

**BRAVEHEART RESOURCES INC.**

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

**FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

**BRAVEHEART RESOURCES INC.**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**  
**NOVEMBER 30, 2018**

The accompanying interim unaudited condensed 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 financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

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

		November 30, 2018	May 31, 2018
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Mineral properties	3	\$ 398,764	\$ 125,008
<b>Total non-current assets</b>		<b>398,764</b>	<b>125,008</b>
<b>Current assets</b>			
Deposits		124,500	63,500
Harmonized sales tax receivable	5	65,031	30,905
Cash and cash equivalents	4	607,941	93,501
<b>Total current assets</b>		<b>797,472</b>	<b>187,906</b>
<b>Total assets</b>		<b>\$ 1,196,237</b>	<b>\$ 312,914</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	6	\$ 4,935,267	\$ 4,876,834
Issuable shares		1,266,000	103,500
Contributed surplus		3,812,187	3,617,120
Deficit		(9,112,770)	(8,480,727)
<b>Total Equity</b>		<b>900,684</b>	<b>116,727</b>
<b>Going concern</b>	1		
<b>Commitments</b>	11		
<b>Events after the reporting period</b>	12		
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	248,609	149,243
Due to directors	10	6,944	6,944
Advance payable	8	40,000	40,000
<b>Total current liabilities</b>		<b>295,553</b>	<b>196,187</b>
<b>Total liabilities</b>		<b>295,553</b>	<b>196,187</b>
<b>Total equity and liabilities</b>		<b>\$ 1,196,237</b>	<b>\$ 312,914</b>

Approved on behalf of the Board on January 23, 2019:

Signed: "R. Brian Murray"

Signed: "David W. Johnston"

**BRAVEHEART RESOURCES INC.****INTERIM UNAUDITED CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS  
FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

	<i>Note</i>	Three Months		Six Months	
		2018	2017	2018	2017
<b>Expenses</b>					
Management fees	10	\$ -	\$ 5,001	\$ -	\$ 20,502
Consulting fees	10	45,250	8,000	89,250	12,500
Administrative expenses		30,028	15,602	47,251	24,476
Professional fees		85,522	2,799	93,022	8,041
Rent	10	-	1,800	-	4,800
Mining exploration expenses	3	346,717	404,237	402,742	441,637
<b>Operating loss</b>		<b>507,518</b>	<b>437,439</b>	<b>632,264</b>	<b>511,956</b>
Interest and other income		-	88	220	101
<b>Net loss before tax</b>		<b>(507,518)</b>	<b>(437,351)</b>	<b>(632,044)</b>	<b>(511,855)</b>
<b>Net loss and comprehensive loss for the period</b>		<b>\$ (507,518)</b>	<b>\$ (437,351)</b>	<b>\$ (632,044)</b>	<b>\$ (511,855)</b>
<b>Net loss per share</b>	9	<b>(0.011)</b>	<b>(0.012)</b>	<b>(0.014)</b>	<b>(0.013)</b>
<b>Weighted average outstanding shares</b>		<b>46,286,105</b>	<b>36,443,764</b>	<b>45,399,548</b>	<b>38,140,295</b>

## BRAVEHEART RESOURCES INC.

### INTERIM UNAUDITED CONDENSED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

	Note	Share Capital		Issuable Shares		Contributed surplus	Accumulated Other Comprehensive Income	Deficit	Total
		Common Shares							
		Number	Amount	Number	Amount				
Balance, June 1, 2017		32,414,505	\$ 4,599,157	50,000	\$ 3,000	\$ 3,152,930	\$ -	\$ (7,827,962)	\$ (72,875)
Share issue for cash		6,808,333	408,500	(50,000)	(3,000)	-	-	-	405,500
Flow-through share issue for cash		2,291,667	137,500			-	-	-	137,500
Fair value of warrants			(409,611)	-	-	409,611	-	-	-
Unrenounced flow-through share premium			(3,360)	-	-	-	-	-	(3,360)
Loss and comprehensive loss								(511,855)	(511,855)
Balance, November 30, 2017		41,514,505	\$ 4,732,186	-	-	3,562,541	\$ -	\$ (8,339,817)	\$ (45,090)
Share issue for cash		750,000	75,000	-	-	-	-	-	75,000
Flow-through share issue for cash		1,286,600	128,660			-	-	-	128,660
Issuable shares				1,035,000	103,500	-	-	-	103,500
Share issue for property acquisition		200,000	20,000	-	-	-	-	-	20,000
Fair value of warrants			(54,579)	-	-	54,579	-	-	-
Unrenounced flow-through share premium			(17,000)	-	-	-	-	-	(17,000)
Share issue costs			(7,433)	-	-	-	-	-	(7,433)
Loss and comprehensive loss								(140,909)	(140,909)
Balance, May 31, 2018		43,751,105	\$ 4,876,834	1,035,000	\$ 103,500	\$ 3,617,120	\$ -	\$ (8,480,726)	\$ 116,728
Share issue for cash	6(i)(ii)	2,535,000	253,500	(1,035,000)	(103,500)	-	-	-	150,000
Flow-through share issue for cash	6(i)(ii)	-	-			-	-	-	-
Issuable shares		-	-	12,660,000	1,266,000	-	-	-	1,266,000
Fair value of warrants	6(ii)		(195,067)	-	-	195,067	-	-	-
Loss and comprehensive loss								(632,044)	(632,044)
<b>Balance, November 30, 2018</b>		<b>46,286,105</b>	<b>\$ 4,935,267</b>	<b>12,660,000</b>	<b>\$ 1,266,000</b>	<b>\$ 3,812,187</b>	<b>\$ -</b>	<b>\$ (9,112,770)</b>	<b>\$ 900,684</b>

**BRAVEHEART RESOURCES INC.****INTERIM UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

	Note	Three Months 2018	2017	Six Months 2018	2017
<b>Cash flows from operating activities</b>					
Net loss for the period		\$ (507,518)	\$ (437,351)	\$ (632,044)	\$ (511,855)
Add back / Deduct non cash expenses					
Mining exploration expenses	3	346,717	404,237	402,742	441,637
Net changes in working capital balances:					
GST/HST receivable	5	(28,945)	(20,649)	(34,126)	(15,568)
Prepays and deposits		21,040	40,330	(61,000)	(37,670)
Accounts payable and accrued liabilities	7	97,146	(7,612)	99,366	(28,158)
Cash flows used in operating activities		(71,559)	(21,045)	(225,063)	(151,614)
<b>Cash flows from investing activities</b>					
Exploration and evaluation asset	3	(346,717)	(404,237)	(402,742)	(421,321)
Mineral properties	3	(273,756)	-	(273,756)	(20,315)
Cash flows used in investing activities		(620,474)	(404,237)	(676,498)	(441,636)
<b>Cash flows from financing activities</b>					
Issue of common shares, net of issue costs	6	-	-	150,000	546,000
Issuable shares	6	1,261,000	-	1,266,000	(3,000)
Loans and advances		-	-	-	(9,436)
Cash provided by financing activities		1,261,000	-	1,416,000	533,564
Net change in cash		568,967	(425,282)	514,440	(59,686)
Cash, beginning of the period		38,974	466,510	93,501	100,914
<b>Cash, end of the period</b>		<b>\$ 607,941</b>	<b>\$ 41,228</b>	<b>\$ 607,941</b>	<b>\$ 41,228</b>

*The accompanying notes are an integral part of these financial statements*

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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#### **1. REPORTING ENTITY AND GOING CONCERN**

Braveheart Resources Inc. (the “Company”) is an exploration stage company engaged in locating, acquiring and exploring for precious metals in Canada. The Company was incorporated pursuant to the laws of Ontario on October 13, 2009. The Company is listed on the TSX Venture Exchange, having the symbol BHT 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 – 16<sup>th</sup> Street NW, Calgary, Alberta T2M 3R2, Canada.

#### **Going Concern**

These interim unaudited condensed 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 \$9,112,770 as at November 30, 2018 (May 31, 2018 - \$8,480,727). 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 is 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 audited 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 and development 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. As at November 30, 2018 the Company had current assets of \$797,472 (May 31, 2018 - \$187,906) to cover current liabilities of \$295,553 (May 31, 2018 - \$196,187).

For the six-month period ended November 30, 2018, the Company had a net loss from operations of \$632,044 and (2017 - \$511,855), cash flow used in operations of \$225,063 (2017 - \$151,614). As at period end, the Company had positive working capital of \$501,919, including cash of \$607,941.

The Company has a history of operating losses. In recent years, it had negative cash flows 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 is actively pursuing such 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. See also Note 12, Events After the Reporting Period for additional discussion regarding financings and property acquisitions.

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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## **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 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, 2018.

The policies applied in these interim unaudited condensed financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended May 31, 2018.

The interim unaudited condensed financial statements were authorized for issue by the Board of Directors on January 23, 2019.

### **2.2 Recently Issued Accounting Pronouncements not yet Adopted**

The Company is currently evaluating the impact on its financial statements of recent accounting pronouncements, as follows:

- (i) On January 13, 2016 the IASB issued IFRS 16, "Leases". The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.



## BRAVEHEART RESOURCES INC.

### NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

#### 3. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

##### Acquisition of Mineral Properties

	May 31, 2018	Additions	Impairment	November 30, 2018
International	\$ 1	\$ 4,972	\$ (4,972)	\$ 1
Tin City	1	-	-	1
President	1	2,356	(2,356)	1
Gold Viking & Anna	1	-	-	1
Rhea & Waffer	1	-	-	1
Ottawa	1	1,164	(1,164)	1
Sirush	1	-	-	1
Referendum & Whitewater	1	1,650	(1,650)	1
Alpine Mine	125,000	-	-	125,000
Purcell	-	273,756	-	273,756
	<u>\$ 125,008</u>	<u>\$ 283,898</u>	<u>\$ (10,142)</u>	<u>\$ 398,764</u>

##### Mining Exploration Expenses

	For the Period Ended November 30, 2018	For the Year Ended May 31, 2018
President	\$ -	\$ -
Gold Viking & Anna	-	-
Rhea & Waffer	-	-
Referendum & Whitewater	-	-
Alpine	402,742	488,561
	<u>\$ 402,742</u>	<u>\$ 488,561</u>

Total Mining exploration expense – November 30, 2018

Acquisition of Mineral Properties	\$ 283,898
Exploration and Evaluation Asset	402,742
	<u>\$ 686,640</u>

The BC Mining Exploration Tax Credit is a 20% credit on qualified mining exploration for the determination of the existence, location, extent or quality of a mineral resource in BC.

##### International Property

100% owned property near Duncan Lake, BC.

During the year ended May 31, 2014, the Company wrote down the carrying value of the International Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

##### Tin City Property

100% owned property immediately north of the International property.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Tin City Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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is currently planned for this property.

#### **President Property**

100% owned property located on the west side of Duncan Lake, BC.

During the year ended May 31, 2014, the Company wrote down the carrying value of the President Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

#### **Gold Viking & Anna Property**

100% owned property located near Slocan City, BC.

During the year ended May 31, 2015, the Company wrote down the carrying value of the Gold Viking & Anna Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

#### **Rhea & Waffer Property**

100% owned property located near Nelson, BC.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Rhea & Waffer Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

#### **Ottawa Property**

100% owned property located near Slocan Lake.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Ottawa Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

#### **Sirush Property**

100% owned property located near Nelson, BC contiguous to the Rhea property.

The property is subject to a 1% net smelter return pertaining to any future commercial production from the claims, which can be purchased back by the company for \$200,000.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Sirush Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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#### **Referendum & Whitewater Property**

100% owned property that is strategically located near the head of Snowwater Creek and contiguous to claims recently acquired by the Company that enlarged its Rhea property.

Referendum-Whitewater deal

During the year ended May 31, 2015, the Company wrote down the carrying value of the Referendum & Property to a nominal value of \$1. The Company is keeping the claims in good standing.

#### **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 agreement to acquire 100% of the property. Please refer to note 11 for commitment.

#### **Purcell Property**

The property is located in the East Kootenay region approximately 30 kilometres from Cranbrook. At November 30, 2018, the Company was in the process of acquiring the property out of a formal insolvency proceeding. Funding that had been previously committed in order proceed through to closing of the transaction (mine care and maintenance, deposits and professional fees) have been capitalized and included in Mineral Properties. Please refer to note 12, for a full description of the transaction that resulted in the acquisition of the Purcell Property subsequent to the period end. The transaction closed on January 18, 2019.

#### **4. CASH AND CASH EQUIVALENTS**

	<u>November 30, 2018</u>	<u>May 31, 2018</u>
General purpose		
Cash	\$ 607,804	\$ 93,364
Cash equivalents	137	137
	<u>\$ 607,941</u>	<u>\$ 93,501</u>

All cash and cash equivalents are held in Canadian banks.

#### **5. HARMONIZED SALES TAX AND OTHER RECEIVABLES**

	<u>November 30, 2018</u>	<u>May 31, 2018</u>
<i>Financial assets</i>		
Harmonized sales tax	\$ 65,031	\$ 30,905

## BRAVEHEART RESOURCES INC.

### NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

#### 6. SHARE CAPITAL

Authorized: Unlimited number of common share without a value

	November 30, 2018	May 31, 2018
	Number of shares	
<b>Authorized and issued</b>		
Common shares without par value	43,751,105	32,414,505
Issued for cash - shares (i)(ii)(iv)	2,535,000	7,558,333
Issued for cash - flow-through shares (i)(ii)(iii)	-	3,578,267
Issued for property	-	200,000
Common shares	46,286,105	43,751,105
Issued for cash - shares (i)(ii)(iv)	\$ 4,876,834	\$ 4,599,157
Issued for cash - flow-through shares (i)(ii)(iii)	253,500	483,500
Issued for property	-	266,160
Issued for debt settlement	-	20,000
Share issue costs	-	(17,000)
Fair value of warrants	-	(10,793)
	(195,067)	(464,190)
	\$ 4,935,267	\$ 4,876,834

- (i) In July 2017, the Company completed the first tranche of a private placement of 5,333,333 units at \$0.06 per unit and an additional 2,166,667 flow-through units at \$0.06 per flow-through unit for gross proceeds of \$450,000. The units comprise one common share and one common share purchase warrant. The flow-through units comprise one common share and one-half of a common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.12 for 24 months from the date of issuance.
- (ii) In August 2017, the Company completed the second tranche of a private placement of 1,475,000 units at \$0.06 per unit and an additional 125,000 flow-through units at \$0.06 per flow-through unit for gross proceeds of \$96,000. The units comprise one common share and one common share purchase warrant. The flow-through units comprise one common share and one-half of a common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.12 for 24 months from the date of issuance.
- (iii) In December 2017, the Company completed a private placement of 1,286,600 flow-through units at \$0.10 per flow-through unit for gross proceeds of \$128,660. The flow-through units comprise one common share and one-half of a common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.15 for 24 months from the date of issue.
- (iv) In February 2018, the Company completed a private placement of 750,000 units at \$0.10 per unit and for gross proceeds of \$75,000. The units comprise one common share and one common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.15 for 24 months from the date of issuance.

## BRAVEHEART RESOURCES INC.

### NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

#### 6. SHARE CAPITAL (continued)

- (v) In August 2018, the Company completed a private placement of 2,535,000 units at \$0.10 per unit and for gross proceeds of \$253,500. The units comprise one common share and one common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.15 for 24 months from the date of issuance.
- (vi) Subsequent to period end, in January 2019, the Company completed a private placement of 14,165,000 units at \$0.10 per unit and for gross proceeds of \$1,416,500. The units comprise one common share and one common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.15 for 24 months from the date of issuance. In addition, on that date the Company completed a private placement of 1,475,000 shares issued on a flow-through basis at a price of \$0.10 per share for gross proceeds of \$147,500. Commissions totalling \$18,000 were paid on the private placement resulting in net proceeds of \$1,546,000.

#### Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended November 30, 2018:

	Number of Warrants	Black-Scholes Value	Weighted Average Exercise Price
Balance, May 31, 2015	9,132,411	\$ 1,484,694	\$ 0.15
Expired	(3,509,311)	-	0.13
Consolidation adjustment	(5,528,100)	-	
Issued	3,970,100	252,268	0.10
Balance, May 31, 2016	4,065,100	\$ 1,736,962	\$ 0.10
Expired	(95,000)	-	0.10
Issued	14,075,000	459,384	0.10
Balance, May 31, 2016	18,045,100	\$ 2,196,346	\$ 0.10
Expired	(8,180,100)	-	0.10
Issued	5,845,000	217,125	0.11
Balance, May 31, 2017	15,710,000	\$ 2,413,471	\$ 0.11
Expired	(12,400,000)	-	
Issued	9,450,395	464,190	0.13
Balance, May 31, 2018	12,760,395	\$ 2,877,661	\$ 0.12
Expired	-	-	-
Issued	2,535,500	195,067	0.15
Balance, November 30, 2018	15,295,395	\$ 3,072,728	\$ 0.11

The fair value of warrants issued during the period \$195,067 (May 31, 2018 - \$464,190).

## BRAVEHEART RESOURCES INC.

### NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

#### 6. SHARE CAPITAL (continued)

At November 30, 2018, 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
1,050,000	\$ 0.12	December 30, 2018
160,000	\$ 0.12	December 30, 2018
2,100,000	\$ 0.12	February 23, 2019
6,416,667	\$ 0.12	July 28, 2019
1,537,500	\$ 0.12	August 28, 2019
746,228	\$ 0.15	December 31, 2019
750,000	\$ 0.15	February 20, 2020
2,535,000	\$ 0.15	August 2, 2020
15,295,395	\$ 0.13	

#### 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 during the period ended November 30, 2018:

	Number of Options	Black-Scholes Value	Weighted Average Exercise Price
Balance, May 31, 2015	187,000	\$ 557,831	\$ 1.78
Expired	(147,000)	-	1.60
Balance, May 31, 2016	40,000	\$ 557,831	\$ 2.50
Issued	3,000,000	175,344	0.06
Balance, May 31, 2017 and	3,040,000	\$ 733,175	\$ 0.09
Expired	(40,000)	-	-
Balance, February 28, 2018	3,000,000	\$ 733,175	\$ 0.06

The following table summarizes information about stock options outstanding and exercisable at November 30, 2018, following the consolidation adjustment:

Date of Grant	Number of Outstanding at November 30, 2018	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at November 30, 2018
April 25, 2017	3,000,000	\$ 0.06	45	April 25, 2022	3,000,000
	3,000,000				3,000,000

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

No stock options were granted during the period ended November 30, 2018.

## Braveheart Resources Inc.

### NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	November 30, 2018	May 31, 2018
<i>Financial liabilities</i>		
Other accruals	\$ -	\$ 20,000
Other payables	248,609	129,243
	<u>\$ 248,609</u>	<u>\$ 149,243</u>

#### 8. ADVANCE PAYABLE

Advance payable is \$40,000 (May 31, 2018 - \$40,000) and this amount does not have any terms or conditions.

#### 9. LOSS PER SHARE

The calculation of basic loss per share for the period ended November 30, 2018 was based on the loss attributable to shareholders of the Company of \$632,044, and a weighted average number of ordinary shares of 45,399,548.

#### 10. RELATED PARTIES

The following related party transactions occurred and were charged in the financial statements during the three months periods ended November 30, 2018 and 2017 as follows:

Consulting fees	November 30, 2018	November 30, 2017
Management fees, consulting fees, accounting fees and salary expense:		
Management fees were charged by officers for corporate administrative and financial management services	\$ 89,250	\$ 5,000
Consulting fees were charged by officers and a relative of a director for corporate administrative and financial management services	\$ -	\$ 8,000
Accounting fees were charged by an officer for financial management services	\$ 7,500	\$ 2,800
Other		
Payments made to a director and a relative of a director in connection with property acquisition and eligible Exploration and Evaluation expenditures incurred	\$ -	\$ 1,500
Loans receivable from (payable to) directors and officers and a relative of a director of the Company.	\$ 4,003	\$ 5,053

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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At period end, the Company owed the former president of the Company for compensation \$37,435 (May 31, 2018 - \$37,435) included in accounts payable. Also in accounts payable is \$5,000 (May 31, 2018 - \$5,000) owing to an officer of the Company for management fees, and \$10,820 (May 31, 2018 - \$10,820) owing to a company with a common director for rent (office premises) .

#### **11. COMMITMENTS AND CONTINGENCIES**

The Company had a commitment to spend approximately \$453,000 from amounts raised through flow-through financing on eligible Canadian exploration and development expenses. At November 30, 2018, the Company had incurred these required expenses and fulfilled its spending obligations.

On November 2, 2016, the Company entered into an option agreement with regards to the Alpine Mine property. To earn its interest in the property, the Company assumed the following commitments:

	Cash Payment	Common Shares	Exploration Expenditures
December 31, 2016	\$ 10,000 (fulfilled)	400,000 (fulfilled)	\$ -
December 15, 2017	\$ 75,000 (fulfilled)	200,000 (fulfilled)	\$ -
December 31, 2017	\$ -	-	\$ 400,000 (fulfilled)
December 15, 2018	\$ 100,000 (fulfilled)	400,000 (fulfilled)	\$ -
December 31, 2018	\$ -	-	\$ 600,000 (fulfilled)
December 15, 2019	\$ 1,200,000	400,000	\$ -
December 30, 2019	\$ -	-	\$ 600,000
December 15, 2020	\$ 1,000,000	-	\$ -
December 30, 2020	\$ 1,000,000	-	\$ -
	\$ 3,385,000	1,400,000	\$ 1,600,000

Subsequent to period end, the Company entered into an amended Option Agreement covering the Alpine Property. See Note 12 Events Subsequent to Period End for a description of the revised future commitments under this agreement.



## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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#### **12. EVENTS AFTER THE REPORTING PERIOD**

*a) Purcell Property Acquisition*

As previously disclosed in the financial statements of the Company for the period ended August 31, 2018, on October 18, 2018 the Company announced that it had entered into 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 (CCAA). This is an arm's length transaction. The acquisition of Purcell received approval from all required parties and the transaction closed on January 18, 2019.

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

Braveheart will issue shares and warrants to CuVeras LLC ("CuVeras") and its unit holders. Braveheart will also issue shares to unsecured creditors of Purcell and will make an offer to existing shareholders of Purcell that, if accepted, would allow them to acquire new shares of Braveheart.

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, which will mature three years from the date of issuance. The debenture will accrue 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 three years, the remaining 60% of the principal amount of the debenture can be converted into shares of Braveheart at a price of \$0.50 per share. If the convertible debenture is fully converted into common shares of Braveheart, an aggregate of 13,200,000 common shares would be issuable to CuVeras.

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

The Purcell equityholders will be given an offer to acquire up to 16.5 million units ("Units") of Braveheart. Each Unit will be comprised of one common share of Braveheart and one warrant, 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. Each Purcell equityholder, regardless of how many Purcell shares held by such equityholder, will have to make a flat cash payment of \$1,000 for all the Units purchased.

## **BRAVEHEART RESOURCES INC.**

### **NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017**

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#### **12. EVENTS AFTER THE REPORTING PERIOD (continued)**

In order to finance the cash costs of the transaction, Braveheart has entered into a loan agreement with Matlock Farms Ltd., a company controlled by Aaron Matlock, a director of Braveheart. 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 will only accrue for the first two years, and commencing in the third year,

Braveheart will be required to make blended payments comprised of principal and interest.

Due to the fact that Matlock Farms Ltd. is controlled by an insider and a related party of the Company, this transaction is considered a "related party transaction" as set out in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). The Company is relying on the exemption from the valuation requirements of MI 61-101 contained in section 5.5(a), and from minority approval requirements pursuant to section 5.7(f), due to the fact that the loan is on reasonable commercial terms that are not less advantageous to Braveheart than if the loan or credit facility were obtained from a person dealing at arm's length with Braveheart, and the loan is not convertible into equity securities of Braveheart.

Additional details regarding the transaction and the Purcell Property can be found in the Company's press release dated January 21, 2019 and filed on SEDAR.

#### b) *Financing*

Subsequent to period end, in December 2018, the Company completed a private placement of 14,165,000 units at \$0.10 per unit and for gross proceeds of \$1,416,500. The units comprise one common share and one common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.15 for 24 months from the date of issuance. In addition, on that date the Company completed a private placement of 1,475,000 shares issued on a flow-through basis at a price of \$0.10 per share for gross proceeds of \$147,500. Commissions totalling \$18,000 were paid on the private placement resulting in net proceeds of \$1,546,000.

**BRAVEHEART RESOURCES INC.****NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**

(Unaudited - in Canadian dollars)

**FOR THE THREE and SIX MONTHS ENDED NOVEMBER 30, 2018 and 2017****12. EVENTS AFTER THE REPORTING PERIOD (continued)***c) Amendment to the Alpine Property Option Agreement*

Subsequent to period end, the Company entered into an amended Option Agreement covering the Alpine Property. The main amendments to the Option Agreement were: 1) the elimination of any future minimum exploration expenditure requirement; 2) the extension of required payments out to December 2023 (previously 20220). The revised future commitments under the Option Agreement are as follows:

	Cash Payment	Common Shares	Exploration Expenditures
December 15, 2018	\$ 100,000 (fulfilled)	400,000 (fulfilled)	\$ -
December 21, 2018	\$ -	1,000,000 (fulfilled)	\$ -
		-	
December 15, 2019	\$ 200,000	400,000 (fulfilled)	\$ -
December 15, 2020	\$ 200,000	-	\$ -
December 15, 2021	\$ 200,000	-	\$ -
December 15, 2022	\$ 1,300,000	-	\$ -
December 15, 2023	\$ 1,300,000	-	\$ -
	\$ 3,300,000	1,800,000	\$ -