



Year Ended April 30, 2021

**Annual Audited Consolidated Financial Statements**

(Expressed in Canadian Dollars)

(Prepared by Management)

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charlton & company  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of:  
BTU Metals Corp.

### Opinion

We have audited the accompanying consolidated financial statements of BTU Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2021 and 2020 and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### 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 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$1,520,737 during the year ended April 30, 2021 and, as of that date, the Company's total deficit was \$4,689,836. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, 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 IFRS, 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 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 Melyssa Charlton.

*Charlton & Company*

**CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

August 30, 2021

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

	Note	April 30, 2021 \$	April 30, 2020 \$
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash and cash equivalents		1,667,763	1,203,061
Receivables		4,000	-
Sales tax recoverable		78,541	121,500
Prepays		16,873	18,157
<b>Total Current Assets</b>		<b>1,767,177</b>	<b>1,342,718</b>
<b>NON-CURRENT</b>			
Exploration advance	6	68,029	-
Exploration and evaluation assets	6	8,164,391	7,082,983
<b>TOTAL ASSETS</b>		<b>9,999,597</b>	<b>8,425,701</b>
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	9	206,598	136,293
Flow-through share premium liability	7	230,311	268,111
		436,909	404,404
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	11,259,255	9,219,107
Reserves	8	2,993,269	1,971,289
Deficit		(4,689,836)	(3,169,099)
		9,562,688	8,021,297
<b>TOTAL LIABILITIES AND SHAREHOLER'S EQUITY</b>		<b>9,999,597</b>	<b>8,425,701</b>

Nature of operations (Note 1)  
Basis of Preparation and Going Concern (Note 2)  
Subsequent events (Note 15)

Approved on behalf of the Board:

"Paul Wood"  
Paul Wood, Director

"Michael England"  
Michael England, Director

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

## BTU Metals Corp.

### Consolidated Statements of Changes in Shareholders' Equity

For the Years ended April 30, 2021, and 2020

(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital \$	Reserves \$	Deficit \$	Total Shareholders' Equity \$
<b>Balance, April 30, 2019</b>	54,078,235	\$ 3,664,916	\$ 1,059,284	\$ (2,618,194)	\$ 2,106,006
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)
Finders' fee shares	593,278	91,958	-	-	91,958
Share issuance costs - finders' shares	-	(91,958)	-	-	(91,958)
Share issuance costs - cash	-	(108,850)	-	-	(108,850)
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 exercise of options	1,425,000	140,500	-	-	140,500
Fair value of options exercised	-	80,057	(80,057)	-	-
Shares issued on exercise of warrants	6,728,452	768,336	-	-	768,336
Fair value of warrants exercised	-	302,934	(302,934)	-	-
<b>Balance, April 30, 2020</b>	<b>89,119,965</b>	<b>9,219,107</b>	<b>1,971,289</b>	<b>(3,169,099)</b>	<b>8,021,297</b>
Loss for the year	-	-	-	(1,520,737)	(1,520,737)
Private placements	10,100,000	1,450,594	644,406	-	2,095,000
Share issuance costs -cash	-	(19,489)	-	-	(19,489)
Shares issued to finder in lieu of cash	200,000	42,000	-	-	42,000
Share issuance costs - common shares	-	(42,000)	-	-	(42,000)
Share issued for property payments	420,000	63,300	-	-	63,300
Share-based compensation	-	-	551,475	-	551,475
Shares issued on option exercise	1,725,000	153,000	-	-	153,000
Fair value of options exercised	-	96,505	(96,505)	-	-
Shares issued on exercise of warrants	1,550,604	218,842	-	-	218,842
Fair value of warrants exercised	-	77,396	(77,396)	-	-
<b>Balance, April 30, 2021</b>	<b>103,115,569</b>	<b>11,259,255</b>	<b>2,993,269</b>	<b>(4,689,836)</b>	<b>9,562,688</b>

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

**BTU Metals Corp.****Consolidated Statements of Loss and Comprehensive Loss**

For the Years Ended April 30, 2021, and 2020

(Expressed in Canadian Dollars)

		<b>April 30, 2021</b>	<b>April 30, 2020</b>
	Note	\$	\$
<b>Operating Expenses</b>			
Bank charges		1,159	1,376
Consulting fees		-	2,750
Exploration costs		14,834	15,000
Foreign exchange (gain) loss		-	(417)
Investor relations	9	99,825	78,299
Management and director fees	9	385,320	215,596
Office, rent , telephone and insurance		17,084	13,592
Professional fees		44,858	44,818
Share-based compensation	8 & 9	551,475	511,018
Transfer agent and filing fees		63,651	36,452
Travel, meals and entertainment		5,534	24,160
		<b>(1,183,740)</b>	<b>(942,644)</b>
Write-off of exploration and evaluation asset	6	865,283	-
Interest income		(2,986)	(8,850)
Recovery of flow-through premium	7	(525,300)	(382,889)
<b>Loss and comprehensive loss for the year</b>		<b>(1,520,737)</b>	<b>(550,905)</b>
<b>Loss per share for the year</b>			
Basic and diluted loss per share		<b>(\$0.02)</b>	<b>(\$0.01)</b>
Weighted average number of shares outstanding - basic and diluted		97,763,790	71,706,392

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, 2021, and 2020**  
**(Expressed in Canadian Dollars)**

		<b>April 30, 2021</b>	<b>April 30, 2020</b>
<b>Operating activities</b>	Note	\$	\$
Net loss for the year		(1,520,737)	(550,905)
Share based payments	8 & 9	551,475	511,018
Recovery of flow-through premium	7	(525,300)	(382,889)
Write-off of exploration and evaluation assets	6	865,283	-
Exploration costs		-	15,000
<b>Net changes in non-cash working capital items:</b>			
Receivables		(4,000)	15,000
Sales tax recoverable		42,959	(20,728)
Prepays		1,284	(12,439)
Accounts payable and accrued liabilities		70,305	15,343
<b>Cash used in operating activities</b>		<b>(518,731)</b>	<b>(410,600)</b>
<b>Investing activities</b>			
Acquisition costs	6	(26,000)	(12,000)
Evaluation and exploration expenditures		(1,825,420)	(2,883,149)
Exploration advance	6	(100,000)	-
<b>Cash used in investing activities</b>		<b>(1,951,420)</b>	<b>(2,895,149)</b>
<b>Financing activities</b>			
Issuance of common shares and warrants for cash	8	2,095,000	2,461,842
Share issuance costs - cash	8	(19,489)	(108,850)
Flow-through share premium received in cash	7	487,500	651,000
Issuance of common shares from option exercise	8	153,000	140,500
Issuance of common shares from warrant exercise	8	218,842	768,336
<b>Cash flow provided by financing activities</b>		<b>2,934,853</b>	<b>3,912,828</b>
<b>Net change in cash and cash equivalents during the year</b>		<b>464,702</b>	<b>607,079</b>
Cash and cash equivalents at beginning of year		1,203,061	595,982
<b>Cash and cash equivalents at end of year</b>		<b>1,667,763</b>	<b>1,203,061</b>
<b>Cash and cash equivalents consist of:</b>			
Cash		1,667,763	703,061
Guaranteed investment certificate		-	500,000
		1,667,763	1,203,061

Supplemental cash flow information (Note 12).

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, 2021, and 2020**  
**(Expressed in Canadian Dollars)**

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**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 (the “Exchange”), under the symbol BTU. The principal business of the Company is the identification and exploration and evaluation of mineral properties in Canada and Ireland. To date, the Company has not earned revenues and is considered to be in the exploration stage.

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, 2021, were approved and authorized for issue by the Board of Directors on August 30, 2021.

**NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN**

**a) Statement of Compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

**b) Basis of Preparation**

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**c) Going Concern**

These consolidated financial statements were prepared on the basis that the Company is a going concern and will be able to meet its obligations and continue its operations for the next twelve months. The Company’s ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. The Company has incurred losses from inception, and during the year ended April 30, 2021, the Company recorded a loss of \$1,520,737 (April 30, 2020 - \$550,905). As at April 30, 2021, the Company has a working capital of \$1,330,268 (April 30, 2020 – \$938,314), and has an accumulated deficit of \$4,689,836 (April 30, 2020 - \$3,169,099).

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

**BTU Metals Corp.**  
**Notes to the Consolidated Financial Statements**  
**For Years Ended April 30, 2021, and 2020**  
**(Expressed in Canadian Dollars)**

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**NOTE 2 – BASIS OF PREPARATION AND GOING CONCERN (Continued)**

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 circumstances comprise a material uncertainty which may cast significant doubt about 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.

COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak has resulted in social and economic disruption and had a resultant impact on the mining and exploration industries and capital markets. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. However, the duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time and could have a material impact on the Company's future financial position, results of operation and cash flows. The Company's liquidity and ability to continue as a going concern may also be impacted.

**d) Basis of Consolidation**

These consolidated financial statements incorporate the financial statements of the Company and its wholly controlled subsidiaries, Gold Note Minerals Inc., a company incorporated in British Columbia, and Burgundy Exploration Corp., 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 subsidiaries. All significant intercompany transactions and balances have been eliminated.

**e) Foreign Currency Translation**

These consolidated financial statements are presented in Canadian Dollars, which is the Company and its subsidiaries' functional currency. Transactions in currencies other than the Canadian Dollar are recorded at exchange rates prevailing on the dates of the transactions. 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. Non-monetary items are measured at their historical cost and are not retranslated. 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.

**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES**

**a) Exploration and evaluation assets**

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore an exploration and evaluation asset has been acquired, all costs related to the acquisition of the property and exploration on the property are capitalized on a property-by-property basis. All expenditures are capitalized until such time the properties are placed into commercial production, sold, abandoned or impaired. 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 and will be accounted for under IAS 16.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. If it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written-down to its estimated net realizable value.

**BTU Metals Corp.**  
Notes to the Consolidated Financial Statements  
For Years Ended April 30, 2021, and 2020  
(Expressed in Canadian Dollars)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Exploration and evaluation assets (continued)**

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 loss and comprehensive loss.

**b) 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 through profit or loss.

**c) Restoration and Environmental Obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of restoration costs, are charged to the statement of comprehensive loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production is charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

As at April 30, 2021 and 2020, the Company did not have any decommissioning liabilities.

**BTU Metals Corp.**  
Notes to the Consolidated Financial Statements  
For Years Ended April 30, 2021, and 2020  
(Expressed in Canadian Dollars)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Share Capital**

Share capital includes cash consideration received for share issuances, net of commissions and share 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 option pricing model.

**e) Share-Based Payments**

The fair value method of accounting is used for share-based payment transactions. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves.

The fair value of stock 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 deficit upon expiry.

**f) 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 eligible expenditures are incurred, a deferred tax liability is recognized and the deferred credit is reversed. The net amount is recognized as a deferred income tax recovery. Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subjected to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**g) 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 reflects the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method. Diluted earnings per share exclude all dilutive potential common shares if their effect is anti-dilutive.

As at April 30, 2021 and 2020, 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.

**BTU Metals Corp.**  
Notes to the Consolidated Financial Statements  
For Years Ended April 30, 2021, and 2020  
(Expressed in Canadian Dollars)

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) 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.

**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.

**i) Financial Instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

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”). The Company determines the classification of financial assets at initial recognition. The Company does not have any assets classified as FVOCI.

*Financial assets at amortized cost*

Financial assets classified as amortized cost are initially measured at fair value and are subsequently measured at amortized cost, less any impairment. The Company has classified its receivable at amortized cost.

*Financial assets at FVTPL*

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 is classified as FVTPL.

**BTU Metals Corp.**  
Notes to the Consolidated Financial Statements  
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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Financial Instruments (continued)**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

Management determines the classification of its financial liabilities at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

*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 profit or loss. 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. The Company's accounts payable and accrued liabilities are classified at amortized cost.

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.

**j) Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

**k) Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and it has the right to direct the use of the asset.

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**NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Leases (continued)**

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. The right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments, and amounts expected to be payable at the end of the lease term.

The Company does not recognize the right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

During the years ended April 30, 2021, and 2020, the Company did not enter into or partake in any lease arrangements.

**l) 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, 2021.

**NOTE 4 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS**

The preparation of these consolidated 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.

**b) Impairment of Exploration and Evaluation Assets**

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.

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

**c) 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.

**d) 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*

**a) Deferred Tax Assets**

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

**b) Share-Based Transactions**

The Company measures the cost of equity-settled transactions with employees, the fair value of share purchase warrants attached to units, and the fair value of brokers warrants, 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**

During the year ended April 30, 2021, there are no new standards adopted in the year. The following accounting standards interpretations have been issued but are not yet effective:

IAS 1 –Presentation of Financial Statements (“IAS 1”), has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendment to IAS 1 is effective for the years beginning on or after January 1, 2023, with early application permitted. The Company is currently assessing the impact of this amendment on its consolidated financial statements.

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**NOTE 6 – EXPLORATION AND EVALUATION ASSETS**

**Galway Gold Property, Ireland**

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 acquired 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 common shares (issued and valued at \$33,000). The property is 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. During the year ended April 30, 2021, the Company recorded an impairment loss of \$865,283 due to uncertainty on the renewal of the permits.

**Dixie Halo East Project, Canada**

On August 24, 2018, the Company entered into an agreement to acquire 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 common shares over a 4-year period. The vendor retains a 1.5% Net Smelter Royalty ("NSR"), half of which is purchasable by the Company for \$500,000 at any time.

- On September 13, 2018, the Company issued 150,000 common shares (with a fair value of \$5,250) in the first tranche of the share issuance commitment.
- The Company is scheduled to issue the balance of the 600,000 common shares in tranches of 150,000 common shares on the 1<sup>st</sup> (issued with a fair value of \$15,750), 2<sup>nd</sup> (issued with a fair value of \$28,500), 3<sup>rd</sup> and 4<sup>th</sup> 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; (Paid)
  - \$22,000 on or before September 25, 2021 (Paid subsequent to April 30, 2021); and,
  - \$25,000 on or before September 25, 2022.

**Burnthut Project, Canada**

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 common shares over a 4-year period.

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 (with a fair value of \$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.

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**NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)**

**Dixie Halo South Project, Canada**

On November 14, 2018, the Company entered into an option agreement to acquire 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 common shares (issued with a fair value of \$260,000) in the first tranche of the share issuance commitment; and
- Issue an additional 4,000,000 common shares on or before November 14, 2019 (issued with a fair value of \$1,400,000).

In addition, the Company would 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

During the year ended April 30, 2020, the Company entered into extension agreements to extend the first expenditure time to June 11, 2020, in exchange for the issuance of 40,000 common shares of the Company. On March 20, 2020, the Company issued 20,000 common shares with a fair value of \$2,600 and on May 1, 2020 the Company issued 20,000 common shares with a fair value of \$4,800.

As at April 30, 2021 the Company had incurred a total of \$2,072,422 in exploration expenditures on the property.

The vendors will retain a 2.5% NSR Royalty on all minerals produced from the property. The Company has the right to acquire 1.0% of the 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 5<sup>th</sup> anniversary date (November 14, 2023) and deducted from any royalty payments payable under the NSR.

**Dixie Halo Southeast Project, Canada**

On November 27, 2018, the Company entered into an option agreement to acquire a 100% interest in 44 claims comprising the Dixie Halo Southeast property from an arms-length party through the issuance of 4,000,000 common shares as follows:

- Issue 2,000,000 common shares on November 27, 2018 (issued with a fair value of \$130,000); and
- Issue an additional 2,000,000 common shares on or before November 27, 2019 (issued with a fair value of \$210,000).

In addition, the Company was 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 November 27, 2019; and
- The sum of \$250,000 on or before November 27, 2020.

As at April 30, 2021, the Company had incurred \$903,076 in exploration expenditures on the property and earned its 100% interest.

The vendors will retain a 2.5% NSR Royalty on all minerals produced from the property. The Company has the right to acquire 1.0% of the 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 5<sup>th</sup> anniversary date (November 27, 2023) and deducted from any royalty payments payable under the NSR.

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**NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)**

**Dixie Halo Southwest (Burgundy Exploration Corp.) Project, Canada**

On December 7, 2018, the Company acquired a 100% interest in Burgundy Exploration Corp. (“Burgundy”) in exchange for the issuance of 3,600,000 common shares and Burgundy became a wholly owned subsidiary of the Company. The Company accounted for the acquisition as an asset purchase. At the time of the acquisition, Burgundy had \$nil in net assets and liabilities, other than the exploration asset. The common shares were issued in two tranches and had a total fair value of \$738,000 which was allocated to the exploration and evaluation asset.

On the acquisition, the Company assumed the pre-existing 2% gross smelter royalty applicable on the tenure. The royalty was assigned a fair value of \$nil on the acquisition.

**Dixie Halo Southeast Extension Project, Canada**

On November 6, 2019, the Company entered into an option agreement to acquire a 100% interest in the claims comprising the Dixie Halo Southeast Extension property from an arms-length party. To acquire the interest, the Company incurred the following:

- On November 6, 2019, issue 600,000 common shares (issued with a fair value of \$72,000); and
- Issue an additional 1,200,000 common shares on or before November 6, 2020 (Issued on January 6, 2020 with a fair value of \$384,000).

In addition, the Company would incur a total of \$38,000 in exploration expenditures in or on the property by May 5, 2020 (incurred).

The vendor retains a 2.0% Gross Sales Royalty (“GSR”) on non-base metals and on base metals. The Company may buy down 1% of the GSR on the base metals for \$1,000,000 within the first 7 years of closing at the option of the Company.

**Dixie Halo New Claims, Canada**

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. These claims are royalty free and not subject to any agreement. Total cost incurred to obtain the claims was \$11,900 and the Company has incurred \$4,171 in exploration expenditures on the claims as at April 30, 2021.

**Pakwash North, Canada**

On March 22, 2021, the Company entered into an agreement to earn up to an 80% interest in the Pakwash North property in exchange for cash payments of \$75,000 and the issuance of 1,400,000 common shares of the Company as well as incurring \$1,000,000 in exploration expenditures on the property over 36 months from entering into the agreement. The Company may, at its discretion, elect to stay at certain fixed percentages of ownership interest over the course of the option period. To earn its interest options in the property, the Company will incur the following:

- Initial option 25% interest: Make a cash payment of \$10,000 (paid) on closing and issue 250,000 common shares of the Company (issued with a fair value of \$30,000) and incur \$30,000 in exploration expenditures on the property before June 1, 2021 (incurred \$56,443). Make a cash payment of \$25,000, issue 350,000 common shares of the Company and incur \$170,000 in exploration expenditures on the property on or before June 1, 2022.
- Additional option for 35%: make a cash payment of \$40,000, issue 400,000 common shares of the Company and incur an additional \$300,000 in exploration expenditures on the property on or before June 1, 2023.

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**NOTE 6 – EXPLORATION AND EVALUATION ASSETS (Continued)**

- Additional option for 20%: issue 400,000 common shares of the Company and incur an additional \$500,000 in exploration expenditures on or before June 1, 2024.

The parties will enter into a definitive joint venture agreement upon the expiration of the option periods. The interest in the joint venture will vary depending on the percentage of interest the Company has elected to earn in the property and will be determined at such time the joint venture agreement is signed.

A Summary of the Company's exploration and evaluation assets is as follows:

	Dixie Halo East	Dixie Halo South	Dixie Halo Southeast	Dixie Halo South East extension	Dixie Halo Southwest	Dixie Halo staked claims	Pakwash North	Galway	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, April 30, 2019</b>	30,461	402,788	130,991	-	149,882	-	-	795,362	1,509,484
Acquisition costs, cash	12,000	-	-	-	-	-	-	-	12,000
Acquisition costs, shares	15,750	1,402,600	210,000	456,000	594,000	-	-	-	2,678,350
Exploration expenditures	935,476	818,504	603,693	433,072	10,582	11,900	-	69,922	2,883,149
<b>Balance, April 30, 2020</b>	993,687	2,623,892	944,684	889,072	754,464	11,900	-	865,284	7,082,983
Acquisition costs, cash	16,000	-	-	-	-	-	10,000	-	26,000
Acquisition costs, shares	28,500	4,800	-	-	-	-	30,000	-	63,300
Exploration expenditures	106,892	1,111,130	298,392	221,170	59,193	4,171	56,443	-	1,857,391
Impairment	-	-	-	-	-	-	-	(865,283)	(865,283)
<b>Balance, April 30, 2021</b>	1,145,079	3,739,822	1,243,076	1,110,242	813,657	16,071	96,443	1	8,164,391

During the year ended April 30, 2021, the Company advanced \$100,000 for a prepaid drilling program. As at April 30, 2021, \$68,029 remained outstanding in exploration advance.

**NOTE 7 – FLOW-THROUGH SHARE PREMIUM LIABILITY**

A summary of the changes in the Company's flow-through share premium liability is as follows:

<b>Flow-Through Share Premium Liability</b>	<b>Year Ended April 30, 2021</b>	Year Ended April 30, 2020
<b>Opening balance</b>	\$ 268,111	\$ -
Flow-through share premium on the issuance of flow-through common share units (Note 8)	487,500	651,000
Settlement of flow-through share premium liability on expenditures incurred	(525,300)	(382,889)
<b>Ending balance</b>	<b>\$ 230,311</b>	<b>\$ 268,111</b>

**NOTE 8 – SHARE CAPITAL**

**a) Authorized Capital**

Unlimited number of common shares without par value.

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**NOTE 8 – SHARE CAPITAL (Continued)**

**b) Issued and Outstanding Common Shares**

As at April 30, 2021, the Company had 103,115,569 common shares issued and outstanding as presented in the statements of changes in shareholders' equity.

During the year ended April 30, 2021, the Company:

- i) On May 1, 2020, the Company issued 20,000 common shares with a fair value of \$4,800 under the terms of its extension agreement on the Dixie Halo South property acquisition agreement (Note 6).
- ii) On June 10, 2020, the Company completed a non-brokered private placement of 2,600,000 units for gross proceeds of \$520,000. Each unit consists of one common 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 \$0.30 for a period of 36 months from closing. Finder's fees and other share issuance costs totalling \$8,150 in cash were paid to third parties. The shares and warrants comprising the units are subject to a 4 month hold period expiring October 11, 2020.

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 \$261,740 using the Black-Scholes pricing model, therefore \$345,895 of gross proceeds from this financing was allocated to common shares and \$174,105 was allocated to reserves.

- iii) On October 8, 2020, the Company completed a non-brokered private placement of 7,500,000 flow through units for gross proceeds of \$2,062,500. Each flow through unit was comprised of one flow through common share in the capital of the Company and one-half of one common share purchase warrant on a non-flow-through basis. Each whole warrant entitles the holder to acquire one common share at a price of \$0.30 for a period of 36 months from closing. The Company issued 200,000 common shares in the capital of the Company with a fair value of \$42,000 in lieu of finders' fees and incurred share issuance costs of \$11,338.

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 \$609,218 using the Black-Scholes pricing model, therefore \$1,592,199 of gross proceeds from this financing was allocated to common shares and \$470,301 was allocated to reserves. In addition, a value of \$487,500 was attributed to the flow-through premium liability in connection with the flow-through shares (Note 7).

- iv) On August 19, 2020, the Company issued 150,000 common shares with a fair value of \$28,500 under the terms of the Dixie Halo East property option agreement (Note 6).
- v) On April 29, 2021, the Company issued 250,000 common shares with a fair value of \$30,000 under the terms of the Dixie Pakwash North option agreement (Note 6).
- vi) The Company issued 1,725,000 common shares for the exercise of options at \$0.08-\$0.11 per share for gross proceeds of \$153,000. The fair value of options exercised of \$96,505 was reclassified to share capital from reserves.
- iv) The Company issued 1,550,604 common shares for the exercise of warrants at a range of \$0.10 - \$0.18 per share for gross proceeds of \$218,842. The fair value of warrants exercised \$77,396 was reclassified to share capital from reserves.

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**NOTE 8 – SHARE CAPITAL (Continued)**

**b) Issued and Outstanding Common Shares (continued)**

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 units in lieu of cash finders fees. Each broker unit 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 the common 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 \$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 reserves. The common shares issued in lieu of cash had a fair value of \$91,858 and the broker unit warrants were valued using the Black-Scholes pricing model and valued at \$85,671 and allocated to reserves.

- 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 Southeast 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).
- 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 share purchase warrant. Each whole 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

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**NOTE 8 – SHARE CAPITAL (Continued)**

**b) Issued and Outstanding Common Shares (continued)**

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.

- x) 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 \$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 reserves. The Broker Warrants were valued using the Black Scholes pricing model and valued at \$22,669 and allocated to reserves.
- xi) 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).
- xii) 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.
- xiii) 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.

**c) Stock Options**

The Company has a stock option plan in accordance with the policies of the Exchange under which it is authorized to grant options to directors, officers, employees and consultants to purchase shares of the Company. The stock option plan is a rolling plan and the maximum number of authorized but unissued shares available to be granted shall not exceed 10% of its issued and outstanding shares. The stock option plan limits the number of incentive stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period. The number of incentive stock options granted to any one consultant or a person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. Options granted to investor relations personnel vest in accordance with Exchange regulations.

As at April 30, 2021, the Company had 7,700,000 options outstanding (April 30, 2020 – 6,500,000).

During the year ended April 30, 2021, the Company:

- i) granted 200,000 stock options to a consultant of the Company, exercisable at a price of \$0.25 per option expiring on June 11, 2022. The estimated fair value of the options was \$34,800.
- ii) granted 200,000 stock options to a consultant of the Company, exercisable at a price of \$0.30 per option expiring on January 06, 2022. The estimated fair value of the options was \$33,400.
- iii) Granted 2,750,000 stock options to officers, directors, and consultants of the Company, exercisable at a price of \$0.22 per option, expiring on September 28, 2023. The estimated fair value of the options was \$477,800.

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**NOTE 8 – SHARE CAPITAL (Continued)**

**c) Stock Options (continued)**

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 \$5,481 (April 30, 2020 - \$68,019) was recorded during the year ended April 30, 2021.
- 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.

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

Stock option activity	April 30, 2021	Weighted Average Exercise price	April 30, 2020	Weighted Average Exercise price
		\$		\$
Balance – beginning of period	6,500,000	0.16	3,975,000	0.12
Granted	3,150,000	0.23	4,900,000	0.19
Exercised	(1,725,000)	0.09	(1,425,000)	0.10
Expired	(225,000)	0.11	(950,000)	0.16
Forfeited	-	-	-	-
<b>Balance – end of period</b>	<b>7,700,000</b>	<b>0.21</b>	<b>6,500,000</b>	<b>0.16</b>

As April 30, 2021, the Company had the following stock options outstanding:

Expiry date	Exercise Price	April 30, 2021 Outstanding	April 30, 2021 Exercisable
July-16-2021	\$0.18	1,000,000	1,000,000
October-28-2021	\$0.10	1,000,000	1,000,000
February-28-2022	\$0.25	2,350,000	2,350,000
June-11-2022	\$0.25	200,000	200,000
June-16-2022	\$0.05	200,000	200,000
January-6-2022	\$0.30	200,000	200,000
September-28-2023	\$0.22	2,750,000	2,750,000
	<b>\$0.21</b>	<b>7,700,000</b>	<b>7,700,000</b>

	April 30, 2021
The outstanding options have a weighted-average exercise price of:	\$0.21
The weighted average remaining life in years of the outstanding options is:	1.28

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**NOTE 8 – SHARE CAPITAL (Continued)**

**c) Stock Options (continued)**

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year April 30, 2021 and 2020:

<b>Assumption</b>	<b>September 28, 2020</b>	<b>July 6, 2020</b>	<b>June 11, 2020</b>
Share price	\$0.215	\$0.260	\$0.240
Exercise price	\$0.22	\$0.30	\$0.25
Risk-free rate	0.26%	0.29%	0.27%
Expected dividend yield	0.00%	0.00%	0.00%
Expected volatility	151.20%	157.32%	155.94%
Option life in years	3.00	1.50	2.00

<b>Assumption</b>	<b>February 28, 2020</b>	<b>October 28, 2019</b>	<b>July 16, 2019</b>	<b>May 1, 2019</b>
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

**d) Warrants**

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

<b>Warrant activity</b>	<b>April 30, 2021</b>	<b>Weighted Average Exercise price</b>	<b>April 30, 2020</b>	<b>Weighted Average Exercise price</b>
		<b>\$</b>		<b>\$</b>
<b>Balance – beginning of period</b>	12,521,916	0.22	10,092,653	0.12
Issued on private placements	5,050,000	0.30	8,212,500	0.25
Issued broker warrants on private placements	-	-	973,215	0.20
Exercised	(1,550,604)	0.14	(6,728,452)	(0.11)
Expired	(2,580,000)	0.15	(28,000)	(0.10)
<b>Balance – end of period</b>	<b>13,441,312</b>	<b>0.27</b>	<b>12,521,916</b>	<b>0.22</b>

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**NOTE 8 – SHARE CAPITAL (Continued)**

**d) Warrants (continued)**

As at April 30, 2021, the Company had the following warrants outstanding:

<b>Date of Issuance</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>April 30, 2021 Outstanding</b>
24-June-2019	24-June-2021	\$0.18	5,480,812
28-February-2020	28-February-2022	\$0.30	198,000
28-February-2020	28-February-2022	\$0.40	2,712,500
10-June-2020	10-June-2023	\$0.30	1,300,000
8-October-2020	8-October-2023	\$0.30	3,750,000
			<b>13,441,312</b>

  

	<b>April 30, 2021</b>
The outstanding warrants have a weighted-average exercise price of:	\$0.27
The weighted average remaining life in years of the outstanding warrants is:	1.13

The following weighted average assumptions were used for the Black-Scholes valuation of warrants issued during the year ended April 30, 2021, and 2020:

<b>Assumption</b>	<b>Oct 8, 2020</b>	<b>Jun 10, 2020</b>	<b>Feb 28, 2020</b>	<b>Jun 24, 2019</b>
Share price	\$0.21	\$0.24	\$0.18	\$0.155
Exercise price	\$0.30	\$0.30	\$0.3/\$0.4	\$0.18
Risk-free rate	0.26%	0.27%	1.14%	1.40%
Expected dividend yield	0.00%	0.00%	0.00%	0.00%
Expected volatility	150.93%	168.32%	149.87%	155.90%
Warrant life in years	3.00	3.00	2.00	2.00

**NOTE 9 – 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:

	<b>Year Ended April 30, 2021</b>	<b>Year Ended April 30, 2020</b>
Consulting and management fees	\$ 387,631	\$ 237,874
Exploration expenses	123,112	158,938
Share-based compensation	503,862	398,656
<b>Total short-term benefits</b>	<b>\$ 1,014,605</b>	<b>\$ 795,468</b>

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**NOTE 9 – RELATED PARTY TRANSACTIONS (Continued)**

As at April 30, 2021, \$40,306 (April 30, 2020 - \$21,375) 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, 2021, the Company granted a total of 2,225,000 stock options (April 30, 2020 – 3,300,000) to officers and directors of the Company, of which the fair market value was estimated at \$503,862 (April 30, 2020 - \$398,656).

**NOTE 10 – CAPITAL RISK MANAGEMENT**

The Company manages its share capital as capital, which as at April 30, 2021 was \$11,259,255 (April 30, 2019 – \$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, 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, 2021.

**NOTE 11 – 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(i). 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.

The Company records its cash and cash equivalents at Level 1. The fair values of the Company's receivable and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

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**NOTE 11 – 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. The Company's receivable is due from legal counsel and is therefore, not exposed to significant credit risk. The Company limits its exposure to credit loss on its cash and cash equivalents by placing its cash with major financial institutions.

**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. As at April 30, 2021, the Company has a working capital of \$1,330,268 (April 30, 2020 - \$938,314). 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, 2021 the Company held \$nil in redeemable GICs (April 30, 2020 – redeemable GIC of \$500,000 accruing interest at 1.85%). Fluctuations in interest rates impact the value of cash. 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.

**NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION**

During the years ended April 30, 2021, and 2020, the Company paid \$nil in interest and taxes.

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, 2021:**

- i) The Company transferred \$77,396 from reserves to share capital pursuant to the exercise of 1,550,604 common share purchase warrants.

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**NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION (Continued)**

- ii) The Company transferred \$96,505 from reserves to share capital pursuant to the exercise of 1,725,000 common share purchase options.
- iii) The Company issued 420,000 common shares at a fair value of \$63,300 pursuant to the acquisition of various property option agreements (Note 6).
- iv) The Company issued 200,000 common shares at a fair value of \$42,000 in lieu of a cash finders' fees.
- v) Fair value of warrants issued in private placement of \$644,406 was allocated to reserves.
- vi) The Company transferred \$487,500 from share capital to flow-through share premium liability in connection with the flow-through shares.

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

- i) The Company transferred \$302,935 from reserves to share capital pursuant to the exercise of 6,728,452 common share purchase warrants.
- ii) The Company transferred \$80,057 from reserves to share capital pursuant to the exercise of 1,425,000 common share purchase options.
- iii) The Company issued 100,000 common shares at a fair value of \$15,000 pursuant to the termination of the Burthut Property option.
- iv) 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.
- v) The Company issued 4,020,000 common shares at a fair value of \$1,402,600 pursuant to the Dixie Halo South Property option.
- vi) 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.
- vii) 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.
- viii) 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.
- ix) The Company issued 593,278 common shares at a fair value of \$91,958 in lieu of a cash finders' fees.
- x) The Company issued 973,215 finder's fees purchase warrants at a fair value of \$108,340.
- xi) Fair value of warrants issued in private placement of \$675,638 was allocated to reserves.
- xii) The Company transferred \$651,000 from share capital to flow-through share premium liability in connection with the flow-through shares.

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**NOTE 13 – 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% (2020 – 27%):

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Net Loss for the year</b>	<b>(1,520,737)</b>	<b>(550,905)</b>
Statutory income tax rates	27%	27%
Expected income tax recovery at statutory rates	(411,000)	(149,000)
Renunciation of flow-through expenditures	523,000	612,000
Share issuance costs	(17,000)	(54,000)
Permanent and other differences	7,000	36,000
Change in unrecognized deferred income tax assets	(102,000)	(445,000)
<b>Income Tax Expense</b>	<b>-</b>	<b>-</b>

**b) Deferred Tax Assets and Liabilities**

Deferred tax assets have not been recognized with respect to the following items as at April 30, 2021 and 2020 because it is not determinable that future taxable profit will be available against which the Company can utilize such deferred tax assets.

	<b>2021</b>	<b>2020</b>
	\$	\$
Non-capital losses carried forward	878,000	693,000
Share issuance costs	53,000	57,000
Exploration and evaluation assets	(861,000)	(577,000)
<b>Deferred tax asset not recognized</b>	<b>70,000</b>	<b>173,000</b>

Deferred tax assets are recognized to the extent that is probable that taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

	<b>2021</b>		<b>2020</b>	
<b>Temporary difference</b>	<b>\$</b>	<b>Expiry dates</b>	<b>\$</b>	<b>Expiry dates</b>
Non-capital losses carried forward	3,254,000	2029 to 2041	2,566,000	2029 to 2040
Share issuance costs	198,000	2022 to 2025	211,000	2022 to 2024
Exploration and evaluation assets	(3,191,000)	No expiry date	(2,135,000)	No expiry date

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**NOTE 14 – SEGMENTED OPERATIONS**

The Company primarily operates in one reportable operating segment, being the acquisition and development of exploration and evaluation assets in Canada and Ireland.

During the year ended April 30, 2021, the Company had \$1 (April 30, 2020 - \$865,284) in exploration and evaluation assets capitalized in Ireland. During the year ended April 30, 2021 the Company recorded an impairment charge against the property of \$865,283 (April 30, 2020 - \$nil) and incurred \$nil (April 30, 2020 - \$nil) in operating expenditures in Ireland. All other assets and expenditures are held and incurred in Canada.

**NOTE 15 – SUBSEQUENT EVENTS**

Subsequent to year end, the following occurred:

- i) the Company granted a total of 600,000 options to a Director and an Officer of the Company. The options are for a three-year term and exercisable at a strike price of \$0.14 per share.
- ii) 1,000,000 stock options expired unexercised.
- iii) 5,480,812 warrants expired unexercised.
- iv) The Company issued 150,000 common shares valued at \$0.11 per share and paid \$22,000 under the terms of the Dixie Halo East property option agreement.