

BRAVEHEART RESOURCES INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars, unless otherwise stated)

FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

BRAVEHEART RESOURCES INC.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
February 28, 2021

The accompanying interim unaudited condensed consolidated financial statements of Braveheart Resources Inc. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim financial statements:

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim unaudited condensed consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management and have not been reviewed by the Company's independent auditors.

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT**

	<i>Note</i>	February 28 2021	May 31 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3,4	\$ 2,760,642	\$ 2,900,008
Unprocessed ore	3	5,039,144	5,039,144
Mineral properties	3, 5	4,685,279	2,158,000
Deposits	3, 6	1,042,690	-
Deferred tax asset	3	1	1
Total non-current assets		\$ 13,527,756	\$ 10,097,153
Current assets			
Deposits and prepaids	3, 6	43,384	670,529
Due from directors		-	1,123
Restricted funds committed to related party loan	8	-	141,278
Accounts receivable and harmonized sales tax		675,740	216,726
Cash and cash equivalents		538,646	108,635
Total current assets		1,257,770	1,138,291
Total assets		\$ 14,785,526	\$ 11,235,444
EQUITY AND LIABILITIES			
Equity			
Share capital	7	\$ 16,320,847	\$ 9,984,540
Warrants	7	1,298,545	1,001,530
Equity component of convertible debenture	9	1,327,381	2,044,039
Contributed surplus	7	5,368,642	4,490,567
Deficit		(19,583,620)	(16,509,383)
Total Equity		\$ 4,731,795	\$ 1,011,293
Going concern	1		
Commitments and contingencies	10		
Subsequent events	11		
Non-current liabilities			
Due to related party	8	\$ 4,982,010	\$ 5,493,727
Loan payable		60,000	40,000
Flow through share premium	10	-	20,000
Decommissioning obligations		1,209,313	187,771
Debt component of convertible debenture	9	\$ 2,588,766	\$ 4,083,331
Total non-current liabilities		8,840,089	9,824,829
Current liabilities			
Accounts payable and accrued liabilities		1,173,640	359,322
Advance payable		40,000	40,000
Total current liabilities		1,213,642	399,322
Total liabilities		10,053,731	10,224,151
Total equity and liabilities		\$ 14,785,526	\$ 11,235,444

Approved on behalf of the Board on April 27, 2021:

Signed: "Gestur Kristjansson"

Signed: "David W. Johnston"

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS FOR THE THREE AND NINE MONTHS ENDED
FEBRUARY 28, 2021 and FEBRUARY 29, 2020**

	<i>Note</i>	Three months ended		Nine months ended	
		February 28 2021	February 29 2020	February 28 2021	February 29 2020
Expenses					
Marketing and advertising		45,751	27,764	\$ 129,906	\$ 50,019
Consulting fees		384,072	168,582	668,930	508,608
Amortization	4	45,945	46,780	139,366	134,009
Accretion		7,426	6,485	21,542	16,200
Administrative expenses		101,933	76,688	198,291	160,555
Professional fees		57,572	37,493	210,555	159,867
Rent		-	-	-	1,000
Salaries and wages		46,875	87,553	144,255	317,165
Supplies and maintenance		87,784	129,071	208,095	333,549
Acquisition transaction costs		-	1	-	1
Equipment repairs		-	37,286	3,761	37,286
Acquisition transaction costs		-	-	-	-
Mining exploration and development expenses	5	146,673	273,530	214,366	1,015,553
Mining tax credit		-	-	-	-
Share based compensation	7	-	-	310,517	842,800
Interest expense	8, 9	252,073	358,721	895,475	1,047,636
Operating loss		1,176,104	1,249,953	3,145,059	4,624,247
(Gain) loss on sale of assets		-	319	(7,127)	1,368
Loss on disposal of assets		-	365,000	-	365,007
Foreign exchange (gain) loss		1,233	-	2,997	-
Interest income		(1,231)	(1,924)	(5,228)	(36,486)
Net loss		(1,177,335)	(1,613,348)	\$ (3,135,701)	(4,954,136)
Flow-through share premium renunciation	10	(3,160)	(25,000)	(20,000)	(72,000)
Corporate income tax recovery		(33,887)	-	(41,464)	(133,440)
Net loss and comprehensive loss for the period		(1,140,288)	(1,588,348)	\$ (3,074,237)	\$ (4,748,696)
Net loss per share		\$ (0.007)	\$ (0.014)	\$ (0.025)	\$ (0.046)
Weighted average outstanding shares		169,298,496	110,690,930	122,905,920	103,603,135

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

BRAVEHEART RESOURCES INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 and FEBRUARY 29, 2020

	Note	Share Capital		Warrants		Contributed Surplus	Equity Convertible Debtenture	Deficit	Total
		Common Shares Number	Amount	Number	Amount				
Balance, May 31 , 2019		93,803,134	\$ 7,405,439	\$ 52,531,176	\$ 1,218,932	\$ 3,331,109	\$ 1,926,400	\$ (11,395,581)	\$ 2,486,299
Share issue for cash		333,333	50,000						50,000
Flow-through share issue for cash		9,023,530	1,378,000						1,378,000
Flow-through share premium			(110,240)						(110,240)
Warrants excersised		8,447,490	1,405,789	(8,447,491)	(252,591)	(103,449)			1,049,749
Warrants expired unexercised				(27,203,685)	(66,885)	66,885			-
Fair value of warrants			(72,898)	607,843	\$ 72,898	-			-
Share based compensation						842,800			842,800
Stock options exercised		800,000	105,000			(57,000)			48,000
Shares issued in claim settlement		450,000	63,000						63,000
Share issue costs			(196,531)	620,882	58,291				(138,240)
Net income								(4,748,696)	(4,748,696)
Balance, February 29, 2020		112,857,487	\$ 10,027,559	\$ 18,108,725	\$ 1,030,645	\$ 4,080,345	\$ 1,926,400	\$ (16,144,277)	\$ 920,672
Balance, May 31 , 2020		113,175,899	\$ 9,984,540	\$ 27,667,569	\$ 1,001,530	\$ 4,490,567	\$ 2,044,039	\$ (16,509,383)	\$ 1,011,293
Share issue for cash	7	27,815,072	2,298,642						2,298,642
Warrants excersised	7	1,240,000	233,064	(1,240,000)	(47,065)				185,999
Warrants expired unexercised	7			(15,640,000)	(585,089)	585,089			-
Fair value of warrants	7		(928,611)	28,030,091	928,611				-
Shares issued for settlement of convertible loan		12,000,000	2,400,000				(716,658)		1,683,342
Shares issued for settlement of related party loan		6,500,000	780,000						780,000
Share based compensation	7					310,517			310,517
Share issue for property acquisition	7	11,000,000	1,540,000						1,540,000
Stock options exercised		300,000	35,535			(17,531)			18,004
Share issue costs	7		(22,323)		558				(21,765)
Loss and comprehensive loss								(3,074,237)	(3,074,237)
Balance, February 28, 2021		172,030,971	\$ 16,320,847	\$ 38,817,660	\$ 1,298,545	\$ 5,368,642	\$ 1,327,381	\$ (19,583,620)	\$ 4,731,795

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED FEBRUARY 28, 2021 and FEBRUARY 29, 2020**

	<i>Note</i>	February 28 2021	February 29 2020
Cash flows from operating activities			
Net loss for the period		\$ (3,074,237)	\$ (4,748,696)
Add back/Deduct non-cash expenses/(income)			
Mining exploration expenses and development		214,366	1,015,553
Amortization	4	139,366	134,009
Accretion		21,542	16,200
Share based compensation	7	310,517	842,800
Interest accrued	8, 9	895,338	1,038,354
Flow-through share premium renunciation		(20,000)	(72,000)
Loss on sale of assets		-	365,007
Net changes in working capital balances			
Accounts receivable and harmonized sales tax		200,986	25,417
Prepays and deposits		(14,245)	47,856
Accounts payable and accrued liabilities		65,740	21,203
Due to directors		1,123	6,002
Cash flows used in operating activities		<u>(1,259,504)</u>	<u>(1,308,295)</u>
Cash flows from investing activities			
Exploration and evaluation assets		-	(80,000)
Investment in capital assets		-	(336,133)
Mineral properties	3,5	(514,365)	(1,015,553)
Cash flows used in investing activities		<u>(514,365)</u>	<u>(1,431,686)</u>
Cash flows from financing activities			
Issue of common shares and warrants, net of costs	7	2,276,877	1,289,760
Stock options exercised		18,004	48,000
Advances on loan		20,000	-
Warrants exercised	7	185,999	1,049,749
Convertible debt interest payment	9	(122,000)	-
Related party loan, and restricted funds net	7	(175,000)	200,000
Cash provided by financing activities		<u>2,203,880</u>	<u>2,587,509</u>
Net change in cash		430,011	(152,472)
Cash, beginning of year		108,635	696,182
Cash, end of period		\$ 538,646	\$ 543,710

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

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

1. REPORTING ENTITY AND GOING CONCERN

Braveheart Resources Inc. (the “Company”) is an exploration stage company engaged in locating, acquiring and exploring for base and precious metals in Canada. Braveheart Resources Inc. is a corporation amalgamated under the laws of the Province of Ontario on November 27, 2012. The Company is listed on the TSX Venture Exchange, having the symbol BHT as well as the OTCQB Venture Market in the United States, having the symbol RIINF, and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is 2520 – 16th Street NW, Calgary, Alberta T2M 3R2, Canada.

On January 18, 2019, the Company acquired all shares of Purcell Basin Minerals Inc. (Purcell) pursuant to a plan of arrangement and these financial statements include the operating results of Purcell and its subsidiaries (Bul River Mineral Corporation, Gallowai Metal Mining Corporation, Grand Mineral Corporation, and Stanfield Mining Group of Canada Ltd.).

On December 23, 2020, the Company acquired all shares of Cadillac Ventures Holdings Inc. and on January 26, 2021 Cadillac Ventures Holdings Inc. changed its name to Pickle Lake Minerals Inc. (Pickle Lake). These financial statements include the operating results of Pickle Lake from the date of acquisition. The results of Pickle Lake are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition. All intercompany transactions, balances, income and expenses are eliminated through the consolidation process. The accounts of Pickle Lake are prepared for the same reporting period as the parent company, using consistent accounting policies.

Going Concern

These interim unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$19,583,620 as at February 28, 2021. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there remains significant doubt which constitutes a material uncertainty as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration, development and production efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

For the nine months ended February 28, 2021, the Company had a net loss of \$3,074,237 and cash flow used in operations of 1,259,504.

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

The Company has a history of operating losses. In recent years, it had negative cash flows from operations and working capital deficiencies.

Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Management continues to actively pursue additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The interim unaudited condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended May 31, 2020.

The policies applied in these interim unaudited condensed consolidated financial statements are consistent with the policies disclosed in Notes 2, 3, and 4 of the audited annual consolidated financial statements for the year ended May 31, 2020.

The financial statements were authorized for issue by the Board of Directors on April 27, 2021.

3. ACQUISITIONS OF PURCELL BASIN MINERALS INC. and CADILLAC VENTURES HOLDINGS INC. (THIERRY)

3.1 Summary of Acquisition of Purcell

On January 18, 2019, the Company completed a definitive agreement to acquire the shares of Purcell Basin Minerals Inc. (Purcell) pursuant to a plan of arrangement and made pursuant to the Companies' Creditors Arrangement Act (CCA). This was an arm's length transaction.

Under the terms of the Plan, Braveheart settled all priority payables including the costs of the Court appointed Monitor under the CCA proceedings, related legal expenses and the interim financing that was in place and being paid by the debtor in possession. The cash cost of the priority payables was \$1,184,652.

The unit holders of CuVeras LLC ("CuVeras"), one of two secured creditors of Purcell, have been issued 10 million common shares of Braveheart and 10 million warrants of Braveheart, with each warrant entitling the holder to purchase a Braveheart common share at a price of \$0.15 per share for a period of 12 months.

Braveheart has purchased CuVeras' senior secured position for \$6,000,000 in the form of a convertible debenture. (See also Note 9)

Highlands Pacific LLC and Highlands Pacific Partners LP and related entities controlled by Brendan

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

MacMillan ("MacMillan Group"), the second secured creditor of Purcell, has been paid \$2,500,000 in exchange for releasing all claims against the assets of Purcell and all claims against CuVeras and those parties have settled all litigation between them.

Unsecured creditors of Purcell have received 30% of their claim value in common shares of Braveheart at a price of \$0.10 per share based on a satisfactory proof of claim, resulting in the issuance of 4,276,248 common shares of Braveheart.

3.2 Value Received and Consideration Transferred -Purcell Acquisition

Cash	\$	118,000
Deposit		525,214
Amounts receivable		1,057,643
Deferred tax asset		1
Property, plant & equipment		2,806,429
Mineral Property (i)		2,158,000
Unprocessed ore		5,039,144
		<hr/>
		11,689,431
Decommissioning Obligation		(156,380)
Accounts payable assumed		(119,993)
		<hr/>
Fair value of net assets acquired	\$	11,428,058

Fair value of consideration transferred:

Shares and warrants issued to secured creditors	\$	1,000,000
Payments made to secured creditor and monitor		3,724,433
Convertible debenture		6,000,000
Shares issued to unsecured creditors		427,625
Shares and warrants issued to former Purcell shareholders		118,000
Property tax on land transfer (i)		80,000
Shares issued in settlement of claim (i)		78,000
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Fair value of consideration	\$	11,428,058

The acquisition of historical non-capital loss and tax pools of \$153,522,370 are available to reduce future income taxes.

The Company incurred \$561,909 in acquisition transaction costs including direct costs incurred of the Monitor and legal costs that have been included in the statement of loss.

i) During the year ended May 31, 2020 additional costs of business acquisition of \$158,000 were incurred and included in Mineral properties.

3.3 Contingent consideration arrangements – Purcell Acquisition

Pre-existing Purcell equity holders were granted an offer to acquire up to 16.5 million units ("Units") of the Company. Each Unit was comprised of one common share of the Company and one warrant, with

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

each warrant entitling the holder to purchase one common share at a price of \$0.15 per share for a period of 12 months. Each Purcell equity holder, regardless of how many Purcell shares previously held by such equity holder, was required to make a flat cash payment of \$1,000 for all the Units purchased. On May 8, 2019, 118 pre-existing Purcell equity holders accepted the offer resulting in cash proceeds of \$118,000 and the issuance of 16,200,781 Units. These transactions have been reflected in 3.2 above.

The Company defended two claims in dispute which was assumed. One claim was settled with the issuance of 450,000 common shares on November 7, 2019 with a fair value estimate of \$63,000. One claim was settled April 20, 2020 with the issuance of 300,000 common shares with a fair value of \$15,000. These transactions have been reflected in 3.2 above.

3.4 Summary of Acquisition of Thierry

On December 23, 2020 the Company completed a definitive agreement to acquire the shares of Cadillac Ventures Holdings Inc. which owns the Thierry Mine Project (Thierry) near Pickle Lake, Ontario from Cadillac Ventures Inc. (Cadillac)(TSXV:CDC). This was an arm's length transaction.

On January 26, 2021 Cadillac Ventures Holdings Inc. changed its name to Pickle Lake Minerals Inc.

The Company has acquired Thierry for the following consideration:

(i) \$300,000 in cash;

(ii) 11,000,000 common shares of the Company; and,

(iii) the issue of up to an additional 2,500,000 common shares following delivery of the pending Updated Rehabilitation Plan to the Ministry of Energy, Northern Development and Mines of Ontario for Thierry

(iv) a 2% net smelter royalty ("NSR") to be retained by Cadillac of which 1% of the NSR can be purchased by the Company for \$1,000,000. On January 21, 2021 the Company agreed to repurchase the 2% NSR for consideration of 2,500,000 shares of the Company. This transaction has not yet been completed.

(v) Cadillac remains responsible for settlement of certain liabilities on acquisition of Thierry – described as Cadillac amounts receivable. The Company reports below both the assumed accounts payable of Thierry and the corresponding Cadillac receivable.

3.5 Value Received and Consideration Transferred – Pickle Lake Acquisition

Deposit	\$	401,300
Cadillac amounts receivable (v)		660,000
Mineral Property		2,527,278
Deferred tax asset		1
		<hr/>
		3,588,579
Decommissioning Obligation		(1,000,000)
Accounts payable assumed (v)		(748,579)
		<hr/>
Fair value of net assets acquired	\$	1,840,000

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

Fair value of consideration transferred:

Shares issued	\$	1,540,000
Cash		300,000

Fair value of consideration	\$	1,840,000
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The acquisition of historical non-capital loss and tax pools of \$121,714,961 are available to reduce future income taxes.

i) During the quarter ended February 28, 2021 additional costs of \$102,052 were incurred associated with completion of a technical report.

3.3 Contingent consideration arrangements – Pickle Lake Acquisition

The share sale agreement provides for the issue of up to an additional 2,500,000 common shares based on decommissioning estimates with an Updated Rehabilitation Plan to the Ministry of Energy, Northern Development and Mines of Ontario for Thierry.

Subsequent to the acquisition, Cadillac has settled \$50,000 of the \$660,000 Cadillac amounts receivable by direct payment of accounts payable that Cadillac is responsible for in the share sale agreement.

4. PROPERTY, PLANT AND EQUIPMENT

February 28, 2021	Cost	Accumulated amortization	Net book value
Buildings	\$2,486,494	(261,432)	\$2,225,062
Equipment	650,068	(114,488)	\$ 535,580
Total	\$3,136,562	(375,920)	\$2,760,642

May 31, 2020	Cost	Accumulated amortization	Net book value
Buildings	\$2,486,494	(168,444)	\$2,318,050
Equipment	\$ 650,068	(68,110)	\$ 581,958
Total	\$3,136,562	(236,554)	\$2,900,008

On August 30, 2019, the Company purchased a used transformer for \$265,000.

Amortization rates based on estimated useful lives of 20 years for Building and 10 years for Equipment, 3 years for Vehicles.

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

5. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

(Note 3)	February 28, 2021	May 31, 2020
Purcell	\$ 2,158,000	\$ 2,158,000
Thierry	2,527,279	
	<u>4,685,279</u>	<u>\$ 5,070,279</u>

Mining Exploration Expenses

	For the Period Ended February 28, 2021	For the Year Ended May 31, 2020
Alpine	\$ -	\$ 21,053
Purcell	112,314	1,126,835
Thierry	102,052	-
	<u>\$ 214,366</u>	<u>\$ 1,147,888</u>

Alpine Mine Property

The property is located in the West Kootenay region approximately 20 kilometres northeast of Nelson. During the 2016 fiscal year the Company entered into an option agreement to acquire 100% of the property. The Company did not pay by December 15, 2019 an additional \$200,000 nor issue 400,000 common shares as required by its option agreement and has therefore recorded an impairment on the Alpine property. (See note 11)

Purcell Property

The property is located in the East Kootenay region approximately 30 kilometres from Cranbrook. On January 18, 2019, the Company successfully acquired the property out of a formal insolvency proceeding. Funding that had been previously committed in order to proceed through to closing of the transaction (mine care and maintenance, deposits and professional fees) has been capitalized and included in Property, Plant and Equipment. Please refer to note 3, for a full description of the transaction that resulted in the acquisition of the Purcell Property.

Thierry Property

The Thierry Project is a past-producing copper and nickel mine located approximately 15 km west of Pickle Lake, Ontario and accessible on a year-round basis by paved and all-weather roads. The property is approximately 4,700 hectares in size with a municipal airport, nearby rail system and provincial power grid within eight km of the mine. The underground infrastructure includes a three-compartment shaft, production decline to 520 metres below surface and lateral developments on three levels. The underground workings are currently flooded.

The Company incurred \$102,052 related to the preparation of a technical report issued February 22, 2021.

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED February 28, 2021 and February 29, 2020

(In Canadian dollars)

6. DEPOSITS AND PREPAIDS

	February 28, 2021	May 31, 2020
Restricted deposits	\$ 1,042,690	\$ 545,160
Advances	43,384	125,369
Deposits and prepaid	\$ 1,086,074	\$ 670,529

Restricted deposits are held in Canadian banks as required by British Columbia Ministry of Energy, Mines and Low Carbon Innovation, and Ministry of Energy, Northern Development and Mines of Ontario.

7. SHARE CAPITAL

Authorized: Unlimited number of common shares without a value

	February 28, 2021	May 31, 2020
Authorized and issued	Number of shares	
Common shares, beginning of period	113,175,899	93,803,134
Issued for cash - shares (ii)(viii)(ix)(x)(xii)(xiv)	27,815,072	351,743
Issued for cash on exercise of stock options (iii)(xiii)	300,000	800,000
Issued for settlement of convertible loan (xi)	12,000,000	
Issued for settlement of related party loan (xvi)	6,500,000	
Issued for settlement of claim (iv)	-	750,000
Issued for property acquisition(xv)	11,000,000	9,023,531
Warrants exercised (vi)(vii) (xvii)	1,240,000	8,447,491
Common shares, end of period	172,030,971	113,175,899
Opening	\$ 9,984,540	\$ 7,405,439
Issued for cash – units (ii)(viii)(ix)(x)(xii)(xiv)	2,298,642	51,000
Issued for cash - flow-through shares (i)(ii)(viii)	-	1,378,000
Stock options exercised (iii)(xiii)	35,535	94,760
Issued for settlement of Convertible loan (xi)	2,400,000	-
Issued for settlement of related party loan (xvi)	780,000	
Issued for settlement of claim (iv)	-	78,000
Issued for property acquisition(xv)	1,540,000	
Warrants exercised (vi) (vii) (xvii)	233,064	1,302,341
Flow-through share premium (i)(ii)(v)	-	(110,240)
Share issue costs(viii)(xii)	(22,323)	(196,536)
Fair value of warrants(viii)(xi)(x)(xii)(ix)(x)(xii)	(928,611)	(18,224)
	\$ 16,320,847	\$ 9,984,540

- (i) On June 6, 2019, the Company completed a private placement of 2,941,177 common shares on a flow through basis at \$0.17 per common share and for gross proceeds of \$500,000. Commissions totalling \$50,000 were paid on the private placement resulting in net proceeds of \$450,000. Additionally, 294,118 broker warrants were issued to a registered broker entitling the holder to acquire one additional common of the Company for each warrant held at a price of \$0.17 for a period of 24 months from the date of issue.

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(In Canadian dollars)

- (ii) On June 18, 2019, the Company completed a private placement of 882,353 units on a flow-through basis at \$0.17 per common share and for gross proceeds of \$150,000. In addition, on that date the Company completed a private placement of 333,333 common shares issued at a price of \$0.15 per share for gross proceeds of \$50,000. The units comprise one common share and one-half common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.21 until June 18, 2021. Commissions totalling \$20,000 were paid on the private placement resulting in net proceeds of \$180,000. Additionally, 60,764 broker warrants were issued to a registered broker entitling the holder to acquire one additional common of the Company for each warrant held at a price of \$0.17 for a period of 24 months from the date of issue.
- (iii) On October 31, 2019 300,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$18,000. On December 23, 2019 500,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$30,000.
- (iv) On November 7, 2019 450,000 common shares were issued as settlement of a claim assumed on acquisition of Purcell On April 20, 2020 300,000 common shares were issued as settlement of a claim assumed on acquisition of Purcell (Note 3).
- (v) The Company completed a private placement of 5,200,00 flow-through units at \$0.14 per unit and for gross proceeds of \$728,000 on December 20, 2019. The Company paid finders fees totaling 68,240 and issued 266,000 finders warrants, with each finder warrant exercisable into a common share at an exercise price of \$0.14 per share for a period of 24 months.
- (vi) During the year ended May 31, 2020, 8,447,490 common share purchase warrants were exercised for gross proceeds of \$1,049,747, and 1,002,904 common share purchase warrants expired unexercised.
- (vii) On July 21, 2020, 400,000 common share purchase warrants were exercised for gross proceeds of \$60,000, and 2,135,000 common share purchase warrants expired unexercised.
- (viii) On August 6, 2020, the Company issued 2,000,000 units at \$0.1015 per unit for \$203,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.1688 per share until August 6, 2025.
- (ix) On September 1, 2020, the Company issued 2,222,222 units at \$0.1125 per unit for \$250,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.187 per share until September 1, 2025.
- (x) On September 22, 2020, the Company issued 7,000,000 units at \$0.075 per unit for \$525,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.11 per share until September 22, 2023.
- (xi) On October 13, 2020, the Company issued 12,000,000 units at \$0.20 per unit as settlement of \$2,400,000 of its convertible debt (note 9).
- (xii) On October 30, 2020, the Company issued 13,545,734 units at \$0.075 per unit for \$1,015,930. Each

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unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.11 per share until October 30, 2023. 200,020 finders fees warrants were issued exercisable into a common share at a price of \$0.11 per share until October 30, 2023.

- (xiii) On November 30, 2020, 300,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$18,000.
- (xiv) On December 10, 2020, the Company issued 3,047,115 units at \$0.10 per unit for \$304,711. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.15 per share until December 10, 2022. 15,000 finders fees warrants were issued exercisable into a common share at a price of \$0.15 per share until December 10, 2022.
- (xv) In January 2021, the Company issued 11,000,000 common shares under the terms of the Thierry Mine Project acquisition. (note 3)
- (xvi) On January 27, 2021, the Company issued 6,500,000 common shares for partial settlement of the related party loan (Note 8).
- (xvii) On January 27, 2021, 840,000 common share purchase warrants with an exercise price of \$0.15 were exercised for gross proceeds of \$156,664.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the year:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2019	52,531,176	\$ 0.15
Exercised	(8,447,491)	0.124
Expired	(27,203,685)	-
Issued	10,787,569	0.161
Balance, May 31, 2020	27,667,569	\$ 0.151
Exercised	(1,240,000)	0.15
Expired unexercised	(15,640,000)	0.15
Issued	28,030,091	0.124
Balance, February 28, 2021	38,817,660	\$ 0.1320

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(In Canadian dollars)

At February 28, 2021, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants	Exercise Price	Expiry date
294,118	0.17	June 5, 2021
166,667	0.21	June 18, 2021
60,784	0.17	June 18, 2021
266,000	0.14	December 19, 2021
10,000,000 (xviii)	0.15	January 20, 2021
2,000,000	0.1688	August 6, 2025
2,222,222	0.1875	September 1, 2025
7,000,000	0.11	September 22, 2023
13,745,754	0.11	October 30, 2023
3,062,115	0.15	December 10, 2022
38,817,660	\$0.1320	

(xviii) On March 11 2020, Braveheart restructured terms of the Debenture (See note 9). The underlying holders were issued an aggregate of 10,000,000 warrants at an exercise price of \$0.15 per share with an expiry date of January 21, 2021.

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2019	3,000,000	\$ 0.06
Issued	5,955,556	0.18
Exercised	(800,000)	0.06
Balance, May 31, 2020	8,155,556	\$ 0.16
Issued	3,925,000	0.10
Exercised	(300,000)	0.06
Balance, February 28, 2021	11,780,556	\$ 0.13

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The following table summarizes information about stock options outstanding and exercisable at February 28, 2021:

Date of Grant	Number of Outstanding at May 31, 2020	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at November 31, 2020
April 25, 2017	2,200,000	\$ 0.06	17	April 25, 2022	1,900,000
June 5, 2019	5,955,556	\$ 0.18	31	June 5, 2023	5,955,556
June 11, 2020	-	\$ 0.10	31	June 11, 2023	325,000
October 22, 2020		\$ 0.10	59	October 30, 2025	3,600,000
	8,155,556				11,780,556

The Company provides compensation to directors, employees and consultants in the form of stock options.

On June 5, 2019, the Company granted 5,955,556 options at a strike price of \$0.18 and an expiry date of four years to officers, directors, employees and consultants. The fair value of \$989,675 for the 5,955,556 stock options granted of \$0.17 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 1.38%, expected life of 4 years and historical volatility was used for calculation of expected volatility of 176%.

On June 11, 2020, the Company granted 325,000 options at a strike price of \$0.10 and an expiry date of three years to officers, directors, employees and consultants. The fair value of \$15,147 for the 325,000 stock options granted of \$0.05 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.25%, expected life of 3 years and historical volatility was used for calculation of expected volatility of 138%.

On October 22, 2020, the Company granted 3,600,000 options at a strike price of \$0.10 and an expiry date of five years to officers, directors, employees and consultants. The fair value of \$295,370 for the 3,600,000 stock options granted of \$0.08 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.34%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 134%.

8. RELATED PARTY

On January 4, 2019, the Company entered into a loan agreement with Matlock Farms Ltd., a company controlled by Aaron Matlock, a director of the Company. The loan has a principal amount of \$5,000,000 and carries an interest rate of 14.8% for a term of four years. Interest accrued for the first two years, and commencing in the third year, the Company will be required to make blended payments comprised of principal and interest.

Under the terms of the loan agreement, \$650,000 of the \$5,000,000 remained in an escrow account as security for certain third-party debts with Matlock Farms Ltd. The loan is secured by a general security agreement where assets with a net book value of \$9,957,787 are pledged.

On January 12, 2021, the Company renegotiated loan terms, effective January 19th, 2021, the interest rate was reduced to 10% for the balance of the loan. \$780,000 of accrued interest was settled with the issuance of 6,500,000 common shares.

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	February 28, 2021	May 31, 2020
Loan due January 4, 2023	\$ 5,000,000	\$ 5,000,000
Principle paid or settled with shares issued	(1,614,770)	(518,354)
Accrued interest	1,596,780	1,012,081
	<u>\$ 4,982,010</u>	<u>\$ 5,493,727</u>

9. CONVERTIBLE DEBENTURE

On January 18, 2019, Braveheart purchased CuVeras LLC's senior secured position of Purcell for \$6,000,000 in the form of a convertible debenture (the "Debenture"), which will mature three years from the date of issuance. The debenture has annual interest of 0%, 1% and 2% respectively in the first, second and third year of the debenture. After two years, 40% of the principal amount of the debenture can be converted into shares of Braveheart at a price of \$0.40 per share. After 35 months, the full principal amount of the Debenture can be converted into shares of Braveheart at a price of \$0.50 per share. If the Debenture is fully converted into common shares of Braveheart, an aggregate of 13,200,000 common shares would be issuable to CuVeras.

On January 18, 2019, the Debenture was bifurcated into its debt and equity components. The fair value of the debt portion in the amount of \$4,073,600 was estimated using a discounted cash flow method based on an expected life of three years, timing of expected conversions, and a discount rate of 15%. The residual of \$1,926,400 was allocated to equity. Interest accrued during the year ended May 31, 2019 is \$232,190.

On March 11, 2020, Braveheart restructured terms of the Debenture, extending repayment terms by two years to January 18, 2024 and with interest of 5% in the two additional years. 40% of the principal amount of the debenture can be converted into shares of Braveheart immediately at a price of \$0.20 per share. After 48 months (January 18, 2023), the full principal amount of the Debenture can be converted into shares of Braveheart at a price of \$0.30 per share. If the Debenture is fully converted into common shares of Braveheart, an aggregate of 24,000,000 common shares would be issuable to CuVeras. The underlying holders were also issued an aggregate of 10,000,000 warrants at an exercise price of \$0.15 per share and with an expiry date of January 21, 2021.

On March 11, 2020, the fair value of the debt portion in the amount of \$3,955,961 was estimated using a discounted cash flow method based on an expected life to the new maturity date of January 17, 2024, timing of expected conversions, and a discount rate of 15%. Warrants issued were fair value estimated at \$292,857.

On October 13, 2020, Debenture holders exercised conversion of \$2,400,000 into shares of the Company. The Company issued 12,000,000 million shares at a conversion price of \$0.20 as settlement of \$2,400,000 of its convertible debt.

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The Debenture is comprised of the following:	February 28, 2021	May 31, 2020
Face value of Convertible Debenture	\$3,600,000	\$6,000,000
Equity component of Convertible Debenture	1,327,381	2,044,039
Liability component of Convertible Debenture	February 28, 2021	May 31, 2020
Beginning of year	\$4,083,331	\$ 4,305,790
Principal Payment (convert to 12,000,000 shares)	(1,683,342)	-
Interest payments	(122,000)	-
Interest expensed during the period	310,777	663,146
Warrants issued March 11, 2020 on extension of convertible debenture	-	(292,857)
Gain on extension of convertible debenture	-	(592,748)
End of period	\$2,588,766	\$4,083,331

10. COMMITMENTS AND CONTINGENCIES

In June 2019 and December 2019, the Company has committed to spend \$650,000 and \$728,000 respectively from amounts raised through flow-through financing on eligible Canadian exploration and development expenses prior to December 31, 2020. As at February 28, 2021 the Company estimates a \$nil remaining commitment on eligible Canadian exploration and development expenses by December 31, 2020.

As discussed in Note 3 the Company may be required to issue up to an additional 2,500,000 common shares following delivery of the pending Updated Rehabilitation Plan to the Ministry of Energy, Northern Development and Mines of Ontario for Thierry and on January 21, 2021 the Company agreed to repurchased the 2% NSR for consideration of 2,500,000 shares of the Company. This transaction has not yet been completed.

11. EVENTS AFTER THE REPORTING PERIOD

Options agreement to acquire Alpine Gold Mine Property

On March 3, 2021, the Company entered into a new option agreement to acquire a 100% interest in the past-producing Alpine Mine Property near Nelson, British Columbia. The Company previously held an option on the property until December 2019. The Terms of the new option agreement include the following:

- Issuance of 1,000,000 shares of Braveheart to the Optionor.
- A cash payment of \$100,000 by April 15, 2022.
- Property expenditures of approximately \$700,000 to complete permitting and construction of an upgraded road to the mine site from Nelson by December 22, 2022.
- A cash payment of \$1,400,000 by December 15, 2023.
- A cash payment of \$1,500,000 by December 15, 2024.

Stockpile Financing

On March 17, 2021, the Company entered into a Concentrate Purchase Agreement with Ocean Partners UK Ltd. (Ocean) for the sale of its copper concentrates (with gold and silver credits) from its Bull River Mine.

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Additionally, Ocean has agreed to provide the Company with a Pre-Payment Financing Facility against initial proceeds from milling of mineralized material on surface.

Braveheart is required to deliver 45,000 wet metric tonnes of copper concentrate. Ocean shall have a right of first refusal on any remaining production thereafter from Bull River. The Company may access up to USD \$3,500,000 subject to certain conditions, which can be used for capital expenditures at Bull River including plant commissioning and general working capital purposes. Interest on any amounts drawn is at 12-month LIBOR plus 8.75%.

On March 13, 2021, the Company made an initial draw of USD \$1,000,000 net of arrangement fees and expenses associated with lender due diligence and legal fees.

Retires Convertible Debt with Common Shares and Warrants

On March 18, 2021, the Company reached agreement with holder of a \$3.6 million convertible debenture (note 9), to retire the Debenture in exchange for the Company's issuance of common shares and warrants.

In exchange for settlement of the Debenture, the underlying holders will receive units of the Company equivalent to the \$3.6 million principal amount of the Debenture less prepaid interest of \$122,000 based on a price of \$0.13 per unit, for a total of 27,200,000 units. Each unit shall be comprised of one common share and one warrant, with each warrant exercisable into a common share at an exercise price of \$0.20 per share for a period of three years. The warrants will have an acceleration clause whereby should the volume weighted average trading price of the common shares of Braveheart exceed \$0.30 per share for at least 10 consecutive trading days the warrant holders will receive written notice that the warrants, unless exercised, will expire on the 30th day following notice of the acceleration.

Flow-through financing

On April 6, 2021, the Company issued 5,217,391 units at an issue price of \$0.115 per unit for \$600,000. Each unit consists of one flow-through common share and one-half of one (1/2) common share purchase warrant. Each whole warrant is exercisable into a common share at an exercise price of \$0.14 per share for a period of two years.

The Company paid commissions to eligible finders under the Offering totaling \$36,000 and 313,044 finders warrants, with each finder warrant exercisable into a common share at an exercise price of \$0.115 per share for two years.

Stock options

The Company granted 5,380,000 stock options on April 8, 2021 at an exercise price of \$0.10 and an expiry date of five years from the date of issue to certain directors, officers, employees and consultants of the Company.