

BRAVEHEART RESOURCES INC.

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

BRAVEHEART RESOURCES INC.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FEBRUARY 28, 2019

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.

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

		February 28, 2019	May 31, 2018
	<i>Note</i>		
ASSETS			
Non-current assets			
Capital assets, net	3	\$ 8,006,049	\$ -
Unprocessed ore	3	12,428,000	-
Mineral properties	4	365,000	125,008
Total non-current assets		20,799,049	125,008
Current assets			
Deposits and prepaids	10	1,248,697	63,500
Undispersed funds on long-term debt	10	350,000	-
Harmonized sales tax receivable	6	274,558	30,905
Cash and cash equivalents	5	1,126,427	93,501
Total current assets		2,999,682	187,906
Total assets		\$ 23,798,731	\$ 312,914
EQUITY AND LIABILITIES			
Equity			
Share capital	7	\$ 6,655,340	\$ 4,876,834
Issuable shares		-	103,500
Equity component of convertible debenture	11	1,722,300	-
Contributed surplus		5,205,739	3,617,120
Retained earnings/(deficit)		674,460	(8,480,727)
Total Equity		14,257,839	116,727
Going concern			
Commitments	14		
Current liabilities			
Accounts payable and accrued liabilities	8	133,125	149,243
Due to directors	13	6,944	6,944
Advance payable	9	40,000	40,000
Total current liabilities		180,069	196,187
Non-current liabilities			
Long-term debt	11	5,083,123	-
Debt component of convertible debenture	12	4,277,700	\$ -
Total non-current liabilities		9,360,823	-
Total liabilities		9,540,892	196,187
Total equity and liabilities		\$ 23,798,731	\$ 312,914

Approved on behalf of the Board on April 29, 2019:

Signed: "R. Brian Murray"

Signed: "David W. Johnston"

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS) FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018**

	<i>Note</i>	Three Months		Nine Months	
		2019	2018	2019	2018
Expenses					
Management fees	12	\$ -	\$ 5,001	\$ -	\$ 25,503
Consulting fees	12	159,488	15,000	248,738	27,500
Administrative expenses		66,111	8,496	113,362	32,972
Professional fees		159,536	2,499	252,558	10,540
Rent	12	-	-	-	4,800
Interest expense		83,123	-	83,123	-
Mining exploration expenses	4	111,063	39,036	513,805	480,673
Operating loss		579,321	70,032	1,211,586	581,988
Bargain purchase on acquisition	3	10,366,552	-	10,366,552	-
Interest income		-	-	220	101
Net income/(loss) before tax		9,787,231	(70,032)	9,155,186	(581,887)
Net income/(loss) and comprehensive income/(loss) for the period		\$ 9,787,231	\$ (70,032)	\$ 9,155,186	\$ (581,887)
Net income/(loss) per share	10	\$ 0.146	\$ (0.002)	\$ 0.182	\$ (0.015)
Weighted average outstanding shares		67,203,966	42,497,387	50,360,482	39,644,938

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

BRAVEHEART RESOURCES INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Share Capital		Issuable Shares		Contributed surplus	Equity Component of Convertible	Retained Earnings/ (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		7,558,333	472,708	(50,000)	(3,000)	-	-	-	469,708
Share issue for property		200,000	10,000	-	-	-	-	-	10,000
Flow-through share issue for cash		3,578,267	266,160	-	-	-	-	-	266,160
Fair value of agents warrants		-	(4,169)	-	-	4,169	-	-	-
Fair value of warrants		-	(466,040)	-	-	466,040	-	-	-
Unrenounced flow-through share premium		-	(3,360)	-	-	-	-	-	(3,360)
Loss and comprehensive loss		-	-	-	-	-	-	(581,887)	(581,887)
Balance, February 28, 2018		43,751,105	\$ 4,874,456	-	-	3,623,139	\$ -	\$ (8,409,849)	\$ 87,746
Issuable shares		-	-	1,035,000	103,500	-	-	-	103,500
2018 year end adjustment		-	2,378	-	-	(6,019)	-	-	(3,641)
Loss and comprehensive loss		-	-	-	-	-	-	(70,877)	(70,877)
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	7(v)(vi)	15,225,000	1,522,500	(1,035,000)	(103,500)	-	-	-	1,419,000
Flow-through share issue for cash	7(v)(vi)	2,950,000	295,000	-	-	-	-	-	295,000
Issuable shares		-	-	-	-	-	-	-	-
Share issue for property acquisition	7(vii)(viii)	15,676,249	1,567,625	-	-	-	-	-	1,567,625
Fair value of warrants	7(v)(vi)	-	(1,588,619)	-	-	1,588,619	-	-	-
Equity component of convertible debenture		-	-	-	-	-	1,722,300	-	1,722,300
Share issue costs		-	(18,000)	-	-	-	-	-	(18,000)
Loss and comprehensive loss		-	-	-	-	-	-	9,155,186	9,155,186
Balance, February 28, 2019		77,602,354	\$ 6,655,340	-	\$ -	5,205,739	\$ 1,722,300	\$ 674,460	\$ 14,257,839

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018**

	Note	Three Months 2019	2018	Nine Months 2019	2018
Cash flows from operating activities					
Net income/(loss) for the period		\$ 9,787,231	\$ (70,032)	\$ 9,155,186	\$ (581,887)
Add back/Deduct non-cash expenses/(income)					
Mining exploration expenses	4	111,063	39,036	513,805	480,673
Bargain purchase on acquisition	3	(10,366,552)	-	(10,366,552)	-
Net changes in working capital balances					
GST/HST receivable	6	(209,527)	(1,118)	(243,653)	(21,175)
Prepays and deposits		(1,124,197)	(10,130)	(1,185,196)	(47,800)
Undispensed funds		(350,000)	-	(350,000)	-
Accounts payable and accrued liabilities	7	(115,484)	(9,166)	(16,118)	(37,323)
Cash flows used in operating activities		(2,267,466)	(51,410)	(2,492,528)	(207,512)
Cash flows from investing activities					
Exploration and evaluation asset	4	(111,063)	(39,036)	(513,805)	(480,673)
Investment in capital assets		(8,006,049)	-	(8,006,049)	-
Investment in unprocessed ore		(12,428,000)	-	(12,428,000)	-
Bargain purchase on acquisition		10,366,552	-	10,366,552	-
Mineral properties	4	33,764	(86,208)	(239,992)	(86,208)
Cash flows used in investing activities		(10,144,796)	(125,244)	(10,821,294)	(566,881)
Cash flows from financing activities					
Issue of common shares, net of issue costs	7	1,720,073	202,868	1,778,506	745,508
Issuable shares	7	(1,266,000)	-	(103,500)	(3,000)
Equity component of convertible debenture	12	1,722,300	-	1,722,300	-
Change in contributed surplus		1,393,552	-	1,588,619	-
Change in long term debt		9,360,823	-	9,360,823	-
Change in flow-through share premium		-	-	-	3,360
Loans and advances		-	-	-	(4,947)
Cash provided by financing activities		12,930,748	202,868	14,346,748	740,921
Net change in cash		518,486	26,214	1,032,926	(33,472)
Cash, beginning of the period		607,941	41,228	93,501	100,914
Cash, end of the period		\$ 1,126,427	\$ 67,442	\$ 1,126,427	\$ 67,442

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

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

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 – 16th Street NW, Calgary, Alberta T2M 3R2, Canada.

Going Concern

These interim unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations and the Company has incurred significant historic losses resulting in retained earnings of \$674,460 as at February 28, 2019 (May 31, 2018 – a deficit of \$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 remains 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, development and production efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As at February 28, 2019 the Company had current assets of \$2,999,682 (May 31, 2018 - \$187,906) to cover current liabilities of \$180,069 (May 31, 2018 - \$196,187).

For the nine-month period ended February 28, 2019, the Company had a net loss from operations of \$1,211,586 and cash flow used in operations of \$2,492,528. As at period end, the Company had working capital of \$2,819,613, including cash of \$1,126,427.

The Company has a history of operating losses. In recent years, it had negative cash flows operations and working capital deficiencies. The current positive equity position is largely a result of the effects of a bargain purchase acquisition inherent on the Purcell Basin Mineral Inc. acquisition. See Note 3.

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

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

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 April 29, 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.

2.3 Basis of Consolidation

The interim unaudited condensed consolidated financial statements include the financial statements of Braveheart Resources Inc. and its wholly-owned subsidiary, Purcell Basin Minerals Inc., a private company incorporate in British Columbia. 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. The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies.

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

3. ACQUISITION OF PURCELL BASIN MINERALS INC.

3.1 Summary of Acquisition

On January 18, 2019 the Company completed a definitive agreement to acquire the shares of Purcell Basin Minerals Inc. (Purcell) pursuant to a plan of arrangement and made pursuant to the Companies' Creditors Arrangement Act (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 that was in place and being paid by the debtor in possession. The cash cost of the priority payables was \$1,184,652.

The unit holders of CuVeras LLC ("CuVeras"), one of two secured creditors of Purcell, have been issued 10 million common shares of Braveheart and 10 million warrants of Braveheart, with each warrant entitling the holder to purchase a Braveheart common share at a price of \$0.15 per share for a period of 12 months. Braveheart has purchased CuVeras' senior secured position for \$6,000,000 in the form of a convertible debenture, 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.

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

3.2 Value Received and Consideration Transferred

Fair value of assets acquired and liabilities assumed:

Cash	\$	942,452
Deposit		490,403
Amounts receivable		151,075
Prepaid expenses		34,811
Property, plant & equipment		8,006,049
Unprocessed ore		<u>12,428,000</u>
		22,052,790
Accounts payable assumed		(72,680)

Fair value of net assets acquired	\$	<u>21,980,110</u>
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Fair value of consideration transferred:

Shares issued to secured creditors	\$	1,000,000
Payments made to secured creditor and monitor		3,875,298
Debt component of convertible debenture		4,277,700
Equity component of convertible debenture		1,722,300
"Care and Maintenance" payments		310,635
Shares issued to unsecured creditors		<u>427,625</u>
		<u>11,613,558</u>

Bargain purchase	\$	<u>10,366,552</u>
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The Bargain purchase of \$10,366,552 is recorded as Other income during the period ended February 28, 2019.

3.3 Contingent consideration arrangements

Pre-existing Purcell equity holders have been granted an offer to acquire up to 16.5 million units ("Units") of the Company. Each Unit will be comprised of one common share of the Company and one warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.15 per share for a period of 12 months. Each Purcell equity holder, regardless of how many Purcell shares held by such equity holder, is required to make a flat cash payment of \$1,000 for all the Units purchased. The shares and warrants issuable under this arrangement are expected to be issued in May 2019.

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE and NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

4. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

	May 31, 2018	Additions	Impairment	February 29, 2019
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	240,000	-	365,000
	<u>\$ 125,008</u>	<u>\$ 250,142</u>	<u>\$ (10,142)</u>	<u>\$ 365,008</u>

Mining Exploration Expenses

	For the Period Ended February 28, 2019	For the Year Ended May 31, 2018
President	\$ -	\$ -
Gold Viking & Anna	-	-
Rhea & Waffer	-	-
Referendum & Whitewater	-	-
Alpine	513,805	488,561
	<u>\$ 513,805</u>	<u>\$ 488,561</u>

Total Mining exploration expense – February 28, 2019

Net acquisition of Mineral Properties	\$ 240,000
Exploration and Evaluation Asset	513,805
	<u>\$ 753,805</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

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to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration 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.

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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. On January 18, 2019 the Company successfully acquired 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 Property, Plant and Equipment. Please refer to note 3, for a full description of the transaction that resulted in the acquisition of the Purcell Property subsequent to the period end.

5. CASH AND CASH EQUIVALENTS

	February 28, 2019	May 31, 2018
General purpose		
Cash	\$ 1,126,427	\$ 93,364
Cash equivalents	-	137
	\$ 1,126,427	\$ 93,501

All cash and cash equivalents are held in Canadian banks.

6. HARMONIZED SALES TAX AND OTHER RECEIVABLES

	February 28, 2019	May 31, 2018
<i>Financial assets</i>		
Harmonized sales tax	\$ 274,558	\$ 30,905

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited - in Canadian dollars)

FOR THE THREE MONTHS AND NINE MONTHS ENDED FEBRUARY 28, 2019 and 2018

7. SHARE CAPITAL

Authorized: Unlimited number of common share without a value

	February 28, 2019	May 31, 2018
	Number of shares	
Authorized and issued		
Common shares without par value	43,751,105	32,414,505
Issued for cash - shares (i)(ii)(iv)	15,225,000	7,558,333
Issued for cash - flow-through shares (i)(ii)(iii)	2,950,000	3,578,267
Issued for property	15,676,249	200,000
Common shares	77,602,354	43,751,105
Opening	\$ 4,876,834	\$ 4,599,157
Issued for cash – units (i) (ii) (iv)	1,522,500	
Issued for cash - flow-through shares (i)(ii)(iii)	295,000	483,500
Issued for property	1,567,625	266,160
Issued for debt settlement	-	20,000
Share issue costs	(18,000)	(17,000)
Fair value of warrants	(1,588,619)	(10,793)
	\$ 6,655,340	\$ 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.

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7. 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) In December 2018, the Company completed a private placement of 12,690,000 units at \$0.10 per unit and for gross proceeds of \$1,269,000. 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. In addition, on that date the Company completed a private placement of 2,950,000 units issued on a flow-through basis at a price of \$0.10 per share for gross proceeds of \$295,000. Each two flow through warrants 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. Commissions totalling \$18,000 were paid on the private placement resulting in net proceeds of \$1,546,000. Additionally, 180,000 broker warrants were issued to a registered broker entitling the holder to acquire one additional common of the Company for each warrant held at a price of \$0.10 for a period of 24 months from the date of issue.
- (vii) In December 2018, the Company issued 1,400,000 common shares at a value of \$0.10 per share in accordance with the terms of the amended Option Agreement on the Alpine Mine property. See Note 14.
- (viii) In January 2019, the Company issued 14,276,248 common shares at a value of \$0.10 per share under the terms of the Purcell Basin Minerals Inc. acquisition pursuant to the Plan of Arrangement. The shares were issued to a combination of secured (10,000,000) and unsecured (4,276,248) creditors. In addition, the secured creditor received 10,000,000 warrants of the Company that entitle the holder to acquire one additional common share of the Company at a price of \$0.15 for each warrant held for 12 months from the date of issuance. See Note 3.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended February 28, 2019:

	Number of Warrants	Black-Scholes Value	Weighted Average Exercise Price
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
Expired	(3,310,000)	-	-
Issued	24,345,000	1,588,619	0.15
Balance, February 28, 2019	36,330,395	\$ 4,661,347	\$ 0.11

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The fair value of warrants issued during the period \$1,588,619 (May 31, 2018 - \$464,190).

7. SHARE CAPITAL (continued)

At February 28, 2019, 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
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
10,000,000	\$ 0.15	January 17, 2020
14,165,000	\$ 0.15	December 27, 2020
180,000	\$ 0.10	December 27, 2020
36,330,395	\$ 0.14	

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 February 28, 2019, following the consolidation adjustment:

Date of Grant	Number of Outstanding at February 28, 2019	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at February 28, 2019
April 25, 2017	3,000,000	\$ 0.06	38	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.

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No stock options were granted during the period ended February 28, 2019.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>February 28, 2019</u>	<u>May 31, 2018</u>
<i>Financial liabilities</i>		
Other accruals	\$ -	\$ 20,000
Other payables	133,125	129,243
	<u>\$ 133,125</u>	<u>\$ 149,243</u>

9. ADVANCE PAYABLE

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

10. EARNINGS PER SHARE

The calculation of basic earnings per share for the nine month period ended February 28, 2019 was based on the income attributable to shareholders of the Company of \$9,155,186, and a weighted average number of ordinary shares of 67,203,966.

11. LONG TERM DEBT

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

Under the terms of the loan agreement, \$650,000 of the \$5,000,000 will remain in an escrow account as security for certain third-party debts with Matlock Farms Ltd. This \$650,000 is included as an asset under deposits and prepaids. The maximum advanceable under the loan agreement is therefore \$4,350,000.

At February 28, 2019, \$4,000,000 of the available \$4,350,000 has been advanced to the Company leaving an additional \$350,000 remaining as Undispersed funds on long term debt.

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 the Company than if the loan or credit facility were obtained from a person dealing at arm's length with the Company, and the loan is not convertible into equity securities of the Company.

Braveheart Resources Inc.

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12. CONVERTIBLE DEBENTURE

On January 18, 2019, Braveheart purchased CuVeras LLC's senior secured position of Purcell for \$6,000,000 in the form of a convertible debenture (the "Debenture"), which will mature three years from the date of issuance. The debenture 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 Debenture is fully converted into common shares of Braveheart, an aggregate of 13,200,000 common shares would be issuable to CuVeras.

The Debenture has been bifurcated into its debt and equity components. The fair value of the debt portion in the amount of \$4,277,700 was estimated using a discounted cash flow method based on an expected life of three years, timing of expected conversions, and a discount rate of 15%. The residual of \$1,722,300 was allocated to equity. There was no interest accrued during the period as the interest rate in the first year is 0%.

The Debenture is comprised of the following:

Face value of Convertible Debenture	\$6,000,000
Equity component of Convertible Debenture	<u>1,722,300</u>
Liability component of Convertible Debenture	<u>\$4,277,700</u>

13. RELATED PARTIES

The following related party transactions occurred and were charged in the financial statements during the three months periods ended February 28, 2019 and 2018 as follows:

Consulting fees	February 28, 2019	February 28, 2018
Management fees, consulting fees, accounting fees and salary expense:		
Management fees were charged by officers for corporate administrative and financial management services	\$ 7,500	\$ 5,000
Consulting fees were charged by officers and a relative of a director for corporate administrative and financial management services	\$ 51,500	\$ 7,500
Accounting fees were charged by an officer for financial management services	\$ 7,500	\$ 7,500
Other		
Loans payable to directors and officers of the Company.	\$ 6,944	\$ 5,053

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. See also Note 11, Long term debt, for details

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on the loan from a related party.

14. COMMITMENTS AND CONTINGENCIES

The Company had a commitment to spend approximately \$453,000 from amounts raised through flow-through financing issued prior to December 31, 2017 on eligible Canadian exploration and development expenses. The Company had incurred these required expenses and fulfilled its spending obligations prior to December 31, 2018.

The Company has a commitment to spend \$295,000 from amounts raised through flow-through financing issued prior to December 31, 2018 on eligible Canadian exploration and development expenses. At February 28, 2019, the Company had not yet incurred these required expenses but is expected to do so prior to the end of calendar 2019.

On November 2, 2016, the Company entered into an option agreement with regards to the Alpine Mine property. In December 2018 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 2022). 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	\$ -
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	\$ -