

BRAVEHEART RESOURCES INC.

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

FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

BRAVEHEART RESOURCES INC.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
November 30, 2020

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

	<i>Note</i>	November 30 2020	May 31 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	3,4	\$ 2,806,586	\$ 2,900,008
Unprocessed ore	3	5,039,144	5,039,144
Mineral properties	3, 5	2,263,944	2,158,000
Deferred tax asset	3	1	1
Total non-current assets		10,109,675	10,097,153
Current assets			
Deposits and prepaids	3, 6	694,403	670,529
Due from directors		-	1,123
Restricted funds committed to related party loan	8	-	141,278
Accounts receivable and harmonized sales tax		20,945	216,726
Cash and cash equivalents		1,378,320	108,635
Total current assets		2,093,668	1,138,291
Total assets		\$ 12,203,343	\$ 11,235,444
EQUITY AND LIABILITIES			
Equity			
Share capital	7	\$ 13,654,821	\$ 9,984,540
Warrants	7	1,712,898	1,001,530
Equity component of convertible debenture	9	1,327,381	2,044,039
Contributed surplus	7	4,871,100	4,490,567
Deficit		(18,444,561)	(16,509,383)
Total Equity		3,121,639	1,011,293
Going concern	1		
Commitments and contingencies	10		
Subsequent events	11		
Non-current liabilities			
Due to related party	8	5,764,676	5,493,727
Loan payable		40,000	40,000
Flow through share premium	10	3,160	20,000
Decommissioning obligations		201,887	187,771
Debt component of convertible debenture	9	2,631,026	\$ 4,083,331
Total non-current liabilities		8,640,749	9,824,829
Current liabilities			
Accounts payable and accrued liabilities		400,955	359,322
Advance payable		40,000	40,000
Total current liabilities		440,955	399,322
Total liabilities		9,081,704	10,224,151
Total equity and liabilities		\$ 12,203,343	\$ 11,235,444

Approved on behalf of the Board on January 26, 2021:

Signed: "Gestur Kristjansson"

Signed: "David W. Johnston"

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS FOR THE THREE AND SIX MONTHS ENDED
NOVEMBER 30, 2020 and 2019**

	<i>Note</i>	Three months ended		Six months ended	
		November 30 2020	November 30 2019	November 30 2020	November 30 2019
Expenses					
Marketing and advertising		44,802	13,811	\$ 84,155	\$ 22,255
Consulting fees		192,908	225,767	284,858	340,026
Amortization	4	46,455	46,868	93,421	87,229
Accretion		7,178	6,270	14,116	9,715
Administrative expenses		54,804	13,337	96,358	83,867
Professional fees		113,926	71,547	152,983	122,374
Rent		-	-	-	1,000
Salaries and wages		48,127	120,635	97,380	229,612
Supplies and maintenance		57,483	103,334	120,311	204,478
Equipment repairs		4,112	315,334	3,761	-
Mining exploration and development expenses	5	67,693	-	67,693	742,023
Share based compensation	7	295,370	-	310,517	842,800
Interest expense	8, 9	289,139	337,627	643,402	688,915
Operating loss		1,221,997	1,254,531	1,968,955	3,374,294
(Gain) loss on sale of assets		-	278	(7,127)	7
Foreign exchange (gain) loss		969	-	1,764	1,049
Interest income		(147)	(16,251)	(3,997)	(34,562)
Net loss		(1,222,144)	(1,238,558)	\$ (1,959,595)	(3,340,788)
Flow-through share premium renunciation	10	(9,000)	(17,000)	(16,840)	(47,000)
Corporate income tax recovery		(7,577)	-	(7,577)	(133,440)
Net loss and comprehensive loss for the period		(1,205,567)	(1,221,558)	\$ (1,935,178)	\$ (3,160,348)
Net loss per share		\$ (0.009)	\$ (0.012)	\$ (0.017)	\$ (0.031)
Weighted average outstanding shares		134,025,544	105,490,930	116,752,799	102,877,511

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

BRAVEHEART RESOURCES INC.

INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 and 2019

	Note	Share Capital		Warrants		Contributed Surplus	Equity Convertible Debenture	Deficit	Total
		Common Shares							
		Number	Amount	Number	Amount				
Balance, May 31 , 2019		93,803,134	\$ 7,405,441	\$ 52,531,176	\$ 1,218,931	\$ 3,331,109	\$ 1,926,400	\$ (11,395,581)	\$ 2,486,300
Share issue for cash		783,333	50,000						50,000
Flow-through share issue for cash		3,823,530	650,000						650,000
Flow-through share premium			(52,000)						(52,000)
Warrants exercised		7,318,293	1,274,776	(7,318,293)	(198,778)	(195,630)			880,368
Warrants expired unexercised				(708,334)	(18,378)	18,378			-
Fair value of warrants			(72,898)	607,843	\$ 72,898	-			-
Share based compensation						842,800			842,800
Stock options exercised		300,000	45,000			(27,000)			18,000
Shares issued in claim settlement		450,000	63,000						63,000
Share issue costs			(108,527)	354,882	38,527				(70,000)
Net income								(3,160,348)	(3,160,348)
Balance, November 30, 2019		106,478,290	\$ 9,254,792	\$ 45,467,274	\$ 1,113,200	\$ 3,969,657	\$ 1,926,400	\$ (14,555,929)	\$ 1,708,120
Balance, May 31 , 2020		113,175,899	\$ 9,984,540	\$ 27,667,569	\$ 1,001,530	\$ 4,490,567	\$ 2,044,039	\$ (16,509,383)	\$ 1,011,293
Share issue for cash	7	24,767,957	1,993,930						1,993,930
Warrants exercised	7	400,000	76,402	(400,000)	(16,401)				60,001
Warrants expired unexercised	7			(2,135,000)	(87,550)	87,550			-
Fair value of warrants	7		(815,320)	24,967,976	815,320				-
Shares issued for settlement of convertible loan		12,000,000	2,400,000				(716,658)		1,683,342
Share based compensation	7					310,518			310,518
Stock options exercised		300,000	35,535			(17,535)			18,000
Share issue costs	7		(20,265)						(20,265)
Loss and comprehensive loss								(1,935,178)	(1,935,178)
Balance, November 30, 2020		150,643,856	\$ 13,654,822	\$ 50,100,545	\$ 1,712,898	\$ 4,871,100	\$ 1,327,381	\$ (18,444,561)	\$ 3,121,640

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

BRAVEHEART RESOURCES INC.**INTERIM UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 and 2019**

<i>Note</i>	November 30 2020	November 30 2019
Cash flows from operating activities		
Net loss for the period	\$ (1,935,178)	\$ (3,160,348)
Add back/Deduct non-cash expenses/(income)		
Mining exploration expenses and development	67,693	742,023
Amortization	4 93,421	87,229
Accretion	14,116	9,715
Share based compensation	7 310,517	842,800
Interest accrued	8, 9 643,265	681,556
Flow-through share premium renunciation	(16,840)	(47,000)
Loss on sale of assets	-	7
Net changes in working capital balances		
Accounts receivable and harmonized sales tax	195,781	62,729
Prepays and deposits	(23,874)	47,856
Accounts payable and accrued liabilities	41,633	(66,199)
Due to directors	1,123	6,002
Cash flows used in operating activities	(608,343)	(793,630)
Cash flows from investing activities		
Investment in capital assets	-	(332,154)
Mineral properties	5 (173,637)	(742,023)
Cash flows used in investing activities	(173,637)	(1,074,177)
Cash flows from financing activities		
Issue of common shares and warrants, net of costs	7 1,973,665	630,000
Stock options exercised	18,000	18,000
Warrants exercised	7 60,000	880,369
Related party loan, and restricted funds net	7 -	200,000
Cash provided by financing activities	2,051,665	1,728,369
Net change in cash	1,269,685	(139,438)
Cash, beginning of year	108,635	696,182
Cash, end of period	\$ 1,378,320	\$ 556,744

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

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2020 and 2019

(in Canadian dollars)

1. REPORTING ENTITY AND GOING CONCERN

Braveheart Resources Inc. (the “Company”) is an exploration stage company engaged in locating, acquiring and exploring for base and 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 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 shares of Purcell Basin Minerals Inc. (Purcell) pursuant to a plan of arrangement and these 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.).

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 losses to date resulting in a cumulative deficit of \$18,444,561 as at November 30, 2020. 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 significant doubt which constitutes a material uncertainty as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these 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.

For the six months ended November 30, 2020, the Company had a net loss of \$1,935,178 and cash flow used in operations of \$608,343. As at November 30, 2020 the Company had working capital of \$1,652,713 including cash of \$1,378,320.

The Company has a history of operating losses. In recent years, it had negative cash flows from operations and working capital deficiencies.

Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Management 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 FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

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, 2020.

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, 2020.

The financial statements were authorized for issue by the Board of Directors on January 26, 2021.

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 was an arm's length transaction.

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. (See also Note 9)

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 FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

3.2 Value Received and Consideration Transferred

Cash	\$	118,000
Deposit		525,214
Amounts receivable		1,057,643
Deferred tax asset		1
Property, plant & equipment		2,806,429
Mineral Property (i)		2,158,000
Unprocessed ore		5,039,144
		<hr/>
		11,689,431
Decommissioning Obligation		(156,380)
Accounts payable assumed		(119,993)
		<hr/>
Fair value of net assets acquired	\$	11,428,058

Fair value of consideration transferred:

Shares and warrants issued to secured creditors	\$	1,000,000
Payments made to secured creditor and monitor		3,724,433
Convertible debenture		6,000,000
Shares issued to unsecured creditors		427,625
Shares and warrants issued to former Purcell shareholders		118,000
Property tax on land transfer (i)		80,000
Shares issued in settlement of claim (i)		78,000
		<hr/>
Fair value of consideration	\$	11,428,058

The acquisition of historical non-capital loss and tax pools of \$153,522,370 are available to reduce future income taxes.

The Company incurred \$561,909 in acquisition transaction costs including direct costs incurred of the Monitor and legal costs that have been included in the statement of loss.

i) During the year ended May 31, 2020 additional costs of business acquisition of \$158,000 were incurred and included in Mineral properties.

3.3 Contingent consideration arrangements

Pre-existing Purcell equity holders were granted an offer to acquire up to 16.5 million units ("Units") of the Company. Each Unit was 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 previously held by such equity holder, was required to make a flat cash payment of \$1,000 for all the Units purchased. On May 8, 2019, 118 pre-existing Purcell equity holders accepted the offer resulting in cash proceeds of \$118,000 and the issuance of 16,200,781 Units. These transactions have been reflected in 3.2 above.

The Company defended two claims in dispute which was assumed. One claim was settled with the issuance of 450,000 common shares on November 7, 2019 with a fair value estimate of \$63,000. One claim was

BRAVEHEART RESOURCES INC.

NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

settled April 20, 2020 with the issuance of 300,000 common shares with a fair value of \$15,000. These transactions have been reflected in 3.2 above.

4. PROPERTY, PLANT AND EQUIPMENT

November 30, 2020	Cost	Accumulated amortization	Net book value
Buildings	\$2,486,494	(230,777)	\$2,255,717
Equipment	\$ 650,068	(99,199)	\$ 550,869
Total	\$3,136,562	(329,976)	\$2,806,586

May 31, 2020	Cost	Accumulated amortization	Net book value
Buildings	\$2,486,494	(168,444)	\$2,318,050
Equipment	\$ 650,068	(68,110)	\$ 581,958
Total	\$3,136,562	(236,554)	\$2,900,008

On August 30, 2019 the Company purchased a used transformer for \$265,000.

Amortization rates based on estimated useful lives of 20 years for Building and 10 years for Equipment, 3 years for Vehicles.

5. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

	November 30, 2020	May 31, 2020
Purcell (Note 3)	\$ 2,263,944	\$ 2,158,000

During the period ended November 30, 2020, the Company incurred \$105,944 in mineral property development costs.

Mining Exploration Expenses

	For the Period Ended November 30, 2020	For the Year Ended May 31, 2020
Alpine	\$ -	\$ 21,053
Purcell	67,693	1,126,835
	\$ 67,693	\$ 1,147,888

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 option agreement to acquire 100% of the property. The Company did not pay by December 15, 2019 an additional \$200,000 nor issue 400,000 common shares as required by its option agreement and has therefore recorded an impairment on the Alpine property.

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

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.

6. DEPOSITS AND PREPAIDS

	November 30, 2020	May 31, 2020
Restricted deposits	\$ 551,666	\$ 545,160
Advances	142,737	125,369
Deposits and prepaid	\$ 694,403	\$ 670,529

Restricted deposits are held in Canadian banks as required by British Columbia Ministry of Energy, Mines and Petroleum Resources.

7. SHARE CAPITAL

Authorized: Unlimited number of common shares without a value

	November 30, 2020	May 31, 2020
Authorized and issued	Number of shares	
Common shares, beginning of period	113,175,899	93,803,134
Issued for cash - shares (ii)(viii)(ix)(x)(xii)	24,767,957	351,743
Issued for cash on exercise of stock options (iii)(xiii)	300,000	800,000
Issued for settlement of convertible loan (xi)	12,000,000	
Issued for settlement of claim (iv)	-	750,000
Issued for cash - flow-through shares (i)(ii)(v)	-	9,023,531
Warrants exercised (vi)(vii)	400,000	8,447,491
Common shares, end of period	150,643,856	113,175,899
Opening	\$ 9,984,540	\$ 7,405,439
Issued for cash – units (ii)(viii)(ix)(x)(xii)	1,993,930	51,000
Issued for cash - flow-through shares (i)(ii)(viii)	-	1,378,000
Stock options exercised (iii)(xiii)	35,535	94,760
Issued for settlement of Convertible loan (xi)	2,400,000	-
Issued for settlement of claim (iv)	-	78,000
Warrants exercised (vi) (vii)	76,402	1,302,341
Flow-through share premium (i)(ii)(v)	-	(110,240)
Share issue costs(viii)(xii)	(20,265)	(196,536)
Fair value of warrants(viii)(xi)(x)(xii)(ix)(x)(xii)	(815,320)	(18,224)
	\$ 13,654,822	\$ 9,984,540

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

- (i) On June 6, 2019, the Company completed a private placement of 2,941,177 common shares on a flow through basis at \$0.17 per common share and for gross proceeds of \$500,000. Commissions totalling \$50,000 were paid on the private placement resulting in net proceeds of \$450,000. Additionally, 294,118 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 \$0.17 for a period of 24 months from the date of issue.
- (ii) On June 18, 2019, the Company completed a private placement of 882,353 units on a flow-through basis at \$0.17 per common share and for gross proceeds of \$150,000. In addition, on that date the Company completed a private placement of 333,333 common shares issued at a price of \$0.15 per share for gross proceeds of \$50,000. The units comprise one common share and one-half common share purchase warrant. Each warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.21 until June 18, 2021. Commissions totalling \$20,000 were paid on the private placement resulting in net proceeds of \$180,000. Additionally, 60,764 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 \$0.17 for a period of 24 months from the date of issue.
- (iii) On October 31, 2019 300,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$18,000. On December 23, 2019 500,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$30,000.
- (iv) On November 7, 2019 450,000 common shares were issued as settlement of a claim assumed on acquisition of Purcell On April 20, 2020 300,000 common shares were issued as settlement of a claim assumed on acquisition of Purcell (Note 6).
- (v) The Company completed a private placement of 5,200,00 flow-through units at \$0.14 per unit and for gross proceeds of \$728,000 on December 20, 2019. The company paid finders fees totaling 68,240 and issued 266,000 finders warrants, with each finder warrant exercisable into a common share at an exercise price of \$0.14 per share for a period of 24 months.
- (vi) During the year ended May 31, 2020, 8,447,490 common share purchase warrants were exercised for gross proceeds of \$1,049,747, and 1,002,904 common share purchase warrants expired unexercised.
- (vii) On July 21, 2020, 400,000 common share purchase warrants were exercised for gross proceeds of \$60,000, and 2,135,000 common share purchase warrants expired unexercised.
- (viii) On August 6, 2020 the Company issued 2,000,000 units at \$0.1015 per unit for \$203,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.1688 per share until August 6, 2025.
- (ix) On September 1, 2020 the Company issued 2,222,222 units at \$0.1125 per unit for \$250,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.187 per share until September 1, 2025.
- (x) On September 22, 2020 the Company issued 7,000,000 units at \$0.075 per unit for \$525,000. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.11 per share until September 22, 2023.
- (xi) On October 13, 2020 the Company issued 12,000,000 units at \$0.20 per unit as settlement of \$2,400,000 of its convertible debt (note 9).
- (xii) On October 30, 2020 the Company issued 13,545,734 units at \$0.075 per unit for \$1,015,930. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.11 per share until October 30, 2023. 200,020 finders fees warrants were issued

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NOTES TO INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED November 30, 2020 and 2019

(In Canadian dollars)

exercisable into a common share at a price of \$0.11 per share until October 30, 2023.

- (xiii) On November 30, 2020 300,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$18,000.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the year:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2019	52,531,176	\$ 0.15
Exercised	(8,447,491)	0.124
Expired	(27,203,685)	-
Issued	10,787,569	0.161
Balance, May 31, 2020	27,667,569	\$ 0.151
Exercised	(400,000)	0.15
Expired unexercised	(2,135,000)	0.15
Issued	24,967,976	0.1216
Balance, November 30, 2020	50,100,545	\$ 0.1360

At November 30, 2020, 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
14,165,000	\$ 0.15	December 27, 2020
180,000	0.10	December 27, 2020
294,118	0.17	June 5, 2021
166,667	0.21	June 18, 2021
60,784	0.17	June 18, 2021
266,000	0.14	December 19, 2021
10,000,000 (ix)	0.15	January 20, 2021
2,000,000	0.1688	August 6, 2025
2,222,222	0.1875	September 1, 2025
7,000,000	0.11	September 22, 2023
13,745,754	0.11	October 30, 2023
50,100,545	\$0.1360	

- (ix) On March 11 2020, Braveheart restructured terms of the Debenture (See note 9). The underlying holders were issued an aggregate of 10,000,000 warrants at an exercise price of \$0.15 per share with an expiry date of January 21, 2021.

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:

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	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2019	3,000,000	\$ 0.06
Issued	5,955,556	\$ 0.18
Exercised	(800,000)	\$ 0.06
Balance, May 31, 2020	8,155,556	\$ 0.16
Issued	3,925,000	\$ 0.10
Exercised	(300,000)	\$ 0.06
Balance, November 30, 2020	11,780,556	\$ 0.13

The following table summarizes information about stock options outstanding and exercisable at August 31, 2020:

Date of Grant	Number of Outstanding at May 31, 2020	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at November 31, 2020
April 25, 2017	2,200,000	\$ 0.06	17	April 25, 2022	1,900,000
June 5, 2019	5,955,556	\$ 0.18	31	June 5, 2023	5,955,556
June 11, 2020	-	\$ 0.10	31	June 11, 2023	325,000
October 22, 2020		\$ 0.10	59	October 30, 2025	3,600,000
	8,155,556				11,780,556

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

On June 5, 2019 the Company granted 5,955,556 options at a strike price of \$0.18 and an expiry date of four years to officers, directors, employees and consultants. The fair value of \$989,675 for the 5,955,556 stock options granted of \$0.17 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 1.38%, expected life of 4 years and historical volatility was used for calculation of expected volatility of 176%.

On June 11, 2020 the Company granted 325,000 options at a strike price of \$0.10 and an expiry date of three years to officers, directors, employees and consultants. The fair value of \$15,147 for the 325,000 stock options granted of \$0.05 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 0.25%, expected life of 3 years and historical volatility was used for calculation of expected volatility of 138%.

On October 22, 2020 the Company granted 3,600,000 options at a strike price of \$0.10 and an expiry date of five years to officers, directors, employees and consultants. The fair value of \$295,370 for the 3,600,000 stock options granted of \$0.08 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 0.34%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 134%.

8. RELATED PARTY

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 remained in an escrow account as security for certain third-party debts with Matlock Farms Ltd. On March 1, 2019, \$172,785, on September 3, 2019,

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\$172,784, on March 3, 2020, \$172,784, and on September 19, 2020, 141,416 was paid from the escrow account against the Matlock loan. The loan is secured by a general security agreement where assets with a net book value of \$10,109,675 are pledged.

	November 30, 2020	May 31, 2020
Loan due January 4, 2023, bears interest at 14.8%	\$ 5,000,000	\$ 5,000,000
Principle paid	(659,770)	(518,354)
Accrued interest at end of year	1,424,446	1,012,081
	<u>\$ 5,764,676</u>	<u>\$ 5,493,727</u>

9. 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 has 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 35 months, the full 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.

On January 18, 2019, the Debenture was bifurcated into its debt and equity components. The fair value of the debt portion in the amount of \$4,073,600 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 \$1,926,400 was allocated to equity. Interest accrued during the year ended May 31, 2019 is \$232,190.

On March 11, 2020, Braveheart restructured terms of the Debenture, extending repayment terms by two years to January 18, 2024 and with interest of 5% in the two additional years. 40% of the principal amount of the debenture can be converted into shares of Braveheart immediately at a price of \$0.20 per share. After 48 months (January 18, 2023), the full principal amount of the Debenture can be converted into shares of Braveheart at a price of \$0.30 per share. If the Debenture is fully converted into common shares of Braveheart, an aggregate of 24,000,000 common shares would be issuable to CuVeras. The underlying holders were also issued an aggregate of 10,000,000 warrants at an exercise price of \$0.15 per share and with an expiry date of January 21, 2021.

On March 11, 2020 the fair value of the debt portion in the amount of \$3,955,961 was estimated using a discounted cash flow method based on an expected life to the new maturity date of January 17, 2014, timing of expected conversions, and a discount rate of 15%. Warrants issues were fair value estimated at \$292,857.

On October, 13, 2020, Debenture holders exercised conversion of \$2,400,000 into shares of the Company. The Company issued 12,000,000 million shares at a conversion price of \$0.20 as settlement of \$2,400,000 of its convertible debt.

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The Debenture is comprised of the following:	November 30, 2020	May 31, 2020
Face value of Convertible Debenture	\$3,600,000	\$6,000,000
Equity component of Convertible Debenture	1,327,381	2,044,039
Liability component of Convertible Debenture	November 30, 2020	May 31, 2020
Beginning of year	\$4,083,331	\$ 4,305,790
Principal Payment (convert to 12,000,000 share)	(1,683,342)	-
Interest expensed during the period	231,037	663,146
Warrants issued March 11, 2020 on extension of convertible debenture	-	(292,857)
Gain on extension of convertible debenture	-	(592,748)
End of period	\$2,631,026	\$4,083,331

10. COMMITMENTS AND CONTINGENCIES

In June 2019 and December 2019 the Company has committed to spend \$650,000 and \$728,000 respectively from amounts raised through flow-through financing on eligible Canadian exploration and development expenses prior to December 31, 2020. As at November 30, 2020 the Company estimates a \$39,000 remaining commitment on eligible Canadian exploration and development expenses by December 31, 2020.

11. EVENTS AFTER THE REPORTING PERIOD

Private Placement

On December 10, 2020 the Company issued 3,047,115 units at \$0.10 per unit for \$304,711. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.15 per share until December 10, 2022.

Property Acquisition

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

The Company has acquired Thierry from Cadillac for the following consideration:

- (i) \$300,000 in cash;
- (ii) 11,000,000 common shares of the Company; and,
- (iii) the issue of up to an additional 2,500,000 common shares following delivery of the pending Updated Rehabilitation Plan to the Ministry of Energy, Northern Development and Mines of Ontario for Thierry
- (iv) a 2% net smelter royalty ("NSR") to be retained by Cadillac of which 1% of the NSR can be purchased by Braveheart for \$1,000,000. On January 21, 2021 the Company repurchased the 2% NSR from for a consideration of 2,500,000 common shares subject to the approval of the TSX Venture Exchange.

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Related Party Debt Renegotiated Terms and Partial Settlement

On January 12, 2021 the company renegotiated terms of its senior secured related party loan agreement (Note 9) The loan, which has a principal amount of \$5,000,000 and was put in place in January 2019, carried an interest of 14.8% for a term of four years. Effective January 19th, 2021, the interest rate will be reduced to 10% for the balance of the loan, which expires on January 19, 2023. \$780,000 of accrued interest due to Matlock will be settled with the issuance of 6,500,000 common shares of Braveheart subject to TSXV approval.

Warrants exercised and expired unexercised

Subsequent to November 30, 2020, 765,000 common share purchase warrants with an exercise price of \$0.15 were exercised for gross proceeds of \$126,000 and 23,505,000 with an average exercise price of \$0.15 expired unexercised.