BRAVEHEART RESOURCES INC.

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

FOR THE THREE MONTHS ENDED AUGUST 31, 2022 and 2021

BRAVEHEART RESOURCES INC.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

Notice of no auditor review of interim financial statements:

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

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

BRAVEHEART RESOURCES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT

	Note		August 31 2022		May 31 2022
ASSETS					
Non-current assets					
Property, plant and equipment	4	$	2,912,530	$	2,971,821
Unprocessed ore			5,039,144		5,039,144
Mineral properties	5		4,186,858		4,186,858
Deposits	6		1,011,728		1,009,468
Deferred tax asset			1		1
Total non-current assets			13,150,261		13,207,292
Current assets					
Prepaids and deposits	6		37,292		36,536
Accounts receivable and harmonized sales tax	7		71,873		230,752
Cash and cash equivalents			342,810		117,744
Total current assets			451,975		385,032
Total assets		$	13,602,236	$	13,592,324
EQUITY AND LIABILITIES					
Equity					
Share capital	8	$	23,593,252	$	23,349,839
Warrants	8		3,564,078		3,501,600
Contributed surplus			6,393,354		6,393,354
Deficit			(24,966,313)		(27,978,877)
Total Equity			8,584,371		5,265,916
Going concern	1				
Commitments and contingencies	12				
Events after reporting period	13				
Non-current liabilities					
Loans payable	10		1,273,506		1,245,261
Due to related party	9		1,390,098		-
Flow through share premium	8		122,000		-
Government grants	10		4,387		9,767
Decommissioning obligations	11		180,119		173,608
Total non-current liabilities			2,970,111		1,428,636
Current liabilities					
Accounts payable and accrued liabilities			1,636,691		1,503,832
Current portion of due to related party	9		300,000		5,334,102
Current portion of loans payable	10		95,957		45,362
Current portion of government grants	10		15,107		14,477
Total current liabilities			2,047,755		6,897,773
Total liabilities			5,017,866		8,326,409
Total equity and liabilities		$	13,602,236	$	13,592,325

Approved on behalf of the Board on October 27, 2022:

Signed: "Gestur Kristjansson" Signed: "Peter Lacey"

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

BRAVEHEART RESOURCES INC.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 and 2021

	Note		3 Months Ended August 31 2022		August 31 2021
Revenue		$	2,709	$	50
Expenses					
Marketing and advertising		$	13,754	$	8,215
Consulting fees			107,817		170,402
Amortization	4		59,291		47,722
Accretion	11		6,510		10,915
Administrative expenses			90,889		112,525
Professional fees			25,307		58,631
Salaries and wages			53,640		44,728
Supplies and maintenance			57,872		71,541
Mining exploration and development expenses	5		153,313		118,745
Share based compensation			-		46,559
Interest expense			158,829		198,807
Operating expenses			727,222		888,790
Other (income) expenses			(2,159)		(6,357)
Gain on modification of related party debt	9		(3,749,380)		-
Foreign exchange (gain) loss			27,177		54,393
Interest income			(2,715)		(2,608)
Net income (loss)		$	3,002,564	$	(934,168)
Deferred income tax recovery			(10,000)		(39,928)
Net income (loss) and comprehensive income (loss) for the period		$	3,012,564		(894,240)
Net income (loss) per share	8	$	0.013	$	(0.004)
Weighted average outstanding shares	8		226,226,183		209,929,581

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

BRAVEHEART RESOURCES INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 and 2021

		Share Capital						
		Common Shares		Warrants				
	Note	Number	Amount	Number	Amount	Contributed Surplus	Deficit	Total
Balance, May 31 , 2021		205,548,362	$ 22,085,144	58,782,878	$ 2,782,337	$ 6,154,681	$ (23,701,659)	$ 7,320,503
Shares issued for cash		7,233,130	723,313	-	-	-	-	723,313
Warrants expired unexercised				(521,569)	(56,754)	56,754		-
Fair value of warrants			(251,872)	7,233,130	$ 251,872	-		-
Share based compensation						46,559		46,559
Shares issued for property acquisition		250,000	25,000					25,000
Share issue costs			(12,234)	90,000	3,134			(9,100)
Net loss and comprehensive loss							(894,240)	(894,240)
Balance, August 31, 2021		**213,031,492**	**$ 22,569,351**	**65,584,439**	**$ 2,980,589**	**$ 6,257,994**	**$ (24,595,899)**	**$ 7,212,035**
Balance, May 31, 2022		**225,848,159**	**23,349,839**	**86,395,106**	**3,501,600**	**6,393,354**	**(27,978,877)**	**5,265,916**
Shares issued for cash	8	937,857	65,650					65,650
Flow-through share issue for cash	8	4,400,000	396,000					396,000
Flow-through share premium	8		(132,000)					(132,000)
Fair value of warrants	8		(55,821)	3,137,857	55,821			-
Share issue costs	8		(30,416)	264,000	6,657			(23,759)
Net income and comprehensive income							3,012,564	3,012,564
Balance, August 31, 2022		**231,186,016**	**$ 23,593,252**	**89,796,963**	**$ 3,564,078**	**$ 6,393,354**	**$ (24,966,313)**	**$ 8,584,371**

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

BRAVEHEART RESOURCES INC.

CONSOLIDATED STATMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2022 and 2021

	Note		August 31 2022		August 31 2021
Cash flows from operating activities					
Net loss for the period		**$**	**3,012,564**	$	(894,240)
Add back/Deduct non-cash expenses/(income)					
Amortization	**4**		**59,291**		47,722
Accretion	**11**		**6,510**		10,915
Share based compensation			**-**		46,559
Other income - Government grant	**10**		**(4,749)**		(6,357)
Interest accrued	**9, 10**		**158,829**		198,807
Deferred income tax recovery	**12**		**(10,000)**		(39,928)
Unrealized foreign exchange loss			**25,387**		54,004
Gain on modification of related party debt	**9**		**(3,749,380)**		-
Net changes in working capital balances					
Accounts receivable and harmonized sales tax			**158,880**		64,872
Prepaids and deposits			**(3,016)**		(105,334)
Accounts payable and accrued liabilities			**132,859**		(402,967)
Cash flows used in operating activities			**(212,825)**		(1,025,947)
Cash flows from investing activities					
Investment in capital assets, net of deposits applied			**-**		(20,245)
Mineral properties			**-**		(42,060)
Cash flows used in investing activities			**-**		(62,305)
Cash flows from financing activities					
Issue of common shares and warrants, net of costs			**437,891**		714,213
Related party loan			**-**		(175,000)
Loans payable			**-**		(29,242)
Cash provided by financing activities			**437,891**		509,971
Net change in cash			**225,066**		(578,281)
Effect of movements in exchange rates on cash held					
Cash, beginning of period			**117,744**		1,473,631
Cash, end of period		**$**	**342,810**	$	895,350

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

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 as well as the OTCQB Venture Market in the United States, having the symbol RIINF, and the Frankfurt Stock Exchange having the symbol 2ZR, and is in the process of exploring its mineral properties.

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

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

On December 22, 2020, the Company acquired all shares of Cadillac Ventures Holdings Inc. and on January 26, 2021 Cadillac Ventures Holdings Inc. changed its name to Pickle Lake Minerals Inc. (Pickle Lake). These consolidated financial statements include the operating results of Pickle Lake from the date of acquisition. The results of Pickle Lake are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition. All intercompany transactions, balances, income and expenses are eliminated through the consolidation process.

Going Concern

These 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 three months ended August 31, 2022 had net income of $3,012,564 which includes a $3,749,380 gain resulting from a non-recurring gain on conversion of a related party loan to royalty (note 9) (cumulative deficit of $24,966,313) and used cash flow in operating activities of $(212,825). At August 31, 2022, the Company, has a working capital deficit of $1,595,780. 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. In addition, the Company has certain commitments (note 12) and longer term debt maturities (note 10) for which repayment will be required. Lastly, the Company has to comply with certain conditions present in the Ocean Partner UK agreement ("Ocean debt") (notes 10, 13). If these conditions, which include the raise of $2 million of financing, are not met the Ocean debt will be due on March 31, 2023. 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.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

The interim unaudited condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these interim unaudited condensed consolidated financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended May 31, 2021.

The policies applied in these interim unaudited condensed financial statements are consistent with the policies disclosed in Notes 2, 3, and 4 of the audited annual consolidated financial statements for the year ended May 31, 2022.

Note 9 discusses conversion of related party loan to a royalty. The Company's accounting policy with respect to royalty expense recognition is consistent with underlying revenue recognition policies.

The Company recognizes royalty expenses consistent with its revenue recognition policy to depict the transfer of the relevant commodity to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those commodities. Revenue recognition occurs when control of the relevant commodity is transferred to the end customer. Revenue and related royalty expenses are measured at the fair value of the consideration received or receivable when management can reliably estimate the amount. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on October 27, 2022.

2.2 Basis of Consolidation

The consolidated financial statements include the financial statements of Braveheart Resources Inc. and its wholly-owned subsidiaries, Pickle Lake Minerals Inc. and Purcell Basin Minerals Inc., a company incorporated in British Columbia and its wholly-owned subsidiaries Bul River Mineral Corporation, Gallowai Metal Mining Corporation, Grand Mineral Corporation, and Stanfield Mining Group of Canada Ltd. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All inter-company transactions, balances, income and expenses are eliminated through the consolidation process.

2.3 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis as set out in the accounting policies below. Certain items are stated at fair value.

3. FINANCIAL RISK MANAGEMENT

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

This note presents information about 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 for operating costs, 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.

The consolidated financial statements for the three months ended August 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.

(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 as at August 31, 2022 (note 9) represent the non-interest bearing royalty advance payments required by the revised contract at estimated fair value.

(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 ± 10% are "reasonably possible" over a one year period:

(a) As at August 31, 2022, the Company had $1,298,504 ($990,393 US dollars) in loan liability and $8,916 in cash denominated US Dollar foreign currency.

(b) Price risk is remote since the Company is a non-producing entity.

Capital risk management

The primary objective of managing the Company's capital is to ensure that there is sufficient capital available to support the funding and operating requirements of the Company in a way that optimizes the cost of capital, maximizes shareholders' returns, matches the current strategic business plan and ensures that the Company remains in a sound financial position. (See note 1)

There were no changes to the Company's approach to capital management during the period, as compared to the prior year.

4. PROPERTY, PLANT AND EQUIPMENT

August 31, 2022	Cost	Accumulated amortization	Net book value
Buildings	$2,486,494	(448,430)	$2,038,064
Equipment	1,109,067	(234,601)	874,466
Total	$3,595,561	(683,031)	$2,912,530

May 31, 2022	Cost	Accumulated amortization	Net book value
Buildings	$2,486,494	(417,093)	$2,069,401
Equipment	1,109,067	(206,647)	$ 902,420
Total	$3,595,561	(623,740)	$2,971,821

Amortization rates based on estimated useful lives of 20 years for Building and 10-20 years for Equipment. Equipment includes $368,000 in of floatation cell work-in-process equipment. The buildings and equipment are attributable to the Bull River mine.

(In Canadian dollars)

5. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

	May 31, 2022	Additions	August 31, 2022
Purcell	$ 2,020,677	$ -	$ 2,020,677
Thierry	2,166,181	-	2,166,181
	$ 4,186,858	$ -	$ 4,186,858

Mining Exploration Expenses

	For the Period Ended August 31, 2022	For the Year Ended May 31, 2022
Alpine	-	26,212
Purcell	140,659	760,802
Thierry	12,654	82,654
	$ 153,313	$ 869,668

The BC Mining Exploration Tax Credit (BCMETC) is a 30% credit on qualified mining exploration for the determination of the existence, location, extent or quality of a mineral resource in BC.

6. DEPOSITS AND PREPAIDS

	August 31, 2022	**May 31, 2022**
Restricted deposits	$ 1,011,728	$ 1,009,468
Advances and prepaids	37,292	36,536
Deposits and prepaid	$ 1,049,020	$ 1,046,004
Current portion	37,292	36,536
	$ 1,011,728	$ 1,009,468

Restricted deposits are held in Canadian banks as required by British Columbia Ministry of Energy, Mines and Low Carbon Innovation for Purcell and the Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry for Thierry.

7. HARMONIZED SALES TAX AND OTHER RECEIVABLES

	August 31, 2022	May 31, 2022
BC Mining Exploration Tax Credit	$ 46,795	$ 149,075
Harmonized sales tax	25,078	81,677
	$71,873	$ 230,752

(In Canadian dollars)

8. SHARE CAPITAL

Authorized: Unlimited number of common shares without a value

Authorized and issued Number of shares

		August 31, 2022		May 31, 2022
Common shares, beginning of year		225,848,159		205,548,362
Issued for cash - shares (i)(iv)(vi)		937,857		18,249,797
Issued for flow-through share (v)		4,400,000		
Issued for cash on exercise of stock options (iii)		-		1,800,000
Issued for property acquisition (ii)		-		250,000
Common shares		231,186,016		225,848,159
Opening	$	23,349,839	$	22,085,144
Issued for cash - shares (i),(iv)(vi)		65,650		1,549,563
Issued for flow-through share (v)		396,000		-
Flow-through share premium		(132,000)		-
Issued for cash on exercise of stock options (iii)		-		213,206
Warrants exercised (i)(xi)		-		25,000
Issued for settlement of related party loan (x)		-		(19,011)
Warrants exercised (i)(xi)		-		(504,063)
Share issue costs (v)		(30,416)		
Fair value of warrants (v)(vi)		(55,821)		
	$	23,593,252	$	23,349,839

(i) 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.

(ii) On August 10, 2021, the Company issued 250,000 shares as part of its cost of acquisition of a 2% Net Smelter Royalty on the Thierry mine project.

(iii) During the year ended May 31, 2022, 1,800,000 stock options were exercised at $0.06 per common share for gross proceeds of $108,000.

(iv) 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 flow-through common 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. 60,000 finders fees warrants were issued exercisable into a common share at a price of $0.075 per share until February 15, 2024.

(v) On July 27, 2022 the Company issued 4,400,000 units at $0.09 per unit for $396,000. Each unit is comprised of one flow through common 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. Commissions totaling $23,760 and 264,000 finders fees warrants were issued exercisable into a common share at a price of $0.09 per share until July 26, 2024.

(In Canadian dollars)

(vi) 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.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the years ended May 31, 2022 and 2021:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2021	58,782,878	$ 0.160
Expired	(787,569)	0.097
Issued	28,399,797	0.12
Balance, May 31, 2022	86,395,106	$ 0.14
Issued	3,401,857	0.09
Balance, August 31, 2022	89,796,963	$ 0.15

At August 31, 2022, 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
3,062,115	0.15	December 10, 2022
2,765,218	0.14	April 5, 2023
7,323,130	0.14	July 7. 2023
7,000,000	0.11	September 22, 2023
10,000,000	0.10	September 30, 2023
13,745,754	0.11	October 30, 2023
60,000	0.075	February 15, 2024
11,016,667	0.1175	February 16, 2024
27,200,000	0.20	March 16, 2024
2,200,000	0.135	July 26, 2024
264,000	0.090	July 26, 2024
937,857	0.0105	August 11, 2024
2,000,000	0.1688	August 6, 2025
2,222,222	0.185	September 1, 2025
89,796,963	0.15	

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. A continuity of stock options are presented as follows:

(In Canadian dollars)

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2021	17,060,556	$ 0.13
Issued	500,000	0.105
Issued	4,000,000	0.075
Exercised	(1,800,000)	0.060
Balance May 31, 2022 and August 31, 2022	19,760,556	$ 0.10

The following table summarizes information about stock options outstanding and exercisable at August 31, 2022 following the consolidation adjustment:

Date of Grant	Number of Outstanding at May 31, 2022	Exercise Price	Date of Expiry	Number of Exercisable at August 31, 2022
June 5, 2019	5,955,556	$ 0.18	June 5, 2023	5,955,556
June 11, 2020	325,000	$ 0.18	June 11,2023	325,000
October 22, 2020	3,600,000	$ 0.10	October 30, 2025	3,600,000
April 8, 2021	5,380,000	$ 0.10	April 8, 2026	5,380,000
June 16, 2021	500,000	$ 0.105	June 16, 2026	500,000
February 16,2022	4,000,000	$ 0.075	February 16, 2027	4,000,000
	19,760,556			19,760,556

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

On June 16, 2021, the Company granted 500,000 options at a strike price of $0.105 and an expiry date of five years to a consultant. The fair value of $46,559 for the 500,000 stock options granted of $0.09 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.8%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 141%.

On February 16, 2022, the Company granted 4,000,000 options at a strike price of $0.075 and an expiry date of five years to officers, directors, employees, and consultants. The fair value of $220,802 for the 4,000,000 stock options granted of $0.06 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.017%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 127%.

9. RELATED PARTY LOAN AND CONVERSION TO ROYALTY

On June 29, 2022 the Company completed a Loan Conversion Agreement with Matlock Farms Ltd., a related party, owned by a director of the Company.

Principal plus accrued interest converted into a 3% net smelter royalty ('NSR') on the Bull River Mine project. The NSR is capped at a maximum of $6,750,000 ('Maximum NSR'). The Company will make semi-annual payments on or before June 30th and December 31st of each year of $150,000 as advance payments against the NSR and such payments shall be deducted against NSR.

(In Canadian dollars)

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.

The required semi-annual non-interest bearing payments of $150,000 component of the agreement continues to be recorded by the Company as related party loan, valued on date of conversion at its estimated fair value using 15% as the Company's cost of capital. The Company recognized a gain on conversion of the remaining loan balance to a royalty of $3,749,380.

		Period Ended August 31, 2022		Year Ended May 31, 2022
Loan balance beginning of period	$	5,334,102	$	4,853,250
Interest payments		-		(175,000)
Settled with shares		-		-
Gain on renegotiation of terms and share settlement		(3,749,380)		-
Accrued interest during the period		105,376		644,851
		1,690,098		5,334,102
Less current portion		(300,000)		(5,334,102)
	$	1,390,098	$	-

10. LOANS PAYABLE

Loans payable		August 31, 2022		May 31, 2022
CEBA Loans	$	70,959	$	69,394
Ocean - Stockpile loan		1,298,504		1,221,250
	$	1,369,463	$	1,290,623
Less current portion		(95,957)		(45,362)
	$	1,273,506	$	1,245,261

CEBA Loans payable

On April 20, 2020, the Company received a $40,000 interest free loan due December 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of $30,000 by the due date will result in $10,000 forgiveness.

On December 21, 2020 an additional $20,000 interest free loan due December 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of $10,000 by the due date will result in $10,000 forgiveness.

During the Theirry acquisition the Company assumed a $60,000 interest free loan due December 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of $40,000 by the due date will result in $20,000 forgiveness.

(In Canadian dollars)

CEBA Loans		August 31, 2022		May 31, 2022
Beginning of period	$	69,373	$	69,394
Interest		1,586		6,678
Extension of payment date		-		(6,699)
	$	70,959	$	69,373

Government grants		August 31, 2022		May 31, 2022
Beginning of period	$	24,244	$	40,258
Amortization		(4,750)		(16,014)
	$	19,494		24,244
Less current portion		(15,107)		(14,477)
	$	4,387		9,767

Government Grants are amortized on a straight line basis, assuming repayment in December 2023 to achieve forgiveness.

Ocean debt - Stockpile loan

On March 17, 2021, the Company entered into a Concentrate Purchase Agreement with Ocean Partners UK Ltd. (Ocean) for the sale of its copper concentrates (with gold and silver credits) from its Bul River Mine. Additionally, Ocean has agreed to provide the Company with a Pre-Payment Financing Facility against initial proceeds from milling of mineralized material on surface. The Company is required to deliver 45,000 wet metric tonnes of copper concentrate. Ocean shall have a right of first refusal on any remaining production thereafter from Bul River. Interest on any amounts drawn is at 12-month LIBOR plus 8.75%. The Ocean debt is secured by Bul River mining assets. Blended interest and principle repayments to commence in March 2022.

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.

The Company may access up to USD $3,500,000 subject to certain conditions, which can be used for capital expenditures at Bul River including plant commissioning and general working capital purposes. Further advances require:
-provide lender with independently verified mining financial plan with adequate equity raises.
-Government permit to operate the mine to be issued by December 31, 2021.
-the fair market value of tangible property is in excess of all debts and the Company is solvent, paying debts as they come due.

On December 6, 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

(In Canadian dollars)

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. A $223,526 loss on renegotiation of long term debt. There is also an additional US $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 $286,308 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 100%.

Ocean Debt		**August 31, 2022**		**May 31, 2022**
Beginning of period		$1,221,250	$	1,129,665
Interest accrued		51,867		194,377
Impact of loan extension		-		(88,342)
Interest paid		-		(93,033)
Foreign exchange gain		25,387		78,583)
	$	1,298,504	$	1,221,250
Less current portion		(95,956)		(45,362)
	$	1,202,548	$	1,175,888

See also note 12 discussing renegotiated terms, subsequent to August 31, 2022.

11. DECOMMISSIONING LIABILITIES

The Company estimates the total undiscounted cash flows to settle its asset retirement obligations are approximately $691,307 in 2031 and $2,596,147 in 2041 for the Bul River Mine and Thierry Mine respectively. A Company credit adjusted risk-free interest rate of 15.0% (2020 – 15%) and an estimated inflation rate of 3.0% (2020 – 3%) was used to calculate the present value of asset retirement obligations.

Decommissioning obligations activities during the year:	**August 31, 2022**	**May 31, 2022**
Beginning of period	$173,608	295,597
Additions assumed in acquisition (Note 4)		-
Adjustment for increase in mine life	-	(167,955)
Accretion	6,511	45,966
End of period	$180,119	$173,608

12. COMMITMENTS AND CONTINGENCIES

In July 2022 the Company has committed to spend $396,000 from amounts raised through flow-through financing on eligible Canadian exploration and development expenses prior to December 31, 2023. As at August 31, 2022 the Company estimates a $366,000 remaining commitment on eligible Canadian exploration and development expenses by December 31, 2022.

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.

The Company has entered into a Capacity Funding Agreement with the Ktunaxa Nation Council (the "KNC) regarding its Bull River Mine Project. The Capacity Funding Agreement provides a framework for the purposes of information sharing and engagement, and where appropriate, accommodation, between the Company and Ktunaxa First Nations. The Company has commitments of up to $140,000 for the purpose of defraying the costs incurred by the KNC in carrying out and completing the regulatory review of the Bull River Mine application in addition to other engagement activities between the Company and the Ktunaxa First Nations.

See note 9 for discussion of NSR commitments associated with the royalty agreement.

13. EVENTS AFTER REPORTING PERIOD

On October 3, 2022 the Company granted 500,000 options at a strike price of $0.075 and an expiry date of five years to officers, directors, employees and consultants.

On October 20, 2022 the Company amended its Concentrate Offtake Agreement and Stockpile Financing Facility with Ocean Partners UK Ltd. ("Ocean") effective October 1, 2022 (note 10).

Under the newly amended terms the parties have agreed to extend the date for repayment of monies drawn from the Facility from September 30, 2022 until March 31, 2023. Interest on any monies drawn from the Facility has been increased from 12-month LIBOR plus 8.75% to 12-month LIBOR plus 10.25%. Should permits to restart Bull River not be received by March 31, 2023, principal and interest from the loan will be due and repayable.