

HEARTFIELD MINING CORP.

Management Discussion and Analysis

For the year ended February 28, 2023

The Management Discussion and Analysis (“MD&A”), prepared June 27, 2023 should be read in conjunction with the audited financial statements and notes thereto for the periods ended February 28, 2023 and 2022 of Heartfield Mining Corp. (“Heartfield” or the “Company”) which were prepared in accordance with International Financial Reporting Standards.

This MD&A 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 February 28, 2023, 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 amounts 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 uncertainty casts significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$337,054 as at February 28, 2023 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. The 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 the financial statements.

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 Royalty 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 February 28, 2023, the Company had made the \$12,000 in payments, issued 300,000 and incurred exploration expenditures of \$164,695.

SELECTED ANNUAL INFORMATION

	February 28, 2023	February 28, 2022
Revenue	\$ 0	\$ 0
Net Loss	\$ (214,211)	\$ (122,843)
Basic and Diluted Loss Per Share	\$ (0.02)	\$ (0.02)
Total Assets	\$ 326,046	\$ 154,187
Long-Term Debt	\$ 0	\$ 0
Dividends	\$ 0	\$ 0

OPERATIONS

The three month period ended February 28, 2023

During the three month period ended February 28, 2023 the Company reported a net loss of \$59,242 (2022 – \$41,150). Included in the determination of operating loss was \$10,500 (2022 - \$7,500) on management fees, \$3,528 (2022 - \$Nil) on office and miscellaneous, \$35,117 (2022 - \$11,952) on professional fees, \$Nil (2022 - \$Nil) on travel and promotion, \$3,033 (2022 - \$Nil) on transfer agent and filing fees, and \$7,010 (2022 - \$6,698) on occupancy costs.

The year ended February 28, 2023

During the year ended February 28, 2023 the Company reported a net loss of \$214,211 (2022 - \$122,843). Included in the determination of operating loss was \$32,000 (2022 - \$27,500) on management fees, \$9,795 (2022 - \$2,593) on office and miscellaneous, \$117,156 (2022 - \$19,909) on professional fees, \$1,475 (2022 - \$Nil) on travel and promotion, \$23,299 (2022 - \$Nil) on transfer agent and filing fees, and \$30,486 (2022 - \$27,841) on occupancy costs. The Company also recorded a share-based payment charge of \$Nil (2022 - \$45,000).

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

	February 28, <u>2023</u>	November 30, <u>2022</u>	August 31, <u>2022</u>	May 31, <u>2022</u>
Revenue	\$ 0	\$ 0	\$ 0	\$ 0
Net loss	\$ (59)	\$ (98)	\$ (21)	\$ (36)
Basic and diluted Loss per share	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)

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

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash at February 28, 2023 was \$103,722.

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.

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.

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

	<u>2023</u>	<u>2022</u>
	\$	\$
Management fees	32,000	27,500

During the period ended February 28, 2023, the Company incurred management fees of \$32,000 (2022 - \$27,500) to a company controlled by the CEO and a director of the Company.

During the period ended February 28, 2023, the Company issued 300,000 (2022 - 2,000,000) flow-through common shares to directors and officers. For the period ended February 28, 2022, the Company recorded share-based payments of \$30,000.

At February 28, 2023, the Company owed \$1,475 to a company controlled by the CEO of the Company.

COMMITMENTS

The Company does not have any significant commitments.

EVENTS AFTER THE COMPANY'S YEAR END OF FEBRUARY 28, 2023

Subsequent to February 28, 2023, the Company completed a private placement 875,000 common flow-through units at \$0.04 per unit for net proceeds of \$35,000. Each unit consists of one common flow-through share and one share purchase warrant exercisable at \$0.05 per share to acquire one additional common share for a period of 24 months from the date of issuance.

Subsequent to February 28, 2023, the Company entered into a purchase agreement with an arms-length vendor to acquire the El Medio claim, which is contiguous to the Company's Porter Property, 30 kilometres west of Port Alberni, BC. In consideration for the El Medio claim, the Company issued 1,500,000 common shares of the Company to the vendor, who will retain a 1.5% net smelter returns royalty, which can be purchased by the Company at any time for a cash payment of \$1,500,000.

CRITICAL ACCOUNTING ESTIMATES

Refer to the audited financial statements for the periods ended February 28, 2023 and 2022 for critical accounting estimates.

FINANCIAL INSTRUMENTS

International Financial Reporting Standards 13, Fair Value Measurement, 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 asset is cash which is classified as FVTPL and is measured at Level 1 of the fair value hierarchy. The carrying value of the Company's financial liability (accounts payable) approximates its fair value due to the relatively short period to maturity of that instrument.

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.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. These risks are generally outside the control of the Company. The objective of the Company is to mitigate market risk exposures within acceptable limits. The Company's market risk consists of risks from changes in currency exchange rates, interest rates and other market prices that affect its financial instruments. It is management's opinion that the Company is not exposed to material currency risk, interest rate risk or other price risk. The Company's exposure to and management of market risk has not changed materially from that of the prior year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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. The Company's exposure to and management of credit risk has not changed materially from that of the prior year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. 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. As at February 28, 2023, the Company has cash of \$103,722 (2022 - \$34,984), to settle accounts payable of \$34,202 (2022 - \$82,030). The Company's management of liquidity risk has not changed materially from that of the prior year.

SHARE CAPITAL

Issued

The Company has 15,150,001 common shares issued and outstanding as at February 28, 2023 and 17,525,001 as at June 27, 2023.

Share Purchase Options

The Company has Nil stock options outstanding at February 28, 2023 and June 27, 2023.

Warrants

The Company had 320,000 share purchase warrants outstanding at February 28, 2023 and 1,195,000 as at June 27, 2023.

Escrow Shares

The Company has 2,250,001 common shares held in escrow as at February 28, 2023 and 1,825,001 as at June 27, 2023.