

**HEARTFIELD MINING CORP.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022**  
**AND AUGUST 31, 2021**  
**(UNAUDITED)**

### **Notice of No Auditor Review of Interim Financial Statements**

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

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**HEARTFIELD MINING CORP.****CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**(Expressed in Canadian Dollars)

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	August 31, 2022 (Unaudited)	February 28, 2022 (Audited)
<b>ASSETS</b>		
Current		
Cash	\$ 29,220	\$ 34,984
Amounts recoverable	10,084	7,246
Deferred financing costs	20,000	20,000
	59,304	62,230
Exploration and evaluation assets (Note 5)	92,957	92,957
	<b>\$ 152,261</b>	<b>\$ 155,187</b>
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 137,467	\$ 83,030
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 6)	150,000	150,000
Contributed surplus	45,000	45,000
Deficit	(180,206)	(122,843)
	14,794	72,157
	<b>\$ 152,261</b>	<b>\$ 155,187</b>

**NATURE OF CONTINUANCE OF  
OPERATIONS (Note 1)**Approved and authorized for issue on behalf  
of the board on: October 27, 2022

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*"Michael Dake"* Director

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*"Sean McGrath"* Director

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**HEARTFIELD MINING CORP.****CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

UNAUDITED

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	Three months ended August 31, <u>2022</u>	Three months ended August 31, <u>2021</u>	Six months ended August 31, <u>2022</u>	Six months ended August, <u>2021</u>
EXPENSES				
Management fees	\$ 3,500	\$ 12,500	\$ 11,000	\$ 12,500
Occupancy costs	7,060	14,649	16,505	14,649
Office and miscellaneous	19	55	1,679	266
Professional fees	10,300	1,583	22,709	1,583
Stock based compensation	—	—	—	30,000
Transfer agent and filing fees	—	—	5,470	—
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Net loss and comprehensive loss end of period	\$ 20,879	\$ 28,787	\$ 57,363	\$ 58,998
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Loss per share (basic and diluted)	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
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Weighted average number of common share outstanding	9,750,001	2,608,798	9,750,001	2,608,798

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

**HEARTFIELD MINING CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

UNAUDITED

	Number of Shares	Amount \$	Contributed Surplus \$	Deficit \$	Total \$
Balances, February 28, 2022	9,750,001	150,000	45,000	(122,843)	72,157
Comprehensive loss for the period	—	—	—	(57,363)	(57,363)
Balance, August 31, 2022	9,750,001	150,000	45,000	(180,206)	14,794
Balance March 24, 2021 (date of incorporation)	—	—	—	—	—
Shares issued for cash	5,560,001	95,001	—	—	95,001
Stock based payments	—	—	45,000	—	45,000
Comprehensive loss for the period	—	—	—	(58,998)	(58,998)
Balance August 31, 2021	5,560,001	95,001	45,000	(58,998)	81,003

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

**HEARTFIELD MINING CORP.****CONDENSED INTERIM STATEMENTS OF CASH FLOWS**

(Expressed in Canadian Dollars)

UNAUDITED

	<b>Six months ended August 31, <u>2022</u></b>	<b>Six months ended August 31, <u>2021</u></b>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (57,363)	\$ (58,998)
Items not involving cash:		
Stock - based payments	—	30,000
	(57,363)	(28,998)
Changes in non-cash working capital balances:		
Other receivable	(2,838)	(2,104)
Accounts payable and accrued liabilities	54,437	12,376
Cash used in operating activities	(5,764)	(18,726)
INVESTING ACTIVITIES		
Exploration and evaluation asset	—	(76,000)
Cash used in investing activities	—	(76,000)
FINANCING ACTIVITIES		
Shares issued for cash	—	78,000
Cashed used in financing activities	—	78,000
INCREASE IN CASH DURING THE PERIOD	(5,764)	(16,726)
CASH, BEGINNING OF PERIOD	34,984	34,959
CASH, END OF PERIOD	\$ 29,220	\$ 18,233
SUPPLEMENTAL DISCLOSURES		
Interest paid	\$ —	\$ —
Income taxes paid	\$ —	\$ —
Shares issued for and evaluation and exploration costs	\$ —	\$ —

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

**1. NATURE OF OPERATIONS**

Heartfield Mining Corp. (the "Company") was formed on March 24, 2021 under the law of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2022, the Company holds an interest in an early stage mineral exploration property and the Company had not yet determined whether the Company's mineral property asset contains a deposit of minerals that is economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had deficit of \$180,206 as at August 31, 2022, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give affect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of compliance**

The financial statements are prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all financial information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended February 28, 2022.

The financial statements are prepared in accordance with accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretation of the International Financial Reporting Interpretation Committee ("IFRIC").

The financial statements were authorized for issue by the Board of Directors on October 27, 2022.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and estimates of amounts reported in the Company's February 28, 2022 annual financial statements.

4. ADOPTION OF NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. The Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

5. EXPLORATION AND EVALUATION ASSET

**Porter Property option**

On March 24, 2021, the Company (the "Optionee") entered into a Purchase Option Agreement (the "Agreement") with an arms-length party (the "Optionor"). Pursuant to the Agreement, the Optionee has an option to acquire 100% interest in five mineral claims known as Porter Property located near Port Alberni on Vancouver Island, British Columbia, Canada (the "Claims") from the Optionor.

Under the terms of the Agreement, the Optionor have granted the Optionee the option to acquire all rights, title and interest within five kilometers of the five mineral claims. In addition, the Claims are subject to Net Smelter Return of 1.5% which can be purchased at any time for \$1,500,000 by the Optionee.

Under the Agreement, the Optionee will make cash payments totaling \$40,000 and issue 300,000 common shares as follows:

- a. made a cash payment of \$6,000 ("Initial Payment") upon execution and delivery of this agreement;
- b. make a further cash payment of \$6,000 and issue 300,000 common shares on the date upon which the common shares are listed on a stock exchange in Canada ("Listing date"); and
- c. make a further cash payment of \$28,000 within 18 months of the Listing date.

As at August 31, 2022, the Company incurred the following exploration and evaluation costs:

**ACQUISITION COST**

Balance, March 24, 2021		-
Cash payment	\$	6,000
Balance, February 28, 2022 and August 31, 2022	\$	6,000



5. EXPLORATION AND EVALUATION ASSET (continued)

**EXPLORATION AND EVALUATION COSTS**

Balance, March 24, 2021	-
Accommodations and meals	10,410
Assays	727
Data processing and report	7,131
Equipment rentals	822
Field supplies	1,285
Geological and field work	29,900
Geochemical surveying	16,970
Management administration	2,485
Technical report	10,000
Travel and transportation	7,227
Total exploration and evaluation costs for the period	86,957
<b>Balance, February 28, 2022 and August 31, 2022</b>	<b>\$ 92,957</b>

6. SHARE CAPITAL

- a) Authorized: Unlimited number of common shares without par value.
- b) Issued and outstanding as at August 31, 2022: 9,750,001 common shares.

During the period ended February 28, 2022, the Company had the following transactions:

On March 24, 2021, the Company issued an incorporation share for a nominal amount.

During the period, the Company issued 2,000,000 flow-through common shares at a price of \$0.005 per share for gross proceeds of \$10,000 to the founders. The founder shares had a fair value of \$40,000 and as a result, the Company recorded share-based compensation of \$30,000 and a corresponding increase to contributed surplus.

During the period, the Company issued 1,000,000 flow-through common shares at a price of \$0.005 per share for gross proceeds of \$5,000 and 3,000,000 flow-through common shares at a price of \$0.02 per share for gross proceeds of \$60,000. The 1,000,000 flow-through common shares issued at \$0.005 had a fair value of \$20,000 and as a result, the Company recorded share-based compensation of \$15,000 and a corresponding increase to contributed surplus. On the issuance date, the Company did not recognize flow-through shares liability as there was no premium in price over the common shares.

6. SHARE CAPITAL (continued)

During the period, the Company issued 3,750,000 common shares at a price of \$0.02 per share for gross proceeds of \$75,000.

Under the terms of the flow-through share private placements, the Company must incur \$75,000 of Canadian Exploration Expenditures and renounce them to the shareholders of the Company.

7. RELATED PARTY BALANCES AND 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. 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.

The Company had incurred the following key management personnel costs from related parties:

	2022	2022
	\$	\$
Management fees	11,000	12,500

Key management includes directors and key officers of the Company, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and family members that are considered related to key management.

During the period ended August 31, 2022, the Company incurred management fees of \$11,000 to a company controlled by the CEO and a director of the Company. As at August 31, 2022, the amount remains outstanding and is included in accounts payable.

8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes 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 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - 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); and

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at August 31, 2022 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	29,220	—	—	29,220

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at August 31, 2022 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

10. SUBSEQUENT EVENT

The Company intends on completing an Initial Public Offering ("IPO") of up to a maximum of 4,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,000. Pursuant to the terms of an engagement letter entered into on February 8, 2022, the Company agreed to pay an Agent a cash commission of 8% of the gross proceeds of the IPO. The Company also agreed to grant the Agent warrant (the "Agent's Warrant") which will entitle the Agent to purchase up to 8% of the common shares sold under the IPO, at a purchase price that is equal to the price per share offered in the IPO. The Agent's Warrants are exercisable until 24 months from the listing date. In addition, the Company agreed to pay a corporate finance fee of \$35,000, of which \$25,000 to be paid out in cash and the remaining \$10,000 to be paid by the issuance of 100,000 common shares of the Company at a deemed price of \$0.10 per share, of which \$20,000 was paid prior to the period ended February 28, 2022. The Company will also pay the Agent's legal fees incurred and any other reasonable expenses pursuant to the IPO. As at February 28, 2022, the Company has advanced \$20,000 to the Agent towards legal and other expenses. The Company has not yet closed the IPO.