

BRAVEHEART RESOURCES INC.

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

FOR THE YEARS ENDED MAY 31, 2021 and 2020



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Braveheart Resources Ltd.

Opinion

We have audited the consolidated financial statements of Braveheart Resources (the "Company") which comprise:

- the consolidated statement of financial position as at May 31, 2021;
- the consolidated statement of loss and comprehensive loss for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statements of cash flows for the year then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at May 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which indicates that the Company will require significant financing to fund operating activities, certain commitments, and to advance exploration and development activities on the Company's mineral properties. The mineral properties have not yet been determined to contain economically recoverable mineral reserves. Certain of the Company's debt arrangements have conditions which if not met, would result in the debt becoming due on December 31, 2021.

As stated in Note 1 in the financial statements, these events or conditions, along with other matters as set forth in Note 1 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended end of May 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 24, 2020.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up



to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this auditors' report is Timothy Arthur Richards.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

September 28, 2021

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

	<i>Note</i>	May 31 2021	May 31 2020
ASSETS			
Non-current assets			
Property, plant and equipment	6,7	\$ 2,708,424	\$ 2,900,008
Unprocessed ore		5,039,144	5,039,144
Mineral properties	6,8	4,417,689	2,158,000
Deposits	6,9	1,163,335	643,659
Deferred tax asset	6, 13	1	1
Total non-current assets		13,328,593	10,740,812
Current assets			
Prepays	9	30,500	26,870
Due from directors		-	1,123
Restricted funds committed to related party loan	16	-	141,278
Accounts receivable and harmonized sales tax	6, 11	179,324	216,726
Cash and cash equivalents	10	1,473,631	108,635
Total current assets		1,683,455	494,632
Total assets		\$ 15,012,048	\$ 11,235,444
EQUITY AND LIABILITIES			
Equity			
Share capital	12	\$ 22,085,144	\$ 9,984,540
Warrants	12	2,782,337	1,001,530
Equity component of convertible debenture	19	-	2,044,039
Contributed surplus	12	6,154,681	4,490,567
Deficit		(23,701,659)	(16,509,383)
Total Equity		7,320,503	1,011,293
Going concern	1		
Commitments and contingencies	20		
Subsequent events	21		
Non-current liabilities			
Due to related party	16	\$ 3,216,897	\$ 5,493,727
Loans payable	17	974,853	40,000
Flow through share premium	12, 13	84,449	20,000
Government grants	17	13,297	-
Decommissioning obligations	18	295,597	187,771
Debt component of convertible debenture	19	-	4,083,331
Total non-current liabilities		4,585,093	9,824,829
Current liabilities			
Accounts payable and accrued liabilities	14	1,191,041	399,322
Current portion of due to related party	16	1,636,353	-
Current portion of loans payable	17	224,206	-
Current portion of government grants	17	26,961	-
Contingent consideration	6	27,891	-
Total current liabilities		3,106,452	399,322
Total liabilities		7,691,545	10,224,151
Total equity and liabilities		\$ 15,012,048	\$ 11,235,444

Approved on behalf of the Board on September 28, 2021:

Signed: "Gestur Kristjansson"

Signed: "David W. Johnston"

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

BRAVEHEART RESOURCES INC.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MAY 31, 2021 and 2020**

	<i>Note</i>	Years ended	
		May 31 2021	May 31 2020
Revenue		\$ 11,007	\$ -
Expenses			
Marketing and advertising		\$ 176,861	\$ 68,142
Consulting fees		696,633	611,622
Amortization	7	191,584	179,478
Accretion	18	38,297	22,908
Administrative expenses		234,835	202,659
Professional fees		291,164	196,632
Rent		-	1,000
Salaries and wages		202,795	389,875
Supplies and maintenance		288,795	425,122
Equipment repairs		3,761	37,286
Mining exploration and development expenses	8	646,734	1,147,888
Mining tax credit	8, 13	(147,879)	(204,306)
Share based compensation	12	750,039	989,675
Interest expense	16,17,19	1,194,222	1,413,305
Operating expenses		4,567,841	5,481,286
Other (income) expenses:		(14,258)	-
Impairment of assets	9	-	365,007
Gain on sale of assets		(6,991)	-
Loss on conversion of convertible debt	19	3,090,130	-
Gain on modification of related party debt	16	(323,920)	-
Gain on extension of convertible debt terms	19	-	(592,749)
Foreign exchange (gain) loss		(37,816)	531
Interest income		(5,717)	(26,433)
Net loss		\$ (7,258,262)	(5,227,642)
Deferred income tax recovery	13	(65,986)	(113,840)
Net loss and comprehensive loss for the year		\$ (7,192,276)	\$ (5,113,802)
Net loss per share		\$ (0.049)	\$ (0.048)
Weighted average outstanding shares		146,810,985	107,206,281

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

BRAVEHEART RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MAY 31, 2021 and 2020

	Note	Share Capital		Warrants		Contributed Surplus	Equity Convertible Debenture	Deficit	Total
		Common Shares							
		Number	Amount	Number	Amount				
Balance, May 31, 2019		93,803,134	\$ 7,405,439	\$ 52,531,176	\$ 1,218,931	\$ 3,331,109	\$ 1,926,400	\$ (11,395,581)	\$ 2,486,298
Share issue for cash		351,743	51,000						51,000
Flow-through share issue for cash		9,023,531	1,378,000						1,378,000
Flow-through share premium			(110,240)						(110,240)
Warrants exercised		8,447,491	1,302,341	(8,447,491)	(252,594)				1,049,747
Warrants expired unexercised				(27,203,685)	(334,182)	334,182			-
Fair value of warrants			(18,224)	166,667	\$ 18,224	-			-
Convertible debenture extinguishment						1,926,400	(1,926,400)		-
Fair value of convertible debenture terms						(2,044,039)	2,044,039		-
Fair value of warrants issued on convertible debenture terms extension				10,000,000	292,857				292,857
Share based compensation						989,675			989,675
Stock options exercised		800,000	94,760			(46,760)			48,000
Shares issued in claim settlement		750,000	78,000						78,000
Share issue costs			(196,536)	620,902	58,294				(138,242)
Net loss and comprehensive loss								(5,113,802)	(5,113,802)
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	12	27,815,072	2,298,641						2,298,641
Flow-through share issue for cash	12	5,217,391	600,000						600,000
Flow-through share premium	12		(130,435)						(130,435)
Warrants exercised	12	1,240,000	233,067	(1,240,000)	(47,067)				186,000
Warrants expired unexercised	12			(25,640,000)	(877,946)	877,946			-
Fair value of warrants	12		(1,134,520)	30,795,309	1,134,520				-
Shares issued for settlement of convertible loan	12, 19	39,200,000	7,944,151				(2,044,039)		5,900,112
Warrants issued for settlement of convertible loan	12, 19			27,200,000	1,548,796				1,548,796
Shares issued for settlement of related party loan	12, 16	6,500,000	780,000						780,000
Share based compensation	12					750,039			750,039
Share issue for property acquisition	6, 12	12,000,000	1,665,000						1,665,000
Stock options exercised	12	400,000	47,380			(23,376)			24,004
Share issue costs	12		(202,680)		22,504	59,505			(120,671)
Net loss and comprehensive loss								(7,192,276)	(7,192,276)
Balance, May 31, 2021		205,548,362	\$ 22,085,144	\$ 58,782,878	\$ 2,782,337	\$ 6,154,681	\$ -	\$ (23,701,659)	\$ 7,320,503

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

BRAVEHEART RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021 and 2020

<i>Note</i>	May 31 2021	May 31 2020
Cash flows from operating activities		
Net loss for the year	\$ (7,192,276)	\$ (5,113,802)
Add back/ Deduct non-cash expenses/(income)		
Amortization	7 191,584	179,478
Accretion	38,297	22,908
Share based compensation	12 750,039	989,675
Other income - Government grant	(14,258)	-
Interest accrued	16,17,19 1,194,222	1,403,673
Deferred income tax recovery	13 (65,986)	(113,840)
Loss on sale of assets	-	365,007
Gain on extension of convertible debenture terms	-	(592,749)
Loss on conversion of convertible debenture terms	3,090,130	-
Unrealized foreign exchange gain	(37,816)	-
Gain on modification of terms of related party debt	(323,920)	-
Net changes in working capital balances		
Accounts receivable and harmonized sales tax	187,264	5,905
Prepays and deposits	2,994	16,976
Accounts payable and accrued liabilities	17,711	38,917
Due to directors	1,123	(8,067)
Cash flows used in operating activities	(2,160,892)	(2,805,919)
Cash flows from investing activities		
Investment in capital assets	-	(330,133)
Mineral properties	6,8 (339,561)	(80,000)
Cash flows used in investing activities	(339,561)	(410,133)
Cash flows from financing activities		
Issue of common shares and warrants, net of costs	12 2,777,969	1,290,758
Stock options exercised	24,004	48,000
Debt component of convertible debenture	(64,000)	-
Advances on loan, net of costs	17 1,177,641	40,000
Warrants exercised	12 186,000	1,049,747
Convertible debt interest payment	19 (58,000)	-
Related party loan, and restricted funds net	16 (175,000)	200,000
Cash provided by financing activities	3,868,614	2,628,505
Net change in cash and cash equivalents	1,368,161	(587,547)
Effect of movements in exchange rates on cash held	(3,165)	-
Cash and cash equivalents, beginning of year	108,635	696,182
Cash and cash equivalents, end of year	\$ 1,473,631	\$ 108,635

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

BRAVEHEART RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2021 and 2020
(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 precious metals in Canada. The Company was incorporated pursuant to the laws of Ontario on October 13, 2009. The Company is listed on the TSX Venture Exchange, having the symbol BHT as well as the OTCQB Venture Market in the United States, having the symbol RIINF, and the Frankfurt Stock Exchange having the symbol 2ZR, and is in the process of exploring its mineral properties.

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

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

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

Going Concern

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company for the year ended May 31, 2021 incurred a net loss of \$7,192,276 (cumulative deficit of \$23,701,659) and used cash flow in operating activities of \$2,160,892. At year end May 31, 2021, the Company, has a working capital deficit of \$1,422,997 and raised cash of \$723,313 subsequent to year-end (note 21). The Company will be required to raise significant financing to fund both ongoing operating activities and the capital required to develop its existing mining properties. In addition, the Company has certain commitments of \$388,465 (note 20) and longer term debt maturities totaling \$6,052,309 (notes 16 and 17) for which repayment will be required. Lastly, the Company has to comply with certain conditions present in the Ocean Partner UK agreement (“Ocean debt”) (note 17). If these conditions, which include the raise of \$2 million of financing, are not met the Ocean debt will be due on December 31, 2021. The Company currently has not met the Ocean debt conditions nor has the funds to repay this debt if it becomes due on December 31, 2021. The Company will have to raise significant additional funds to advance its exploration and development activities and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. Further, the Company’s continued existence is dependent upon the preservation of its interest in the underlying mineral properties, the discovery of economically recoverable mineral reserves and the achievement of profitable operations.

As a result of these risks, there exists a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

BRAVEHEART RESOURCES INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses or statement of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

During March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian governments regarding travel, business operations and isolation/quarantine orders. At this time, the extent of the impact the COVID-19 outbreak may have on the Company is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak may cause investment market volatility, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's business and financial condition. Exploration drilling operations were suspended during these restrictions.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future period.

The consolidated financial statements were authorized for issue by the Board of Directors on September 28, 2021.

Certain comparative figures in the financial statements were reclassified to conform with current year presentation.

2.2 Basis of Consolidation

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

2.3 Basis of measurement

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(In Canadian dollars)

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

3. ACCOUNTING POLICIES

3.1 Business combinations

Business combinations are accounted for using the acquisition method when the acquisitions of companies and/or assets meet the definition of a business under IFRS. The cost of an acquisition is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The acquired identifiable assets and liabilities and any contingent consideration are measured at their fair value at the date of acquisition. The fair value of property, plant and equipment is the estimated amount for which these assets could be exchanged on the acquisition date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Any excess of the purchase price over the fair value of the identifiable assets and liabilities acquired is recognized as goodwill. If the cost of acquisition is less than fair value of the identifiable assets and liabilities, the difference is recorded as a gain in profit or loss. Associated transaction costs are expensed when incurred.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year. Such gains and losses are recognized in profit or loss.

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries functional and presentation currency.

3.3 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes party to a contractual agreement.

Classification of Financial Assets

Financial assets are initially measured at fair value and classified into one of the following specified categories: amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"). Financial assets measured at amortized cost are initially recognized at fair value and subsequently are measured at amortized cost using an effective interest rate method.

Financial assets measured at FVTPL are measured at fair value with unrealized gains and losses

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recognized in the consolidated statements of loss and comprehensive loss.

Financial assets recognized in the consolidated statements of financial position include cash and cash equivalents, accounts receivable and harmonized taxes, and deposits.

Cash and cash equivalents consist of bank balances in Canada. Cash and cash equivalents are classified as fair value through profit or loss and are measured at fair value.

Deposits and accounts receivables and harmonized taxes are initially recognized at fair value.

Classification of Financial Liabilities

Financial liabilities are classified as either FVTPL or amortized cost. Financial liabilities classified as FVTPL are measured at fair value with unrealized gains and losses recognized in the consolidated statements of loss and comprehensive loss unless the change in fair value is attributable to changes in credit risk in which case the change is reported in other comprehensive income. Financial liabilities reported at amortized cost, including borrowings, are initially measured at fair value and subsequently measured at amortized cost using the effective interest rate method. Financial liabilities consist of accounts payable and accrued liabilities, due to directors, advance payable, due to related party, and debt component of convertible debenture.

Accounts payable and accrued liabilities, advance payable, due to related party, loans payable, debt component of convertible debenture are all initially recognized at fair value and classified as amortized cost, and subsequently measured at amortized cost.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are considered Level 1 in the hierarchy.

Cash and cash equivalents in the statements of financial position comprise cash at Canadian banks, trust accounts, and short-term deposits with an original maturity of 3 months or less.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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A comparison of the classification of financial assets and financial liabilities before and after implementation of IFRS 9 is shown in the table below.

	IFRS 9:
Cash and cash equivalents	amortized cost
Deposits	amortized cost
Financial liabilities	
Accounts payable and accrued liabilities	amortized cost
Advance payable	amortized cost
Due to related party	amortized cost
Debt component of convertible debenture and Loans payable	amortized cost

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.4 Significant accounting judgments and estimates

The preparation of these consolidated financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which by their nature, are uncertain. The impacts of such estimates are pervasive throughout the 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.

Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the 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:

- The recoverability of exploration and evaluation expenditures incurred.
- Estimate of fair values on acquisitions including contingent consideration (if any).
- The fair value of equity and debt components of convertible debenture.
- The fair value of equity on debt settlements.
- The fair value of stock options and warrants issued in conjunction with the issuance of the

BRAVEHEART RESOURCES INC.
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Company's common shares and the fair value of stock options and warrants using the Black Scholes option pricing model;

- The recoverability of deferred tax assets and liabilities.
- Property, plant and equipment and useful lives and related depreciation and amortization.

Critical accounting judgments:

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assumptions made by management.

3.5 Property, Plant and Equipment

On initial recognition, property, plant and equipment are valued at cost, being the purchase price which includes the cash consideration and the fair market value of the shares issued for the acquisition of mineral properties and those directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within the provisions.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Loss during the financial period in which they are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized in the Consolidated Statement of Loss. Property, plant and equipment are stated at cost less accumulated amortization, based on the estimated useful life of the asset is calculated as follows:

Plant and building – 20 years

Equipment – 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted, if appropriate.

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3.6 Income taxes

The Company uses the Asset and Liabilities method to determine income tax and deferred tax. Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes and are presented as noncurrent liabilities.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. An asset is recognized on the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in income in the period in which the change is substantively enacted.

Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The Company is entitled to refundable BC mineral exploration tax credits and refundable mining duties as a result of incurring mineral exploration expenses in British Columbia. These amounts are recognized when the amount to be received can be reasonably estimated and collection is reasonably assured.

3.7 Flow-through shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the flowthrough subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability on the Statements of Financial Position. The subsequent renunciation of such qualifying expenditures incurred by the Company in favor of the flow-through subscribers is reported as a reduction in the 'unrenounced flow-through share premium' liability on the Statements of Financial Position and a corresponding reduction in deferred tax expense on the Consolidated Statements of Loss and Comprehensive loss.

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3.8 Restoration, rehabilitation and environmental obligations and provisions

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying account of the asset, as soon as the obligation to incur such costs arises. Discount rates using a credit adjusted rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a credit adjusted rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the avoidable cost of meeting its obligations under the contract.

3.10 Exploration and evaluation asset

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.

3.11 Unprocessed ore

The measurement of inventory including the determination of its net realizable value, especially as it relates to ore in stockpiles, involves the use of estimates. Net realizable value is determined with

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reference to relevant market prices less applicable variable selling expenses. Estimation is also required in determining the tonnage, recoverable gold and copper contained therein, and in determining the remaining costs of completion to bring inventory into its saleable form. Judgment also exists in determining whether to recognize a provision for obsolescence on mine operating supplies, and estimates are required to determine salvage or scrap value of supplies. Estimates of recoverable gold or copper on the leach pads are calculated from the quantities of ore placed on the leach pads (measured tonnes added to the leach pads), the grade of ore placed on the leach pads (based on assay data) and a recovery percentage (based on ore type).

3.12 Impairment of assets

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating units exceed its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

(ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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3.13 Revenue recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the provision of goods (or the completion of services) to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with the customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation. Income from the sale of mineral products, when they occur, are generally recorded on a gross basis when title passes to an external party. The Company recognizes income when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Title and risk of loss generally pass to the customer at the time of control of the product passes to the customer. Interest income is accrued as earned.

3.14 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at fair value, which is the exchange amount. This is the amount of consideration established and agreed to by the related parties.

3.15 Loss per share

The Company presents basic and diluted earnings/(loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held and for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

3.16 Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The fair value of the share component calculated using Black-Scholes option pricing model, is credited to share capital and the value of the warrant component is credited to the warrants account. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the warrants account is recorded as an increase to share capital.

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3.17 Comprehensive income or loss

Comprehensive income or loss is the change in equity (net assets) of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a year except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income for the period and other comprehensive income. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net earnings.

The Company had no comprehensive income or loss transactions, other than its net loss, presented in the Statements of Loss and Comprehensive Loss, nor has the Company accumulated other comprehensive income during the periods that have been presented.

3.18 New accounting standards issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the current or future reporting periods

4. DETERMINATION OF FAIR VALUES

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Mineral properties and exploration and evaluation asset

The application of the Company’s accounting policy for mineral properties and exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale of the project, or where exploration activities are not adequately advanced to support a precious metals resource assessment. The determination is an estimation process that requires varying degrees of uncertainty and these estimates directly impact the mineral property acquisition costs.

Where an indicator of impairment exists, a formal estimated recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance.

Fair value is determined as the amount that would be obtained from the sale of the assets in an arm’s length transaction between knowledgeable and willing parties. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. Fair value of mineral properties is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, discounted by an appropriate pre-tax discount rate to arrive at a net present value.

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4.3 Contingent consideration

Fair value is calculated based on the present value of estimated future cash flows, discounted at the credit adjusted rate.

4.4 Share-based payment transactions

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Under this method, the fair value of the equity-settled share-based payment is measured on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. For options that do not vest immediately, the fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

5. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk
- price risk
- commodity price risk
- foreign currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial

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instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivables, and cash and equivalents.

The Company considers this risk to be low.

Accounts Receivables

Receivables are measured at carrying value and are subject to credit risk exposure.

Cash and cash equivalents and deposits

At times when the Company's cash position is positive, cash deposits are made with financial institutions having reasonable local credit ratings.

(ii) Liquidity risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity are its cash and cash equivalents. These funds are primarily used to operating cost, finance working capital, exploration expenditures, evaluation expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As part of its capital management process, the Company prepares budgets and forecasts, which are used by management and the Board of Directors to direct and monitor the strategy and ongoing operations and liquidity of the Company. Budgets and forecasts are subject to significant judgement and estimates relating to activity levels, future cash flows and the timing thereof and other factors which may or may not be within the control of the Company. The current volatility in commodity prices and overall global market uncertainty creates significant inherent challenges with the preparation of financial forecasts. See further discussions relating to going concern and liquidity in note 1.

The consolidated financial statements for the year ended May 31, 2021 have been prepared using IFRS applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business. However, Braveheart is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Braveheart's funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Related party loans are at fixed rates and loans payable are variable.

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(iv) Commodity price risk

The value of the Company's exploration and evaluation assets are related to the price of gold, copper, and other mineral commodities. Adverse changes in the price of gold and copper can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

Gold, copper, and other mineral commodities prices historically have fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial and retail demand, central bank reserves, management forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand due to speculative hedging activities, macro-economic variables and certain other factors related specifically to gold, copper, and other mineral commodities.

(v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Company is exposed to foreign currency fluctuations as certain transactions and loans are denominated in United States dollars.

Sensitivity analysis - Based on management's knowledge and experience of the financial markets, the Company believes that movements at $\pm 10\%$ are "reasonably possible" over a one year period:

(a) As at May 31, 2021, the Company had \$1,134,130 (\$1,000,000 US dollars) in loan liability and \$7,030 in cash denominated US Dollar foreign currency.

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

Capital risk management

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

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

6. ACQUISITIONS OF MINERALS PROPERTIES

6.1 Summary of Asset Acquisition of Thierry

On December 22, 2020 the Company acquired the shares of Cadillac Ventures Holdings Inc. which owns the Thierry Mine Project (Thierry) near Pickle Lake, Ontario from Cadillac Ventures Inc. (Cadillac)(TSXV:CDC). This was an arm's length transaction.

The terms of the arrangement were as follows:

- (i) \$300,000 in cash;
- (ii) 11,000,000 common shares of the Company;
- (iii) up to an additional 2,500,000 common shares following delivery of the pending Updated Rehabilitation Plan to the Ontario Ministry of Northern Development, Mines, Natural Resources and Forestry;

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- (iv) a 2% net smelter royalty ("NSR") to be retained by Cadillac of which 1% of the NSR can be purchased by the Company for \$1,000,000. On January 21, 2021 the Company repurchased the 2% NSR for consideration of 2,500,000 shares of the Company. See also note 21 for renegotiated terms of agreement subsequent to May 31, 2021.
- (v) Cadillac remains responsible for settlement of certain liabilities on acquisition of Thierry – described as Cadillac amounts receivable. The Company reports below both the assumed accounts payable of Thierry and the corresponding Cadillac receivable.

6.2 Value Received and Consideration Transferred – Pickle Lake -Thierry Acquisition

Deposit	\$	401,300
Cadillac amounts receivable		150,000
Mineral property		2,353,095
		<hr/>
		2,904,395
Decommissioning obligation		(137,935)
Accounts payable		(774,008)
Loan -CEBA		(33,375)
Government grant		(26,625)
		<hr/>
Fair value of net assets acquired	\$	1,932,452
		<hr/>
Fair value of consideration transferred:		
Shares issued	\$	1,540,000
Cash		300,000
Legal costs		39,561
Contingent consideration (6.3 below)		52,891
		<hr/>
Fair value of consideration	\$	1,932,452
		<hr/>

The acquisition of historical non-capital loss and tax pools of \$105.04 million are available to reduce future income taxes.

6.3 Contingent consideration arrangements – Pickle Lake-Thierry Acquisition

The share sale agreement provides for the issuance of up to an additional 2,500,000 common shares based on decommissioning estimates with an Updated Rehabilitation Plan to the Ministry of Energy, Northern Development and Mines of Ontario for Thierry. \$52,891 represents the estimated fair value of additional shares to be issued. As at May 31, 2021, the estimated fair value of additional shares to be issued was adjusted to \$27,891.

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7. PROPERTY, PLANT AND EQUIPMENT

May 31, 2021	Cost	Accumulated amortization	Net book value
Buildings	\$2,486,494	(292,769)	\$2,193,725
Equipment	\$ 650,068	(135,369)	\$ 514,699
Total	\$3,136,562	(428,138)	\$2,708,424

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

Amortization rates based on estimated useful lives of 20 years for Building and 10 years for Equipment. The buildings and equipment are attributable to the Bul River mine.

8. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

	May 31, 2020	Additions	Adjustments	May 31, 2021
Purcell	\$ 2,158,000	-	(68,406)	\$ 2,089,594
Thierry	-	2,353,095	(25,000)	2,328,095
	<u>\$ 2,158,000</u>	<u>\$ 2,353,095</u>	<u>\$ (93,406)</u>	<u>\$ 4,417,689</u>

The revisions in Purcell and Thierry are due to changes in estimates for decommissioning obligation and contingent consideration respectively.

Mining Exploration Expenses

	For the Year Ended May 31, 2021	For the Year Ended May 31, 2020
Alpine	-	21,053
Purcell	542,832	1,126,835
Thierry	103,902	-
	<u>\$ 646,734</u>	<u>\$ 1,147,888</u>

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

During the year, the Company had BCMETC of \$147,879 (2020 - \$204,306.) The \$147,879 recovery in 2021 includes recoveries for tax years 2020 and Canada Revenue Agency assessed recoveries for 2019. The 2020 -\$204,306; recovery represents Canada Revenue Agency assessed recoveries of expenditures in 2016 and 2018 by the Company.

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9. DEPOSITS AND PREPAIDS

	May 31, 2021	May 31, 2020
Restricted deposits	\$ 1,038,335	\$ 545,160
Alpine Mine Property Option	125,000	-
Advances and prepaids	30,500	125,369
Deposits and prepaid	\$ 1,193,835	\$ 670,529
Current portion	30,500	26,870
	\$ 1,163,335	\$ 643,659

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

Options agreement to acquire Alpine Gold Mine Property

On March 3, 2021, the Company entered into a new option agreement to acquire a 100% interest in the past-producing Alpine Mine Property near Nelson, British Columbia. The Company previously held an option on the property until December 2019. The Company incurred an impairment of \$365,007 during 2020 when option terms were not fulfilled. The Company issued 1,000,000 shares fair value estimated at \$125,000 in April 2021. (See also note 20 for commitments of the option agreement.)

10. CASH AND CASH EQUIVALENTS

	May 31, 2021	May 31, 2020
Cash	\$ 1,473,631	\$ 108,635

All cash and cash equivalents are held in Canadian banks, and a trust account.

11. HARMONIZED SALES TAX AND OTHER RECEIVABLES

	May 31, 2021	May 31, 2020
Receivable from Thierry acquisition	\$ 40,000	\$ -
BC Mining Exploration Tax Credit	111,924	-
Trade receivables	11,550	-
Harmonized sales tax	15,850	216,726
	\$ 179,324	\$ 216,726

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12. SHARE CAPITAL

Authorized: Unlimited number of common shares without a value

Authorized and issued

Number of shares

	May 31, 2021	May 31, 2020
Common shares, beginning of year	113,175,899	93,803,134
Issued for cash - shares (ii)(viii)(ix)(x)(xii)(xiv)	27,815,072	351,743
Issued for cash on exercise of stock options (iii)(xiii)(xviii)	400,000	800,000
Issued for settlement of convertible loan (xi)(xxi)	39,200,000	-
Issued for settlement of claim (iv)	-	750,000
Issued for cash - flow-through shares (i)(ii)(xix)	5,217,391	9,023,531
Issued for property acquisition (xv)(xx)	12,000,000	-
Issued for settlement of related party loan (xvi)	6,500,000	-
Warrants exercised (vi)(vii)(xvii)	1,240,000	8,447,491
Common shares	205,548,362	113,175,899
Opening	\$ 9,984,540	\$ 7,405,439
Issued for cash - shares (ii)(viii)(ix)(x)(xii)(xiv)	2,298,641	51,000
Issued for cash on exercise of stock options (iii)(xiii)(xviii)	47,380	94,700
Issued for settlement of convertible loan (xi)(xxi)	7,944,151	-
Issued for settlement of claim (iv)	-	78,000
Issued for cash - flow-through shares (i)(ii)(xix)	600,000	1,378,000
Issued for property acquisition (xv)(xx)	1,665,000	-
Issued for settlement of related party loan(xvi)	780,000	-
Warrants exercised (vi)(vii)(xvii)	233,067	1,302,341
Flow-through share premium (i)(ii)(xix)	(130,435)	(110,240)
Share issue costs(i)(ii)(xii)(xiv)(xix)	(202,680)	(196,534)
Fair value of warrants (ii)(v)(viii)(ix)(x)(xii)(xix)(xxi)	(1,134,520)	(18,226)
	\$ 22,085,144	\$ 9,984,540

- (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

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- 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.
 - (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 20).
 - (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. In connection with the offering the Company issued 200,020 finders fees warrants 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.
 - (xiv) 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. 15,000 finders fees warrants were issued exercisable into a common share at a price of \$0.15 per share until December 10, 2022.
 - (xv) On December 22, 2020, the Company issued 11,000,000 common shares under the terms of the Thierry Mine Project acquisition (note 6 and 20).

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- (xvi) On January 27, 2021 the company issuance of 6,500,000 common shares for partial settlement of the related party loan (note 16).
- (xvii) On January 27, 2021, 840,000 common share purchase warrants with an exercise price of \$0.15 were exercised for gross proceeds of \$126,600.
- (xviii) On April 5, 2021, 100,000 stock options were exercised at \$0.06 per common share for gross proceeds of \$6,000.
- (xix) On April 5, 2021, the Company completed a private placement of 5,217,391 flow-through units at \$0.115 per unit and for gross proceeds of \$600,000. The Company paid finders fees totaling 36,000 and issued 313,044 finders warrants, with each finder warrant exercisable into a common share at an exercise price of \$0.115 per share for a period of 24 months.
- (xx) In April 2021, the Company issued 1,000,000 common shares under the terms of the Alpine Mine Project acquisition. (note 9 and 20)
- (xxi) On May 31, 2021 the Company issued 27,200,000 units at \$0.13 per unit as settlement of \$3,536,000 of its convertible debt (note 19). Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.20 per share until March 16, 2024.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the years ended May 31, 2021 and 2020:

	Number of Warrants	Weighted Average Exercise Price
Balance, May 31, 2019	52,531,176	\$ 0.150
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	(1,240,000)	0.124
Expired	(25,640,000)	-
Issued	57,995,309	0.160
Balance, May 31, 2021	58,782,878	\$ 0.160

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At May 31, 2021, 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
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
2,000,000	0.1688	August 6, 2025
2,222,222	0.185	September 1, 2025
7,000,000	0.11	September 22, 2023
13,745,754	0.11	October 30, 2023
3,062,115	0.15	December 10, 2022
27,200,000	0.20	March 16, 2024
2,765,218	0.14	April 5, 2023
58,782,878	\$ 0.16	

(xxii) On March 11 2020, Braveheart restructured the terms of the convertible debenture (see note 19) 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.

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. A continuity of stock options are presented as follows:

	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	9,305,000	0.10
Exercised	(400,000)	0.06
Balance May 31, 2021	17,060,556	\$ 0.13

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The following table summarizes information about stock options outstanding and exercisable at May 31, 2020, following the consolidation adjustment:

Date of Grant	Number of Outstanding at May 31, 2020	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at May 31, 2021
April 25, 2017	2,200,000	\$ 0.06	2	April 25, 2022	1,800,000
June 5, 2019	5,955,556	\$ 0.18	13	June 5, 2023	5,955,556
June 11, 2020	-	\$ 0.18	1	June 11, 2023	325,000
October 22, 2020	-	\$ 0.10	14	October 30, 2025	3,600,000
April 8, 2021	-	\$ 0.10	22	April 8, 2026	5,380,000
	8,155,556				17,060,556

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 123%.

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 \$313,423 for the 3,600,000 stock options granted of \$0.09 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.34%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 155%.

On April 8, 2021 the Company granted 5,380,000 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 \$480,972 for the 5,380,000 stock options granted of \$0.09 per option was calculated at the grant date using the Black-Scholes option pricing model. The assumptions for this calculation were a risk free interest rate of 0.006%, expected life of 5 years and historical volatility was used for calculation of expected volatility of 144%.

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13. INCOME TAX

The provision for income taxes varies from the amount that would be computed by applying the combined federal and provincial statutory tax rate of 26.5% (2020 - 27%) to loss before income taxes. The reasons for the differences are as follows:

	May 31, 2021	May 31, 2020
Loss before income taxes	<u>\$ (7,258,262)</u>	<u>\$ (5,340,698)</u>
Expected income tax reduction @ 27% (2020- 27%)	\$ (1,959,730)	\$ (1,441,988)
Non-deductible stock based compensation	202,511	267,212
Other non-deductible (taxable) items	751,971	(60,064)
Flow-through share spending	92,885	345,211
Change in unrecognized deferred tax assets	912,363	889,629
Flow-through share premium	(65,986)	(113,840)
Deferred tax recovery (a)	<u>\$ (65,986)</u>	<u>\$ (113,840)</u>

(a) The \$65,986 (2020 - \$113,840) of deferred income tax recovery above pertains to the deferred premium on flow through shares.

Deferred tax assets have not been recognized in respect of the following deductible temporary differences because it is not probable that future taxable profits will be available against which the Company can utilize the benefit.

	May 31, 2021	May 31, 2020
Non-capital losses	\$ 58,278,653	\$ 55,402,264
Capital losses	15,803,777	15,803,777
Property, plant and equipment	194,721,168	91,402,263
Decommissioning obligations	295,597	187,771
Share issue costs	188,204	49,028
	<u>\$ 269,287,399</u>	<u>\$ 162,845,103</u>

The Company has non-capital losses of approximately \$58.3 million which expire between 2026 and 2041.

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	May 31, 2021	May 31, 2020
Financial liabilities		
Other accrual	\$ 265,070	\$ 69,404
Other payables	925,971	329,918
	<u>\$ 1,191,041</u>	<u>\$ 399,322</u>

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15. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings per share for the year ended May 31, 2021 was based on the loss attributable to shareholders and a weighted average number of ordinary shares of 146,810,985. (2020 - 107,206,281). As a result of the Company being in a loss position all outstanding dilutive instruments are anti-dilutive.

16. 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 carried an interest rate of 14.8% for a term of four years. Interest accrued 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. The loan is secured by a general security agreement over Bul River assets pledged. During 2021, \$141,278 was used as payment of loan.

On January 12, 2021 the company renegotiated loan terms, effective January 19th, 2021, the interest rate was reduced to 10% for the balance of the loan. \$780,000 of accrued interest was settled with the issuance of 6,500,000 common shares. A \$323,920 modification gain was recorded on completion of this transaction.

	May 31, 2021	May 31, 2020
Loan balance beginning of year	\$ 5,493,727	\$ 5,016,922
Settled with escrow funds	(141,416)	(518,354)
Interest payments	(175,000)	-
Settled with shares	(780,000)	-
Gain on renegotiation of terms and share settlement	(323,920)	-
Accrued interest during the year	779,859	995,159
	<u>4,853,250</u>	<u>5,493,727</u>
Less current portion	(1,636,353)	-
	<u>\$ 3,216,897</u>	<u>\$ 5,493,727</u>

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	May 31, 2021	May 31, 2020
Management fees were charged by officers for corporate administrative and financial management services	36,000	\$ 33,000
Consulting fees were charged by officers and a relative of a director for corporate administrative and financial management services	203,000	204,000
Accounting fees were charged by an officer for financial management services	97,395	70,275
Other		
Loans payable to directors and officers of the Company.	-	(1,124)
Payments made to Lucky Drilling Ltd., a contractor in which a Director of the Company is a significant shareholder		288,892
Stock based compensation to directors and officers	696,632	989,675
	<u>\$ 1,033,027</u>	<u>\$ 1,584,718</u>

17. LOANS PAYABLE

	May 31, 2021	May 31, 2020
Loans payable		
CEBA Loans	\$ 69,394	\$ 40,000
Ocean debt - Stockpile loan	1,129,665	-
	<u>\$ 1,199,059</u>	<u>\$ 40,000</u>
Less current portion	(224,206)	-
	<u>\$ 974,853</u>	<u>\$ 40,000</u>

17.1 CEBA Loans payable

On April 20, 2020, the Company received a \$40,000 interest free loan due December 2022 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of \$30,000 by the due date will result in \$10,000 forgiveness.

On December 21, 2020 an additional \$20,000 interest free loan due December 2022 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of \$10,000 by the due date will result in \$10,000 forgiveness.

During the Theirry acquisition the Company assumed a \$60,000 interest free loan due December 2022 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. Payment of \$40,000 by the due date will result in \$20,000 forgiveness.

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CEBA Loans	May 31, 2021	May 31, 2020
Beginning of year	\$ 40,000	\$ -
Additions	10,000	40,000
Reclassification to Government grants	(17,891)	-
Interest	3,910	-
Additions – Theirry acquisition (Note 6)	33,375	-
	<u>\$ 69,394</u>	<u>\$ 40,000</u>

Government grants	May 31, 2021	May 31, 2020
Beginning of year	\$ -	\$ -
Additions	10,000	-
Reclassification from loans	17,891	-
Additions – Thierry acquisition (Note 6)	26,625	-
Amortization	(14,258)	-
	<u>\$ 40,258</u>	<u>\$ -</u>
Less current portion	(26,961)	-
	<u>\$ 13,297</u>	<u>\$ -</u>

Government Grants are amortized on a straight line basis, assuming repayment in December 2022 to achieve forgiveness.

17.2 Ocean debt - Stockpile loan

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

The Company has to comply with certain conditions present in the Ocean agreement. If these conditions, which include the raise of \$2 million of financing, are not met the Ocean debt will be due on December 31, 2021. The Company currently has not met the Ocean debt conditions nor has the funds to repay this debt if it becomes due on December 31, 2021.

On March 13, 2021, the Company made an initial draw of \$1,248,181 (USD \$1,000,000) net of arrangement fees and expenses associated with lender due diligence and legal fees.

The Company may access up to USD \$3,500,000 subject to certain conditions, which can be used for capital expenditures at Bul River including plant commissioning and general working capital purposes. Further advances require:

- provide lender with independently verified mining financial plan with adequate equity raises.
- Government permit to operate the mine to be issued by December 31, 2021.

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-the fair market value of tangible property is in excess of all debts and the Company is solvent, paying debts as they come due.

	May 31, 2021	May 31, 2020
Ocean Debt		
Beginning of year	\$ -	\$ -
Additions	1,248,181	-
Loan fees and costs incurred	(90,540)	-
Interest accrued	13,005	-
Foreign exchange gain	(40,981)	-
	<u>\$ 1,129,665</u>	<u>\$ -</u>
Less current portion	(224,206)	-
	<u>\$ 905,459</u>	<u>\$ -</u>

18. DECOMMISSIONING LIABILITIES

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

Decommissioning obligations activities during the year:	May 31, 2021	May 31, 2020
Beginning of year	\$187,771	164,863
Additions during the year assumed in acquisition (Note 6)	137,935	-
Adjustment for increase in mine life (Note 8)	(68,406)	-
Accretion	38,297	22,908
End of year	<u>\$295,597</u>	<u>\$187,771</u>

19. 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.

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.

On March 11, 2020, Braveheart restructured the 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. 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.

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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, 2024, 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 their conversion right. 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 and recognized a gain on extension of convertible

On March 18, 2021, the Company reached agreement with holder of a \$3.6 million convertible debenture to retire the Debenture.

In exchange for settlement of the Debenture, the underlying holders received units of the Company equivalent to the \$3.6 million principal amount of the Debenture less prepaid interest of \$56,477 based on a price of \$0.13 per unit, for a total of 27,200,000 units. Each unit shall be comprised of one common share and one warrant, with each warrant exercisable into a common share at an exercise price of \$0.20 per share for a period of three years. The warrants will have an acceleration clause whereby should the volume weighted average trading price of the common shares of Braveheart exceed \$0.30 per share for at least 10 consecutive trading days the warrant holders will receive written notice that the warrants, unless exercised, will expire on the 30th day following notice of the acceleration.

The Company incurred a loss on conversion of convertible debt of \$3,090,130 which represents the difference between fair value estimates of 27,200,000 units issued of \$4,268,796 compared to the fair value estimate of 11,788,667 shares that would have been issued on the conversion of \$3,536,000 debenture at \$0.30 per share, the terms of conversion prior to re-negotiation.

The Debenture is comprised of the following:	May 31, 2021	May 31, 2020
Face value of Convertible Debenture	\$ -	\$6,000,000
Equity component of Convertible Debenture Settlement	-	2,044,039

Liability component of Convertible Debenture	May 31, 2021	May 31, 2020
Beginning of year	4,083,331	\$4,305,790
Principle settlement (convert to 12,000,000 shares)	(1,709,231)	-
Principle settlement March 18, 2021 (27,200,000 units (shares and warrants)) (at book value)	(2,649,548)	-
Interest expensed during the year	397,448	663,146
Principle payments	(64,000)	-
Interest payments	(58,000)	-
Warrants issued March 11, 2020 on extension of convertible debenture	-	(292,857)
Gain on extension of convertible debenture	-	(592,748)
End of year	\$ -	\$ 4,083,331

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20. COMMITMENTS AND CONTINGENCIES

In April 2021 the Company has committed to spend \$600,000 from amounts raised through flow-through financing on eligible Canadian exploration and development expenses prior to December 31, 2022. As at May 31, 2021 the Company estimates a \$388,465 remaining commitment on eligible Canadian exploration and development expenses by December 31, 2021.

As discussed in note 6 the Company may be required to issue 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.

In connection with the Exploration Memorandum of Understanding with the Mishkeegogamang First Nation, the Company has committed to contribute \$60,000 annually to the Mishkeegogamang Community Fund to benefit the community.

Capital equipment commitments of \$357,000 related to Bul River floatation tank equipment.

Options agreement to acquire Alpine Gold Mine Property

On March 3, 2021 the Company entered into a new option agreement to acquire a 100% interest in the past-producing Alpine Mine Property near Nelson, British Columbia. The Company previously held an option on the property until December 2019. The Terms of the new option agreement include the following:

- a. A cash payment of \$100,000 by April 15, 2022.
- b. Property expenditures of approximately \$700,000 to complete permitting and construction of an upgraded road to the mine site from Nelson by December 22, 2022.
- c. A cash payment of \$1,400,000 by December 15, 2023.
- d. A cash payment of \$1,500,000 by December 15, 2024.

21. EVENTS AFTER THE REPORTING PERIOD

On July 8, 2021 the Company issued 7,233,130 units at \$0.10 per unit for \$723,313. Each unit is comprised of one common share and one warrant. Each warrant is exercisable into a common share at a price of \$0.14 per share for a period of 24 months from offering

On July 29, 2021, the Company amended the agreement to purchase of a 2% Net Smelter Royalty ("NSR") on the Thierry Mine Project. Braveheart issued 250,000 common shares and made a cash payment of \$225,000 to purchase the entire 2% NSR.