



**HERITAGE
MINING LTD**

**CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

As at and for the three and six-month periods ended June 30, 2022 and 2021

(EXPRESSED IN CANADIAN DOLLARS)

HERITAGE MINING LTD.

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

As at,	June 30, 2022	December 31, 2021
ASSETS	(Unaudited)	(Audited)
Current assets		
Cash	\$ 698,515	\$ 1,006,655
Goods and services tax receivable	71,292	70,860
Prepaid	501,639	12,139
Total current assets	1,271,446	1,089,654
Reclamation bond (Note 3)	1,500	1,500
Total assets	\$ 1,272,946	\$ 1,091,154
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 486,307	\$ 46,330
Flow through premium (Note 6)	-	42,321
Total liabilities	486,307	88,651
EQUITY		
Share capital (Note 7)	2,014,599	1,666,188
Reserves (Notes 7 and 8)	73,436	64,310
Share subscription advances (Note 7)	-	22,500
Deficit	(1,301,396)	(750,495)
Total equity	786,639	1,002,503
Total liabilities and equity	\$ 1,272,946	\$ 1,091,154

Nature of operations and going concern (Note 1)

Events after the reporting period (Note 13)

Approved and authorized for issue by the Board of Directors on, August 29, 2022:

"Peter Schloo"

Peter Schloo, Director

"Patrick Mohan"

Patrick Mohan, Director

Accompanying notes are an integral part of the condensed interim financial statements

HERITAGE MINING LTD.

Condensed Interim Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Expenses				
Exploration expenditures (Note 4)	\$ 63,764	\$ 15,868	\$ 330,917	\$ 66,326
Consulting and management fees (Note 11)	31,500	31,500	63,000	60,833
Investor relations and marketing	60,568	3,350	120,568	3,350
Professional fees (Note 11)	17,883	11,083	49,728	28,679
General and administrative	14,118	2,488	25,430	3,783
Share-based payments (Notes 7 and 11)	1,399	7,448	3,579	14,734
Expense before other item	(189,232)	(71,737)	(593,222)	(177,705)
Flow through premium recovery	3,916	1,867	42,321	7,803
Net and comprehensive loss	\$ (185,316)	\$ (69,870)	\$ (550,901)	\$ (169,902)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.03)	\$ (0.01)
Weighted average number of shares outstanding	18,202,229	15,641,226	17,993,113	14,606,205

Accompanying notes are an integral part of the condensed interim financial statements

Heritage Mining Ltd.

Condensed Interim Statements of Changes in Equity (Unaudited)
 (Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Reserves	Share Subscription Advances	Deficit	Total Equity
Balance, December 31, 2020		11,817,984	\$ 855,846	\$ 34,725	\$ 160,170	\$ (295,106)	\$ 755,635
Private placement		3,823,242	584,524	-	(160,170)	-	424,354
Share issue costs		-	(19,759)	8,805	-	-	(10,954)
Flow-through premium		-	(11,038)	-	-	-	(11,038)
Share-based payments		-	-	14,734	-	-	14,734
Net loss for the period		-	-	-	-	(169,902)	(169,902)
Balance, June 30, 2021		15,641,226	1,409,573	58,264	-	(465,008)	1,002,829
Private placement		1,047,003	314,101	-	-	-	314,101
Share issue costs		-	(5,136)	1,566	-	-	(3,570)
Flow-through premium		-	(52,350)	-	-	-	(52,350)
Share-based payments		-	-	4,480	-	-	4,480
Share subscription advances		-	-	-	22,500	-	22,500
Net loss for the period		-	-	-	-	(285,487)	(285,487)
Balance, December 31, 2021		16,688,229	1,666,188	64,310	22,500	(750,495)	1,002,503
Private placement		1,514,000	378,500	-	(22,500)	-	356,000
Share issue costs		-	(30,089)	5,547	-	-	(24,542)
Share-based payments		-	-	3,579	-	-	3,579
Net loss for the period		-	-	-	-	(550,901)	(550,901)
Balance, June 30, 2022		18,202,229	\$ 2,014,599	\$ 73,436	\$ -	\$ (1,301,396)	\$ 786,639

Accompanying notes are an integral part of the condensed interim financial statements

HERITAGE MINING LTD.

Condensed Interim Statements of Cash Flows (Unaudited)

(Expressed in Canadian Dollars)

Six month period ended	June 30, 2022	June 30, 2021
Operating Activities		
Net loss for the period	\$ (550,901)	\$ (169,902)
Items not affecting cash:		
Share-based payments	3,579	14,734
Flow through premium (recovery)	(42,321)	(7,803)
Changes in non-cash working capital items related to operations:		
Goods and services tax receivable	(432)	(17,701)
Prepaid	(489,500)	-
Accounts payable and accrued liabilities	439,977	(23,865)
Cash used in operating activities	(639,598)	(204,537)
Financing Activities		
Shares issued for cash, net of share issue costs	331,458	413,400
Cash provided by financing activities	331,458	413,400
Change in cash during the period	(308,140)	208,863
Cash, beginning of period	1,006,655	784,433
Cash, end of the period	\$ 698,515	\$ 993,296
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities		
Fair value of brokers' warrants	\$ 5,547	\$ 8,805

Accompanying notes are an integral part of the condensed interim financial statements

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Heritage Mining Ltd. (the “Company”) was incorporated on October 18, 2019, under the Business Corporations Act (British Columbia). The Company is engaged in the business of exploration for gold and other metals across Canada. The Company’s principal objectives are to explore and develop the Black Lake - Drayton Property and to identify other properties worthy of investment and exploration.

The Company’s registered office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6C 2E9. The Company’s head office is located at 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no source of revenues and incurred losses since its inception and had an accumulated deficit of \$1,301,396 at June 30, 2022 (December 31, 2021 - \$750,495), which has been primarily driven by work performed to advance Heritage Mining properties, professional and management fees. This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The COVID-19 pandemic has caused significant and negative impact to the global financial market. The Company continues to monitor and assess the impact on its business activities. The potential impact is uncertain, and it is difficult to reliably measure the extent of the effect of the COVID-19 pandemic on future financial results.

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and on a basis consistent with the accounting policies disclosed in the Company’s annual audited financial statements for the year ended December 31, 2021.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)Basis of preparation

The notes presented in these interim condensed financial statements include in general only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These financial statements should be read in conjunction with the Company's audited financial statements as at December 31, 2021 and for the year ended December 31, 2021.

Significant accounting estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the provisions for restoration and environmental obligations. Actual results may differ from current estimates.

Significant accounting judgments

Information about critical judgments, apart from those involving estimates, in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

3. RECLAMATION BOND

Reclamation bond is held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the reclamation bond will be returned to the Company. As at June 30, 2022, \$1,500 (December 31, 2021 – \$1,500) is being held as security on one of the Company's mineral properties.

As at June 30, 2022 and December 31, 2021, the Company had no material reclamation obligations.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION EXPENDITURES

The exploration and evaluation expenses for the Company for the six month periods ended June 30, 2022 and 2021 are summarized as follows:

	Harrigan Cove	Black Lake – Drayton	Contact Bay	Zarn Lake	2022 Total
Acquisition cost	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
Assay	993	-	-	-	993
Field work and supplies	-	12,640	-	11,000	23,640
Geological and geophysical Report	-	201,410	9,000	-	210,410
	-	64,424	4,950	6,500	75,874
Exploration expenditures	\$ 993	\$ 278,474	\$ 13,950	\$ 37,500	\$ 330,917

	Harrigan Cove	Black Lake - Drayton	Contact Bay	2021 Total
Assay	\$ 36,113	\$ -	\$ -	\$ 36,113
Geological and geophysical	30,213	-	-	30,213
Exploration expenditures	\$ 66,326	\$ -	\$ -	\$ 66,326

Harrigan Cove Project

On September 1, 2020, the Company entered into an option agreement to acquire a 100% interest in the Harrigan Cove Property. To earn its 100% interest in the property, the Company paid \$5,000 cash upon signing the letter of intent and \$40,000 on signing the definitive agreement, and is required to make annual staged option payments starting in the first anniversary of the effective date totaling \$320,000 cash and 300,000 common shares over a two-year period as follows:

- Pay \$40,000 in cash on the date of the Agreement (the “Initial Payment”);
- Pay \$80,000 on or before the first anniversary of the Agreement;
- Pay \$200,000 on or before the second anniversary of the Agreement;
- Issue 300,000 Common Shares on or before the second anniversary of the Harrigan Cove Option Agreement.

The Company paid the Initial Payment to the Optionors and the Harrigan Cove Option Agreement is in good standing. Upon the Company vesting a 100% interest in the Harrigan Cove Property, the Optionors would retain a 2% Net Smelter Return Royalty of which the Company can purchase 1%, thereby reducing it to a 1% Net Smelter Return Royalty, for \$1,000,000.

On September 21, 2021, the Company terminated the option agreement.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three and six-month periods ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

4. EXPLORATION EXPENDITURES (continued)

Black Lake - Drayton Project

On November 25, 2021, the Company entered into an option agreement to acquire a 90% interest in the Black Lake - Drayton Property. The Company paid \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four year period. To earn a 51% interest in the property, the Company must:

- Issue 2,800,000 shares within 10 business days upon a go public transaction.
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$500,000 in project expenditures on or before the first anniversary;
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the second anniversary;
- Issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the third anniversary to earn 51% interest in the property;

To earn an additional 39% interest (for an aggregate 90% interest in the Property), the Company must:

- Issue 1,100,000 common shares and incur \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the property;

The optionor is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton - Black Lake Project equal to \$1.00 per ounce of gold equivalent capped at \$10M.

The optionor has the option to maintain a 10% interest in the project through a joint venture agreement or take back a royalty described below upon the presentation of a feasibility study:

- 2% NSR on unincumbered land – Buyback 1% for \$2M
- 1% NSR on Drayton, Black Lake Claims – Buyback 0.5% for \$1M

The Company must spend a minimum of \$500,000 per year through to the presentation of a feasibility study.

Contact Bay Project

On October 15, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Bounty Gold Corp. To earn its 100% interest in the property, the Company paid \$2,000 upon signing the purchase agreement and is required to issue \$8,000 worth of common shares upon the go public transaction.

On October 22, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Scott Woolhead. To earn a 100% interest in the property, the Company paid \$2,500 upon signing the purchase agreement.

On December 6, 2021, the Company entered into an asset purchase agreement (the “EMX Agreement”) to acquire a 100% interest in the Contact Bay claims from EMX Royalties. To earn a 100% interest in the property, the Company paid \$15,000 upon signing the asset purchase agreement. EMX Royalties retains a 3% NSR with a 1% buyback provision for \$1,500,000. Annual advanced royalties are due to EMX Royalties beginning on the third anniversary of the EMX Agreement in the amount of \$10,000 per year (common shares of the Company or cash at the Company’s discretion) until a maiden resource is issued, after that time an annual royalty of \$25,000 (common shares of the Company or cash at the Company’s discretion) is payable by the Company until production occurs. EMX Royalties is entitled to milestone bonus payments in cash or shares at the Company’s discretion following the announcements listed below:

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

4. EXPLORATION EXPENDITURES (continued)**Contact Bay Project (continued)**

- \$100,000 on announcement of maiden resource
- \$250,000 on announcement of preliminary economic assessment
- \$350,000 on announcement pre-feasibility study
- \$500,000 announcement on feasibility study

On December 15, 2021, the Company entered into an option agreement to acquire a 100% interest in the Contact Bay claims from Transition Metals Corp. To earn its 100% interest in the property, the Company paid \$10,000 upon signing the definitive agreement and is required to pay an additional \$10,000 in cash and issue \$25,000 worth of common shares upon a go public transaction. Transition Metals Corp. retains a 2% NSR with a 0.5% buyback provision for \$1,000,000.

Zarn Lake Property

On January 6, 2022, the Company entered into an option agreement to acquire a 100% interest in the Zarn Lake property contiguous with the Drayton - Black Lake Project. To earn its 100% interest in the property, the Company paid \$20,000 upon signing the option agreement and is required to make staged option payments, common share issuances and minimum spend requirements over a three year period as follows:

- Issue \$50,000 worth of common shares upon completion of a go public transaction;
- Pay \$10,000 cash, issue \$25,000 worth of common shares and incur \$50,000 in project expenditures on or before the first anniversary;
- Pay \$20,000 cash, issue \$25,000 worth of common shares and incur \$100,000 in project expenditures on or before the Second anniversary;
- Pay \$70,000 cash, issue \$50,000 worth of common shares and incur \$250,000 in project expenditures on or before the third anniversary;

The optionor retains a 2% NSR on the property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company earns 100% of the option agreement.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2022	December 31, 2021
Accounts payable	\$ 191,807	\$ 29,030
Accrued liabilities	294,500	17,300
	\$ 486,307	\$ 46,330

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three and six-month periods ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

6. FLOW THROUGH PREMIUM

The following is a continuity schedule of the flow through premium.

	June 30, 2022	December 31, 2021
Balance, beginning of period/year	\$ 42,321	\$ 7,805
Incurred on flow-through shares issued during the period/year	-	63,388
Settlement of flow-through premium by incurring expenditures	(42,321)	(28,872)
	\$ -	\$ 42,321

In February 2021, the Company issued 551,902 flow-through units at a price of \$0.17 per unit. The premium paid by investors was calculated as \$0.02 per share. Accordingly, \$11,038 was recorded as flow through premium.

In December 2021, the Company issued 1,047,003 flow-through units at a price of \$0.30 per unit. The premium paid by investors was calculated as \$0.05 per share. Accordingly, \$52,350 was recorded as flow through premium.

As at June 30, 2022, the Company had \$Nil (December 31, 2021 - \$272,350) of remaining commitment to incur exploration expenditures by December 31, 2022 in relation to its flow-through financing.

7. SHARE CAPITALAuthorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

Issued:During the six month period ended June 30, 2022:

On January 26, 2022, the Company closed an equity financing involving the issuance of 1,514,000 units in the capital of the Company at a price of \$0.25 per unit for aggregate proceeds of \$378,500 (the "January 2022 Financing"). Each unit consists of one common share and one common share purchase warrant.

Each warrant is exercisable at \$0.40 for a period of 36 months from the date of issuance. In connection with the financing, the Company paid a finder's fee through the issuance of 42,000 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 for a period of 3 years from the date of issuance and aggregate cash payments of \$10,500. The broker warrants have an estimated fair value of \$5,547, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 1.42%, dividend yield 0%. In the event that the common shares of the Company are not listed by the Listing Deadline, each subscriber in the January 2022 Financing shall be entitled to receive, for no additional consideration, a Penalty Warrant for each unit subscribed for on the same terms. Any Penalty Warrants shall be issued by the Company within 10 business days of the Listing Deadline.

An aggregate 2,561,003 Penalty Warrants will be issuable by the Company pursuant to the December 2021 FT Financing and the January 2022 Financing if the common shares of the Company are not listed by the Listing Deadline.

The Company paid \$24,542 cash for share issue costs.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

During the year ended December 31, 2021:

On February 19, 2021, the Company completed the third and final tranche and issued an additional 551,902 flow-through units at a price of \$0.17 per flow-through unit for gross proceeds of \$93,823 and an additional 3,271,340 non-flow through units at a price of \$0.15 per non-flow through unit for gross proceeds of \$490,701. A portion of these capital associated with this tranche was received on or before January 1, 2021. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the financing. Each non flow-through unit consists of one non flow-through common share and one warrant with each warrant entitling the holder to purchase one common share at an exercise price of \$0.20 for a period of 3 years from the closing date of the closing date of the financing. The Company recognized flow-through premium of \$11,038.

In connection with the financing, the Company issued 105,084 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.20 until February 19, 2024. The broker warrants have an estimated fair value of \$8,805, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 0.32%, dividend yield 0%.

On December 31, 2021, the Company completed an equity financing and issued 1,047,003 flow-through units at a price of \$0.30 per unit for gross proceeds of \$314,101 (the "December 2021 FT Financing"). Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.40 until December 31, 2024. The Company recognized flow-through premium of \$52,350.

In connection with the financing, the Company issued 11,900 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 until December 31, 2024. The broker warrants have an estimated fair value of \$1,566, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 1.12%, dividend yield 0%. In the event that the common shares of the Company are not listed on a designated exchange by June 30, 2022 (the "Listing Deadline"), each subscriber in the December 2021 FT Financing shall be entitled to receive, for no additional consideration, an additional warrant (a "Penalty Warrant") for each unit subscribed for on the same terms. Any Penalty Warrants shall be issued by the Company within 10 business days of the Listing Deadline.

The Company paid \$14,524 cash for share issue costs.

Stock options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three and six-month periods ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

During the six month period ended June 30, 2022:

The Company did not grant any options during the six month period.

The Company recognized share based payments expense of \$3,579 related to vesting of options issued in prior periods.

During the year ended December 31, 2021:

The Company did not grant any options during the 2021 fiscal period.

A summary of changes of stock options during the six month period ended June 30, 2022 and year ended December 31, 2021 is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance, December 31, 2020	1,066,666	\$ 0.075	4.66
Forfeited	(120,000)	0.075	
Balance, December 31, 2021 and June 30, 2022	946,666	\$ 0.075	3.17

Warrants

A summary of changes of stock options during the six month period ended June 30, 2022 and year ended December 31, 2021 is as follows:

	Unit Warrants		Broker Warrants	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, December 31, 2020	3,684,942	\$ 0.12	109,600	\$ 0.08
Issued	4,870,245	0.24	116,984	0.22
Balance, December 31, 2021	8,555,187	0.19	226,584	0.15
Issued	1,514,000	0.40	42,000	0.40
Balance, June 30, 2022	10,069,187	\$ 0.22	268,584	\$ 0.19

Details of Unit Warrants outstanding as at June 30, 2022, are as follows:

Outstanding and Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
2,399,993	0.075	May 22, 2025	2.90
711,759	0.20	October 30, 2023	1.33
573,190	0.20	November 19, 2023	1.39
3,823,242	0.20	February 19, 2024	1.64
1,047,003	0.40	December 31, 2024	2.51
1,514,000	0.40	January 26, 2025	2.58
10,069,187			

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Details of Broker Warrants outstanding as at June 30, 2022, are as follows:

Outstanding and Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
109,600	0.075	August 14, 2022	0.12
105,084	0.20	February 19, 2024	1.64
11,900	0.40	December 31, 2024	2.51
42,000	0.40	January 26, 2025	2.58
268,584			

8. RESERVES**Share-based payment reserve**

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeited, the corresponding amount previously recorded is transferred from share-based payments reserve to deficit.

Warrant reserve

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded is transferred from warrant reserve to deficit.

9. CAPITAL DISCLOSURE

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its operations using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period/year.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

10. FINANCIAL INSTRUMENTS AND RISKS**Fair Values**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and price risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. At June 30, 2022 the Company had working capital of \$785,139 (December 31, 2021 - \$1,001,003) to meet its financial obligations.

d) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

11. RELATED PARTY TRANSACTIONS**Related party balances**

As at June 30, 2022, and December 31, 2021 there were amounts owing to related parties in the amount of \$3,348 (December 31, 2021 - \$nil).

Related party transactions and key management compensation

During the six month periods ended June 30, 2022 and 2021, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	June 30, 2022	June 30, 2021
Management, consulting, and professional fees	\$ 82,303	\$ 60,833
Share-based payments	1,362	5,608
	\$ 83,665	\$ 66,441

HERITAGE MINING LTD.

Notes to the condensed interim financial statements

For the three and six-month periods ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

During the six month period ended June 30, 2022, the Company paid \$76,303 (2021 – \$60,833) to a Company controlled by Peter Schloo, CEO and Director for executive and administrative services rendered. The Company signed an independent contractor agreement with its CEO for \$126,000 per annum.

During the six month period ended June 30, 2022, the Company paid \$6,000 (2021 - \$nil) to James Fairbairn, CFO and Director, for professional services rendered.

12. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment, the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period, pursuant to the terms of the December 2021 FT Financing and the January 2022 Financing, as the common shares of the Company were not listed on a designated exchange by June 30, 2022, subscribers in the December 2021 FT Financing and January 2022 Financing were issued, for no additional consideration, an aggregate 2,561,003 Penalty Warrants, on the same terms.

On August 25, 2022, the Company completed an initial public offering ("IPO") of units ("Units") and flow-through units ("FT Units") of the Corporation at a price of \$0.25 per Unit and \$0.275 per FT Unit. Pursuant to the IPO, a total of 7,973,581 Units and 2,320,210 FT Units for gross proceeds of \$2,631,000 and the common shares in the capital of Heritage ("Common Shares") are now listed on the Canadian Securities Exchange (the "Exchange"). The Common Shares commenced trading on the Exchange on August 26, 2022 under the symbol "HML".

Each Unit consists of one Common Share and one Common Share purchase warrant (each a "Warrant"). Each FT Unit consists of one Common Share, each of which will qualify as a "flow-through share" as defined in subsection 66(15) of the *Income Tax Act* (Canada), and one Warrant. Each Warrant entitles the holder to acquire, subject to adjustment, one additional Common Share (each, a "Warrant Share") at an exercise price of \$0.40 per Warrant Share prior to August 25, 2025.

The Company paid the Agents an aggregate commission of \$173,345. In addition, the Corporation granted to the Agent non-transferable options to acquire up to an aggregate of 677,137 Common Shares (the "Agent's Options"). Each Agent's Option is exercisable to acquire one Common Share at an exercise price of \$0.25 for a period of 24 months following the completion of the offering.

Subsequent to the period, 105,600 broker warrants were exercised for proceeds of \$7,920 and 4,000 warrants expiring August 14, 2022, expired unexercised subsequent to the period.

The Company entered a definitive asset purchase agreement with Bounty Gold Corp. ("Bounty") dated August 25, 2022 (the "Agreement") whereby it will acquire fifty (50) mining claims in the Split Lake zone (the "Split Lake Property") adjacent to Heritage's flagship Drayton-Black Lake Project. Pursuant to the terms of the Agreement, Heritage will acquire a 100% interest in the Split Lake Property in exchange for issuing Bounty 100,000 Common Shares, paying Bounty \$5,000 in cash and granting Bounty a 1% net smelter return royalty (the "NSR") on the Split Lake Property at closing, one-half (0.5%) of such NSR may be purchased for \$500,000 by Heritage. Closing of the transactions contemplated by the Agreement is subject to customary closing conditions, including the approval of the Exchange.