

HEARTFIELD MINING CORP.

Management Discussion and Analysis

For the period six month period ended

August 31, 2022

The Management Discussion and Analysis (“MD&A”), prepared October 27, 2022 should be read in conjunction with the audited financial statements and notes thereto for the period ended August 31, 2022 of Heartfield Mining Corp. (“Heartfield” or the “Company”) which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking information (as such term is defined under applicable securities laws) in respect of various matters including upcoming events. The results or events predicted in this forward-looking information may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Heartfield Mining Corp. (the “Company”) was formed on March 24, 2021 under the laws 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 a 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 effect 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

EXPLORATION PROJECT

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.

SELECTED ANNUAL INFORMATION

(\$000's except loss per share)

	February 28, 2022
Revenue	\$ 0
Net Loss	\$ (123)
Basic and Diluted Loss Per Share	\$ (0.02)
Total Assets	\$ 154
Long-Term Debt	\$ 0
Dividends	\$ 0

OPERATIONS

The three month period ended August 31, 2022

During the three month period ended August 31, 2022 the Company reported a net loss of \$20,879. (2021 – 28,787) Included in the determination of operating loss was \$3,500 (2021 - \$12,500) on management fees, \$19 (2021 - \$55) on office and miscellaneous, \$10,300 (2021 - \$1,583) on professional fees, and \$7,060 (2021 - \$14,649) on occupancy costs.

The six month period ended August 31, 2022

During the six month period ended August 31, 2022 the Company reported a net loss of \$57,363. (2021 - \$58,998) Included in the determination of operating loss was \$11,000 (2021 - \$12,500) on management fees, \$1,679 (2021 - \$266) on office and miscellaneous, \$22,709 (2021 - \$1,583) on professional fees, and \$16,505 (2021 - \$14,649) on occupancy costs. The Company also recorded a stock based compensation charge of \$Nil (2021 - \$30,000).

SUMMARY OF QUARTERLY RESULTS
(\$000's except earnings per share)

	August 31, <u>2022</u>	May 31, <u>2022</u>	February 28, <u>2022</u>	November 30, <u>2021</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net income (loss)	\$ (21)	\$ (36)	\$ (41)	\$ (24)
Basic and diluted				
Income (loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)

	August 31, <u>2021</u>	May 31, <u>2021</u>
Revenue	\$ 0	\$ 0
Net income (loss)	\$ (28)	\$ (30)
Basic and diluted		
Income (loss) per share	\$ (0.01)	\$ (0.00)

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash at August 31, 2022 was \$29,220.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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:

	<u>2022</u>	<u>2022</u>
	\$	\$
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.

COMMITMENTS

The Company does not have any significant commitments.

SUBSEQUENT EVENTS

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.

CRITICAL ACCOUNTING ESTIMATES

Refer to the audited financial statements for the period ended February 28, 2022 for critical accounting estimates.

FINANCIAL INSTRUMENTS

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

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				
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	\$	\$	\$	\$
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.

(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.

SHARE CAPITAL

Issued

The Company has 9,750,001 common shares issued and outstanding as at August 31, 2022 and October 27, 2022 .

Share Purchase Options

The Company has Nil stock options outstanding at August 31, 2022 and October 27, 2022.

Warrants

The Company had Nil share purchase warrants outstanding at August 31, 2022 and October 27, 2022.

Escrow Shares

The Company has Nil common shares held in escrow as at August 31, 2022 and October 27, 2022.