



## **BRAVEHEART RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED FEBRUARY 28, 2019**

*The following management's discussion and analysis ("MD&A") is management's assessment of the results and financial condition of Braveheart Resources Inc. ("Braveheart" or the "Company") and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended February 28, 2019 ("Q3 2019"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is April 29, 2019. Braveheart's most recent filings are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed through the Internet at [www.sedar.com](http://www.sedar.com).*

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

### **1. DESCRIPTION OF BUSINESS**

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

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

### **2. HIGHLIGHTS OF THE QUARTER**

Highlights for the period ended February 28, 2019 include:

- Completion of the 1,600 meter drill program at the Company's Alpine Property in September;
- Completion of the acquisition of the Purcell Project by way the 100% acquisition of Purcell Basin Minerals Inc. pursuant to a Plan of Arrangement via the *Companies' Creditors Arrangement Act* ("CCAA") (the "Purcell Acquisition"). The Purcell Acquisition closed on January 18, 2019. See Note 3 (Acquisition of Purcell Basin Minerals Inc.) of the interim unaudited condensed consolidated financial statements for the period ended February 28, 2019.
- Completion of an equity financing in December 2018 (combination of flow-through and common share units) resulting in a net equity raise of \$1,546,000.
- Issuance of 1,400,000 shares in order to keep the Alpine Property Agreement in good standing.



### **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.



### 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	12,428,000
	<u>22,052,790</u>
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	427,625
	<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.



## 4. MINERAL PROPERTY EXPLORATION ACTIVITIES

### 4.1 *Alpine Property*

The Company began its 2018 exploration program at its Alpine Property during August 2018. The program consisted of a helicopter-assisted diamond drill program of approximately 1,600 metres. The purpose of the program was to test for extensions of the current resource on strike and down dip through step-out drill holes. Surface exploration including mapping and sampling of potential targets on the property was carried out simultaneously. The program was completed by the end of September 2018.

The Alpine property currently has a National Instrument 43-101 compliant resource report that was posted on SEDAR on March 7, 2018. An inferred resource of 268,000 tonnes has been estimated resulting in an inferred gold resource of 142,000 ounces using a cut-off grade of 5.0 g/t gold and an average grade of 16.52 g/t gold. Table 1 below provides a range of values using varying cut-off grades.

**Table 1 – Inferred Resource within the Alpine Vein**

Au Cut-off (g/t)	Tonnes > Cut-off (tonnes)	Grade > Cut-off Au (g/t)	Contained Au Ozs
2.0	366,000	12.96	153,000
3.0	324,000	14.36	149,000
4.0	290,000	15.62	145,000
<b>5.0</b>	<b>268,000</b>	<b>16.52</b>	<b>142,000</b>
6.0	242,000	17.71	138,000
7.0	205,000	19.76	130,000
8.0	182,000	21.29	124,000
9.0	168,000	22.32	121,000
10.0	160,000	22.94	118,000
15.0	128,000	25.64	106,000
20.0	88,000	29.49	83,000
25.0	54,000	33.82	59,000



## 5. MINERAL PROPERTY EXPENDITURES AND COMMITMENTS

Braveheart's property acquisition and exploration & evaluation expenditures on mineral properties through the period ended February 28, 2019 were as follows:

Mineral Property	Balance May 31, 2018	Option payments & Acquisition costs	Disposition (Assignment)	Balance February 28, 2019
Alpine	\$ 125,000	\$ 240,000	\$ -	\$ 365,000
Other	\$ 8	\$ 8,492	\$ (8,492)	\$ 8
<b>Total</b>	<b>\$ 125,008</b>	<b>\$ 283,898</b>	<b>\$(8,492)</b>	<b>\$ 365,008</b>

Braveheart's expenditures on mineral properties during the period ended February 28, 2019 were as follows:

Mineral Property	Mining Exploration Expense	
	February 28, 2019	May 31, 2018
Alpine	\$ 753,805	\$ 488,561
Other	\$ -	\$ -
<b>Total</b>	<b>\$ 753,805</b>	<b>\$ 488,561</b>

## 6. RESULTS OF OPERATIONS

	Period ended Feb 28, 2019	Period ended Feb 28, 2018
Management fees	\$ -	\$ 25,503
Consulting fees	248,738	27,500
Administrative expenses	113,362	32,972
Professional fees	252,558	10,540
Rent	-	4,800
Interest expense	83,123	-
Mining exploration expenses	513,805	480,673
Bargain purchase price	(10,366,552)	-
Interest	(220)	(101)
<b>Net Income/(Loss)</b>	<b>\$ (9,155,186)</b>	<b>\$ 581,887</b>
<b>Basic and fully diluted earnings/(loss) per share</b>	<b>\$ 0.182</b>	<b>\$ (0.015)</b>



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

## 6.2 Three Months Ended February 28, 2019

Results of operations for the three months ended February 28, 2019 resulted in net and comprehensive income of \$9,787,231, compared to a loss of \$70,032 for the same period in 2018. The variance between the three-month periods is due almost exclusively to the Company's increased costs associated with professional and consulting fees incurred in relation to the Purcell Acquisition and the recording of the Bargain purchase on acquisition of \$10,366,552. During the 3-month period ended February 28, 2019, professional and consulting fees were \$319,024 versus \$17,499 for the same period in 2018. Additionally, the Company incurred \$111,063 in the quarter on mining exploration expenses versus \$39,036 during the same period in 2018.

## 7. QUARTERLY FINANCIAL INFORMATION

The following is selected financial data from the quarterly interim consolidated financial statements of Braveheart for the last eight completed fiscal quarters ending February 28, 2019. This information should be read in conjunction with Braveheart's audited annual and unaudited interim consolidated financial statements for the periods below.

	Feb 28 2019	Nov 30 2018	Aug 31 2018	May 31 2018	Feb. 28 2018	Nov. 30, 2017	Aug. 31, 2017	May 31, 2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(a) Revenue	\$10,366,552	\$ -	\$ 220	\$ -	\$ -	\$ -	\$ 240	\$ -
(b) Net income/(loss) and comprehensive loss	\$9,787,231	\$(507,518)	\$(124,527)	\$(70,878)	\$(70,032)	\$(437,351)	\$(74,503)	\$(206,622)
(c) Net income/(loss) per share –basic and fully diluted	\$0.146	\$(0.011)	\$(0.003)	\$(0.002)	\$(0.002)	\$(0.012)	\$(0.002)	\$(0.016)

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

Significant period to period fluctuations in loss are the result of the timing of the mining exploration expenses related to the Alpine mine and, beginning in the period ended February 28, 2019, professional fees in respect of the Purcell Acquisition.



## 8. FINANCIAL CONDITION

During the three months ended February 28, 2019, Braveheart's total assets increased demonstrably by approximately \$22.6 million (\$23,798,731 compared to \$1,196,237 at November 30, 2018). This increase was due:

- the closing of a financing for a net of approximately \$1.5 million;
- the closing of the Purcell acquisition, resulting in the addition of net assets of \$21.9 million.

Based on the February 28, 2019 working capital position of \$2,819,613, Braveheart had sufficient cash to continue exploration activities on its mineral properties. As capital markets permit, Braveheart intends to obtain proceeds from additional equity and debt financing alternatives to finance exploration and development expenditures at its Alpine and Purcell Project, as well as general and administrative expenditure. However, there can be no assurance that additional capital or other types of financing will be available or that, if available, the terms of such financing will be favourable to Braveheart.

## 9. LIQUIDITY AND CAPITAL RESOURCES

Braveheart is wholly dependent on equity financing to complete the development of its exploration and evaluation assets (see Section 15.7 – Risks Factors). Braveheart does not expect to generate any significant revenues from operations in its next fiscal year.

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of Braveheart, is reasonable. There were no changes in Braveheart's approach to capital management through three months ended February 28, 2019. Braveheart is not subject to externally imposed capital requirements.

Braveheart had no off-balance sheet arrangements at February 28, 2019.



## 10. OUTLOOK AND FUTURE EXPLORATION WORK

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

The Company's focus for the remainder of calendar 2019 is to secure the necessary mining and operating permits that will allow the Company the ability to recommence operations at the Purcell Basin project. The Company also intends to pursue additional debt and equity financing options in order to finance the expected costs of recommencing production.

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

An investment in Braveheart's securities is speculative; see Section 15.7 – Risk Factors.

## 11. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

These unaudited condensed interim consolidated financial statements have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Braveheart's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

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

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

- Braveheart assesses the carrying value of exploration and evaluation assets each reporting period to determine whether any indication of impairment exists. The calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;
- due to the complexity and nature of Braveheart's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur





or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on Braveheart's financial position or results of operations as at and for the three months ended February 28, 2019; and

- Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

## 12. SIGNIFICANT ACCOUNTING POLICIES

Braveheart's significant accounting policies are summarized in note 2 to the audited annual consolidated financial statements for the year ended May 31, 2018. Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Braveheart's consolidated financial statements.

### *Exploration and Evaluation Assets*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are charged to operations as incurred. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

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

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

### *Share-Based Payment Transactions*

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

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



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

## **13. ACCOUNTING ISSUES**

### **13.1 Management of Capital Risk**

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

Braveheart considers as capital its shareholders' equity and cash and equivalents. Braveheart manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, Braveheart may issue new common shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. Braveheart's working capital at February 28, 2019 was \$2,819,613. Braveheart will require additional funds to carry out exploration on its mineral properties. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when Braveheart needs to raise capital, there will be access to funds at that time.

### **13.2 Management of Financial Risk**

Braveheart is exposed to various property and financial risks and assesses the impact and likelihood of this exposure. These risks include property risk, credit risk, liquidity risk, market risk, interest rate risk and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 11 to the financial statements for the ended May 31, 2018.



## 14. OUTSTANDING SHARE DATA

	Number of Shares
Common & fully diluted shares outstanding – May 31, 2018	43,751,105
Share issue for cash*	15,225,000
Shares issued for property	15,676,249
Flow through share issue for cash*	2,950,000
<b>Common &amp; fully diluted shares outstanding – February 28, 2019</b>	<b>77,602,354</b>
<i>*See Note 7 of the Interim unaudited condensed consolidated financial statements for the period ended February 28, 2019 for full details</i>	

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

### 14.2 Warrants

	Number of Warrants
Warrants outstanding – May 31, 2018	12,760,395
Expired	(3,310,000)
Issued*	26,880,000
<b>Warrants outstanding – February 28, 2019</b>	<b>36,330,395</b>
<i>*See Note 6 of the Interim unaudited condensed financial statements for the period ended February 28, 2019 for full details</i>	

### 14.3 Stock Options

Braveheart has a stock option plan (the “Plan”) under which it is authorized to grant stock options to acquire common shares to Directors, Officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 3,000,000. The number of common shares which may be reserved for issue to any one individual under the Plan within any one-year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

During the three months ended February 28, 2019, no stock options were granted. At February 28, 2019, there were 3,000,000 stock options outstanding.



## **15. OTHER INFORMATION**

### **15.1 Contractual Commitments**

See Note 14 of the interim unaudited condensed consolidated financial statements for a summary of the Company's commitment pursuant to the Alpine property option agreement.

### **15.2 Disclosure Control and Procedures**

Braveheart's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of Braveheart's disclosure controls and procedures as at February 28, 2019. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Braveheart's disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted by Braveheart under Canadian securities legislation is reported within the time periods specified in those rules.

### **15.3 Internal Control over Financial Reporting**

Braveheart's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, Braveheart's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in Braveheart's internal control over financial reporting during the three months ended February 28, 2019 that has materially affected, or is reasonably likely to materially affect, Braveheart's internal control over financial reporting.

### **15.4 Limitations of Controls and Procedures**

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

### **15.5 Corporate Governance**

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

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



## **15.6 Related Party Transactions**

The related party transactions during the three months ended February 28, 2019 and 2018 are disclosed in note 13 of the notes to financial statements for the three months ended February 28, 2019.

## **15.7 Risk Factors**

Braveheart is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage. The risk factors set forth in Braveheart's MD&A for the year ended May 31, 2018, a copy of which is filed at SEDAR, could materially affect Braveheart's future operating results, the successful exploration and development of Braveheart's mineral properties and could cause actual events to differ materially from those described in forward-looking statements relating to Braveheart.

## **16. FORWARD-LOOKING STATEMENTS**

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

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of Braveheart. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Although Braveheart believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Braveheart's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, mineral price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with Braveheart's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the mineral exploration and development industry, as well



as those risk factors listed in the “Risk Factors” section above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for Braveheart’s exploration and development activities; operating and exploration and development costs; Braveheart’s ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration properties and other operations; market competition; and general business and economic conditions.

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