



**CONDENSED INTERIM FINANCIAL STATEMENTS  
(UNAUDITED)**

**As at and for the three and nine-month periods ended September 30, 2022 and 2021**

**(EXPRESSED IN CANADIAN DOLLARS)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying condensed unaudited interim financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of the information and amounts in these financial statements.

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**HERITAGE MINING LTD.**

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

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As at,	<b>September 30, 2022</b>	December 31, 2021
<b>ASSETS</b>	(Unaudited)	(Audited)
Current assets		
Cash	\$ 1,670,222	\$ 1,006,655
Goods and services tax receivable	193,023	70,860
Prepays	946,795	12,139
Total current assets	2,810,040	1,089,654
Reclamation bond (Note 3)	-	1,500
Total assets	\$ 2,810,040	\$ 1,091,154
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 393,083	\$ 46,330
Flow through premium (Note 6)	37,131	42,321
Total liabilities	430,214	88,651
<b>EQUITY</b>		
Share capital (Note 7)	4,654,199	1,666,188
Reserves (Notes 7 and 8)	178,591	64,310
Share subscription advances (Note 7)	-	22,500
Deficit	(2,452,964)	(750,495)
Total equity	2,379,826	1,002,503
Total liabilities and equity	\$ 2,810,040	\$ 1,091,154

Nature of operations and going concern (Note 1)

Approved and authorized for issue by the Board of Directors on, November 24, 2022:

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*"Peter Schloo"*

Peter Schloo, Director

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*"Patrick Mohan"*

Patrick Mohan, Director

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

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**HERITAGE MINING LTD.**

Condensed Interim Statements of Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

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	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2022</b>	September 30,2021	<b>September 30, 2022</b>	September 30,2021
<b>Expenses</b>				
Exploration expenditures (Note 4)	\$ 902,248	\$ 61,041	\$ 1,233,165	\$ 127,367
Consulting and management fees (Note 11)	31,500	31,500	94,500	92,333
Investor relations	69,923	-	104,241	3,350
Capital market advisory	46,044	-	53,544	-
Marketing	69,343	-	148,093	-
Professional fees (Note 11)	34,472	14,074	84,200	42,753
General and administrative	14,665	1,660	40,095	5,443
Share-based payments (Notes 7 and 11)	4,432	3,245	8,011	17,979
Expense before other item	(1,172,627)	(111,520)	(1,765,849)	(289,225)
Flow through premium recovery	20,874	7,183	63,195	14,986
Net and comprehensive loss	\$ (1,151,753)	\$ (104,337)	\$ (1,702,654)	\$ (274,239)
<b>Loss per share - basic and diluted</b>	\$ (0.05)	\$ (0.01)	\$ (0.09)	\$ (0.02)
<b>Weighted average number of shares outstanding</b>	<b>23,474,623</b>	15,641,226	<b>19,840,362</b>	14,955,003

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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)

	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	-	-	17,979	-	-	17,979
Net loss for the period	-	-	-	-	(274,239)	(274,239)
Balance, September 30, 2021	15,641,226	1,409,573	61,509	-	(569,345)	901,737
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	-	-	1,235	-	-	1,235
Share subscription advances	-	-	-	22,500	-	22,500
Net loss for the period	-	-	-	-	(181,150)	(181,150)
Balance, December 31, 2021	16,688,229	1,666,188	64,310	22,500	(750,495)	1,002,503
<b>Private placement</b>	<b>11,807,790</b>	<b>3,009,953</b>	-	<b>(22,500)</b>	-	<b>2,987,453</b>
<b>Share issue costs</b>	-	<b>(552,599)</b>	<b>112,722</b>	-	-	<b>(439,877)</b>
<b>Flow-through premium</b>	-	<b>(58,005)</b>	-	-	-	<b>(58,005)</b>
<b>Shares issued for property</b>	<b>3,232,000</b>	<b>565,600</b>	-	-	-	<b>565,600</b>
<b>Shares issued for services</b>	<b>40,000</b>	<b>7,000</b>	-	-	-	<b>7,000</b>
<b>Exercise of options</b>	<b>25,000</b>	<b>1,875</b>	-	-	-	<b>1,875</b>
<b>Reserve transferred on exercise of options</b>	-	<b>1,385</b>	<b>(1,385)</b>	-	-	-
<b>Exercise of broker warrants</b>	<b>105,600</b>	<b>7,920</b>	-	-	-	<b>7,920</b>
<b>Reserve transferred on exercise of broker warrants</b>	-	<b>4,882</b>	<b>(5,067)</b>	-	<b>185</b>	-
<b>Share-based payments</b>	-	-	<b>8,011</b>	-	-	<b>8,011</b>
<b>Net loss for the period</b>	-	-	-	-	<b>(1,702,654)</b>	<b>(1,702,654)</b>
<b>Balance, September 30, 2022</b>	<b>31,898,619</b>	<b>\$ 4,654,199</b>	<b>\$ 178,591</b>	<b>\$ -</b>	<b>\$ (2,452,964)</b>	<b>\$ 2,379,826</b>

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

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**HERITAGE MINING LTD**

Condensed Interim Statements of Cash Flows (Unaudited)  
(Expressed in Canadian Dollars)

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Nine month period ended	September 30, 2022	September 30, 2021
Operating Activities		
Net loss for the period	\$ (1,702,654)	\$ (274,239)
Items not affecting cash:		
Shares issued for property	565,600	-
Shares issued for services	7,000	-
Share-based payments	8,011	17,979
Flow through premium (recovery)	(63,195)	(14,986)
Changes in non-cash working capital items related to operations:		
Goods and services tax receivable	(122,163)	(24,213)
Prepaid	(934,656)	-
Accounts payable and accrued liabilities	346,753	(2,622)
Cash used in operating activities	(1,895,304)	(298,081)
Investing Activities		
Reclamation bond	1,500	-
Cash provided by investing activities	1,500	-
Financing Activities		
Shares issued for cash, net of share issue costs	2,557,371	413,400
Cash provided by financing activities	2,557,371	413,400
Change in cash during the period	663,567	115,319
Cash, beginning of period	1,006,655	784,433
Cash, end of the period	\$ 1,670,222	\$ 899,752
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities		
Fair value of brokers' warrants	\$ 112,722	\$ 8,805

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

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## **HERITAGE MINING LTD.**

Notes to the unaudited condensed interim financial statements

For the three and nine-month periods ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

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### **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 unaudited 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 \$2,452,964 at September 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.

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**HERITAGE MINING LTD.**

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

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**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 September 30, 2022, \$Nil (December 31, 2021 – \$1,500) is being held as security on one of the Company's mineral properties.

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

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**HERITAGE MINING LTD.**

Notes to the unaudited condensed interim financial statements

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(Expressed in Canadian dollars)

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**4. EXPLORATION EXPENDITURES**

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

	Black Lake – Drayton	Contact Bay	Zarn Lake	Other Properties	2022 Total
Acquisition cost	\$ 512,500	\$ 33,100	\$ 55,000	\$ -	\$ 600,600
Assay	8,248	-	-	6,994	15,242
Field work and supplies	169,691	-	26,979	-	196,670
Geological and geophysical Report	269,374	9,000	13,785	17,000	309,159
	91,334	8,481	11,679	-	111,494
Exploration expenditures	\$ 1,051,147	\$ 50,581	\$ 107,443	\$ 23,994	\$ 1,233,165

	Harrigan Cove	Black Lake - Drayton	Contact Bay	2021 Total
Acquisition cost	\$ -	\$ 20,045	\$ -	\$ 20,045
Assay	42,013	-	-	42,013
Geological and geophysical Report	37,328	20,481	-	57,809
	2,500	5,000	-	7,500
Exploration expenditures	\$ 81,841	\$ 45,526	\$ -	\$ 127,367

**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”) (paid);
- 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.



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**HERITAGE MINING LTD.**

Notes to the unaudited condensed interim financial statements  
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(Expressed in Canadian dollars)

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**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 (issued September 1, 2022).
- 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.

***Split Lake Property***

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 (issued September 1, 2022), paying Bounty \$5,000 in cash (paid) 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.

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## HERITAGE MINING LTD.

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

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### 4. EXPLORATION EXPENDITURES (continued)

#### 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 (32,000 shares issued September 1, 2022).

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:

- \$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 (paid) in cash and issue \$25,000 (100,000 shares issued September 1, 2022) 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 (200,000 shares issued September 1, 2022);
- 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.

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**HERITAGE MINING LTD.**

Notes to the unaudited condensed interim financial statements  
For the three and nine-month periods ended September 30, 2022 and 2021  
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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>September 30, 2022</b>	December 31, 2021
Accounts payable	\$ 378,083	\$ 29,030
Accrued liabilities	15,000	17,300
	<b>\$ 393,083</b>	<b>\$ 46,330</b>

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**6. FLOW THROUGH PREMIUM**

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

	<b>September 30, 2022</b>	December 31, 2021
Balance, beginning of period/year	\$ 42,321	\$ 7,805
Incurred on flow-through shares issued during the period/year	58,005	63,388
Settlement of flow-through premium by incurring expenditures	(63,195)	(28,872)
	<b>\$ 37,131</b>	<b>\$ 42,321</b>

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**Year ended December 31, 2021:**

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.

**Nine month period ended September 30, 2022:**

In August 2022, the Company issued 2,320,210 flow-through units at a price of \$0.275 per unit. The premium paid by investors was calculated as \$0.025 per share. Accordingly, \$58,005 was recorded as flow through premium.

**Expenditure Commitments:**

As at September 30, 2022, the Company had approximately \$410,000 (December 31, 2021 - \$272,000) of remaining commitment to incur exploration expenditures by December 31, 2023 in relation to its flow-through financing.

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## HERITAGE MINING LTD.

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

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### 7. SHARE CAPITAL

#### Authorized:

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

#### Issued:

##### During the nine month period ended September 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 were issued by the Company pursuant to the December 2021, FT Financing and the January 2022 Financing if the common shares of the Company were not listed by the Listing Deadline.

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

On August 25, 2022, the Company completed an initial public offering ("IPO") of units ("Units") and flow-through units ("FT Units") of the Company 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 \$2,631,453. 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 is exercisable at \$0.40 for a period of 36 months from the date of issuance. The Company granted to the agent warrants to acquire an aggregate of 677,136 common shares at an exercise price of \$0.25 for a period of 24 months following the completion of the offering. The broker warrants have an estimated fair value of \$107,175, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 3.44%, dividend yield 0%.

The Company paid \$415,336 cash for share issue costs.

During the nine month period ended September 30, 2022, 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.

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**HERITAGE MINING LTD.**

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

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**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.

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**HERITAGE MINING LTD.**

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**7. SHARE CAPITAL (continued)**

During the nine month period ended September 30, 2022:

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

The Company recognized share based payments expense of \$8,011 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 nine month period ended September 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	946,666	0.075	2.92
Exercised	(25,000)	0.075	
Balance, September 30, 2022	921,666	\$ 0.075	2.67

**Warrants**

A summary of changes of warrants during the nine month period ended September 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
Warrants issued on private placement	4,870,245	0.24	116,984	0.22
Balance, December 31, 2021	8,555,187	0.19	226,584	0.15
Warrants issued on private placement	1,514,000	0.40	42,000	0.40
Penalty warrants issued	2,561,003	0.40	-	-
Warrants exercised	-	-	(105,600)	0.08
Warrants expired	-	-	(4,000)	0.08
Warrants issued on private placement	10,293,791	0.40	677,136	0.25
Balance, September 30, 2022	22,923,981	\$ 0.32	836,120	\$ 0.25

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**7. SHARE CAPITAL (continued)*****Penalty warrants issued:***

During the nine month period ended September 30, 2022, 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.

Details of Unit Warrants outstanding as at September 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	2.64
711,759	0.20	October 30, 2023	1.08
573,190	0.20	November 19, 2023	1.14
3,823,242	0.20	February 19, 2024	1.39
2,094,006	0.40	December 31, 2024	2.25
3,028,000	0.40	January 26, 2025	2.33
10,293,791	0.40	August 25, 2025	2.90
22,923,981			

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

Outstanding and Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
105,084	0.20	February 19, 2024	1.39
11,900	0.40	December 31, 2024	2.26
42,000	0.40	January 26, 2025	2.32
677,136	0.25	August 25, 2025	2.90
836,120			

**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.

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**HERITAGE MINING LTD.**

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**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.

**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 September 30, 2022 the Company had working capital of \$2,379,826 (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.



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

As at September 30, 2022, and December 31, 2021, there were amounts owing to related parties in the amount of \$8,993 (December 31, 2021 - \$nil).

**Related party transactions and key management compensation**

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

	September 30, 2022	September 30, 2021
Management, consulting, and professional fees	\$ 122,062	\$ 93,333
Share-based payments	3,049	6,843
	\$ 125,111	\$ 100,176

During the nine month period ended September 30, 2022, the Company paid \$111,062 (2021 – \$92,333) to a Company controlled by Peter Schloo, CEO and Director for executive, administrative services and rent . The Company signed an independent contractor agreement with its CEO for \$126,000 per annum.

During the nine month period ended September 30, 2022, the Company paid \$11,000 (2021 - \$1,000) to James Fairbairn, CFO and Director, for professional services rendered.

**11. 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.