020, the Company had the following stock options outstanding:

Expiry date	Exercise Price	April 30, 2020 Outstanding	April 30, 2020 Exercisable
August-27-2020	\$0.08	1,175,000	1,175,000
November-20-2020	\$0.10	150,000	150,000
April-17-2021	\$0.11	400,000	400,000
April-26-2021	\$0.11	225,000	225,000
July-16-2021	\$0.18	1,000,000	1,000,000
October-28-2021	\$0.10	1,000,000	800,000
February-28-2022	\$0.25	2,350,000	2,350,000
June-16-2022	\$0.05	200,000	200,000
	\$0.16	6,500,000	6,300,000

	April 30, 2020
The outstanding options have a weighted-average exercise price of:	\$0.16
The weighted average remaining life in years of the outstanding options is:	1.34

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year April 30, 2020 and April 30, 2019:

Assumption	February 28, 2020	October 28, 2019	July 16, 2021	May 1, 2019
Share price	\$0.180	\$0.095	\$0.180	\$0.100
Exercise price	\$0.25	\$0.10	\$0.18	\$0.11
Risk-free rate	1.14%	1.71%	1.56%	1.57%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	150.28%	148.27%	145.40%	154.25%
Option life in years	2.00	2.00	2.00	2.00

Assumption	April 26, 2019	April 17, 2019	February 16, 2019	November 20, 2018	August 27, 2018
Share price	\$0.09	\$0.10	\$0.10	\$0.085	\$0.08
Exercise price	\$0.11	\$0.11	\$0.12	\$0.10	\$0.08
Risk-free rate	1.55%	1.66%	1.78%	2.21%	2.14%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	148.39%	148.21%	153.01%	135.58%	125.85%
Option life in years	2.00	2.00	1.00	2.00	2.00

d) Warrants

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

Warrant activity	April 30, 2020	Weighted Average Exercise price	April 30, 2019	Weighted Average Exercise price
		\$		\$
Balance – beginning of period	10,092,653	0.12	14,124,761	0.12
Issued on private placements	8,212,500	0.25	5,678,751	0.14
Issued broker warrants on private placements	973,215	0.20	217,200	0.10
Exercised	(6,728,452)	(0.11)	(479,000)	(0.09)
Expired	(28,000)	(0.10)	(9,449,059)	(0.13)
Balance – end of period	12,521,916	0.22	10,092,653	0.12

As at April 30, 2020, the Company had the following warrants outstanding:

Date of Issuance	Date of Expiry	Exercise Price	April 30, 2020 Outstanding
1-June-2018	1-June-2020	\$0.10	337,084
29-March-2019	29-March-2021	\$0.15	3,690,000
24-June-2019	24-June-2021	\$0.18	5,584,332
28-February-2020	28-February-2022	\$0.30	198,000
28-February-2020	28-February-2022	\$0.40	2,712,500
			12,521,916

	April 30, 2020
The outstanding warrants have a weighted-average exercise price of:	\$0.22
The weighted average remaining life in years of the outstanding warrants is:	1.21

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 7 – SHARE CAPITAL (continued)

The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued during the year ended April 30, 2020 and 2019:

Assumption	Feb 28, 2020	Jun 24, 2019
Share price	\$0.18	\$0.155
Exercise price	\$0.3/\$0.4	\$0.18
Risk-free rate	1.14%	1.40%
Expected dividend yield	0.00%	0.00%
Expected volatility	149.87%	155.90%
Warrant life in years	2.00	2.00

Assumption	April 26, 2019	April 17, 2019	February 16, 2019	November 20, 2018	August 27, 2018
Share price	\$0.09	\$0.10	\$0.10	\$0.085	\$0.08
Exercise price	\$0.11	\$0.11	\$0.12	\$0.10	\$0.08
Risk-free rate	1.55%	1.66%	1.78%	2.21%	2.14%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility	148.39%	148.21%	153.01%	135.58%	125.85%
Option life in years	2.00	2.00	1.00	2.00	2.00

NOTE 8 – RELATED PARTY TRANSACTIONS

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

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

	Year ended	Year ended
	April 30,	April 30,
	2020	2019
Consulting and management fees	\$ 237,874	\$ 236,975
Exploration expenses	158,938	27,500
Share-based compensation	398,656	103,971
Total short-term benefits	\$ 795,468	\$ 368,446

As at April 30, 2020, \$nil (2019 - \$15,132) were owing to key management personnel or to a company controlled by a director or key management personnel and the amounts were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

During the year ended April 30, 2020, the Company granted a total of 3,300,000 stock options (April 30, 2019 – 1,900,000) to officers and directors of the Company, of which the fair market value was estimated at \$398,656 (April 30, 2019 - \$103,926).

As at April 30, 2020, the Company had outstanding an outstanding receivable from an officer of the Company in the amount of \$nil (April 30, 2019: \$15,000) for share purchases.

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 9 – CAPITAL RISK MANAGEMENT

The Company manages its share capital as capital, which as at April 30, 2020 was \$9,219,107 (April 30, 2019 – \$3,664,916). The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company’s investment policy is to invest its short-term excess cash in liquid short-term interest bearing investments 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, 2020.

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

a) Fair Values

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

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

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

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, 2020
	Level 1	Level 2	Level 3	
Held for Trading Financial Assets				
Cash	\$1,203,061	-	-	\$1,203,061
Total Financial Assets at Fair Value	\$1,203,061	-	-	\$1,203,061

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 10 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

b) Credit Risk

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

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is dependent upon the availability of credit from its suppliers and its ability to generate sufficient funds from equity and debt financing to meet current and future obligations. The Company has a working capital of \$1,188,268 (April 30, 2019 - \$590,804) as at April 30, 2020. 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 April 30, 2020 the Company held \$500,000 in a redeemable GIC with interest accruing at 1.85% (April 30, 2019 – redeemable GIC of \$450,000 accruing interest at 2.00%). Fluctuations in interest rates impact the value of cash and cash equivalents. The Company manages risk by monitoring changes in interest rates in comparison to prevailing market rates.

e) Foreign Exchange Risk

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

f) Equity Price Risk

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION

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

During the year ended April 30, 2020:

The Company transferred \$302,935 from reserves to share capital pursuant to the exercise of 6,728,452 common share purchase warrants.

The Company transferred \$80,057 from reserves to share capital pursuant to the exercise of 1,425,000 common share purchase options.

The Company issued 100,000 common shares at a fair value of \$15,000 pursuant to the termination of the Burthut Property option.

The Company issued 150,000 common shares at a fair value of \$15,750 pursuant to the acquisition of the Dixie Halo East Property option.

The Company issued 4,020,000 common shares at a fair value of \$1,402,600 pursuant to the Dixie Halo South Property option.

The Company issued 1,800,000 common shares at a fair value of \$456,000 pursuant to the acquisition of the Dixie Halo Southeast Extension Property option.

The Company issued 2,000,000 common shares at a fair value of \$210,000 pursuant to the acquisition of the Dixie Halo Southeast Property option.

The Company issued 1,800,000 common shares at a fair value of \$594,000 pursuant to the acquisition of the Dixie Halo Southwest property.

The Company issued 593,278 common shares at a fair value of \$91,958 in lieu of a cash finders' fees.

The Company issued 973,215 finder's fees purchase warrants at a fair value of \$108,340.

During the year ended April 30, 2019:

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

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

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

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

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

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 11 – SUPPLEMENTAL CASH FLOW INFORMATION (continued)

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

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

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

NOTE 12 – INCOME TAXES

a) Provision for Income Taxes

The income tax expense of the Company is reconciled to the net income for the year as reported in the statements of comprehensive loss as follows, using a Statutory Tax Rate of 27% (2019 – 27%):

	2020	2019
	\$	\$
Net loss for the year	(550,905)	(710,476)
Statutory income tax rates	27%	27%
Expected Income Tax Recovery at Statutory Rates	(148,744)	(191,829)
Non-deductible items	139,760	100,415
Share issuance costs	(16,742)	(5,898)
Effect of change in rate	-	(16,928)
Permanent and other differences	(37,476)	(63,840)
Change in unrecognized deferred income tax assets	63,202	178,080
Income Tax Expense	-	-

b) Deferred Tax Assets and Liabilities

Deferred tax assets have not been recognized with respect to the following items as at April 30, 2019 and 2018 because it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

	2020	2019
	\$	\$
Non-Capital Losses Carried Forward	593,555	567,829
Share issuance costs	56,839	19,363
Mineral Property	31,018	31,018
Deferred tax asset not recognized	681,412	618,210

The Company has non-capital losses of approximately \$2,198,352 (2019 - \$2,103,069) which may be applied to reduce Canadian taxable income of future years. The non-capital losses expire as follows:

BTU Metals Corp.
Notes to the Consolidated Financial Statements
For Years Ended April 30, 2020 and 2019
(Expressed in Canadian Dollars)

NOTE 12 – INCOME TAXES (continued)

Year	Amount
	\$
2029	51,514
2030	295,869
2031	262,701
2032	136,513
2033	144,002
2034	109,845
2035	47,931
2036	37,911
2037	121,124
2038	535,245
2039	360,413
2040	95,284
	<u>2,198,352</u>

NOTE 13 – SUBSEQUENT EVENTS

On May 1, 2020, the issued 20,000 common shares, valued at \$4,800, to the optionor of the Dixie Halo South project in exchange for an additional 30-day extension of time to incur the agreed upon exploration expenditures.

On June 11, 2020, BTU closed a non-brokered private placement issuing 2.6 million common share units at a price of \$0.20 per unit for aggregate gross proceeds of \$520,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 for a period of 3 years from the date of closing.

On June 11, 2020, the Company granted 200,000 options to an advisor of the Company. The options are for a two-year term and have a strike price of \$0.25.

On July 6, 2020, the Company granted 200,000 options to a consultant of the Company. The options are for a one-and-a-half-year term and have a strike price of \$0.30.

On August 19, 2020, the Company issued 150,000 common shares valued at \$28,500 under the terms of the Dixie Halo East property option agreement

The Company issued 950,604 common shares for the exercise of warrants at \$0.10-\$0.18 per share for gross proceeds of \$128,842.

The Company issued 1,175,000 common shares for the exercise of options at \$0.08 per share for gross proceeds of \$94,000.