



**BRAVEHEART RESOURCES INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2022**

The following management's discussion and analysis ("MD&A") is management's assessment of the results and financial condition of Braveheart Resources Inc. ("Braveheart" or the "Company") and should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2022 ("2022"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is September 28, 2022. Braveheart's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com), or on the Company website [www.braveheartresources.com](http://www.braveheartresources.com).

The "Qualified Person" under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for Braveheart's exploration and mining projects as described in the following discussion and analysis is Ian Berzins, CEO of the Company and a Professional Engineer Registered in the Provinces of Alberta and British Columbia.

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**1. DESCRIPTION OF BUSINESS**

Braveheart is a Canadian-based exploration company focused on acquiring, exploring and developing mineral properties throughout Canada, principally in British Columbia and Ontario.

On November 27, 2012, the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamated with Braveheart to form an amalgamated corporation operating under the name of "Braveheart Resources Inc." (the "Company"). All amounts herein reflect the financial effects of the amalgamation.

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 the Frankfurt Stock Exchange (FSE) having the symbol 2ZR.



The consolidated financial results include Braveheart Resources Inc. and its wholly-owned subsidiaries, Pickle Lake Minerals Inc. (subsequent to December 23, 2020 acquisition) and Purcell Basin Minerals Inc., and its wholly-owned subsidiaries Bul River Mineral Corporation, Gallowai Metal Mining Corporation, Grand Mineral Corporation, and Stanfield Mining Group of Canada Ltd.

## 2. HIGHLIGHTS OF THE YEAR

Highlights for the year ended May 31, 2022 include:

### • Bull River Technical Report

On January 21, 2022, the Company published on its SEDAR profile a new Technical Report and announced a 57% increase in copper metal in the new Mineral Resource for the Bull River Mine. The Mineral Resource estimate was independently prepared by Moose Mountain Technical Services (MMTS) under the supervision of Sue Bird, P.Eng.

The current Mineral Resource is based on a 0.9% copper equivalent ("CuEq") cut-off grade ("COG") whereas the 2018 Mineral Resource was based on a 0.6% CuEq COG. The 2018 Mineral Resource, dated November 22, 2018, was filed on SEDAR on January 23, 2019 and was also prepared by Sue Bird, P.Eng. The increases are due to the inclusion of new drilling from 2020 and 2021, reinterpretation of the mineralized shapes and additional certificates and QAQC being applied.

Management is extremely pleased with the results of the updated Mineral Resource. This represents increases in copper metal of 23% in the Indicated Mineral Resource and 230% in the Inferred Mineral Resource from the 2018 Mineral Resource estimate.

Additionally, both gold and silver metals increased by 63% and 71% respectively compared with the 2018 Mineral Resource estimate. The results are encouraging because we have significant overall increases in copper, gold and silver notwithstanding the use of a higher COG of 0.9% CuEq in the new Mineral Resource versus 0.6% CuEq in the previous Mineral Resource.

### • Thierry Preliminary Economic Assessment ('PEA')

The Company has completed an updated PEA for its Thierry Mine Project near Pickle Lake, Ontario. The updated PEA was independently prepared by P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario under the supervision of Eugene J. Puritch, P.Eng., FEC, CET.

The updated PEA focused on mining of the Mineral Resources at the Thierry underground mine by postponing the commissioning of a new shaft to access the lower workings of the mine until initial capital expenditures are paid back. The updated PEA indicates a 14-year mine plan based on a 4,000 tonne per day underground mining and processing operation. The Thierry underground mine is currently flooded but there are approximately 40 kilometres of underground shafts, ramps, raises and drifts which will provide access to the upper workings of the mine.

Using a base-case copper metal price of US\$3.60 per lb results in an estimated After-tax NPV (at a 6% discount rate) of C\$287 million and an IRR of 25%. Using a market consensus long-term copper metal price for March 2022 of US\$4.05 per lb results in an estimated After-tax NPV (at a 6% discount rate) of C\$488 million and an IRR of 36%.

For the base case, pre-production capital costs over the first three years of the project are reduced from C\$407 million (in the previous PEA) to C\$322 million in the updated PEA. In both cases pre-production capital costs are estimated to be offset by operating cash flow of C\$180 million from mining and processing in years two and three during the ramp-up to full production of 4,000 tonnes per day. The net initial capital required to restart the mine is estimated to be C\$142 million (C\$322 million minus C\$180 million). The project has a payback of 3.1 years.



Life of mine ("LOM") processing recovers 880,000 tonnes of copper concentrate at 30% Cu. In addition, 157,000 tonnes of nickel concentrate at 8% Ni are recovered resulting in 567,000,000 lbs of payable Cu and 21,000,000 lbs of payable Ni plus minor amounts of palladium, platinum, silver and gold.

On February 22, 2021, an independently prepared PEA by P&E under the supervision of Eugene J. Puritch, P.Eng., FEC, CET., was filed on SEDAR. The PEA included a Mineral Resource Estimate for the Thierry underground including 8,815,000 tonnes in the Measured and Indicated classification at 1.66% Cu, 0.19% Ni and 0.13 g/t Pd and 14,922,000 tonnes in the Inferred classification at 1.64% Cu, 0.16% Ni and 0.21 g/t Pd. Additionally, the Mineral Resource Estimate included 53,614,000 tonnes in the Inferred classification at the K1-1 near-surface open pit deposit with 0.38% Cu, 0.10% Ni and 0.14 g/t Pd. Lesser amounts of platinum, gold and silver occur. The PEA recommends further diamond drilling from surface to expand the current K1-1 Mineral Resource and potentially increase the level of confidence of the Inferred Mineral Resource into either a Measured or Indicated Mineral Resource classification.

- **Thierry Early Exploration Permit**

The Company received an Early Exploration Permit from the Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry ("MNDM") for its Thierry Mine Property.

The Company has begun preparations for an initial 5,000 metre drill program at Thierry beginning in the fall of 2022. Initial targets will be focused on the K1-1 near-surface open pit deposit. The K1-1 deposit is on the eastern extent of the property and approximately three kilometres to the east of the historical Thierry shaft. The planned drill program will be the first drilling since 2012 when the property was owned by Cadillac Ventures Inc.

- **Renegotiated Payment Terms of Ocean Partners Stockpile Financing Facility**

On December 7, 2021 the Company amended the Ocean loan agreement by extending the maturity date under the facility to September 30, 2023 or such earlier date if the Company is in default of the conditions under the agreement.

In connection with the amendment, the Company granted to Ocean Partners 10,000,000 warrants of the Company with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per share until September 30, 2023 or such earlier date if the maturity date under the facility is accelerated due to an event of default under the agreement.

- **Copper Market Prices**

Management is encouraged by the recent price levels of copper with spot market prices in the \$US 3.50/pound range while in March 2020, copper spot prices were as low as \$US 2.10/pound. These trends support our development and acquisition efforts.

## ACQUISITION

- **Property Acquisition – Thierry**

On December 23, 2020 the Company purchased the shares of Cadillac Ventures Holdings Inc. which owns the Thierry Mine Project ("Thierry") near Pickle Lake, Ontario from Cadillac Ventures Inc. (TSXV:CDC).

**Purchase of Thierry NSR** – On July 29, 2021, the Company amended the agreement to purchase the 2% Net Smelter Royalty ("NSR") on the Thierry Mine Project. Braveheart issued 250,000 common shares and made a cash payment of \$225,000 to repurchase the NSR.

- **Thierry Project Previous Preliminary Economic Assessment (PEA) Highlights**

The Thierry Mine project is a past-producing copper and nickel mine located approximately 15 kilometres 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. There is a municipal airport, nearby rail system and provincial power grid within eight kilometres 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. On February 22, 2021 the Company released its PEA focused solely on mining of the Mineral Resources at the Thierry underground mine.

## **FINANCING ACTIVITIES**

### **• Private Placements – Equity Fundraising**

On July 7, 2021 the Company issued 7,233,130 units at \$0.10 per unit for \$723,313. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.14 per share for a period of 24 months from offering. 90,000 finders fees warrants were issued exercisable into a common share at a price of \$0.14 per share until July 7, 2023.

On February 16, 2022 the Company issued 11,016,667 units at \$0.075 per unit for \$826,250. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.1175 per share for a period of 24 months from offering. 60,000 finders fees warrants were issued exercisable into a common share at a price of \$0.075 per share until February 15, 2024.

## **MINING PROPERTY DEVELOPMENT**

### **Bull River Mine Development**

#### **Exploration Drilling**

All six holes that have been drilled as part of the H1 2021 drilling program have intersected mineralized structures between 425 metres and 525 metres below the surface portal and between 75 metres and 175 metres below the lowest workings of the mine on 9 level. The intersections do not represent true width of the vein structures. (Please also see press releases issued on June 7, 2021 and July 8, 2021.)

#### **Mine Permitting**

The Company continues to work closely with the British Columbia Ministry of Environment and Climate Change Strategy ("ENV") and the Ministry of Energy, Mines and Low Carbon Innovation ("EMLI") on its application to restart the Bull River Project. The Company is pursuing a Joint Mines Act and Environmental Permit Amendment process wherein the Company is requesting an amendment to the current effluent discharge permit and permission to dispose of filtered tailings in a new tailings storage facility on surface. The primary change to the effluent discharge permit will be the inclusion of additional element testing but the current discharge location will not change nor will the anticipated volume of discharge to the environment.

To-date, the Company has submitted an updated project description and an information reporting table ("IRT") and responded to screening responses from regulators. The Company has recently been notified of EMLI's plans to establish a Mine Review Committee and prepare for engagement with the Ktunaxa Nation Council ("KNC").

VAST Resources Solutions Inc. ("VAST") is the environmental consulting firm that is assisting the Company with the application process. Braveheart recently engaged Tetra Tech Canada Inc. ("Tetra Tech") to assist with geochemical components of Phase 1 of the mining permit submission. Phase 1 of the restart will include the initial processing of a 180,000-tonne stockpile of mineralized material currently on surface. Tetra Tech assisted previous owners of the Project with assessment and characterization of geologic materials since 2006. Tetra Tech will assist the Company initially with Acid Rock Drainage and Metal Leaching ("ARD ML") related components of the application.

#### **Hydroelectric Reconnection Project**

The Company is continuing to complete engineering studies and construction activities associated with a restart of the Project. A 10 MVA transformer and related switchgear that was originally purchased in August 2019 was decommissioned



in Manitoba on September 20, 2021 and transported to the mine site in British Columbia on September 24, 2021. The Company is working to establish a commissioning and re-energization date with BC Hydro.

On December 7, 2020, the Company, received a positive System Impact Study ("SIS") from British Columbia Hydro and Power Authority ("BCH") for upgrading the hydroelectric capacity at the Bul River Mine project ("BRM"). Braveheart is proposing to reconnect to an existing 66kV power line that is immediately adjacent to the property. This power line is the same line that supplied hydroelectric power to the site during previous operations up until 2013. The SIS determined that it is technically feasible to interconnect the proposed BRM load of 7.5 MVA to the BCH transmission system. BCH's estimate for system reinforcements and revenue metering associated with the reconnection is \$225,000. The cost estimate has an accuracy range of +100/-35%.

### **Dry Stack Tailings**

In support of its permit applications for a new permit to store tailings on surface, management has engaged Stantec Consulting Ltd. ("Stantec") to design a new Tailings Storage Facility ("TSF") at its 100% owned Bul River Mine property near Cranbrook, British Columbia. The TSF design will be used as part of the re-start plan, the mine requires the construction of a new TSF to manage tailings waste from the processing of an existing stockpile of mineralized material on surface and future underground mining at the site. Braveheart has identified a possible location for the TSF within the existing mine permit boundary and adjacent to the process plant. Filtered tailings (also referred to as dry stack tailings) has been identified as the preferred tailings deposition technology for the new TSF. Permitting of the new TSF will require completion of a Best Available Technology ("BAT") options assessment as per EMLI (Ministry of Energy, Mines and Low Carbon Innovation) regulations. Should the BAT assessment identify other technologies as better options for the project, Stantec and Braveheart will review the impacts on the regulatory application process. Stantec possesses global mining and extensive experience in the design and development of tailings storage facilities, waste rock storage facilities, and associated water management structures. Their expertise extends from feasibility level to detailed design, site construction, and supporting mines from operations through closure. They have successfully completed designs and obtained mine permits in British Columbia for tailings facilities, mine rock dumps and water management dams.

### **Flotation Tank Cells**

On December 3, 2020, the Company, entered into an agreement with Nelson Machinery & Equipment Ltd. ("Nelson") for the procurement of six (6) refurbished Outotec flotation tank cells from Nelson's branch facility located near Kamloops, BC, Canada. The cells are an integral part of the flotation circuit which will include rougher, scavenger and cleaner capacity to support the current plant design of 700 tonnes per day milling operation.

To-date the Company has advanced \$125,000 for the refurbishment of two cells. Included in capital additions and accounts payable is additionally approximately \$275,000 for the completed refurbishment of all six cells.

Refurbishment of the tank cells will commence in late 2021 with expected completion, delivery to and installation at the mine site near Cranbrook, British Columbia. The flotation circuit will be used to produce a copper concentrate including gold and silver by-products which will be sold as a final product to a third-party smelter outside of British Columbia. The circuit will be designed and operated to produce a 25% copper concentrate of similar quality to the previous operations of Placid Oil between 1970 and 1974. The new flotation circuit will replace the conventional mechanical cells that were operated by Placid Oil and subsequently removed from the mill due to wear and corrosion.

### **Ore Sorting**

On April 19, 2021, the Company, reported results of its ore sorting study for its 100% owned Bul River copper, gold and silver mine project. Braveheart engaged ABH Engineering ("ABH"), a world leader in ore sorting technology assessment and installation, to complete this study. Ore sorting or pre-concentration of mineralized material has the potential benefit of increasing the mill feed grade which can result in an improved net present value ("NPV") of a mining project. Potential benefits include a lowering of operating costs on a unit basis, a reduction in the volume of fine tailings created through the milling process and the overall volume of material transported to the tailings storage facility, a reduction in power consumption particularly in the grinding circuit and a lower overall environmental impact. Braveheart plans to advance the



Bul River mine project in a phased approach wherein a surface stockpile of mineralized material will provide the initial feedstock to an up-graded 700 tonne per day mill. Ore sorting capability could be introduced ahead of the grinding circuit.

### **3. ACQUISITION OF THIERRY MINE PROJECT**

On December 22, 2020, the Company purchased a 100% interest in the Thierry Mine Project ("Thierry") near Pickle Lake, Ontario. The Thierry copper-nickel platinum group elements ("PGE") deposit was discovered by Union Miniere Exploration and Mining ("UMEX") of Belgium in 1969 and mined through open pit and underground workings between 1976 and 1982. The mine was shut down due to low commodity prices. Based on historical records UMEX milled 5,800,000 short tons of copper and nickel ore from the deposit with an average grade of 1.13% Cu and 0.14% Ni. In addition, precious metals payables included 47,000 ounces of palladium, 17,000 ounces of gold, 17,500 ounces of platinum and 900,000 ounces of silver.

#### **3.1 Summary of Acquisition of Thierry**

On December 22, 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 terms of the arrangement were as follows:

- (i) \$300,000 in cash;
- (ii) 11,000,000 common shares of the Company; and,
- (iii) 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 repurchased the 2% NSR for consideration of 2,500,000 shares of the Company. On July 29, 2021, the Company amended the agreement to purchase of a 2% Net Smelter Royalty ("NSR") on the Thierry Mine Project. Braveheart issued 250,000 common shares and made a cash payment of \$225,000 to purchase the entire 2% NSR subsequent to year end.
- (v) Cadillac remains responsible for settlement of certain liabilities on acquisition of Thierry.

### **4. MINERAL PROPERTY EXPLORATION ACTIVITIES**

#### **4.1 Bull River Mine Property**

All six holes that have been drilled as part of the H1 2021 drilling program have intersected mineralized structures between 425 metres and 525 metres below the surface portal and between 75 metres and 175 metres below the lowest workings of the mine on 9 level. The intersections do not represent true width of the vein structures.

The purpose of the H1 2021 drilling program is to test the down dip extension of the vein systems under the current workings to demonstrate the potential that the current Resource can be extended on strike and to depth. All six holes in the 2021 program were drilled from underground workings on 9 Level and collared in 9E4XC Ext Re-muck. 22,000 metres of underground workings are currently being maintained in a dewatered condition.

#### **4.2 Option agreement to acquire Alpine Gold Mine Property Forfeit**

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 agreement to acquire 100% of the property. On December 15, 2019, the Company



did not satisfy its commitments in its previous option agreement (issue \$200,000 in cash and 400,000 common shares). In the year ended May 31, 2020, the Company recorded an impairment of \$365,000, its recorded historical costs.

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:

- a. Issuance of 1,000,000 shares of Braveheart to the Optionor. The shares were issued on May 17, 2021
- b. A cash payment of \$100,000 by April 15, 2022.
- c. 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.
- d. A cash payment of \$1,400,000 by December 15, 2023.
- e. A cash payment of \$1,500,000 by December 15, 2024.

Prior to April 15, 2022, the Company advised the owner of the Alpine Gold Mine Property of its intention to forfeit the option and recognized an impairment loss of \$125,000.

## 5. MINERAL PROPERTY EXPENDITURES AND COMMITMENTS

### 5.1 Mineral Property Expenditures

Braveheart's acquisition costs on mineral properties through the year ended May 31, 2022 were as follows:

Mineral Property	Balance May 31, 2021	Additions	Adjustments	Balance May 31, 2022
<b>Purcell – Bul</b>				
River	2,089,594	-	(68,917)	2,020,677
Thierry	2,328,095	25,000	(186,914)	2,166,181
<b>Total</b>	<b>\$ 4,417,689</b>	<b>25,000</b>	<b>(255,831)</b>	<b>\$ 4,186,858</b>

The revisions in Purcell and Thierry are due to changes in estimates for decommissioning obligation and contingent consideration respectively.

Braveheart's expenditures on mineral properties during the year ended May 31, 2022 were as follows:

Mineral Property	Mining Exploration Expense	
	May 31, 2022	May 31, 2021
Alpine	\$ 26,212	\$ -
<b>Purcell Bul</b>		
River	760,802	542,832
Thierry	82,654	103,902
<b>Total</b>	<b>\$ 869,668</b>	<b>\$ 646,734</b>



## 6. RESULTS OF OPERATIONS

### 6.1 Analysis of Key Variances

Results of operations for the year ended May 31, 2022 resulted in a net loss of \$4,277,218, compared to a loss of \$7,192,276 for the prior year.

	Note	Years Ended	
		May 31 2022	May 31 2021
<b>Revenue</b>		\$ 123	\$ 11,007
<b>Expenses</b>			
Marketing and advertising		\$ 45,190	\$ 176,861
Consulting fees		557,135	696,633
Amortization	7	195,602	191,584
Accretion	18	45,966	38,297
Administrative expenses		375,812	234,835
Professional fees		213,014	291,164
Salaries and wages		211,106	202,795
Supplies and maintenance		299,443	288,795
Equipment repairs		-	3,761
Mining exploration and development expenses	8	869,668	646,734
Mining tax credit	8	(37,151)	(147,879)
Share based compensation		267,361	750,039
Interest expense		853,332	1,194,222
<b>Operating loss</b>		<b>3,896,478</b>	<b>4,567,841</b>
Other (income) expenses		(16,014)	(14,258)
Bad debts expense	6	59,609	-
Loss on conversion of convertible debt		-	3,090,130
Loss on extinguishment of long term debt		223,526	-
Gain on modification of related party debt		-	(323,920)
(Gain) loss on sale of assets	9	125,000	(6,991)
Foreign exchange (gain) loss		82,016	(37,816)
Interest income		(8,825)	(5,717)
<b>Net loss</b>		<b>\$ (4,361,667)</b>	<b>\$ (7,258,262)</b>
Deferred income tax recovery	13	(84,449)	(65,986)
<b>Net loss and comprehensive loss for the year</b>		<b>\$ (4,277,218)</b>	<b>(7,192,276)</b>





Operating expenses were reduced from year to year by \$671,363 with the most significant changes as follows:

**\$222,934 Increase - Mining exploration and development expenses**

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. Exploration drilling operations were suspended during these restrictions with a restart in April 2021. Offsetting the expense reductions associated with reduced exploration activities, Mining exploration and development expenses for the year ended May 31, 2022 included \$246,020 of costs associated with the design of dry stack for tailings.

**\$482,678 Reduction - Share based compensation**

4,500,000 options with average \$0.06 exercise price were issued during the year ended May 31, 2022 compared to 9,305,000 with average \$0.18 exercise price in the previous year.

**\$340,890 Reduction - Interest expense**

\$6,000,000 Convertible debentures were fully converted to equity securities during the year ended May 31, 2021 as well as \$780,000 of related party loans. Effective January 12, 2021 the interest on related party loan was reduced from 14.8% to 10%.

**Non operating income/expense variances:**

**\$3,090,130 Loss on Conversion of convertible debt in 2021**

The Company incurred a loss on conversion of convertible debt of \$3,090,130 which represents the difference between fair value estimates of 27,200,000 units issued of \$4,268,796 compared to the fair value estimate of 11,788,667 shares that would have been issued on the conversion of \$3,536,000 debenture at \$0.30 per share, the terms of conversion prior to renegotiation in accordance with IFRS 9 the transaction was accounted for as an inducement. 2020 include a one-time gain as the result of two-year extension of payment terms of the convertible debentures of \$592,749.

**\$(323,920) Gain on Modification of related party debt terms in 2021**

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 which resulted in a gain on modification of related party debt.

**\$(125,000) Loss on Sale of asset in 2022**

The Company advised the owner of the Alpine Gold Mine Property of its intention to forfeit the option and recognized an impairment loss of \$125,000.

**\$(223,526) Loss on renegotiation of long term debt**

The Company recognized a \$223,526 loss on renegotiation of long term debt where debt repayment terms were extended to December 31, 2023 and 10,000,000 warrants were issued to the lender.



## Selected Annual Information

The following table sets forth selected annual financial information of the Company for, and as of the end of, each of the last three fiscal years. The selected financial information should be read in conjunction with the Company's annual financial statements and related notes thereto for the years ended May 31, 2022, 2021, and 2020.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
Revenues	\$ 123	\$ 11,007	\$ -
Net loss	(4,277,218)	(7,192,276)	(5,113,802)
Net loss per share <sup>(1)</sup>	(0.020)	(0.049)	(0.048)
Total assets	13,592,324	15,012,048	11,235,444
Short term liabilities	6,897,773	3,106,452	399,322
Long term liabilities	1,428,636	4,585,093	9,824,829
Working capital (deficiency)	(6,512,741)	(1,422,997)	(738,969)

(1) Basic net loss per share and net loss per share on a fully diluted basis.

Operating costs have been consistent year to year with the exception of the following:

### 2022 compared to 2021

During the year ending May 31, 2021, the Company incurred a loss on conversion of convertible debt of \$3,090,130 which represents the difference between fair value estimates of 27,200,000 units issued of \$4,268,796 compared to the fair value estimate of 11,788,667 shares that would have been issued on the conversion of \$3,536,000 debenture at \$0.30 per share, the terms of conversion prior to re-negotiation.

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. Exploration drilling operations were suspended during these restrictions with a restart in April 2021. Offsetting the expense reductions associated with reduced exploration activities.



## 7. QUARTERLY FINANCIAL INFORMATION

The following is selected financial data from the quarterly interim consolidated financial statements of Braveheart for the last eight completed fiscal quarters ending May 31, 2021. This information should be read in conjunction with Braveheart's audited annual and unaudited interim consolidated financial statements for the periods below.

	May 31, 2022	Feb. 28, 2022	Nov. 30, 2021	August 31, 2021	May 31 2021	Feb. 28 2021	Nov. 30, 2020	Aug. 31, 2020
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(a) Revenue	\$ -	-	\$ 73	50	\$ 5,779	\$1,231	\$147	\$3,850
(b) Net loss and comprehensive loss	(1,435,132)	(1,299,452)	(648,394)	(894,240)	(4,118,039)	(1,139,059)	(1,205,567)	(729,611)
(c) Net loss per share –basic and fully diluted <sup>(1)</sup>	\$(.020)	\$(.006)	\$(.003)	\$(.004)	\$(.028)	\$(.007)	\$(0.009)	\$(0.006)

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

During the third quarter the Company amended the Ocean loan agreement by extending the maturity date under the facility to September 30, 2023 or such earlier date if the Company is in default of the conditions under the agreement.

In connection with the amendment, the Company granted to Ocean Partners 10,000,000 warrants of the Company with each warrant exercisable into a common share of the Company at an exercise price of \$0.10 per warrant until September 30, 2023 or such earlier date if the maturity date under the facility is accelerated due to an event of default under the agreement. There is also an additional \$20,000 to be paid on the earliest of (i) September 30, 2023; and (ii) the date on which Agreement is terminated in accordance with the terms.

The fair value of \$305,784 for the 10,000,000 warrants issued of \$0.03 per warrant was calculated at the issue date using the Black-Scholes pricing model. The assumptions for this calculation were a risk free interest rate of 1.03%, expected life of 1.82 years and historical volatility was used for calculation of expected volatility of 109%. Ocean Debt.

During the fourth quarter ending May 31, 2021, the Company incurred a loss on conversion of convertible debt of \$3,090,130 which represents the difference between fair value estimates of 27,200,000 units issued of \$4,268,796 compared to the fair value estimate of 11,788,667 shares that would have been issued on the conversion of \$3,536,000 debenture at \$0.30 per share, the terms of conversion prior to re-negotiation.



Braveheart does not generate any significant operating revenue.

## 8. FINANCIAL CONDITION

Braveheart intends to obtain proceeds from additional equity financing or prospective lenders to finance the proposed Thierry Mine Project acquisition as well as capital development of the Bul River mining facilities for ore mining operations or ore processing and exploration expenditures, as well as general and administrative expenditures; however, there can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to Braveheart.

## 9. LIQUIDITY AND CAPITAL RESOURCES

The 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 Company for the year ended May 31, 2022 incurred a net loss of \$4,277,218 (cumulative deficit of \$27,978,877) and used cash flow in operating activities of \$2,273,193. At year end May 31, 2022, the Company, has a working capital deficit of \$6,512,741 and raised cash of \$461,650 subsequent to year-end (note 21). The Company will be required to raise significant financing to fund both ongoing operating activities and the capital required to develop its existing mining properties. The Company has longer term debt maturities totaling \$1,290,623 (note 17) for which repayment will be required. The Company will have to raise significant additional funds to advance its exploration and development activities 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. Further, the Company's continued existence is dependent upon the preservation of its interest in the underlying mineral properties, the discovery of economically recoverable mineral reserves and the achievement of profitable operations.

As a result of these risks, there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses or statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

Braveheart is wholly dependent on equity or debt financing to complete acquisition, exploration, and development of its exploration and evaluation assets. Braveheart does not expect to generate any significant revenues from operations until earliest fall of 2023.

Braveheart is dependent on external financing to fund its acquisitions and exploration activities. In order to carry out further exploration and pay for general and administrative costs, Braveheart may spend its existing working capital and attempt to raise additional funds as needed. Braveheart will continue to assess new properties and seek to acquire interests in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The ability of Braveheart to successfully acquire additional mineral properties and proceed with exploration activities on current properties is conditional on its ability to secure financing when required. Braveheart proposes to meet additional capital requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times or in the amounts required or desired by Braveheart, or upon terms acceptable to Braveheart or at all.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the



relative size of Braveheart, is reasonable. There were no changes in Braveheart's approach to capital management during the year ended May 31, 2022. Braveheart is subject to externally imposed capital requirements of its loan agreements discussed in notes 16 and 17 of the financial statements.

On March 13, 2021, the Company made an initial draw of \$1,248,181 (USD \$1,000,000) net of arrangement fees and expenses associated with lender due diligence and legal fees.

## 10. OFF-BALANCE SHEET ARRANGEMENTS

Other than those commitments and contracts previously discussed, Braveheart had no other off-balance sheet arrangements at May 31, 2022.

## 11. OUTLOOK AND FUTURE WORK

Braveheart is focussed on:

**Bull River Project** – continued efforts to complete permitting requirements, completing capital improvements and upgrades to ready for anticipated 2023 mining operations. Braveheart continues to work with the Ministry of Energy, Mines and Low Carbon Innovation ("EMLI"), the Ministry of Environment and Climate Change Strategy ("ENV") and the Environmental Assessment Office ("EAO") of British Columbia on its pre-application process to amend its current Mines Act permit M-33 and Environmental Management Act permit PE-16034 at the Bull River Mine near Cranbrook, British Columbia to facilitate a restart of operations. Braveheart plans to restart operations at the designed capacity of 700 tonnes per day.

On May 3, 2022, Braveheart received notification from the EAO that they had received written notification from the Ktunaxa Nation Council requesting that the Bull River Mine Project be designated as reviewable under Section 11 of the Environmental Assessment Act (2018). The Company contends that the project should not be reviewable because it is not new, it is substantially built and there will not be any material change to the current disturbance area. This request and the Company's response is posted publicly and can be viewed at EAO Project Information Centre. The EAO completed their draft review on July 21, 2022, and have provided interested parties up until August 11, 2022, to provide additional comment. The Company expects to receive a final determination from ENV in October 2022.

**Thierry Project** – negotiated settlement of remaining acquired liabilities in anticipation of future exploration.

Working capital from Braveheart's treasury, as available from time to time, may also be used to acquire and explore other properties either alone or in concert with others as opportunities and finances permit.

Braveheart intends to target, review and, if desirable, acquire and develop additional mineral assets in order to augment and strengthen its current mineral property portfolio. In conducting its search for additional mineral properties, Braveheart may consider acquiring properties that it considers prospective based on criteria such as the exploration history or location of the properties, or a combination of these and other factors.

Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and gold price volatility. There is no assurance that Braveheart's funding initiatives will continue to be successful to fund its planned exploration activities.

An investment in Braveheart's securities is speculative.



## 12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The consolidated financial statements for the year ended May 31, 2022 have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Braveheart'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 balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The preparation of these audited consolidated financial statements in accordance with International Accounting Standard as issued by the International Accounting Standards Board ("IASB"), requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These audited consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Braveheart assesses the carrying value of exploration and evaluation assets each reporting period to determine whether any indication of impairment exists. The calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;
- Due to the complexity and nature of Braveheart's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on Braveheart's financial position or results of operations as at and for the year ended May 31, 2022; and
- Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

## 13. SIGNIFICANT ACCOUNTING POLICIES

Braveheart's significant accounting policies are summarized in the notes to the audited annual consolidated financial statements for the year ended May 31, 2022. Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Braveheart's consolidated financial statements.

### 13.1 *Exploration and Evaluation Assets*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are charged to operations as incurred. These direct expenditures include such costs as materials



used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are charged to operations as incurred. Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

### ***13.2 Share-Based Payment Transactions***

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair values of share-based payments (including stock options and warrants) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which Braveheart receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by Braveheart.

## **14. ACCOUNTING ISSUES**

### ***14.1 Management of Capital Risk***

The objective when managing capital is to safeguard Braveheart's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

Braveheart considers as capital its shareholders' equity and cash and equivalents. Braveheart manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, Braveheart may issue new common shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. Braveheart will require additional funds to carry out capital development and exploration on its mineral properties. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical



nature of the industry, there is no guarantee that when Braveheart needs to raise capital, there will be access to funds at that time.

#### 14.2 *Management of Financial Risk*

Braveheart is exposed to various property and financial risks and assesses the impact and likelihood of this exposure. These risks include property risk, credit risk, liquidity risk, market risk, interest rate risk and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 5 to the financial statements for the ended May 31, 2022.

### 15. **OUTSTANDING SHARE DATA**

	Number of Shares
<b>Common shares outstanding – May 31, 2021</b>	<b>205,548,362</b>
Share issue for cash	18,249,797
Shares issued on exercise of options	1,800,000
Shares issued for property acquisition	250,000
<b>Common shares outstanding – May 31, 2022</b>	<b>225,848,159</b>

Braveheart has an authorized share capital consisting of an unlimited number of common shares.

Subsequent to May 31, 2022, the Company issued –  
-5,337,857 in two private placement.

As at September 28, 2022, there were 231,186,016 common shares outstanding.

#### 15.1 *Warrants*

	Number of Warrants
<b>Warrants outstanding – May 31, 2021</b>	<b>58,782,878</b>
Expired	(787,569)
Issued	28,399,797
<b>Warrants outstanding – May 31, 2022</b>	<b>86,395,106</b>

Subsequent to May 31, 2022 –

- the Company issued 3,137,857 in two private placement.

As at September 28, 2022, there were 89,7532,963 warrants outstanding.

#### 15.2 *Stock Options*

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 during the period ended May 31, 2022:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2021	17,060,556	\$ 0.130
Issued	500,000	0.105
Issued	4,000,000	0.075
Exercised	(1,800,000)	0.060
Balance, May 31, 2022	19,760,556	\$ 0.100

As at September 28, 2022, there were 19,760,556 stock options outstanding.

## 16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable and harmonized sales tax, accounts payable and accrued liabilities, due to related parties, loans payable and government grants. The fair value of the Company's accounts payable and accrued liabilities, due to related parties, loans payable, are estimated by management to approximate their carrying values. Cash and cash equivalents is recorded at fair value using Level 1 quoted prices in active markets for identical assets or liabilities and, in management's opinion, the Company is not exposed to significant interest or credit risk from these financial instruments. Please refer to Note 5 for detailed discussion of the financial risk factors.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- price risk
- commodity price risk
- foreign currency risk

The Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

### (i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivables, and cash and equivalents.

The Company considers this risk to be low.



## Accounts Receivables

Receivables are measured at carrying value and are subject to credit risk exposure.

## Cash and cash equivalents and deposits

At times when the Company's cash position is positive, cash deposits are made with financial institutions having reasonable local credit ratings.

### (ii) Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents. These funds are primarily used to operating cost, finance working capital, exploration expenditures, evaluation expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. The current volatility in commodity prices and overall global market uncertainty creates significant inherent challenges with the preparation of financial forecasts. See further discussions relating to going concern and liquidity in note 1 to the financial statements.

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Related party loans are at fixed rates and loans payable are variable.

### (iv) Commodity price risk

The value of the Company's exploration and evaluation assets are related to the price of gold, copper, and other mineral commodities. Adverse changes in the price of gold and copper can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

Gold, copper, and other mineral commodities prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank reserves, management forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, macro-economic variables and certain other factors related specifically to gold, copper, and other mineral commodities.

### (v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain transactions and loans are denominated in United States dollars.



Sensitivity analysis - Based on management's knowledge and experience of the financial markets, the Company believes that movements at  $\pm 10\%$  are "reasonably possible" over a one year period:

- (a) As at May 31, 2022, the Company had \$1,310,162 (\$1,035,865 US dollars) in loan liability and \$11,105 in cash denominated US Dollar foreign currency.
- (b) Price risk is remote since the Company is a non-producing entity.

## 17. OTHER INFORMATION

### 17.1 *Contractual Commitments*

**Flow Through Share Commitments** -As at May 31, 2022 the Company estimates a \$nil remaining commitment on eligible Canadian exploration and development expenses by December 31, 2023.

**Thierry Contingency** - 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 Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry for Thierry.

In connection with the Exploration Memorandum of Understanding with the Mishkeegogamang First Nation, the Company has committed to contribute \$60,000 annually to the Mishkeegogamang Community Fund to benefit the community.

### 17.2 *Limitations of Controls and Procedures*

Braveheart's Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within Braveheart have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

### 17.3 *Corporate Governance*

Braveheart's Board of Directors follows corporate governance policies to ensure transparency and accountability to shareholders.

The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the unaudited interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval.

### 17.4 *Related Party Transactions*

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. Effective January 19, 2021 the interest rate was renegotiated to 10% for the balance of the loan



and \$780,000 accrued interest was settled with the issuance of 6,500,000 common shares. The loan is secured by a general security agreement. (See also below discussion of conversion to royalty.)

Key management costs (including share based compensation) for the year were \$586,856 (2021 - \$1,033,027).

### **17.5 Subsequent Events**

**Private Placement** - On July 27, 2022 the Company issued 4,400,000 units at \$0.09 per unit for \$396,000 on a flowthrough share basis. Each unit is comprised of one common flowthrough share and one-half warrant. Each warrant is exercisable into a common share at a price of \$0.135 per share for a period of 24 months from offering. The Company paid commissions to eligible finders under the Offering totaling \$23,760 and 264,000 finders warrants, with each finder warrant exercisable into a common share at an exercise price of \$0.09 per share for two years.

On August 11, 2022 the Company issued 937,857 units at \$0.07 per unit for \$65,650. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.105 per share for a period of 24 months from offering.

**Revised loan agreement** - On June 29, 2022 the Company completed a loan conversion agreement with a related party. The agreement allows the principal of \$5,291,423.05 to be converted into a 3% net smelter royalty (the "NSR"). The NSR will be capped at a maximum of \$6,750,000.

Highlights of the Agreement include the following:

1. The NSR will be capped at a maximum of \$6,750,000 (the "Maximum NSR Payment"). The Company will make bi-annual payments on or before June 30<sup>th</sup> and December 31<sup>st</sup> of each year of \$150,000 as advance payments against the NSR and such payments shall be deducted against and reduce the Maximum NSR Payment.
2. Upon satisfaction of the Maximum NSR Payment, the royalty rate under the NSR shall be reduced from 3% to 0.25%. The 0.25% NSR can be purchased by the Company at any time for \$1,000,000.
3. Upon execution of this Agreement the obligations owed by the Company to the Lender under the Loan Agreement shall be paid in full and all other indebtedness of Braveheart under the Loan Agreement shall be satisfied in full.

### **17.6 Changes in Accounting Policies**

None

## **18. FORWARD-LOOKING STATEMENTS CAUTIONARY NOTE**

This MD&A may contain forward-looking statements that are based on Braveheart's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of Braveheart are set out above under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of Braveheart. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic



and competitive uncertainties and contingencies. Although Braveheart believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Braveheart to be materially different from those expressed or implied by such forward-looking information, including but not limited to, risks related to Braveheart's goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic mineral deposits; management's assessment of future plans for its property interests (See "Mining Properties – Exploration Activities"); management's economic outlook regarding future trends; Braveheart's expected exploration budget and ability to meet its working capital needs at the current level in the short term (See "Liquidity and Capital Resources" and "Financial Conditions"); expectations with respect to raising capital (See "Liquidity and Capital Resources"); and management's proposed undertaking to attempt to renegotiate certain of its option agreements (See "Financial Conditions").

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Braveheart's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, mineral price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with Braveheart's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mineral exploration and development industry, as well as those risk factors listed in the "Risk Factors" section above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Braveheart's exploration and development activities; operating and exploration and development costs; Braveheart's ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration properties and other operations; market competition; and general business and economic conditions.

For further discussion of certain risks and uncertainties that could contribute to a difference in results that those expressed in certain forward looking statements contained herein, please review those risks listed under the heading "Risks Factors" in this MD&A. Although Braveheart has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are not guarantees of future performance and there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and Braveheart takes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

### **18.1 Risk Factors**

The Company's business is the exploration, development and production of mineral resources. As the Company's business is in an exploration phase, an investment in securities of the Company involves a high degree of risk. The risk factors discussed below do not necessarily include all risks associated with the business, operations and affairs of the Company.



### ***Exploration Stage Operations***

The Company's operations are subject to all of the risks normally incident to the exploration for and the development and operation of mineral properties. Mineral exploration is a business of high inherent risk. All exploration and mining programs face a risk of unknown and unanticipated geological conditions, and promising indications from early results may not be borne out in further exploration work. A mineral exploration program often requires substantial cash investment, which can be lost in its entirety if it does not result in the discovery of a commercially viable mineral resource.

The commercial viability of a mineral deposit is dependent on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as mineral prices. Most of these factors are beyond the control of the Company. Mineral exploration involves risks which even a combination of careful evaluation, experience, and knowledge cannot eliminate. Development of a producing mine generally requires large capital investment and numerous permits from government regulatory agencies. There is no assurance that the funds required to exploit mineral resources discovered by the Company will be obtained on a timely basis or at all. There is also no assurance that the Company will be able to obtain the required government permits required. The costs and time involved in the permitting process may also delay the commencement of mining operations, or make the development of a producing mine uneconomic.

### ***Financial Needs to Maintain Going Concern***

To date, the Company has not had any significant revenues from operations. The ability of the Company to continue as a going concern is dependent on the Company's ability to obtain financing to continue exploration, development and commercialize of its properties. There is no certainty that the Company will be able to obtain the financing required to continue its exploration and development activities. Equity financing and related party loans have historically been the Company's source of financing its operations. There can be no assurance that additional financing will be available to the Company, or, if it is, that it will be available on terms acceptable to the Company. If the Company is unable to obtain the financing necessary to support its activities, it may be unable to continue as a going concern.

### ***Competition***

The mining industry is intensely competitive in all of its phases, and the Company competes with other companies, some of which have greater technical and financing resources than itself with respect to the ability to acquire properties of merit, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities and for financing from third party investors. Competition in the mining industry could adversely affect the Company's prospects for mineral resource exploration in the future and cause the Company to fail to obtain appropriate personnel to pursue its objectives, the financing required to continue its exploration activities or further claims or properties to grow its business and operations.

### ***Title to Properties***

While the Company has investigated its titles and all of its claims, the Company cannot guarantee that title to such property and claims will not be challenged or impugned. The Company can never be certain that it will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers are often complex.

### ***Environmental Risk***

Environmental regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties, more stringent environmental assessments and a heightened degree of responsibility for companies and their officers, directors and employees. There is



no assurance that future changes in environmental regulation will not adversely affect the Company's operations or inhibit the Company's ability to successfully act to develop its mineral resources.

### ***Dilution to the Company's existing shareholders***

The Company will likely require additional equity financing to be raised in the future. The Company may issue securities at terms more favourable than those at which existing shareholders acquired common shares of the Company to raise sufficient capital to fund the Company's business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial dilution, to present and prospective holders of common shares.

### ***Uninsured or Uninsurable***

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities. Related party loans are at fixed rates and loans payable are variable.

### ***Commodity price risk***

The value of the Company's exploration and evaluation assets are related to the price of gold, copper, and other mineral commodities. Adverse changes in the price of gold and copper can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

Gold, copper, and other mineral commodities prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank reserves, management forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, macro-economic variables and certain other factors related specifically to gold, copper, and other mineral commodities.

### ***COVID 19 Pandemic***

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause investment market volatility, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Exploration drilling operations were suspended during these restrictions.

### **Additional Information**

Additional information regarding the Company and its business and operations is available on the Company's profile at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.braveheartresources.com](http://www.braveheartresources.com)