August 26, 2019

Zacks Small-Cap Research

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Braveheart Resources Inc. (V.BHT – TSX-V)

Zacks Initiates Coverage of Braveheart Resources Inc.

Based on a calculation of fully diluted share value of attributable resources, which uses the most recent 43-101-compliant reports and company guidance, a target of CDN$0.60 per share is indicated.

Current Price (08/23/19)	$0.17
Valuation	**$0.60**

OUTLOOK

Braveheart Resources (TSX.V: BHT, OTC Pink: RIINF) is a development stage mining company that recently has closed an opportunistic acquisition of **Bull River Mine Property**. With a surface stockpile of roughly 165,000 tonnes of ore, management seeks to become a producing company within the next 6 to 9 months. The mine site has a valid Small Mine Permit, but a tailings disposal permit is still required. The permit process has begun. In addition, management is seeking an amendment to increase the maximum permitted ore mining capacity from 205 tonnes to 1,000 tonnes per day. We initiate coverage with a target of $0.60 per share.

SUMMARY DATA

52-Week High	**$0.21**
52-Week Low	**$0.06**
One-Year Return (%)	**-55.0**
Beta	**0.09**
Average Daily Volume (shrs.)	**39,890**
Shares Outstanding (million)	**104.14**
Market Capitalization ($mil.)	**$17.70**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**15.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2019 Estimate	**N/M**
P/E using 2020 Estimate	**N/M**

Risk Level	**Above Average**
Type of Stock	**Small - Value**
Industry	**Mining**

ZACKS ESTIMATES

Revenue
(in millions of $CDN)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2017	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2018	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2019	0.0 A	0.0 A	0.0 A	0.0 E	0.0 E
2020					0.0 E

Earnings per Share
(EPS is operating earnings before non-recurring items)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2017	-$0.01 A	-$0.00 A	-$0.00 A	-$0.02 A	-$0.03 A
2018	-$0.00 A	-$0.01 A	-$0.00 A	-$0.00 A	-$0.02 A
2019	-$0.00 A	-$0.01 A	-$0.00 A	-$0.00 E	-$0.02 E
2020					-$0.01 E

Quarterly EPS may not equal annual EPS total due to rounding.

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KEY POINTS

- Braveheart Resources is junior mining company pursuing a strategy of **acquiring past-producing copper and gold properties** in British Columbia. Both properties also relatively large **land packages** and a **surface stockpile of ore**, which management is highly focused on monetizing.
    - Braveheart Resources controls two projects (the **Bull River Copper-Silver-Gold Property** and the **Alpine Gold Property**), which together encompass **12,976 hectares**.
        - The **9,785-hectare Bull River Property** was opportunistically acquired in January 2019 through a CCAA process. Within six months, the Property was augmented with **589 hectares** of contiguous mineral claims.
            - The **metal value of a 165,000-tonne surface stockpile** at Bull River Mine is **estimated** by management **to be between $20-to-$22 million**
                - **Two permits are required** to initiate processing of the stockpile
                    - tailings disposal permit
                    - an amendment to increase the maximum allowable capacity of an existing Small Mine Permit to 1,000 tonnes per day
                - The permit process has begun, but certain documents need to be completed prior to filing the permit applications
                - Funding of CDN$10 million is required to complete the restoration of the concentrator circuit to operational condition
                    - Crushers, mill, etc. need to rehabilitated
                    - Management plans on ordering a new flotation circuit
                - Management anticipates that processing of the stockpile to begin in late 2019 or early 2020
            - The past-producing Bull River Mine has a NI 43-101-compliant **Indicated Resource** of 1,511,000 tonnes at 2.263% Cu Eq. with a 1.0% Cu Eq. cut-off
            - Bull River land package has multiple previously explored targets, such as Cedar/G Zone, Burt/ Dean/Rex and Empire/Strathcona
                - In June 2019, Braveheart received approval for a **multi-year area based (MYAB) permit**, which allows a company to conduct exploration activities on Bull River Property for next five years
                - Braveheart's **2019 exploration programs are fully funded** through the issuance of flow-through shares
    - In November 2016, Braveheart entered an **option** agreement **to acquire 100% of the 2,602-hectare Alpine Mine Property**.
        - Management desires to monetize the value of an existing stockpile, which management estimates to be approximately 15,000 tonnes in size
        - Loner-term, manage seeks to renew production at this pre-existing mine.
            - Diamond drilling programs were conducted in 2017 and 2018
            - In January 2018, a NI 43-101-compliant Inferred Resource estimate of 268,000 tonnes containing **142,000 ounces Au** at a 5.0 g/t cutoff was announced

Braveheart Resources is an intriguing junior mining company. Management has opportunistically acquired the Bull River Property with a past-producing mine and a large on-surface stockpile of ore estimated to contain commercial metals valued between $20-to-$22 million. Upon being granted a tailings disposal permit and a request to increase the maximum allowable capacity of an existing Small Mine Permit, Bull River Resources is poised to begin processing ore and generating revenues. In addition, the Bull River Mine has an attractive Indicated Resource Estimate that can be readily exploited once the surface infrastructure (crushing plant, mill, maintenance/office buildings, etc.) become fully operational.

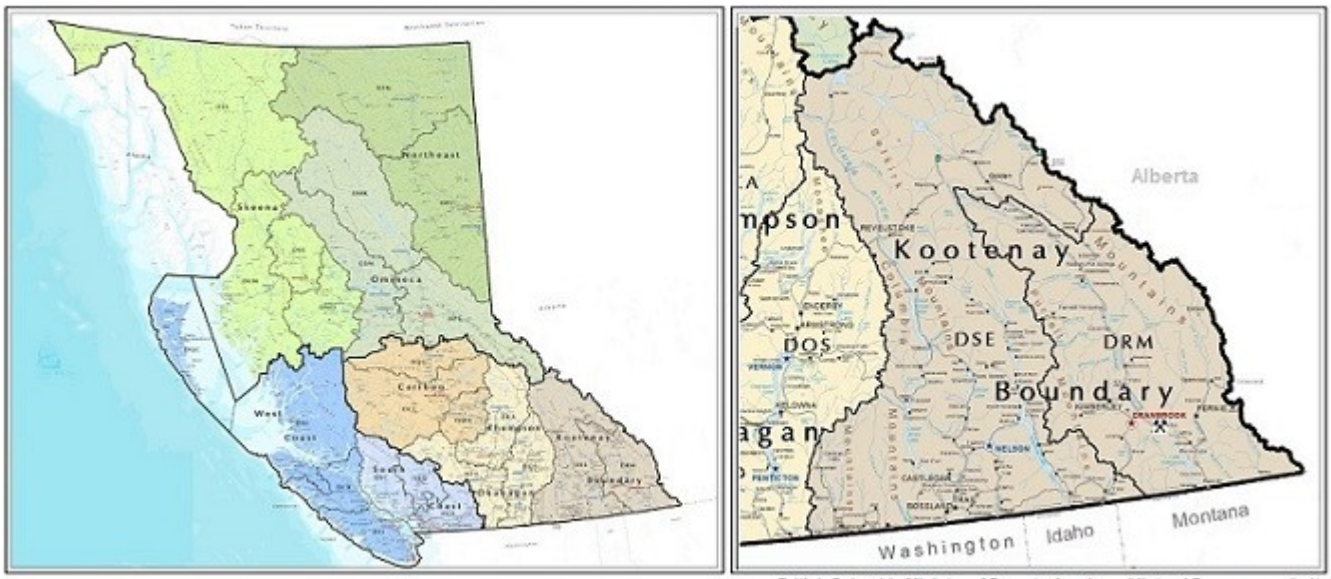
OVERVIEW

Headquartered in Calgary, Braveheart Resources Inc. (TSXV: BHT) (RIINF) is a Canadian-based junior mining company focused on the exploration and development of proven, past-producing mines in Mining Districts of East and West Kootenay of British Columbia. Braveheart's primary focus and main asset is the recently acquired 100% interest in the **9,785-hectare Bull River Property**, a past-producing copper, silver and gold mine. The company also has an option to acquire 100% of the **2,602-hectare Alpine Gold Project** near Nelson, British Columbia, also a past-producing gold mine.

The surface infrastructure of the Bull River Mine includes a 750-tonne per day conventional mill, crushing facilities, office building and mine maintenance facilities. The property is connected to the power grid power and accessible all-weather, paved roads.

With this potentially **transformational acquisition** of the Bull River Mine, there are expectations that Braveheart Resources will transition from an exploration and development to a producing company, especially considering the **on-surface stockpile of ore**. Though the Bull River Mine has been on care and maintenance since the fall of 2009, the **surface infrastructure** includes a 750-tonne per day conventional mill, crushing facilities, administrative building, mine shops, maintenance facilities and other structures. The mine property is accessible year-round by all-weather, paved roads and connected to the electrical power grid. Only modest capital expenditures should be required to re-activate the existing and permitted processing plant, though two additional permits and project financing also need to be obtained.

In addition, the Bull River Mine with its underground copper, silver and gold mineralization has a recent NI 43-10-compliant **Technical Report** (dated January 22, 2019) with an **Indicated Resource** of 1.511 million tonnes grading 2.263% Cu Eq. and an **Inferred Resource** of 343,000 tonnes 1.855% Cu Eqv. (at a 1.0% Cu Eq. cut-off). The mine has approximately 21,000 meters of underground development (ramps, levels, winzes, drifting, ventilation raises, etc.) over seven levels.



British Columbia Ministry of Forests, Lands and Natural Resource website

The **9,785-hectare land package** also has multiple previously explored targets, such as Cedar/G Zone, Burt/ Dean/Rex and Empire/Strathcona. The company recently received approval for a **multi-year area based permit** from the British Columbia Ministry of Energy, Mines and Petroleum Resources that allow for Braveheart to conduct exploration activities at the Bull River Property for the next five years. There is also the potential to recover cobalt that appears to be associated with the pyrite at the Bull River Mine**.**



Management's Strategy

Management's primary goal is to restart the crushing and milling operations at the Bull River Mine in order to process the large **surface stockpile** of ore located at the mine site. Management estimates the approximate 165,000-tonne stockpile holds a **metal value of between $20-to-$22 million**. Management is moving forward with its development plan by **seeking two permits** from the BC Ministry of Energy, Mines and Petroleum Resources and by pursuing a CDN$10 million financing to fund the restoration of the mill to operational condition and the initial processing expenses. The company is looking to amend the existing Small Mine Permit in order to increase the maximum permitted ore mining capacity from 205 tonnes per day to 1,000 tonnes per day. Also, a **tailings disposal permit** is required. The time frame for the completion of the permitting process (which began in April 2019) is usually 9-to-12 months; therefore, management expects to be able to begin processing the stockpile at Bull River sometime between late 2019 and early 2020.

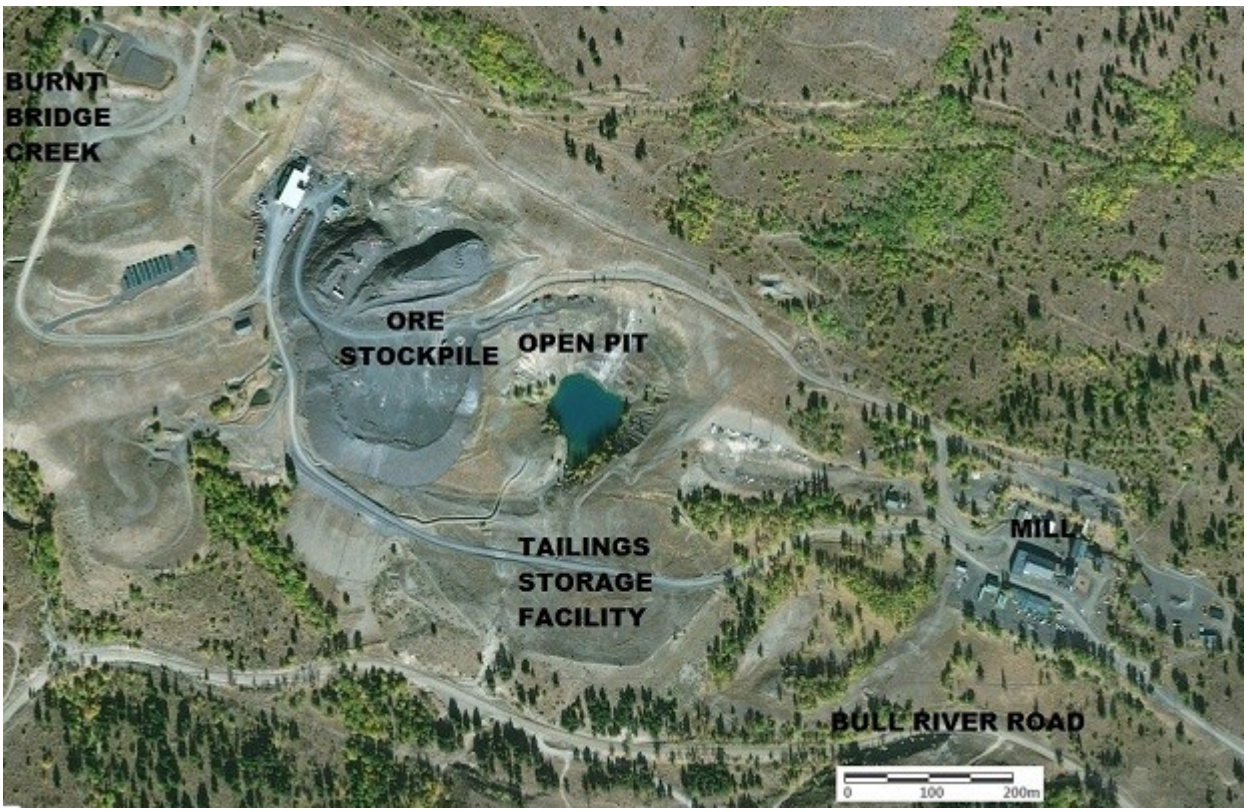
Alpine Gold Project

The Braveheart Resources entered an option agreement in November 2016 to acquire the Alpine Mine Property located near Nelson in British Columbia. This **2,602.1-hectare land package** includes the Alpine Mine, a past-producing, high grade, underground gold mine. Management's intent is to truck ore from the Alpine Mine to the newly acquired Bull River mill facility, a distance of approximately 300 kilometers. The company's plan requires rehabilitating the 18 km of access road to the property and applying for and receiving a bulk sample exploration permit. Management is also pursuing the development of the Alpine Property, particularly an exploration program to support and refine the current Inferred Resource Estimate.

BULL RIVER MINE

The Bull River Mine is a past producing, copper, silver and gold mine, located in southeastern British Columbia. Braveheart Resources acquired a 100% interest in the property in January 2019 through the acquisition of Purcell Basin Minerals Inc. via the Companies' Creditors Arrangement Act (CCAA) process. A large surface stockpile is on site, which management plans to mill and have processed. Over the years, between $200 and $300 million of investments has been committed to exploratory drilling campaigns, the construction of access roads and infrastructure projects at the Bull Mine resulting in an underground mine with approximately **16,600 meters of access ramp and level development**, along with a **750 tonne-per-day mill**, administrative & maintenance buildings, assay & metallurgical laboratories, an electrical substation and other support buildings.

However, in order to proceed, **two permits are required** from the B.C. Ministry of Energy, Mines and Petroleum Resources: one allowing the mining capacity to be increased to 1,000 tonnes per day; the other allowing for the disposal/storage of tailings. Currently, the Bull River Mine is zoned for mining activities through a **small mine permit** (M-33) and **mining lease** (212493). The Bull River Mine was granted a Small Mine permit on July 22, 2005. This still active permit allows a mining facility to produce up to 75,000 tonnes of mineral ore per year (or roughly 205 tonnes per day) without requiring a full Environmental Impact Assessment. The Mining Lease, which covers both mineral rights and surface rights over 486.03 hectares, was granted on February 21, 1972 and expires on February 21, 2023; annual lease payments are CDN$4,870. Currently, there is not an active tailings disposal permit.



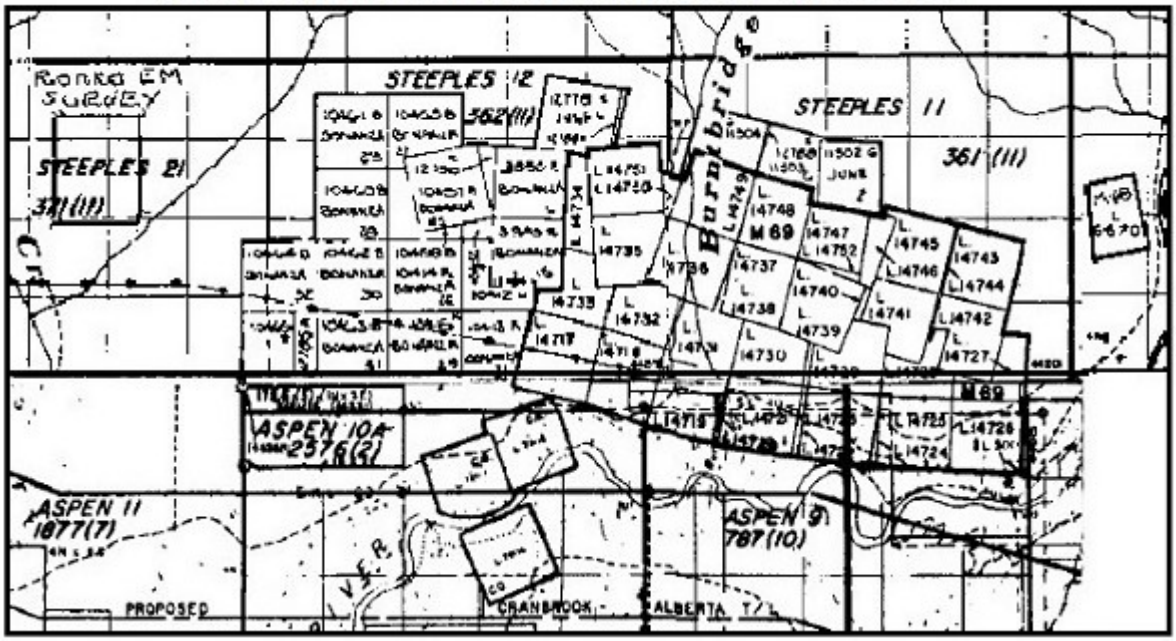
Synopsis of Nomenclature History

The mineral resource underlying claim 515066 most likely was discovered in the **1890's** when a number of claims were staked in the area. Through a succession of owners and claim names, in **1952** Jim Van Koughnett owned the Bull River Mine claims which then were known as **Big Bonanza 1-4**, **June 1-6**, and **Bonanza 1-30** mineral claims (also known as lots 14717-14752) under **mineral lease M-69.**
The mine includes two mining pits (which were worked between 1971 and 1974 and known then as the **Bull River Mine**). Concentrates of copper, silver and gold were shipped to Japan for smelting.[i]

In 1977, many claims on the property were re-staked due to the implementation of the **Modified Grid System**, which became effective on March 1, 1975. On November 9, 1977, Ross Stanfield re-filed those claims.

Between 1978 and 2014, the claims were held by subsidiaries of the Stanfield Mining Group, and often in the 1980's the mineral claim immediately to the north, **Steeples 11**, and to the south, **Aspen 9**, were often conflated with Bull River deposit claims in drilling reports.[ii] The Report on Steeple Property dated February 6, 1989 even states: "The Bull River mine is located on the Steeples 11 claim." [iii]

Claim Map of Bull River Mine Area Circa 1984



Bull River Mine Nomenclature

- 1898 - 1927 — Silver Chief and Silver Buckeye claims held by Dave Griffith,
- 1927 — Khedive Group owned by A. B. Fenwick
  - Group included Khedive, Sidar and Silver Chief claims
- 1968[iv] - 1986[v] — Bonanza claims
  - aka Big Bonanza 1-4, June 1-6 & Bonanza 1-30 claims
  - aka Mineral lease M-69
- 1971 - 1999 — Bull River Mine
- 2000 - Jan. 2019 — Gallowai - Bul River Mine (abbreviated GBRM in written reports)
  - reflected the joint (50/50) ownership by
    - The Gallowai Metal Mining Corp. and
    - Bul River Mineral Corp. Ltd
  - aka mining lease M-93
- 1997 – 2019 — Bull River Mine retroactively renamed Dalton Mine for 1970's production[vi]
- Starting Jan. 2019 — Bull River Mine

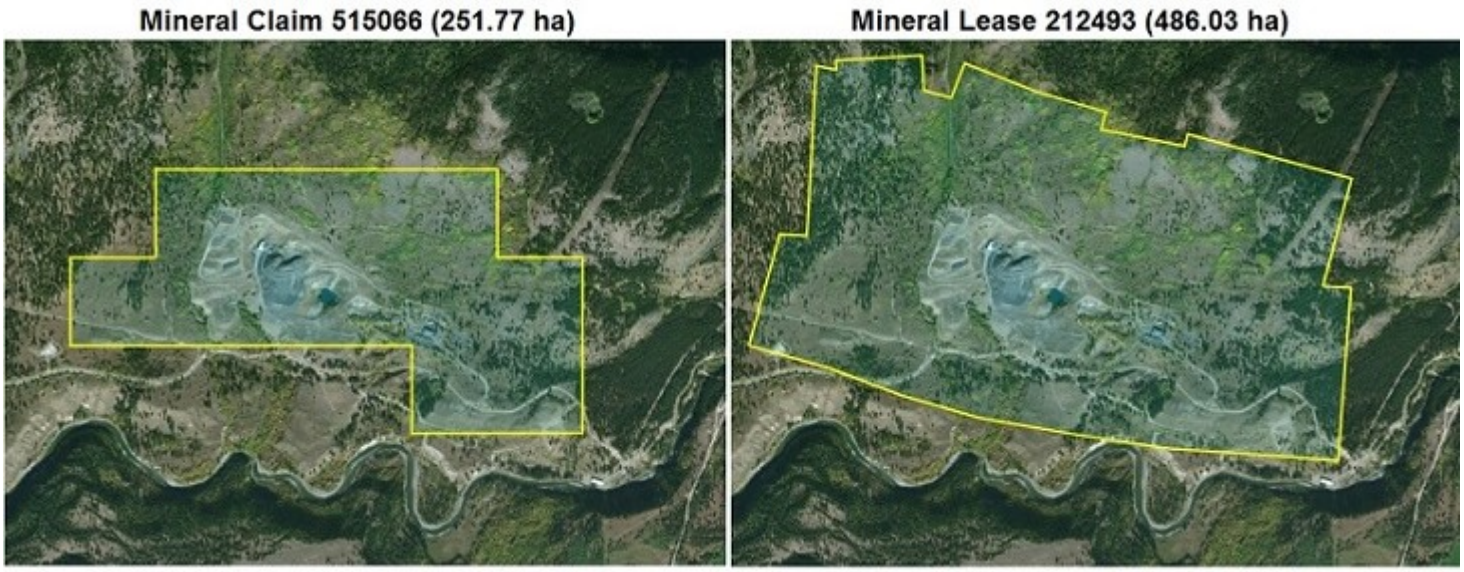
From 2000 until January 2019, the Bull River Mine was known as the **Gallowai-Bul River Mine**. The name was derived from the two companies (Bul River Mineral Corporation and the Gallowai Metal Mining Corporation) which were incorporated in 1977 and 1980, respectively, in order to raise funds for the purpose of advancing the project (each corporation held 50% of project). The communities of Bull River and Galloway are located six km southwest and 17 km southeast of the mine, respectively. Both corporations were part of the Stanfield Mining Group.

In January 2019, Braveheart Resources acquired **21 mineral claims** and **two mineral leases** (encompassing **9,785 hectares**) which are located in southeastern British Columbia, approximately 20 km east of Cranbrook and 23 km due west of Fernie. In July 2019, Braveheart **acquired 589 hectares** of mineral claims contiguous with the Bull River Property adjacent to the Don claim, increasing the size of the Bull River Property to 10,374 hectares. **Management's primary focus is on processing a surface stockpile** at the Bull River Mine, to be followed by mining the underground resource.

Location of Bull River Mine

The Bull River Mine Property is situated in the **Fort Steele Mining Division** of the **Mining District of East Kootenay** (aka **Rocky Mountain Natural Resource District**), which is located in southeastern British Columbia. The largest and most well-known mineralized zone on property is the **Bull River deposit**, which is located 27 km east of Cranbrook. The deposit is situated in the Canadian Rockies at the southern end of the Hughes Mountain Range at the terminus of the Steeples mountain ridge on the gentle-to-moderate southern slope of Bull Mountain and just north of the Bull River, which at this point meanders east to west. The geographic location of the Pit No. 2 (which was mined in the early 1970's) is approximately 49° 30' N north latitude and 115° 22' W longitude. **Burnt Bridge Creek** (aka Burntbridge Creek), an important pointer for the original claims from the 1890's through the 1960's, is a seasonal creek that flows down the mountain immediately to the west of the Mine Property.

Current Mineral Tenures, Mining Leases and Surface Rights of Bull River Mine



The Bull River Mine is underlain by **mineral tenure 515066** (which encompasses almost 252 hectares) and **mining lease 212493** (486.03 hectares). Granted in February 1972, the mineral lease includes surface rights as well as mineral rights. It is also known as M-93. Braveheart also owns the contiguous mineral tenures 515055 and 515057. **The area of these tenures and the mining lease hosts the Bull River deposit**. In addition, Braveheart owns 100% of 18 other mineral tenures and another mining lease as part of the Bull River Property.

Also, Braveheart owns a workers' mining camp, including surface rights, near the mine site at Galloway, which is held by a special permit from the Crown.

The Bull River Mine lies within the traditional use area of the Ktunaxa people and the Tobacco Plains Indian Band. Management has held preliminary discussions with the Ktunaxa local First Nation regarding the project description and employment opportunities. The British Columbia Energy, Mines and Petroleum Resources has initiated consultation regarding the project.

Title Number	Claim Name	Owner Name	Percent Ownership	Title Type	Sub Type	Issue Date	Good To Date	Status	Area (hectares)
212492	PROVIDENCE	Bul River Mineral Corp.	100%	Mineral	Lease	11/23/71	11/23/19	GOOD	14.4000
212493		Bul River Mineral Corp.	100%	Mineral	Lease	02/21/72	02/21/20	GOOD	486.0300
515055		Bul River Mineral Corp.	100%	Mineral	Claim	06/23/05	07/23/19	GOOD	1,028.1320
515057		Bul River Mineral Corp.	100%	Mineral	Claim	06/23/05	07/23/19	GOOD	1,238.0110
515066	MINE SITE	Bul River Mineral Corp.	100%	Mineral	Claim	06/23/05	07/23/19	GOOD	251.7770
515403	EMPIRE	Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	63.0731
1045785	FELDSPAR	Bul River Mineral Corp.	100%	Mineral	Claim	08/05/16	07/23/19	GOOD	839.5450
1047428	DON CLAIM	Bul River Mineral Corp.	100%	Mineral	Claim	10/24/16	07/23/19	GOOD	526.0095
1047788	BUL 1	Bul River Mineral Corp.	100%	Mineral	Claim	11/10/16	07/23/19	GOOD	503.2992
1047789	BUL 2	Bul River Mineral Corp.	100%	Mineral	Claim	11/10/16	07/23/19	GOOD	419.3919
1048930		Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	105.0308
1048932		Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	63.0183
1048934		Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	84.0115
1048936		Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	126.0184
1048938	STRATHCONA	Bul River Mineral Corp.	100%	Mineral	Claim	06/27/05	07/23/19	GOOD	84.0973
1048940	PROVIDENCE	Bul River Mineral Corp.	100%	Mineral	Claim	06/23/05	07/23/19	GOOD	335.6566
1048943		Bul River Mineral Corp.	100%	Mineral	Claim	06/24/05	07/23/19	GOOD	251.8092
1048988	BUL3	Bul River Mineral Corp.	100%	Mineral	Claim	01/06/17	07/23/19	GOOD	1,869.4527
1056208		Bul River Mineral Corp.	100%	Mineral	Claim	11/10/17	07/22/19	GOOD	1,113.8091
1056209		Bul River Mineral Corp.	100%	Mineral	Claim	11/10/17	07/22/19	GOOD	335.9133
1056210		Bul River Mineral Corp.	100%	Mineral	Claim	11/10/17	07/22/19	GOOD	399.6025
1061658	DON1	Bul River Mineral Corp.	100%	Mineral	Claim	07/09/18	07/23/19	GOOD	105.1906
1062075	CAMP	Bul River Mineral Corp.	100%	Mineral	Claim	07/31/18	07/31/19	GOOD	42.0606
									9,784.9096

SURFACE STOCKPILE

The processing of the surface stockpile is management's first priority. The stockpile was brought to the surface during the development of the underground workings of the Bull River Mine as mine muck, in other words, the ore or waste rock broken up, usually by blasting, during the tunneling process. Some of this muck was the feedstock for the pilot plant operated for 596 days during 2007 and 2008. The remaining muck was stored both on surface stockpile and underground.

Portal to Underground Workings



Technical Report January 2019

On Surface Stockpile



There are various non-compliant estimates of the size and grade of the stockpile. The 2018 notice of sale published by the Monitor in the CCAA process ordered by the Supreme Court, the description of the property states there is "**180,000 tonnes of extracted ore on the surface**," along with "approximately 69 tonnes of refined concentrate." [vii]

The Gallowai-Bul River Mine Scoping Study (dated October 29, 2013) prepared by Moose Mountain Technical Services provides a quite detailed analysis of the surface stockpile. A surveyed of the stockpile deterred its volume to be 80,912m3. Assuming a 30% swell factor and a specific gravity of 2.65, the tonnage was calculated to be approximately **165,000 tonnes**. In addition, Moose Mountain estimated the underground stockpile of muck to be 19,000 tonnes.[viii]

Existing Stockpiles

Stockpile	k Tonnes	Cu (%)	Au (g/te)	Ag (g/te)
Surface	165	1.27	0.25	10.65
Underground	19	1.27	0.50	6.86

Moose Mountain Technical Services Scoping Study, October 29, 2013

In the same Scoping Study, the stockpile grades were estimated "by using the grades from the channel samples in the mill feed development that produced the stockpiles."[ix] There is some concern on whether oxidation has reduced the amount of recoverable copper. Test work on the stockpile, prior to a start-up, would clarify this situation. In addition, modifications of the circuit layout and the addition of certain reagents could boost the recovery rate.

Total Project Start-up Capital Costs

	Cost ($M)
Mill Refurbishment	$2.00
Other Infrastructure (substation, temporary tailings storage)	$1.48
Engineering Studies, Drilling and Permitting	$1.89
Working Capital	$0.50
Owner's Costs	$3.60
TOTAL START-UP CAPITAL (including contingency)	**$9.47**

Moose Mountain Technical Services Scoping Study, October 29, 2013

The **estimated start-up costs** in the Scoping Study (above) closely matches **management's expectation of $10 million**. By first processing the surface stockpile, Braveheart can generate revenues and should produce operating income for the benefit of shareholders and defray expenses for backfill operations, exploration programs and potentially for underground mine development.

BULL RIVER MINE – SURFACE INFRASTRUCTURE

As a result of this successful mining operation between 1971 and 1974, the Bull River Mine has the surface infrastructure to resume operations with only a modest amount of capital expenditures required to restore the mill and facilities to production condition. The crushing plant was last used during the pilot plant trials in 2007 and 2008. The mill requires some modest refurbishment to operate. The flotation circuit has been removed and needs to be replaced. Also, the wooden fine mill feed silo needs to be restored to working condition. The other buildings are operational. The structures include:

- 750 ton-per-day conventional mill (2,020 m^2 or 21,700 sq. ft.)
  - adjoining crusher building (280 m^2 or 3,000 sq. ft.)
  - fine ore bin (165 m^2 or 1,776 sq. ft.)
  - concentrate storage facility (130 m^2 or 1,400 sq. ft.)
- Administrative building (690 m^2 or 7,400 sq. ft.)

- Assay laboratory (242 m^2 or 2,605 sq. ft.)
- Metallurgical laboratory (141 m^2 or 1,520 sq. ft.)
- 8 bay maintenance building with
    - compressor room
    - electrical shop (140 m^2 or 1,500 sq. ft.)
- Mine shops (660 m^2 or 7,100 sq. ft.)
- Mine rescue building (120 m^2 or 1,300 sq. ft.)
- Core logging facility (80 m^2 or 860 sq. ft.)
- Fire hall (75 m^2 or 800 sq. ft.)

Mill, Crushing Plant and Administrative Building



Maintenance Building



Also, an unspecified amount of **mining equipment**, including a fleet of mobile equipment, was listed in the inventory of the Court ordered sale of the mining. In addition, there are also numerous pads, which were constructed for baseline testing of acid rock drainage and monitoring water quality.



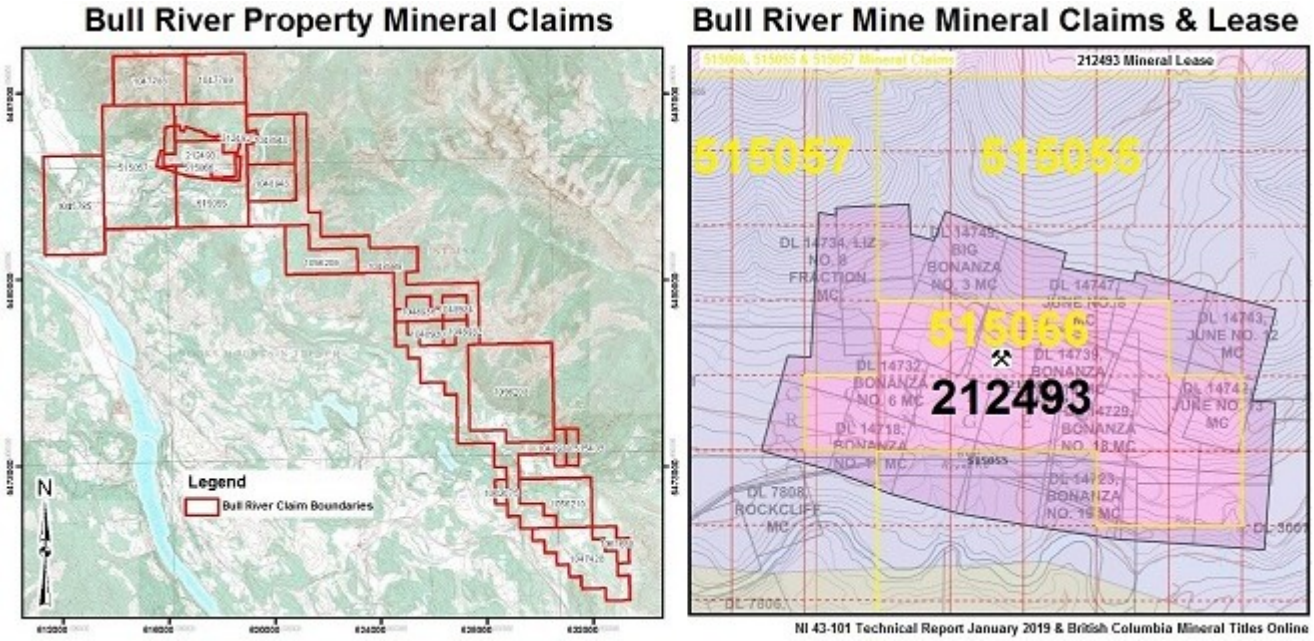


The mine is accessible year-round by **all-weather roads**, and power is available from an **electrical power station** located approximately 2.5 kilometers from the mine site.

BULL RIVER MINE – DEPOSIT GEOLOGY

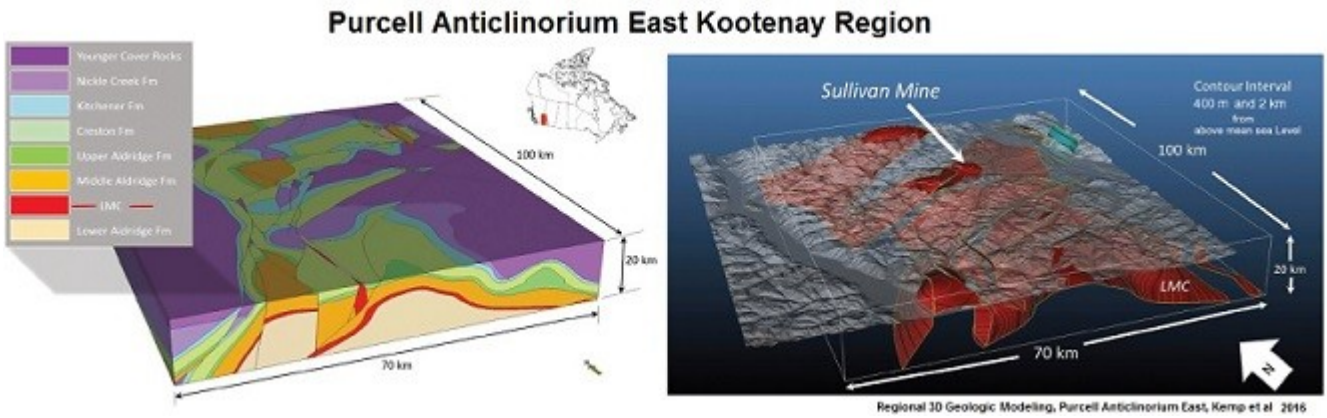
The **Bull River deposit** (situated on a mineral claim encompassing 252 hectares) is the largest, and therefore the most important, mineralized zone on **9,785-hectare** property that Braveheart recently acquired. Here, the Aldridge Formation hosts copper deposits (along with silver and lesser amounts of gold and cobaltite) in vertical or near-vertical **quartz-carbonate-chalcopyrite-pyrite veins**. The vein structures, which **contain copper, silver and gold**, are associated with intrusions within meta-

sedimentary rock and are commonly continuous for several hundred meters in length and vary from a few centimeters to 30 meters in width.

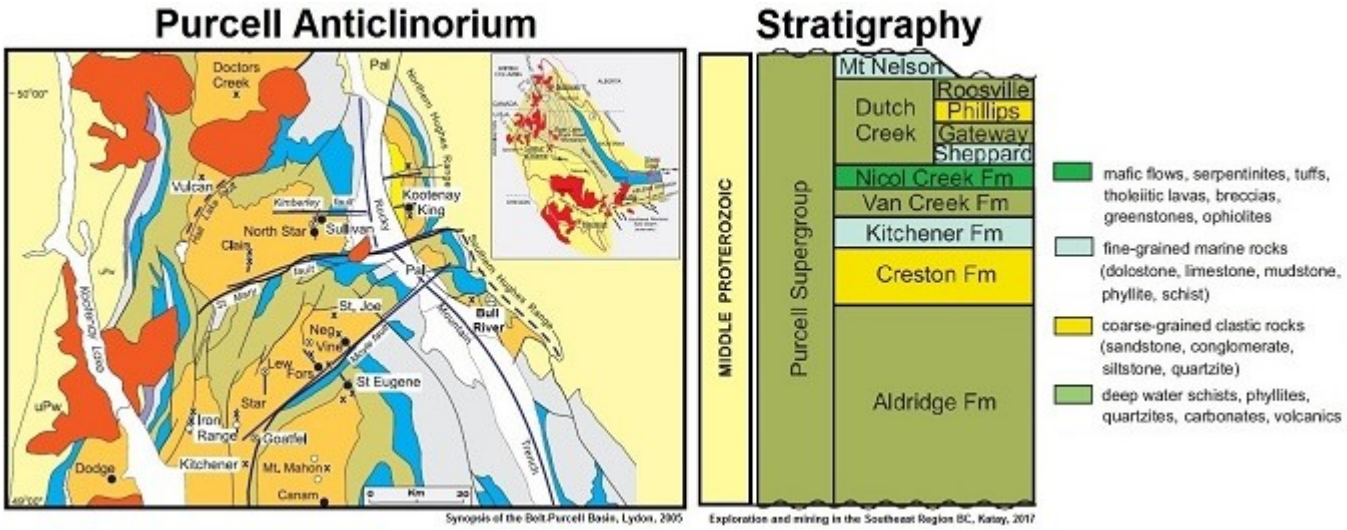


Deposit Geology

The Bull River deposit is situated within the **Purcell Anticlinorium**, which extends from southeastern British Columbia into the northwestern United States. The Purcell Anticlinorium is a large anticline with a ridge-shaped fold of stratified rock formations, which slope downward from the crest.



The Bull River Mine Property is underlain by the **Purcell Supergroup**, a thick sequence of Middle (Meso) Proterozoic sedimentary rocks, whose base is the **Aldridge Formation**, which hosts numerous mineral occurrences, similar to the Sullivan, Estella, Kootenay King and St. Eugene deposits. The Aldridge Formation is fundamentally a **sedimentary rock complex** intruded by sills and dykes, which are associated with vein deposits, primarily copper, lead-zinc, silver and gold. The magmatic intrusions into the Aldridge Formation subjected the adjacent sedimentary rock to metamorphism, causing the formation of meta-sedimentary rock structures.



Hosting Formation

The Aldridge Formation is primarily characterized by thick beds of graded sedimentary turbidite, probably the product of shallow-water, deltaic sedimentation. These turbidite beds are composed of sediments that gradually alter in composition from fine-to-coarse-grained as a result of the underwater current's turbidity which was present when the sediments were deposited. Interbedded between the turbidite beds are sedimentary layers of siltstone and argillites (lithified mud).

Intrusions

The sedimentary beds are intruded by sills and dykes (magmatic intrusions that encroach horizontally between layers of sedimentary rock or cut across vertically, usually at a fracture, respectively). These magmatic encroachments during the Mesoproterozoic Era (1,600 to 1,000 million years ago) formed meta-sedimentary rock and created **mineralized vein systems, stringer zones and other mineralized disseminations** (including stockworks and horsetails).

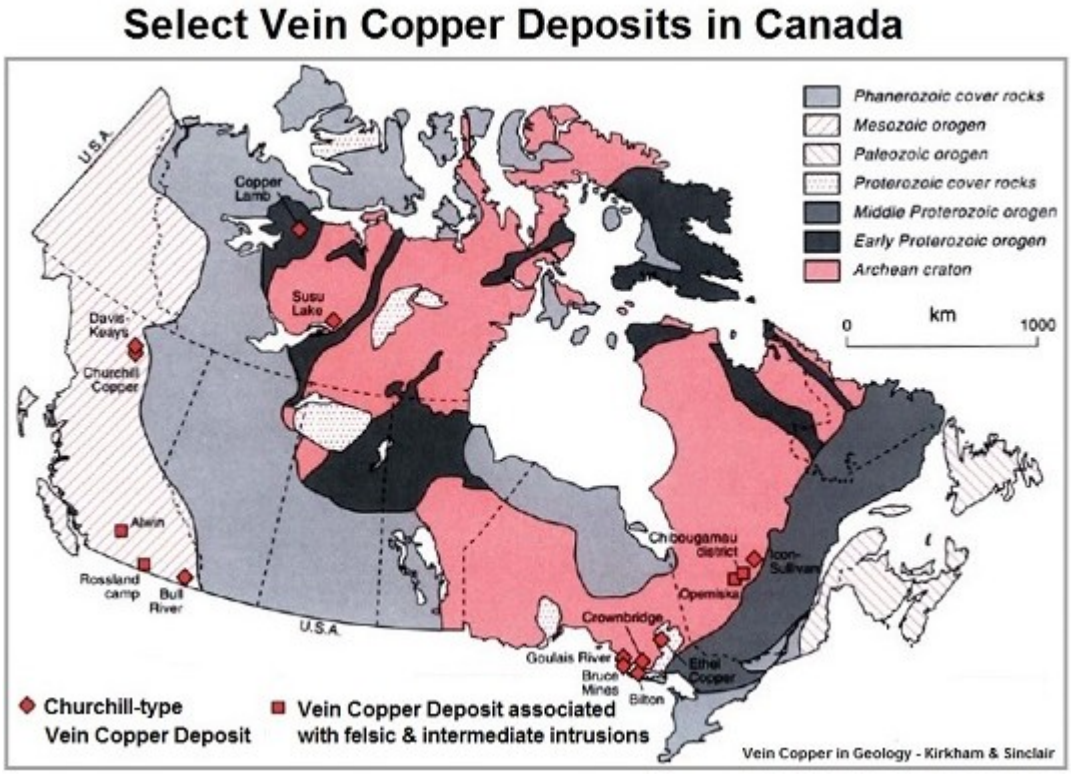
Geology of the Bull River Mine Deposit

At the Bull River Mine, the sequence of dykes is known as the Moyie intrusive suite, which trend roughly east-west and dip between 30° and 80° to the south. The resultant mineralization hosted within the meta-sedimentary rocks of the Aldridge Formation are typically **quartz**, **carbonates** (predominantly siderite aka iron carbonate) and **sulfides** (particularly chalcopyrite, pyrite and pyrrhotite aka copper iron sulfide, iron disulfide and iron sulfide, respectively) with less significant amounts of cobaltite and gold. The gold mineralization has found in the crystal lattices of the sulfide minerals and also in association with quartz as native gold.

The mineralized zones are composed of complex, vertical to near-vertical networks of **quartz-carbonate-sulfide veins** (primarily **quartz-siderite-chalcopyrite**), typically found at, near or within dykes and sills. The veins and associated stringer zones (small non-persistent veins) pinch and swell, varying from a few centimeters to 30 meters in width.

The **copper-silver-gold ore** of the Bull River deposit contains **chalcopyrite** (an important copper ore material), silver and gold, along with quartz-siderite gangue (commercially worthless ore material within and surrounding the vein networks). The **sulfide mineralization** (particularly chalcopyrite, pyrite and pyrrhotite) appears as **massive to semi-massive irregular bodies** within the main vein system. In addition, the sulfides have a spatial relationship to the main vein systems with discontinuous veins, veinlets and disseminations up to tens of meters into the surrounding host rock.

The MINFILE of the British Columbia Ministry of Energy and Mines classifies the **deposit type** as **Cu+/-Ag quartz veins** with the copper mineralization being described as “irregular blebs of chalcopyrite” associated with quartz-siderite veins and veinlets. Since 2013, several of the NI 43-101-compliant Technical Reports describe the mineralized zones at the Bull River Mine as “**sulphide-bearing quartz carbonate veins**.”



Churchill-type

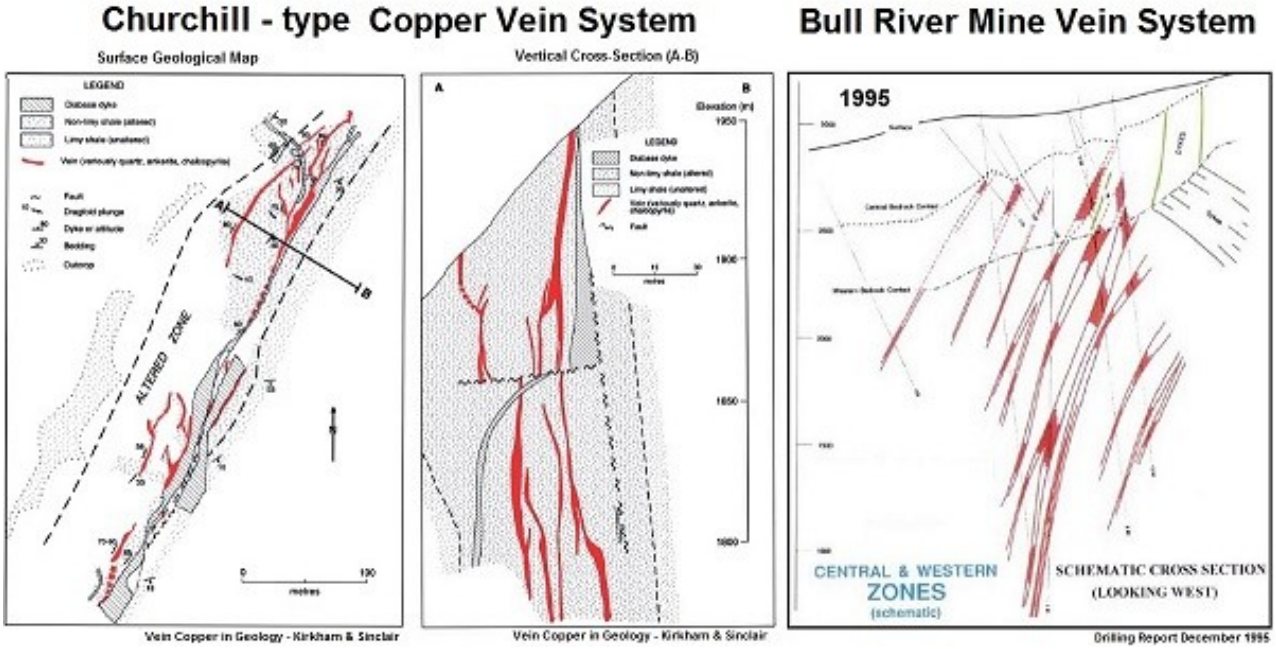
Located 161 kilometers west of Fort Nelson on northeastern British Columbia and situated 8.5 kilometers north-northwest of Mount Roosevelt within the Muskwa Anticlinorium, the Churchill deposit was discovered in 1943. Production at the Churchill Mine began in 1970 and ended in 1975. The Mine was a topic in The Canadian Institute of Mining and Metallurgy Bulletin in 1971 and ultimately became the exemplar of a type of copper veins.

Churchill-type is a sub-type of the **vein copper deposit class** that is associated with mafic intrusive rocks. Simplistically, the distinguishing characteristics of the Churchill-type deposits are that they are relatively small copper deposits (between 10,000 and 1,000,000 tonnes) grading between 1% and 4% Cu, typically occurring as veins (or vein networks), and associated with intrusions in meta-sedimentary rock structures. Individual veins typically range from **tens-to-500 meters in length** and dilate from **centimeters to tens of meters** in width. The foremost **copper ore material** in Churchill-type deposits is **chalcopyrite**, and the principal gangue minerals are quartz and pyrite.

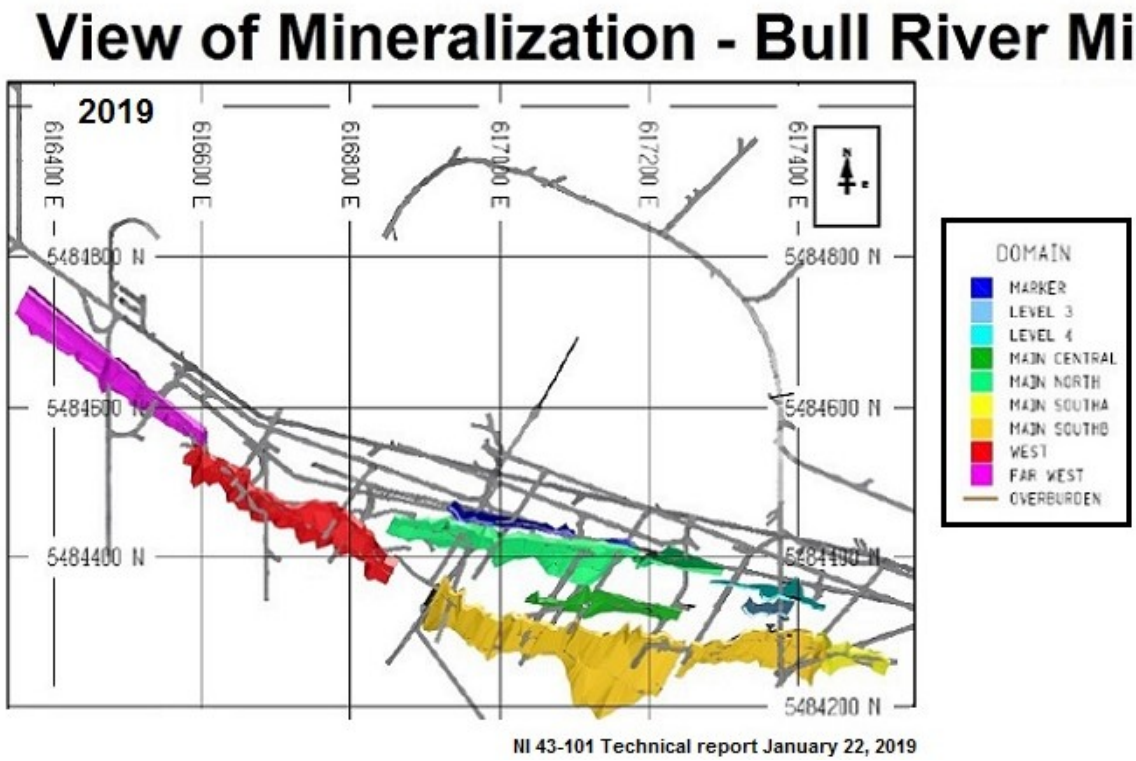
By 2006, the Bull River deposit was being described as a “**Churchill-type vein copper-silver deposit**.”[x] In 2012, the NI 43-101-compliant Technical Reports were describing the copper vein deposits of the Bull River Mine as being similar to the Churchill Copper deposit in British Columbia.

The Bull River deposit displays characteristics of a Churchill-type copper vein deposit: relatively small low tonnage (Indicated Resource Estimate of 2,179,000 tonnes at a Cu equivalent grade cut-off of 0.6%), occurring in a Proterozoic sedimentary formation and comprised of complex, dilating vein systems in which the predominant copper source is chalcopyrite.

In 1995, a diamond drill exploration program conducted by Master Mineral Resource Services for R. H. Stanfield identified several ***en echelon*** **copper-silver-gold mineralized zones**, which were grouped into two clusters identified as the Central Section and the Western Section of the Underground Zone. Note the similarity of the vein structure to the Churchill Mine. (See diagrams below).



Today, by virtue of multiple exploration programs, the most recent NI 43-101 Technical Report offers this more comprehensive schematic of the mineralization at the Bull River Mine.



RESOURCE ESTIMATE

Moose Mountain Technical Services submitted a NI 43-101-compliant Technical Report, which included a Resource Estimate, to Braveheart Resources on January 11, 2019. The effective date of the estimate is November 4, 2018.

The tables below summarize the Indicated and Inferred Resource Estimates. The Technical Report's base case copper equivalent (Cu Eqv.) cut-off for underground mining is 0.6% (which is highlighted in the tables), while management is focusing on the 1.0% cut-off.

Bull River Deposit Mineral Resource Estimate – Indicated – Base Case Cut-off of 0.6% Equivalent Cu
Effective Date November 4, 2018

Cut-off Cu Eqv. (%)	In situ Tonnage (Ktonnes)	In situ Grades Cu Eqv. (%)	Cu (%)	Au (gpt)	Ag (gpt)	NSR ($US)	In Situ Metal Cu (000 lbs)	Au (kOz)	Ag (kOz)
0.4	2,678	1.564	1.307	0.315	10.5	93.12	77,198	27	903
0.6	2,179	1.809	1.517	0.352	12.2	107.70	72,902	25	857
0.8	1,809	2.038	1.716	0.381	13.9	121.33	68,409	22	810
1.0	1,511	2.263	1.911	0.407	15.6	134.69	63,670	20	758

Metal prices – US$3.00 per lb Cu, US$20 per oz Ag, and US$1,300 per oz Au. *Metallurgical recoveries – 90% Cu, 90% Ag, 70% Au*

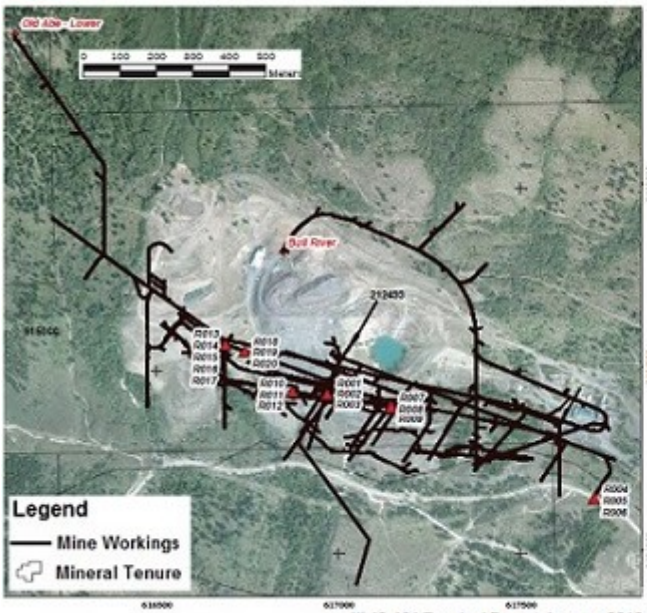
Bull River Deposit Mineral Resource Estimate – Inferred – Base Case Cut-off of 0.6% Equivalent Cu
Effective Date November 4, 2018

Cut-off Cu Eqv. (%)	In situ Tonnage (Ktonnes)	In situ Grades Cu Eqv. (%)	Cu (%)	Au (gpt)	Ag (gpt)	NSR ($US)	Metal Cu (000 lbs)	Au (kOz)	Ag (kOz)
0.4	669	1.266	1.075	0.244	7.3	75.35	15,862	5	156
0.6	513	1.503	1.279	0.284	8.7	89.46	14,474	5	144
0.8	426	1.668	1.419	0.316	9.7	99.30	13,332	4	132
1.0	343	1.855	1.575	0.356	10.7	110.40	11,911	4	118

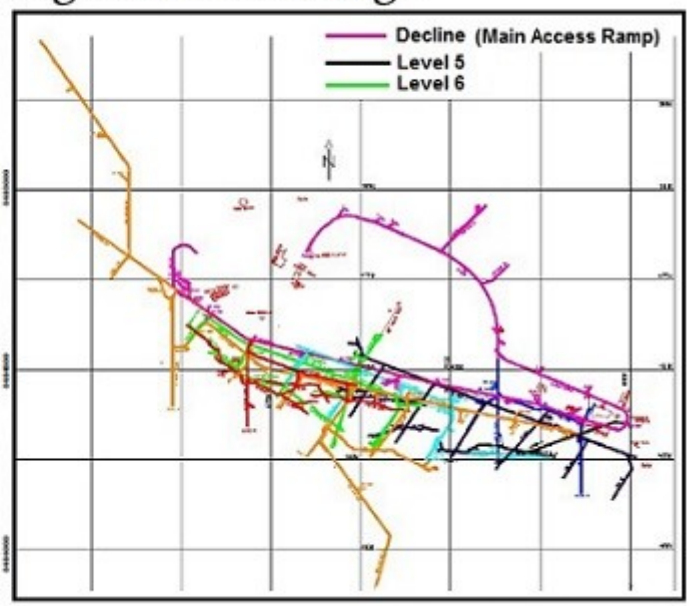
BULL RIVER MINE – UNDERGROUND INFRASTRUCTURE

The underground infrastructure of the Bull River Mine was established from extensive developmental programs, primarily between 1996 and 2009, which were designed to gain exposure to mineralized structures. The **2,555-meter access ramp** leads to **14,050 meters of level development** comprised of seven sub-levels at approximately 40-meter vertical intervals.[xi] Including ventilation raises and an escape route, **total development work spans approximately 21,000 meters**.[xii] Though the work focused on exploration activities (for sampling, drilling, etc.), allowances were made for the anticipated future mining operations. For example, numerous cross-cuts and sill drifts were established to provide access to prospective mill feed. Also, the dimensions of the existing decline and levels are sufficient for the operation of production equipment. Only a relatively small amount of additional pre-production development is required to bring the mine into operation.

Bull River Underground Workings



NI 43-101 Tecnical Report January 2018



Braveheart Resources July Presentation

BULL RIVER MINE EXPLORATION, DEVELOPMENT & PRODUCTION (1896 – 2008)

Bull River Mine Timeline

- December 10, 1897 — Application to purchase claims filed by Joseph C. Hooker
  - Silver Chief (Lot 3548) and Sirdar (Lot 3554)
- August 2, 1899 (3554) — Dave Griffith issued Crown-grants[xiii] for Silver Chief (3548) and Sirdar
- 1927 — A.B. Fenwick holds Khedive Group of claims
  - Comprised of Khedive, Silver Chief and Sirdar claims
- Pre-1950's — Known as Santos Prospect with 150-foot adit and 3 winze shafts[xiv]
- 1952 - 1971 — Bonanza 5-12 & Bonanza 17-20 claims owned by **Jim Van Koughnett** et al
- 1968 — Mineral lease M-69 owned by Jim Van Koughnett
  - Comprised of Big Bonanza 1-4, June 1-6 & Bonanza 1-30 claims
- 1968 — **Placid Oil Co**. options Bull River Mine Property from Jim Van Koughnett
- May 26, 1969 — Fort Steele Mineral Corporation Ltd incorporated
- 1970-1971 — Placid Oil expanded claim block to encompass 62 claims
- 1971 — Placid Oil acquires Bull River Mine claims from J. Van Koughnett
- August 5, 1971 — Mining commenced at Pit 2
- October 1, 1971 — Placid Oil Co. commenced **production** (milling) at Bull River Mine[xv]
  - ore mined from two open pits, milled on-site, processed in Japan
- February 21, 1972 — Mining lease (212493) granted (expires February 21, 2023)
- March 1972 — First concentrate shipped from Vancouver to Japan
- April 1973 — Mining commenced at Pit 1 and continued until March 1974
- June 10, 1974 — Production (milling) ceased at Bull River Mine
- March 5, 1976 — Mineral claims acquired by **Ross H. Stanfield** from Placid Oil Co.
- March 17, 1976 — Mineral claims transferred to **Stanfield Mining Group**
- November 9, 1977 — Many claims re-staked & re-filed on the basis of the Modified Grid System
- March 17, 1977 — Bul River Mineral Corporation Ltd. incorporated in Alberta
- December 2, 1980 — Gallowai Metal Mining Corporation incorporated in Alberta
- 1981 – 1999 — Annual drilling exploration campaigns conducted

- 1996 Underground mine development begins on the Bull River deposit
- 1998 Stanfield initiates underground drilling exploration campaigns
- 2000 – 2009 Annual drilling exploration campaigns conducted
- July 22, 2005 **Small Mine Permit** granted for processing of up to 75,000 tonnes per year
- 2007 Filed underground mine plan and commenced underground work
- Jan. 2007-Dec. 2008 **Production** from testing being conduct with an on-site pilot plant
  - Feedstock obtained from the underground mine levels 4, 5, 6, 7 & 8

Exploration & Development (1896 – 1970)

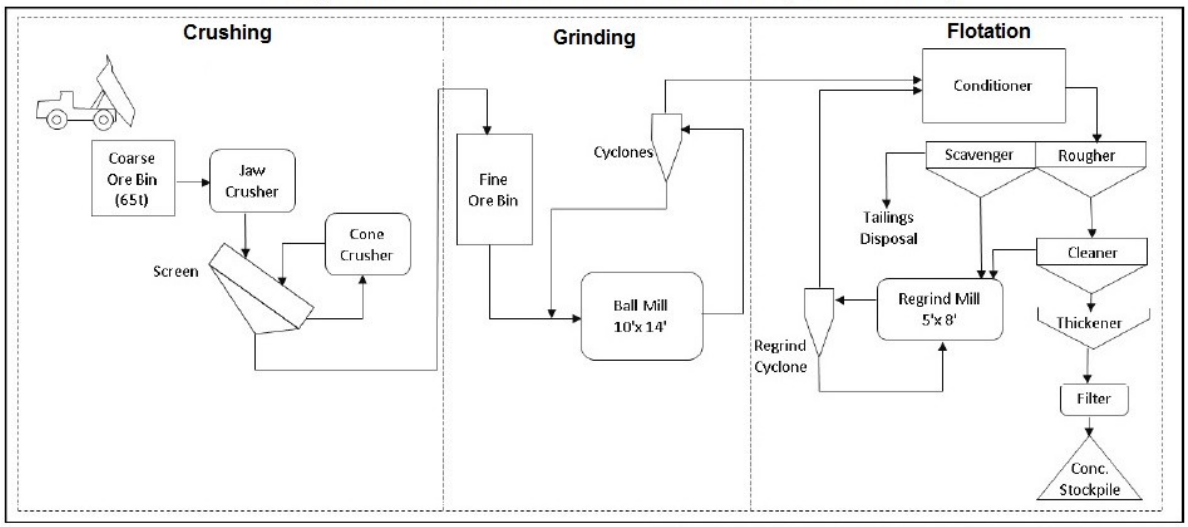
The Bull River Property has been the subject of a large amount of exploration programs over the years, starting around 1896 when there are records of a 100-foot (30-meter) adit and 15-foot (4.5-meter) shaft in the vicinity of Burnt Bridge Creek. By 1927, the adit had been expanded to about 130 feet (40 meters) in length.[xvi] A brief period of exploration occurred between 1958 and 1960 by **Jim Van Koughnett** and his partners, but the period of modern exploration appears to have begun in earnest after **Placid Oil optioned the property in 1968**.

Initially, Placid Oil conducted geological mapping, a magnetometer survey, trenching and stripping. The then 1,500-foot (455 meter) adit was cleaned out. Placid also completed a diamond drilling campaign comprised of 23 surface holes (7,414 feet) and five underground holes (1,018 feet). During 1969, exploration work included soil sampling, induced polarization (IP) and electromagnetic surveys, and diamond drilling of 45 surface holes (17,766 feet). Two ore bodies close to the surface were discovered that were suitable for open pit mining. Between April and November 1970, 19,364 feet of AXT-size rotary diamond drilling was completed by Sheppard Enterprises in order to better define the subsurface mineralization.

Production (October 1, 1971 - June 10, 1974)

In May 1970, feasibility studies were completed. Soon thereafter, construction commenced on an 80-man construction camp with 750 tonne-per-day milling plant. A 3-mile road into the property was brought to highway standards; the plant site was leveled; concrete foundations were poured and power-lines were installed. Also, work began on a tailings dam area: an impervious liner was installed and 100,000 cubic yards of overburden was placed and highly compacted.

Simplified Flowsheet of Production (1971 - 1974)



Moose Mountain Technical Services Scoping Study, October 29, 2013, page 16

In 1971, despite delays caused by labor unrest, open pit mining and milling operations commenced. The construction of all the buildings was completed and all mechanical and electrical equipment had been installed. The tailings dam, which overall utilized over 400,000 cubic yards of overburden, was finished in July. **On August 5th, open pit mining commenced** as overburden began to be stripped by bulldozers. Open pit mining was carried out by using Caterpillar dozers to strip overburden with minimal use of drilling and blasting. The overburden, and later ore, was hauled out of the pit using 35-ton dump trucks. Pit operations were conducted 16 hours a day, 5 days a week, excavating down 120 feet (from bench elevation 3,320 to 3,200), which produced **23,781 tons of ore** during 1971. The **concentrator plant began operations on October 1, 1971**, and within 13 days, the mill was being operated three shifts per day. Concentrator operations consisted of crushing, grinding and flotation circuits.

Operating 16 hours a day, 5 days a week **during 1972**, the ore bench of the No. 2 pit was excavated down another 140 feet to the 3,060 bench elevation level producing **190,596 tons of ore**. Preproduction stripping was undertaken on the No. 1 pit excavating down 120 feet (from bench elevation 3,260 to 3,140), during the summer.

In 1972, the concentrator plant was upgraded with the addition of a 5-foot by 8-foot regrind ball mill. The mill's throughput averaged 700 tons per day while operating 7 days a week except during the winter when operation of the mill was reduced to 5 days per week. During 1972, **206,331 tons of ore were processed** yielding **8,762 tons of concentrate**. In March 1972, the first shipment of concentrate was made from Vancouver to Japan for smelting, a common practice in British Columbia since 1961.[xvii]

During 1973, production work in the No. 2 pit was completed in April and production operations were transferred to the No. 1 pit with the material from the No. 1 pit being used to backfill the No. 2 pit. Pit operations were conducted 16 hours per day, five days per week. **Total ore production was 243,547 tons**.[xviii] Milling operations **processed 206,812 tons of ore** yielding **14,423 tons of concentrate**.

In the first week of March 1974, pit mining operations ceased due to the depletion of open pit ore reserves. Then, on June 10, 1974, the stockpiled ore was depleted and concentration operations ceased.[xix]

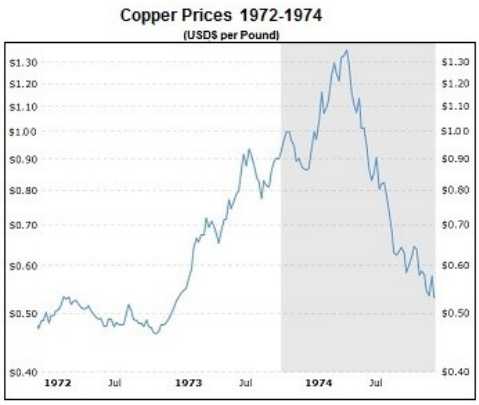
There was an effort to develop underground mineral reserves through an attempt to sink a 700-foot exploration decline from the portal (at bench elevation 2,900) to intersect the prospective zone A ore zone (bench elevation 2,830). In February 1974, 41,800 cubic yards of overburden was stripped away from the portal site in order to access to the rock face. However, the very blocky ground curtailed all attempts to collar the portal. Ultimately, the effort was abandoned.

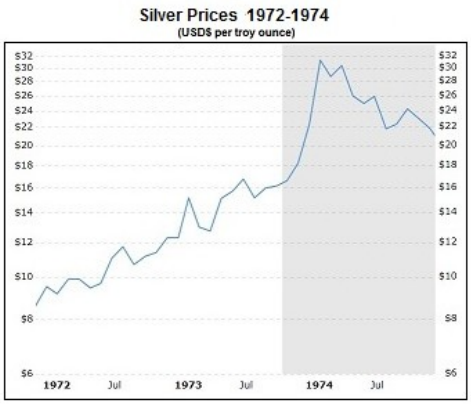
During 1974, **total ore production was 43,410 tons** while milling operations **processed 107,039 tons of ore** yielding **9,178 tons of concentrate.** Gross metal content was 4,425,588 pounds of copper, 63,676 ounces of silver and 1,252 ounces of gold.

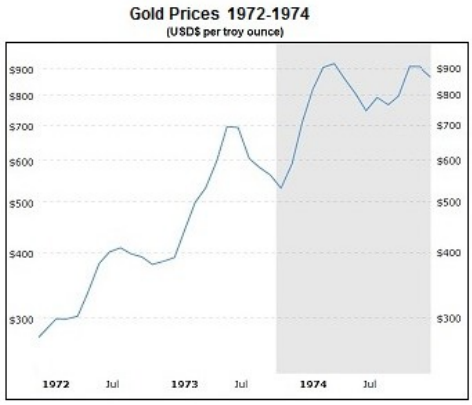
Year	Ore Mined (tons)	Ore Mined (tonnes)	Ore Milled (tons)	Ore Milled (tonnes)	Concentrate Shipped (tons)	Copper (lbs)	Copper (tonnes)	Silver (ozt)	Gold (ozt)
1971	23,781	21,574	0	0	0	0	0	0	0
1972	190,596	172,906	206,331	187,180	8,762	4,357,281	1,976	51,909	1,037
1973	262,395	238,041	206,812	187,617	14,423	7,214,068	3,272	88,692	1,766
1974	43,410	39,381	107,039	97,104	9,178	4,425,588	2,007	63,676	1,252
Totals	**520,182**	**471,902**	**520,182**	**471,901**	**32,363**	**15,996,937**	**7,256**	**204,277**	**4,055**

All told, between 1972 and1974, **15,996,937 pounds (7,256 tonnes) of copper**, **204,277 ounces of silver** and **4,055 ounces of gold** were recovered from the **520,182 tons (471,901 tonnes) of ore**. The recovered grade of the ore was 1.54% copper, 13.46 grams-per-tonne silver and 0.27 grams-per-tonne gold.

Examining the average prices of copper, silver and gold during the production period (see graphs below), we **estimate that gross revenues** from the sale of the metal content was **approximately $20 million**, namely, 16,000,000 lb. Cu @ $0.83 ($13.3 million), 204,277 ozt Ag @ $19.66 ($4.02 million) and 4,055 ozt Au @ $670 ($2.72 million).







Reclamation Activities (1973 – 1974)

The reclamation of the mine site was notable to such an extent that Placid Oil was recognized by the British Columbia Ministry of Energy, Mines and Petroleum Resources and the Mining Association of British Columbia in conjunction with the presentation of the Mine Reclamation Award for 1976.[xx] Though coming in second place to Kaiser Resources Ltd., Placid Oil's achievement was acknowledged.

The reclamation program began in 1973 when the waste of Pit No. 1 was utilized to backfill Pit No. 2. Early in 1974, crews began backfilling, sloping and contouring the pit and waste dump areas. By May, the spring grass seeding and fertilization program on the 40-hectaree mine site had been completed, and the results were excellent. By 1976, the seeded areas had returned to their former use as grazing lands for wild animals. A lake was allowed to form in Pit No. 1. All pertinent regulatory departments were satisfied by the reclamation project. Also, during mining operations, Placid Oil was environmentally sensitive; "islands" of natural vegetation were allowed to stand, thereby minimizing the disturbance to wintering bighorn sheep, mule deer and elk.

Exploration (1981 – 1995)

On March 5, 1976, the Bull River mining claims were acquired by Ross H. Stanfield from Placid Oil and within days transferred to **Stanfield Mining Group of Canada Limited**.

By 1976, at least 49,280 feet of diamond drilling had been completed at Bull River Mine, though records of only 22,599 feet exist today.[xxi] Since the Stanfield Mining Group was a private company, much of the exploratory documentation has been lost. Drilling was mostly conducted by in-house personnel using company-owned equipment.

The next few years were spent seeking an avenue to fund exploration of the Bull River properties. In 1976, the Alberta Securities Commission prohibited Ross Stanfield and one of his subsidiary companies (Fort Steele Mineral Corporation Ltd.) from using the accredited investor exemption, the primary method Ross Stanfield used to seek funds. The accredited investor exemption in Alberta [Section 107(1)(d) of the

Securities Act of Alberta] allows for equity offerings where the company needs not register with the Securities Commission, file a prospectus nor provide periodic disclosures (such as quarterly financial statements and press releases) as long as each investor buys at least $97,000 worth of shares.. In addition, under the exemption, shares can be sold through sales agents rather than registered brokers.

On March 17, 1977, **the Bul River Mineral Corporation Ltd**. was incorporated in Alberta, and on December 2, 1980, the **Gallowai Metal Mining Corporation** was also incorporated in Alberta. Ultimately, the Bull River Mine became to be jointly held (50/50) by these two subsidiaries.

In 1983, the Alberta Securities Commission reaffirmed its decision on prohibiting the use of the accredited investor exemption by Ross Stanfield and Fort Steele Mineral Corp. but exempted Bul River Mineral Corp. and Gallowai Metal Mining Corp. It is estimated that between February 1996 and September 1998 alone, at least $56 million[xxii] was raised to finance the advancement of the Bull River properties through Bul River Mineral and Gallowai Metal Mining.

Between 1981 and 1995, exploration programs were completed annually on the claims in the general Bull River Property area, including sampling, geological mapping, helicopter-borne infrared, electromagnetic and magnetic geophysical surveys[xxiii] and **more than 59,000 meters of percussion and diamond drilling**. However, it appears that the purpose was to explore for new nearby deposits, primarily to the north and south of the Bull River Mine, in the Steeples and Aspen claims, respectively.

Underground Development (1996 – 2013)

In 1996, the focus of the exploration and development programs reverted to the deposit of the Bull River Mine, and an underground work campaign was initiated. During 1996, Sancold Resources Contractors began work on a **5.4 meter wide by 4.5 meter high decline** (at a 16% gradient). **In 1997**, the portal was collared, the decline was advanced to levels 3 and 5 (where tunneling intersected veins), along with two ventilation raises.[xxiv] By December 1999 the decline was advanced approximately 3,800 meters with the ramp allowing for machine access from the portal down to the 900-foot level. Subsequent underground development **in 1998** included level advancement of 725 meters, and **in 1999** another 1,978 meters of drifting composed of 1,424 meters of level development and 554 meters in extending the decline.

An **underground development program** was initiated in order to locate the mineral deposits and define the width, length and depth of the ore bodies. The comprehensive program was designed for multiple purposes:

1) to gain exposure to mineralized structures to facilitate sampling and mapping,
2) to provide well-positioned sites from which to launch targeted underground diamond drilling campaigns and
3) to be of sufficient scale that mining operations could be conducted at a later date.

Through September 2001, underground mine workings extended a little over 9,000 meters,[xxv] and by March 2013, **approximately 21,000 meters of underground development had been conducted**,[xxvi] including seven levels (levels 3, 4, 5, 6, 7, 8 and 9) of lateral excavations and a 306-meter inclined raise allowing for underground exploratory diamond drilling and exposure to some of the complex ore structures with crosscuts. Considerable amounts of sampling of channel cuts and stopes were conducted between 1998 and 2009.

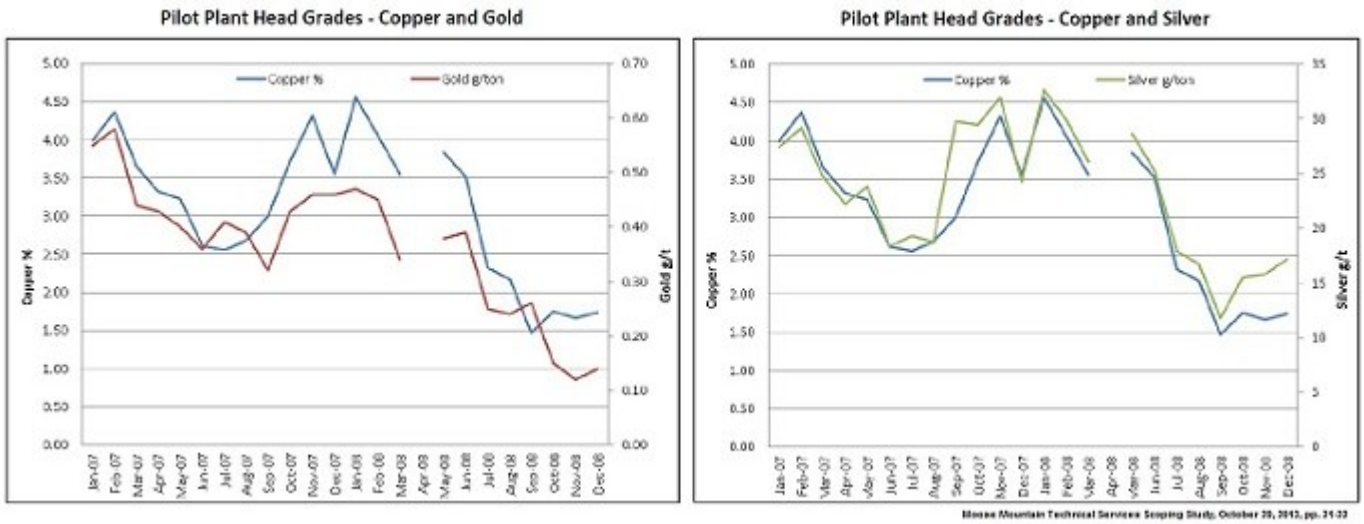
Exploration (1996 – 2006)

In 1998 with 6,508 meters of underground diamond drilling, 1,144 meters of surface diamond drilling and 367 meters of percussion drilling were carried out by independent contractors. **In 1999**, 45 diamond drill holes were completed for a total of 12,910 meters, of which 11,169 meters were underground and 1,741 meters were surface drilling. **In 2000**, a 366-meter exploratory underground diamond drill hole (BRUOO-60) was drilled at the western end of the Bull River Mine site, which successfully gave evidence (through

the presence of sulfides and elevated copper values) that the hydrothermal system extends farther toward the west. Very little information is publicly available on the drilling programs conducted **between 2001 and 2006**. Also, during this period, various entities and multiple teams with different protocols directed the drilling programs.

Pilot Plant Production (January 2007 – December 2008)

Between January 2007 and December 2008, the Stanfield Mining Group conducted an on-site **pilot plant testing program**. No reports exist; however, three NI 43-101-complaint Technical Reports provide details of the program based on historical monthly data sheets. Operated for 596 days, the pilot plant processed 2.65 million pounds of material sourced from assorted parts of the mineralized body in the underground mine (levels 4, 5, 6, 7 and 8) and from a stockpile. **The average daily amount of source material was 2.02 tonnes per day** with the rate ranging from 1.5 to 2.5 tonnes per day. The average head grade was 3.04% Cu, 0.35 g/tonne Au, and 23 g/tonne Ag; however, there was considerable grade variation on a monthly basis. The copper head grades ranged from 1.5% to 4.5% while the gold and silver head grades ranged from 0.12 to 0.58 g/tonne and from 11.8 to 32.6 g/tonne, respectively.[xxvii]



The head grades demonstrate a good correlation among copper, gold and silver mineralization suggesting the three elements occur concurrently.

The small-scale concentration circuit included crushing, grinding, and flotation processes. The flotation circuit used 45g/tonne Aero3477 promoter (a selective, blended collector for Cu, Ni and activated Zn minerals with improved recoveries of precious metals). **The circuit concentrate produced approximately 262,000 pounds of commercial quality concentrate** with an average metal content of 27.36% Copper, 2.58 g/tonne Au, and 206 g/tonne Ag. The average metal recovery rates were 89% Cu, 73% Au and 88% Ag. The test suggests that a good response can be achieved from a concentration circuit with conventional flotation processing by using mineralization from the Bull River Mine as feedstock.

Bull River Mine Timeline continued

- October 22, 2009 Negative article on Ross H. Stanfield & Bull River Mine in Vancouver Sun
- Fall 2009 Stanfield Mining's exploration programs suspended due to the lack of funds
- Fall 2009 Bull River Mine **placed on care and maintenance** status
- March 14, 2011 Roscoe Postle and Associates (RPA) completes a Technical Report
- May 26, 2011 Stanfield Mining Group obtained Creditors Protection under CCAA
- March 30, 2012 RPA completes its 2nd Technical Report on the Gallowai Bul River Mine
- March 27, 2013 Snowden completes Technical Report on the Gallowai Bul River Mine
- October 29, 2013 Moose Mountain completes Scoping Study on the Gallowai Bul River Mine
- December 16, 2014 Bull River claims acquired by **Purcell Basin Minerals Inc**. via CCAA

On October 22, 2009, an article was published in the Vancouver Sun concerning Ross Stanfield's practice of raising capital for the then Gallowai-Bull River Property, the lack of transparency with the investors in his privately-held companies (i.e. Gallowai Metal Mining Corp. and Bul River Mineral Corp.) and allegations by the Alberta Securities Commission regarding certain misrepresentations. Also, a group of shareholders had filed a minority oppression petition at the Supreme Court of British Columbia.

Predictably, sources of investment capital dried up. Due to the lack of funds, exploration programs on the Bull River Mine Property were suspended **in the fall of 2009**,[xxviii] and the **Bull River Mine was placed on care and maintenance** with the workforce of 80 reduced to 14 (six employees and eight contractors. Furthermore, in May 2010, the British Columbia Securities Commission ordered that the Stanfield Mining Group was prohibited from raising new capital and on July 16, 2010, ordered that an independent mineral resource estimate be provided. Complicating the issues at hand, Ross Stanfield died on August 3, 2010.

On May 26, 2011, the Stanfield Mining Group was granted Creditors Protection under the CCAA (Companies' Creditors Arrangement Act of Canada) by the Supreme Court of British Columbia. Deloitte & Touche of Vancouver was appointed Monitor by the Court. After coming under Creditors Protection, the Stanfield Mining Group secured interim financing, primarily through a $6.0 million DIP (Debtor-In-Possession) facility established by CuVeras, LLC on December 15, 2011.

Mine Portal



Gallowai-Bul River Mine Scoping Study 2013

Underground Drilling



Drilling Report on Gallowai-Bul River Property 2014

Within a year, on March 30, 2012, a NI 43-101-compliant Technical Report was released by Roscoe Postle and Associates (RPA) in order to bring historical geological information into compliance and which provided an Inferred Mineral Resource estimate. The company's developmental efforts were funded mostly funded by the $6.0 million DIP facility, which expanded to $10 million in June 2012. On March 27, 2013, Snowden Mining Industry Consultants produced another NI 43-101-compliant technical report, which included new drilling results and an upgraded Indicated and Inferred Mineral Resource estimate. A

few months later, on October 29, 2013, Moose Mountain Technical Services completed a Scoping Study on the Bull River Mine.

However, by late 2013, CuVeras believed that the funds were not being expended efficiently and perceived that progress on the Plan of Arrangement was being delayed intentionally. The relationship with CuVeras became strained, and the DIP facility was in peril. As a result, the Stanfield Mining Group could no longer secure sufficient funding to operate.

On December 16, 2014, the Court sanctioned a **Plan of Arrangement** by which the assets and mining properties of the Stanfield Mining Group would be **transferred to Purcell Basin Mineral Inc.**, and the claims of all the creditors would be satisfied by the issuance of new shares of Purcell Basin Minerals. It should be noted that two Notes (amount not known) were issued by Purcell to CuVeras, LLC and Highland Pacific Partners just prior to the Plan of Arrangement (on December 9, 2014).

THE PURCELL BASIN MINERAL YEARS (2014 - 2019)

Bull River Mine Timeline

- December 16, 2014 Bull River claims acquired by **Purcell Basin Minerals Inc**. via CCAA
- February 28, 2017 TerraLogic completes a Technical Report on the Bull River Mine Property
- January 17, 2018 TerraLogic completes 2nd Technical Report on the Bull River Mine Property
- May 29, 2018 Purcell Basin Minerals granted Creditors Protection under CCAA
- October 2018 Braveheart Resources Inc. presents Plan of Arrangement
- November 10, 2018 Supreme Court of British Columbia approves CCAA proceedings
- January 21, 2019 **Braveheart Resources** assumes ownership of Bull River claims
  - via acquisition of Purcell Basin Minerals Inc.
- January 22, 2019 Moose Mountain completes Technical Report with **Resource Estimate**

In 2015, Purcell Basin Minerals began working to restart the Bull River Mine, which had been on care and maintenance since 2009. In January, Purcell held an open house in Cranbrook in order to present an overview of the project to the public and stakeholders. Embarking on the regulatory process, a project proposal was drafted and submitted to the British Columbia Environmental Assessment Office. **An updated mine permit application was submitted on July 23, 2015**. Purcell also worked towards completing environmental baseline work and studying the potential impacts of Acid Rock Drainage and Metal Leaching (ARD/ML).

In April 2016, the review of the mine permit application was suspended by the Mine Permitting Office due to some deficiencies. JDS Energy & Mining Inc. was contracted by CuVeras, LLC to help restart the Bull River Mine within a defined budget of $1.0 million. CuVeras, LLC had a vested interest in the project's success since it still held a Note (dated December 9, 2014) from Purcell. JDS initially focused on developing mine and waste management plans for the permit application and was later expected to provide a project execution plan to advance the project to commercial production. In addition, Purcell commissioned an exploration program consisting of a 16-kilometer soil geochemical survey on the southernmost claims, about 20 kilometers southeast of the Bull River Mine in the area of the Peacock Copper and Don claims. The results of geochemical survey are detailed in the February 28, 2017 *Technical Report for the Bull River Mine Property*, which was prepared by TerraLogic for $24,268. On January 17, 2018, a subsequent *Technical Report for the Bull River Mine Property* (also prepared by TerraLogic) was filed detailing the $17,070 exploration program conducted between September 29 and October 13, 2017. The work program consisted of rock sampling and reviewing the data from three airborne-electro-magnetic surveys from the 1990's.

On November 7, 2016, two shareholders of Purcell Basin Minerals filed suit against Brendan MacMillian, CEO of Purcell, for oppressive proceedings. MacMillian was also the principal of Highland Pacific Partners and manager of CuVeras, LLC. The case was decided on July 10, 2017; Justice Masuhara set aside many of MacMillian's oppressive actions.[xxix] By December 2017, there were insufficient funds to continue any developmental activities. Moreover, another order from the bench on March 8, 2018 forbad Purcell from issuing subordinate securities to the Note held by Highland Pacific Partners. As a result, Purcell was then unable to issue new secured debt.[xxx] With no cash on hand and with roughly $100,000 required per month to maintain the mine site and mineral claims, on May 28, 2018, Purcell was ordered by the Supreme Court of British Columbia to restructure its secured financings and enter into a joint venture in order to continue operations OR enter into a sales process of the Bull River Mine. The next day, **on May 29, 2018**, **Purcell Basin Minerals was granted Creditors Protection under the CCAA.** MNP Ltd. was appointed Monitor by the Court.

Subsequently, on July 13, 2018, the Court directed the Monitor **to carry out a Sales Process** for the entire Bull River Claim Property. MNP set out to market and sell the property with a bid deadline of September 14, 2018. None of the offers received would have provided sufficient proceeds to satisfy the secured creditors, let alone the unsecured creditors and shareholders. It should be noted that two Secured Notes (amount not known) were issued by Purcell to CuVeras, LLC and Highland Pacific Partners just prior to the Plan of Arrangement (on December 9, 2014). Both Notes remained senior debt obligations through the CCAA process.

However, in October, **Braveheart Resources** offered a plan that ultimately satisfied all creditors and shareholders, namely, Braveheart would:

- pay CDN $2.50 million to Highlands Pacific LLC and Highland Pacific Partners to settle their **secured claims**
- issue 10,000,000 new shares and 10,000,000 one-year warrants (exercisable at $0.15) to the investors of CuVeras, LLC (also a **secured creditor**), along with assuming CuVeras debt by issuing a 3-year CDN $6.0 million convertible debenture (convertible into 13,200,000 shares)
- issue shares to **unsecured creditors** equal to 30% of their claim value (the estimated cost was around CDN $390,000 or roughly 3,900,000 common shares)
- offer Purcell **shareholders** the right to acquire up to 16.5 million Units of Braveheart at a rate of 5 Units for each Purcell share for a flat cash payment of $1,000. Each Unit is comprised of one share of Braveheart and one 1-year warrant exercisable at $0.15 per share.
- pay all **priority payables**, including the costs of the Monitor, estimated to be around $1.5 million.

This Plan of Arrangement was finalized on October 11, 2018.

On November 19, 2018, the Supreme Court of British Columbia approved a **Plan of Arrangement** by which the assets and mining properties of Purcell Basin Mineral Inc. would be **transferred to Braveheart Resources Inc.**

As part of Braveheart's due diligence and to support the TSX Venture Exchange's review of the transaction, the company commissioned Moose Mountain Technical Services for a **NI 43-101 Technical Report** on the Gallowai Bul River Mine (aka Bull River Mine). Though dated January 22, 2019, the report's effective date is November 4, 2018. The Technical Report updated the mine's Resource estimate, expanding its detail by estimating the Indicated and Inferred resources over a range of copper equivalent cut-offs (see Resource Estimate Section).

On January 21, 2019, the transaction closed, and **Braveheart Resources acquired Purcell Basin Minerals** according to the offer under the Plan of Arrangement described above. Of the scalable claims, the priority payables totaled $1,184,652, the unsecured creditors received 4,276,248 shares and Purcell shareholders were issued 15,994,880 shares.

BRAVEHEART RESOURCES (2018 - PRESENT)

Opportunistic Initial Project

Once Braveheart Resources acquired 100% of the Bull River Project, management began actively working on renewing the permitting process. **First**, even though the mine is allowed to produce of up to 75,000 tonnes of ore per year under the current Small Mine Permit and Waste Management Permit (PE-16034), **a tailings disposal permit is required** in order to be able to processing of the surface stockpile. Braveheart seeks to obtain a permit to allow for surface and underground tailings deposition. The company is working completing certain documents (such as a mine operating production plan, a reclamation plan and environmental studies) need to be completed prior to filing the permit applications. Management's plan is to utilize dry stack tailings deposition by dry stacking on the surface or by cemented backfill underground.

Second, with the aim of optimizing the original mill infrastructure, management is also seeking a permit to **increase the allowed mill throughput rate** from 205 tonnes per day (i.e. 75,000 tonnes of ore per year) **to 1,000 tonnes per day**. The Bull River Mine has been on care and maintenance since 2009; however, the facilities were in use during a pilot plant testing program, which was conducted from January 2007 to December 2008. Though the conventional mill circuit has a nameplate capacity of 750 tonnes per day, during 1972 and 1973, operating production averaged 720 tonnes per day.

Management's plan is to rehabilitate the concentrator circuit with relatively modest capital investments and simultaneously boost the capacity of the circuit to potentially 1,000 tonnes per day. With the current crushing circuit designed to process mill feed at a meaningfully higher rate than the mill, there is the opportunity to crush the feedstock to a smaller size so that the mill throughput can be enhanced. The company is currently sourcing a surface transformer and flotation cells for the concentrator circuit.

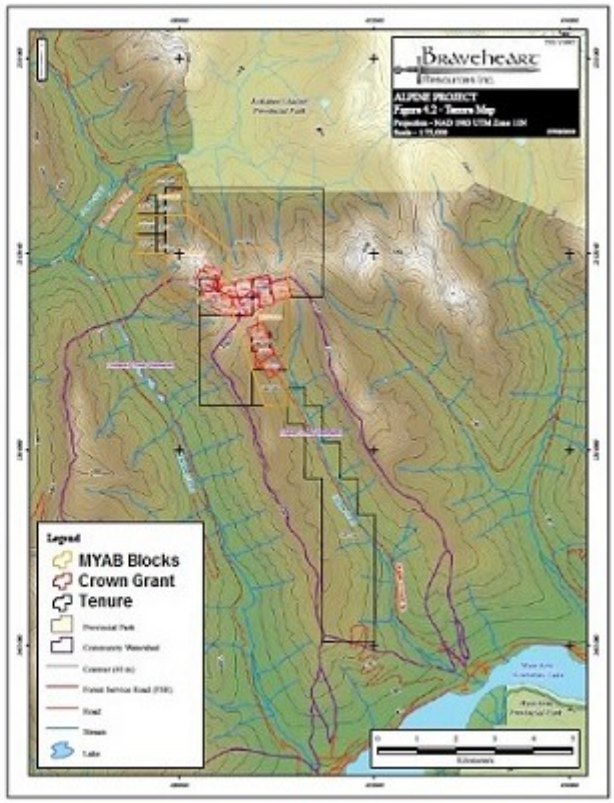
In early June, Braveheart Resources received approval for a **multi-year area based (MYAB) permit**. The completion of three private placements of flow-through securities has provided the company with over $600,000 to fund exploration programs. The focus of the **drilling program** will be on the prospective mineral occurrences outside the Bull River Mine area on the contiguous land package, specifically at Cedar/G Zone, Dean, Rex, Empire Strathcona and Burt.

ALPINE PROJECT

The development of the Alpine Property was the primary focus of Braveheart Resources until management became aware of the availability of the Bull River Property, which incidentally was through a search for a milling facility to process the feedstock from the Alpine Mine. Management's intent is to truck ore from the Alpine Mine to the newly acquired Bull River mill facility, a distance of approximately 300 kilometers.

Located 22.5 kilometers NNE of Nelson in British Columbia, the Alpine Property is a **2,602.1-hectare land package** comprised of 13 mineral claims and 15 crown grants. Situated within the Nelson and Slocan Mining Divisions, the property is located in the southern Selkirk Mountains on Mt. Cornfield at the head of Sitkum Creek.





On December 15, 2015 Braveheart Resources signed a Letter Of Intent with Allen Matovich and Theodore Muraro for **an option to acquire 100% of the Alpine Mine Property**. The option agreement was entered into on November 2, 2016 and requires the payment of **CAD$3,300,000** and **1,800,000 common shares** of Braveheart over seven-year period ending on December 15, 2023 (see table).

Terms of Alpine Option Agreement

	Cash Payment	Common Shares
December 15, 2018	$ 100,000 (fulfilled)	400,000 (fulfilled)
December 21, 2018	$ -	1,000,000 (fulfilled)
December 15, 2019	$ 200,000	400,000
December 15, 2020	$ 200,000	-
December 15, 2021	$ 200,000	-
December 15, 2022	$ 1,300,000	-
December 15, 2023	$ 1,300,000	-
	$ 3,300,000	1,800,000

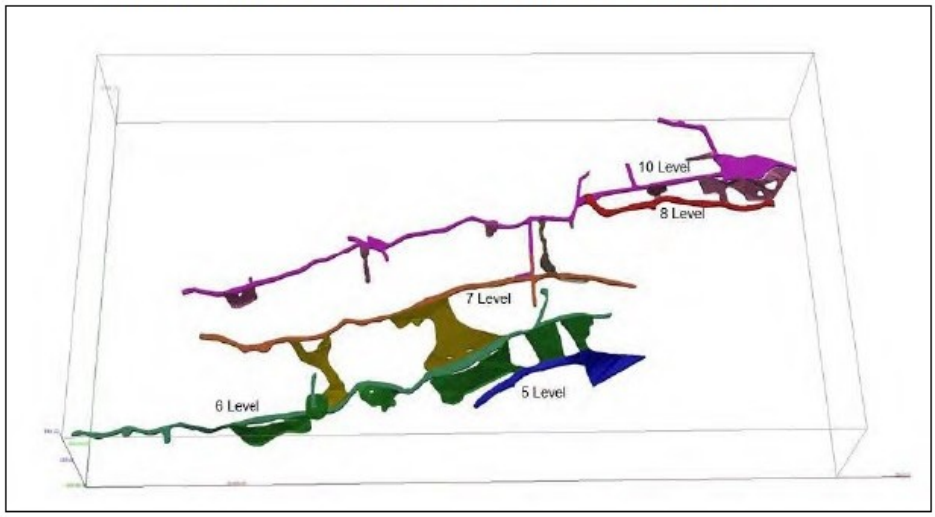
Most recently, in December 2018, 1,400,000 shares were issued to keep the Alpine Property Agreement in good standing.

Brief History

The Alpine Group of Claims (Swiss, Highland Chief, Berne and Kootenay Pass aka lots 2879-2882, respectively) were owned C. Faas & associates in 1896 and became Crown-grants in 1899. Over time, two adits were opened and extended. In December 1939, a 50 ton-per-day mill was constructed and operated intermittently until 1948, with the vast majority of production in 1940 and 1941. **By 1948**, the workings included **over 1,646 meters of drifts, crosscuts and raises** with the two drift adits known as No. 7 and No. 10. Subsequently, Cove Energy Corp. (now known as Newcastle Energy Corp.) and Cominco Ltd. acquired options on the property in 1987 and in 1989, respectively. Both conducted

exploration work programs of sampling and diamond drilling. Rock sampling was also conducted by Tera Ex Mining and Matovich Mining Industries in 2000 and 2011, respectively.

Alpine Mine Underground Drifts and Stopes



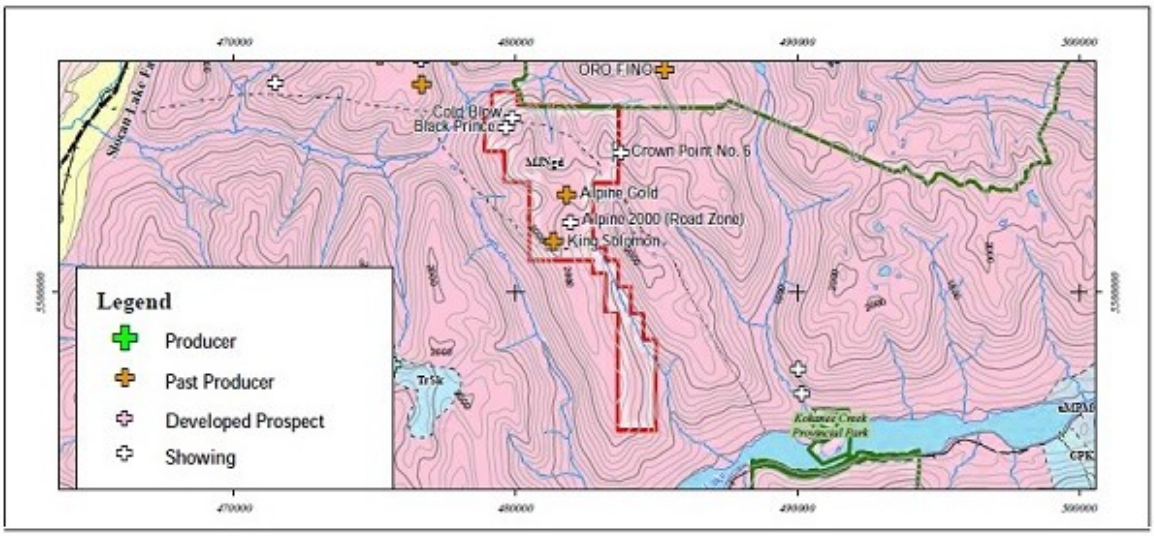
Production

The MINFILE (082FNW127) records of the Alpine Mine's past production is incomplete, particularly since the total of 16,810 tonnes mined does not equal the total of 17,108 tonnes milled. Other more detailed inconsistencies exist, which are available in the Technical Report dated March 6, 2018 on page 66.

However, there are two pertinent issues:

- 1941 was the year when two-thirds of the mine's historic milled material was processed. In that year, 11,517 tonnes of ore were mined and milled producing **6,762 ounces of gold, 4,179 ounces of silver**, 27.16 tonnes lead and 9.60 tonnes zinc. This implies that the **mill feed graded 18.26 g/tonne Au, 11.29 g/tonne Ag**, 0.24% Pb and 0.08% Zn.
- The Technical Report advances the theory that historic discrepancy between tonnes mined versus tonnes milled was due to poor recovery methods with the **possibility that a significant amount of gold may be in the waste dumps**.

The historic MINFILE production report suggests that the Alpine Mine milled 17,108 tonnes of material **producing 11,457 ounces of gold, 7,139 ounces of silver, 49.33 tonnes lead and 17.17 tonnes zinc**.



Alpine Mine Mineralization

The Alpine mine vein system consists of east-west trending gold-silver-lead-zinc mineralization contained within quartz-dominated gangue that is hosted within a shear structure that cross-cuts the Nelson Batholith. Gold occurs generally as very fine through coarse native gold particles and is closely associated with certain sulfides, particularly pyrite, galena and sphalerite. In the Alpine Mine, on levels six and ten, the vein is exposed over a 300-meter strike and 170 meters on the down-dip between level five and ten. The vein varies in thickness from 0.3 meters to 2.0 meters.

Exploration of the Alpine Property by Braveheart Resources

After having received a Mines Act permit, Braveheart conducted geochemical sampling (both at surface and underground), a LiDAR survey and a 12-hole **diamond drill program** totaling 1,733.1 meters **between August and October 2017**. The drilling program helped to confirm that the down-dip of the vein system extended another 220 meters to the north. Investigations on the Level 6 confirmed historical information that the width of the vein ranges from 0.20 meters to 2.20 meters. The work completed during the 2017 campaign helped support the initial Inferred Mineral Resource Estimate.

Braveheart conducted another diamond drilling program of approximately 1,600 meters at the Alpine Property **between August and September 2018**. The drill program was to test for extensions on strike and down dip through a series of step-out drill holes. The results have not yet been announced.

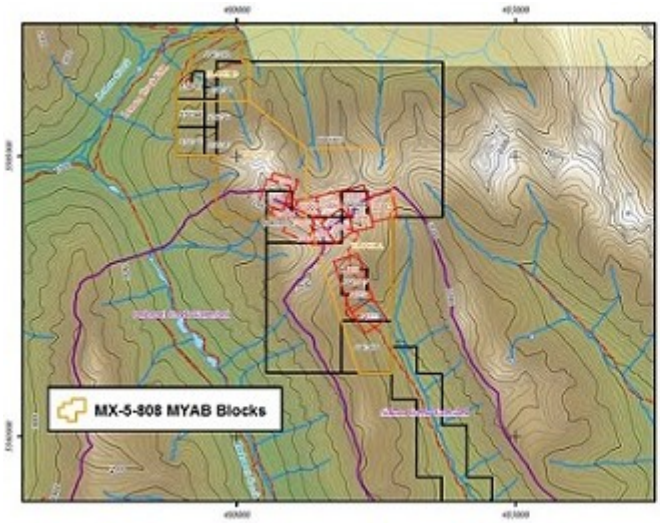
Resource Estimate

On January 22, 2018, Braveheart Resources announced the completion of a NI 43-101-compliant Technical Report on the Alpine Property. The report (officially dated March 6, 2018) included an Inferred Resource estimate of 268,000 tonnes containing **142,000 ounces Au** at a 5.0 g/t cutoff.

Inferred Mineral Resource - Alpine Vein

Au Cut-off (g/t)	Tonnes> Cut-off (tonnes)	Grade > Cut-off Au (g/t)	Contained Au Ozs
2.0	366,000	12.96	153,000
2.5	338,000	13.87	151,000
3.0	324,000	14.36	149,000
3.5	310,000	14.84	148,000
4.0	290,000	15.62	145,000
5.0	**268,000**	**16.52**	**142,000**
6.0	242,000	17.71	138,000
7.0	205,000	19.76	130,000
8.0	182,000	21.29	124,000
9.0	168,000	22.32	121,000
10.0	160,000	22.94	118,000
12.0	144,000	24.28	113,000
15.0	128,000	25.64	106,000
20.0	88,000	29.49	83,000
25.0	54,000	33.82	59,000

Technical Report Alpine Property March 6, 2018





Braveheart Resources

At the Alpine Property, management's plan is to monetize the value of the existing stockpile (which management estimates to be 15,000 tonnes) and to renew production at this pre-existing mine. There are two open Mines Act permits (MX-5-141 and MX-5-190) on select areas of the Alpine Property, along with a Multi-Year Area-Based (MYAB) permit area, which is valid until May 30, 2022.

Management's plan requires rehabilitating the 18 km of access road to the property and applying for and receiving a bulk sample exploration permit in order to process the stockpile at the Bull River mill. In addition, a gravity circuit would need to be constructed at the Bull River facility.

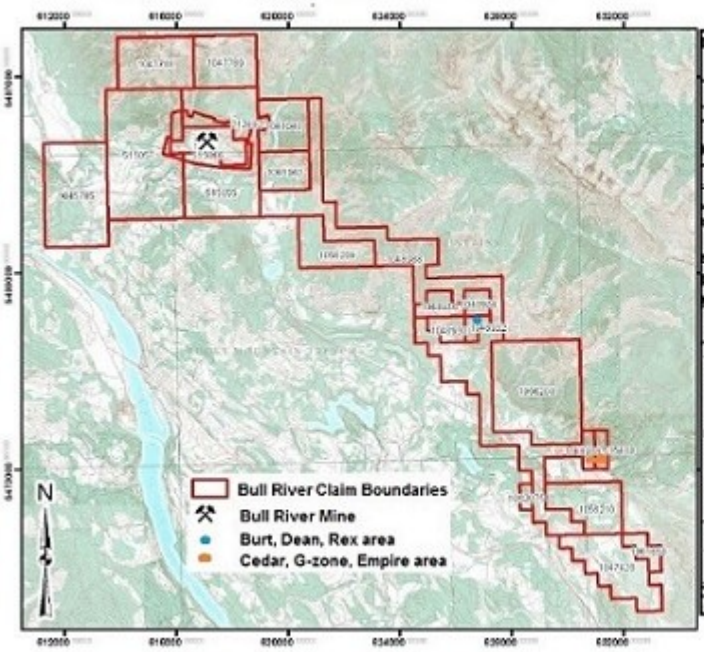
Management is also pursuing the development of the Alpine Property. In order to further support and refine the current Inferred Resource Estimate, an exploration campaign program is needed. In order to renew production at the mine, the completion of baseline environmental studies are necessary so that the proper permits can be granted. The studies would include Acid Rock Drainage and Metal Leaching modeling, a waste rock management plan, water quality sampling, etc. In addition, management would like to pursue an exploration program to support and refine the current Inferred Resource Estimate.

RECENT NEWS

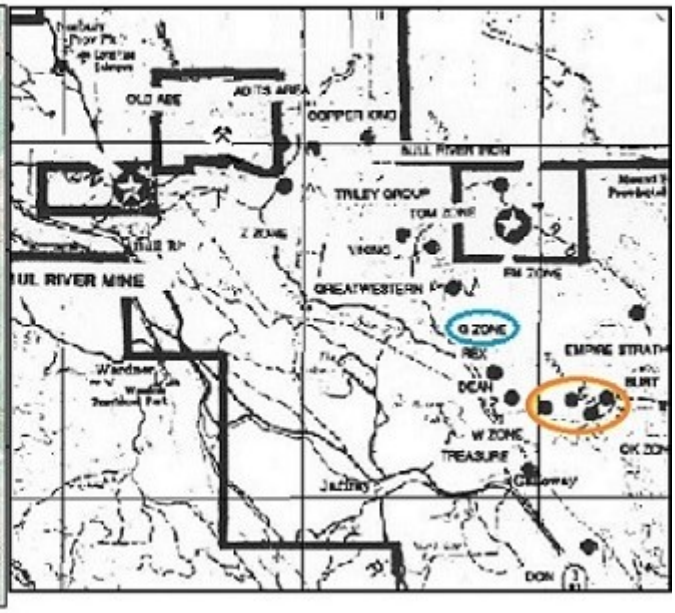
On August 16, 2019, Braveheart Resources announced the receipt of an **amendment to** its Mines Act **Permit M-33** from the Ministry of Energy, Mines and Petroleum Resources of British Columbia. The amendment **allows for exploration drilling and groundwater drilling** at the Bull River Mine area. Both drilling programs are necessary to complete the application process for the restart mining operations. An **exploratory** drilling program will help ensure that the stockpile is not underlain by economic mineralization, and a groundwater drilling program in required needed to install water wells.

On July 16, 2019, Braveheart Resources announced that the company's **2019 exploration program** at the Bull River Mine property **has commenced**. The initial focus will be on **Empire-Strathcona property** on a quartz siderite vein system has been exposed by two adits and two open cuts. Assay results of five grab ranged from 0.22% to 7.10% copper. In mid-June 2019, a diamond drill rig was mobilized to a site near the lower adit where the target will be down dip and along strike of earlier underground workings.

Bull River Property Mineral Claims



Map from 1997 Exploration Report



Also, two grab samples were collected from a vein averaging 0.9 to 1.1 meters in width along a caved stope at the **Don prospect**. Assay results were 19.50% and 16.27% copper. The Don **prospect** is not included in the MYAB permit granted in early June (see below); consequently any exploration drilling at the Don must be delayed until a MYAB permit pertains to this prospect.

In addition, Braveheart Resources announced that on July 10, 2019, an additional 589 hectares of mineral claims, which are immediately adjacent to the Don prospect, was added to the Bull River Property.

On June 5, 2019, Braveheart Resources Inc. announced that the company has received approval from the British Columbia Ministry of Energy, Mines and Petroleum Resources for a **multi-year area based (MYAB) permit**, which allows a company to conduct exploration activities over specific time period, usually five years. Braveheart's MYAB permit does **extend for five years** and **covers the entire 9,785-hectare Bull River Property**, including prospective mineral occurrences at Cedar/G Zone, Dean, Rex, Empire Strathcona and Burt. The MYAB permit allows Braveheart to begin a 2019 drilling program at Bull River, which appears to be fully funded by the private placement completed in June (see below). Management has indicated that the 2019 program will be largely focused on surface diamond drilling campaign utilizing a skid-mounted diamond drill, which is able to drill down with NQ2 core to a depth of 1,000 meters.

RECENT FINANCINGS

Braveheart's **2019 exploration programs are fully funded** as a result of the private placement that closed in June.

On July 29, 2019, the company announced that **$730,000 had been raised through the exercise of 6,083,334 warrants**.

On June 6, 2019, Braveheart Resources completed a private placement of 2,941,177 flow-through shares at $0.17 per share. **Gross proceeds were $500,000**. Net proceeds, which we estimate to be around $450,000, are to be used to fund the company's exploration efforts in British Columbia.

On June 19, 2019, the company completed a private placement of 882,353 flow-through shares at $0.17 per share. **Gross proceeds were $150,000**. Also, Braveheart Resources issued 333,333 Units at $0.15 per Unit. **Gross proceeds for the Units were $50,000**. Each Unit is comprised of one common share and a 2-year, half-share warrant exercisable at $0.21 per share. Net proceeds, which we estimate to be around $180,000, are to be used to fund the company's exploration efforts in British Columbia.

VALUATION

Managements of junior mineral exploration companies create value through evaluating, acquiring, exploring and/or developing mining properties. **Management's strategy** is to increase shareholder value through opportunistically **acquiring the Bull River Property**. With the acquisition of the mill, management is able to fast-track production at the mine, beginning with the surface stockpile.

Our calculation of **share value of attributable resources** is based on the ascertained net asset value of each property, which is determined by **adjusting the value of estimated resources for the expected recovery rate and mining/processing costs**. Also, the resources are assigned a **confidence factor** that attempts to take into account the risks of each project, such as the locality of the deposits, the assurance level of the resources, various technical mining/production risks, etc. The methodology also accounts for balance sheet adjustments for working capital and assets, such as property, plant and equipment, along with anticipated development capital costs. The resource valuation methodology involves the following assumptions:

1) A 90% confidence factor is applied to the stockpile and Indicated Resource.
2) Currently, the Inferred Resource is not being incorporated into the valuation model.
3) The estimated production life of the Bull River Mine is five years starting in 2021 with the stockpile being processed in 2020.
4) Upon being returned to operating condition, we value the fair market value of the Bull River Mill at CDN$5,000,000
5) The capital costs to bring the properties and mill to commercial production are derived from the 2013 Scoping Study, which closely matches management's proposed development plan.
6) The CDN$152 million tax-loss carry forward alleviates the need to account for taxes.
7) The Alpine Project is not being valued until Braveheart fulfills the terms of the option agreement granting the company 100% ownership or the Alpine Project is advanced close to production.
8) Our asset value per share takes into account the dilutive effect of having warrants and options which are exercisable below our target price.

Based on our calculation of share value of attributable resources (see table below), **our target for Braveheart Resources stock is $0.60.**

Braveheart Resources Inc.

Projects	Metal	CCAA Estimate surface ore (tonnes)	Grade Cu (%) Ag (g/t) Au (g/t)	Indicated Resource (tonnes)	Grade Cu (%) Ag (g/t) Au (g/t)	In situ Metal Cu (lb) Ag (ozt) Au (ozt)	Recovery Rate	Average Production Costs ($CDN per tonne)	Current Metal Price ($CDN)	Net Value to BHT ($CDN)	Net Present Value to BHT
Bull River Mine	Cu	180,000	1.27%	N/A			90%	18.25	3.44	12,299,192	11,603,012
(stockpile)	Ag	180,000	10.65	N/A			90%		23.31	1,292,869	1,219,687
	Au	180,000	0.25	N/A			70%		2,034	2,060,497	1,943,865
Concentrate		17,796				Off-site Smelter Costs		326.27		(5,806,389)	(5,529,894)
Bull River Mine	Cu	0	N/A	1,511,000	1.911%	63,658,865	90%	63.22	3.44	101,323,584	85,362,359
(underground)	Ag	0	N/A	1,511,000	15.6	757,929	90%		23.31	14,307,503	12,053,682
	Au	0	N/A	1,511,000	0.407	19,774	70%		2,034	25,343,162	21,350,923
Concentrate				149,389		Off-site Smelter Costs		326.27		(48,741,409)	(42,204,959)
Bull River Mill										5,000,000	5,000,000
BALANCE SHEET ADJUSTMENTS											
Working capital										2,819,613	2,819,613
Debt										(9,360,823)	(9,360,823)
Stockpile capital costs										(10,000,000)	(10,000,000)
Sustaining capital costs										(5,977,000)	(4,972,124)
									Net Assets & Resources	84,560,799	69,285,341
									Shares Outstanding	104,143,332	104,143,332
									Warrants Outstanding	36,330,395	36,330,395
									Options Outstanding	3,000,000	3,000,000
									Fully Diluted Shares	143,473,727	143,473,727
									Capital from Dilutive Options & Warrants	$16,759,890	$16,759,890
									Asset Value	0.71	
									Discounted Asset Value ($CDN)		**0.60**

RISKS

- As with almost all junior resource exploration companies, the financial statements of Braveheart Resources contain the standard language for a company that does not generate sufficient cash flow from operations to adequately fund its activities and is in need of additional capital to continue as a "going concern." The company has effectively funded its operations and initiatives to date. In fact, the company's working capital has been improving for the past four fiscal years.
- Shares outstanding increased significantly in fiscal 2015 (+107%), fiscal 2016 (+139%), fiscal 2017 (+30.5%) and fiscal 2018 (+35.0%) as private placements have funded the company's acquisition of mineral properties, subsequent exploration activities and general corporate expenses. Thus far during fiscal 2019, shares outstanding have increased 138%.
- The acquisition of the Bull River Mine Property (through the acquisition of Purcell Basin Minerals in a process via CCAA) is a speculative endeavor for Braveheart Resources. Despite the fact that this opportunistic acquisition resulted in an dramatic increase in book value due to the accounting effect of a "bargain purchase acquisition," management's intent to process the surface stockpile could be negatively affected by a delay in the permitting process and/or the quality of the mineral content in the stockpile.
    - In late 2014, when Purcell Basin Minerals acquired the Bull River claims, that company pursued the strategy of reconditioning the mill in order to process the surface stockpile to generate a quick payback. Purcell Basin Minerals was unable to secure the necessary permits, which ultimately drove the company into the CCAA process.
    - The surface stockpile has been exposed to the elements for about 11 years and has been subjected to the oxidation process. Recoveries from this material may not meet the expectations of management and potentially could be uneconomical.
- Historically, there has been a controversy concerning the grade of the mineralized bodies underground. The exaggerated high grades being provided by the Stanfield Mining Group during the early 2000's even required the intervention by the British Columbia Securities Commission, which in 2010 ordered the dissemination of NI 43-101-compliant technical reports to security holders. Since 2012, there have been at least three NI 43-101-compliant Technical Reports that have more accurately estimated the mineral resources at the Bull River Mine.
- As with any mineral company, the price of the targeted minerals) is beyond management's control, in Braveheart case, the prices of copper, silver and gold.

BALANCE SHEET

Braveheart Resources Inc.

Balance Sheet (Canadian Dollars)	FY 2014 5/31/2014	FY 2015 5/31/2015	FY 2016 5/31/2016	FY 2017 5/31/2017	FY 2018 5/31/2018	3Q FY 2019 2/28/2019
ASSETS						
Cash and cash equivalents	0	15,604	97,880	100,914	93,501	1,126,427
Other receivables	-	-	2,264	564	0	0
Harmonized sales tax receivable	24,480	22,729	18,314	10,773	30,905	274,558
Deposits & prepaid expenses	10,000	10,000	23,000	26,500	63,500	1,248,697
Undispersed funds on long-term debt	-	-	-	-	-	350,000
Total current assets	**34,480**	**48,333**	**141,458**	**138,751**	**187,906**	**2,999,682**
Automobile	22,149	18,827	12,670	0	0	0
Mineral properties	9	8	8	30,008	125,008	365,000
Capital assets	-	-	-	-	-	8,006,049
Unprocessed ore	-	-	-	-	-	12,428,000
TOTAL ASSETS	**56,638**	**67,168**	**154,136**	**168,759**	**312,914**	**23,798,731**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued liabilities	532,673	414,521	240,078	178,781	149,243	133,125
Advance payable	59,500	82,278	61,569	46,000	40,000	40,000
Bank indebtedness	23,259	0	0	0	0	0
Current portion of long-term debt						
Current portion of convertible debentures						
Payables to directors	47,259	5,019	7,269	4,947	6,944	6,944
Total current liabilities	**662,691**	**501,818**	**308,916**	**229,728**	**196,187**	**180,069**
Unrenounced flow-through share premium	44,213	14,507	17,493	11,906	0	0
Deferred volume purchase incentives						
Long-term debt	-	-	-	-	-	5,083,123
Convertible debenture						4,277,700
Reclamation and restoration provisions						
Total Liabilities	**706,904**	**516,325**	**326,409**	**241,634**	**196,187**	**9,540,892**
Stockholders' Equity						
Share capital	4,151,874	4,154,856	4,414,736	4,599,157	4,876,834	6,655,340
Shares to be issued	-	49,000	15,000	3,000	103,500	0
Contributed surplus	2,048,809	2,301,077	2,760,461	3,152,930	3,617,120	5,205,739
Equity compent of convertible debenture	-	-	-	-	-	1,722,300
Deficit	(6,850,949)	(6,954,090)	(7,362,470)	(7,827,962)	(8,480,727)	674,460
Shareholder's equity	**(650,266)**	**(449,157)**	**(172,273)**	**(72,875)**	**116,727**	**14,257,839**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**56,638**	**67,168**	**154,136**	**168,759**	**312,914**	**23,798,731**
Shares outstanding	5,004,705	10,384,505	24,829,505	32,414,505	43,751,105	77,602,354

ANNUAL INCOME STATEMENTS

Braveheart Resources Inc.

Income Statement (Canadian Dollars) (For Years Ending May 31)	Year ending 5/31/2014	Year ending 5/31/2015	Year ending 5/31/2016	Year ending 5/31/2017	Year ending 5/31/2018	FY 2019 Estimate 5/31/2019
Total Revenues	**0**	**0**	**0**	**0**	**0**	**0**
Operating Expenses						
General and administrative	164,321	41,268	94,109	67,663	52,171	161,431
Management fees	89,000	37,250	156,000	135,833	19,202	0
Professional fees	112,683	53,090	27,599	61,717	37,098	282,558
Consulting fees	14,929	30,000	17,500	30,000	55,700	278,738
Rent	11,710	16,450	16,875	13,650	4,800	0
Mining exploration expenses	-	-	-	146,870	488,561	563,804
Part XII.6 taxes	17,692	0	28,010	12,032	0	0
Stock-based compensation	-	-	-	175,344	0	0
Depreciation and amortization	3,908	3,322	2,495	961	0	0
Total Operating Expenses	**414,243**	**181,380**	**342,588**	**644,070**	**657,532**	**1,286,531**
Income (loss) from operations	**(414,243)**	**(181,380)**	**(342,588)**	**(644,070)**	**(657,532)**	**(1,286,531)**
Interest (expense)	-	116	0	240	163	(82,903)
Bad debts (expense)	(15,000)	0	0	0	0	0
Forgiveness of accounts payable	26,450	0	0	153,060	0	0
Gain (loss) on disposal/acq. of asset	-	-	(2,261)	0		10,366,552
Impairments of mineral properties	(1,877,340)	(161,123)	(63,531)	0	(24,301)	0
Mining tax credit	-	198,267	0	0		0
Gain (loss) on settlement of debt	59,169	11,273	0	13,588	0	0
Flow-through share premium renunciation	-	29,706	0	11,690	28,906	0
Total other income (expense):	**(1,806,721)**	**78,239**	**(65,792)**	**178,578**	**4,768**	**10,283,649**
Net Income (loss)	**(2,220,964)**	**(103,141)**	**(408,380)**	**(465,492)**	**(652,764)**	**8,997,119**
Net eanings per share (basic and diluted)	**($0.463)**	**($0.014)**	**($0.026)**	**($0.016)**	**($0.016)**	**$0.141**
Wgtd. avg. shares outstanding	4,792,904	7,244,412	15,897,930	28,658,286	40,732,961	64,001,198

QUARTERLY INCOME STATEMENTS

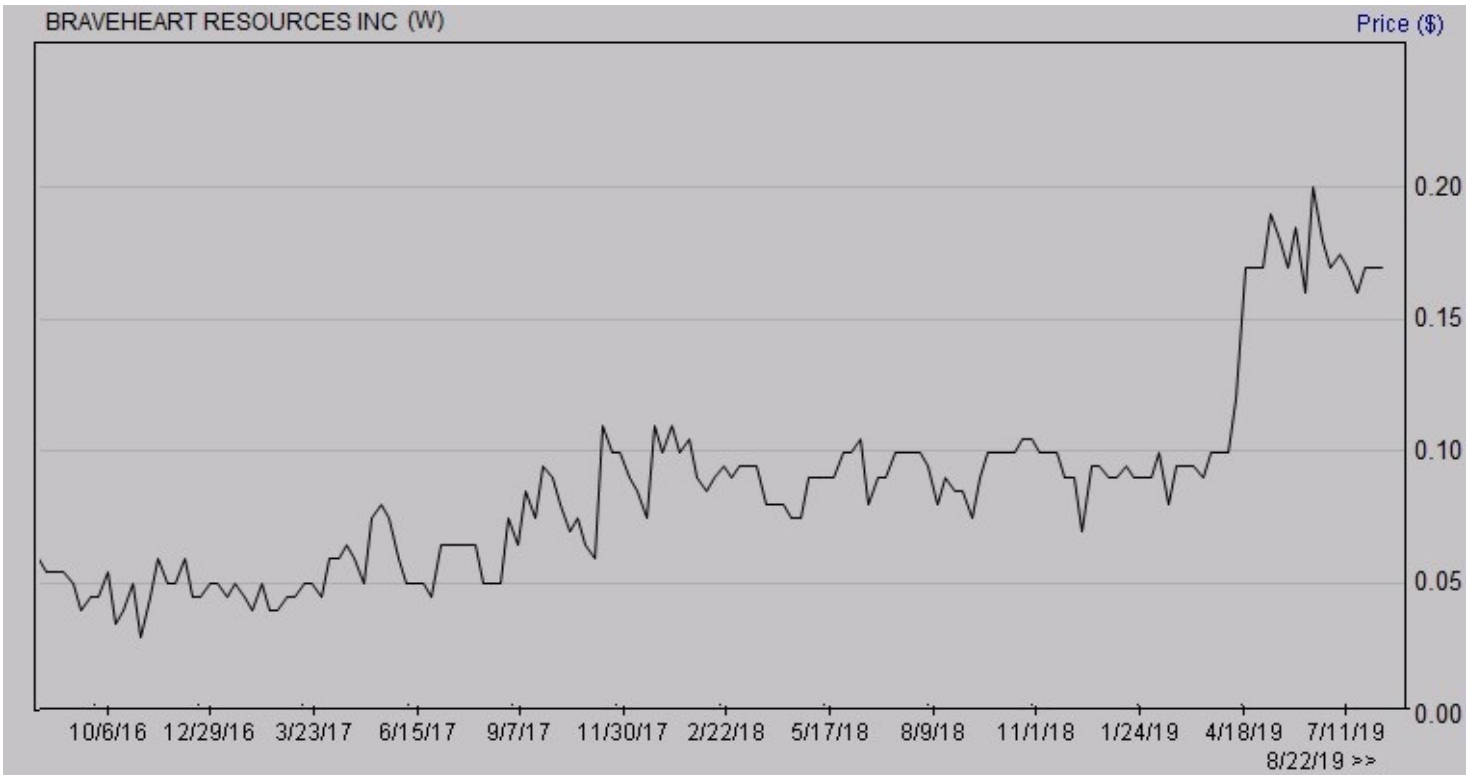
Braveheart Resources Inc.

Income Statement (Canadian Dollars) (For Years Ending May 31)	Year ending 5/31/2017	FY 1Q 8/31/2017	FY 2Q 11/30/2017	FY 3Q 2/28/2018	FY 4Q 5/31/2018	Year ending 5/31/2018
Total Revenues	**0**	**0**	**0**	**0**	**0**	**0**
Operating Expenses						
General and administrative	67,663	8,874	15,602	8,496	19,199	52,171
Management fees	135,833	15,501	5,001	5,001	(6,301)	19,202
Professional fees	61,717	5,242	2,799	2,499	26,558	37,098
Consulting fees	30,000	4,500	8,000	15,000	28,200	55,700
Rent	13,650	3,000	1,800	0	0	4,800
Mining exploration expenses	146,870	37,399	404,237	39,036	7,889	488,561
Part XII.6 taxes	12,032	-	-	-	-	0
Stock-based compensation	175,344	-	-	-	-	0
Depreciation and amortization	961	-	-	-	-	0
Total Operating Expenses	**644,070**	**74,516**	**437,439**	**70,032**	**75,545**	**657,532**
Income (loss) from operations	**(644,070)**	**(74,516)**	**(437,439)**	**(70,032)**	**(75,545)**	**(657,532)**
Interest (expense)	240	13	88	0	62	163
Bad debts (expense)	0	-	-	-	-	0
Forgiveness of accounts payable	153,060	-	-	-	-	0
Gain (loss) on disposal of asset	0	-	-	-	-	
Impairments of mineral properties	0	-	-	-	-	(24,301)
Mining tax credit	0	-	-	-	-	
Gain (loss) on settlement of debt	13,588	-	-	-	-	0
Flow-through share premium renunciation	11,690	-	-	-	-	28,906
Total other income (expense):	**178,578**	**13**	**88**	**0**	**62**	**4,768**
Net Income (loss)	**(465,492)**	**(74,503)**	**(437,351)**	**(70,032)**	**(75,483)**	**(652,764)**
Net eanings per share (basic and diluted)	**($0.016)**	**($0.002)**	**($0.012)**	**($0.002)**	**($0.002)**	**($0.016)**
Wgtd. avg. shares outstanding	28,658,286	35,301,172	36,443,764	42,497,387	43,751,105	40,732,961

Braveheart Resources Inc.

Income Statement (Canadian Dollars) (For Years Ending May 31)	Year ending 5/31/2018	FY 1Q 8/31/2018	FY 2Q 11/30/2018	FY 3Q 2/28/2019	E FY 4Q 5/31/2019	FY 2019 Estimate 5/31/2019
Total Revenues	**0**	**0**	**0**	**0**	**0**	**0**
Operating Expenses						
General and administrative	52,171	17,222	30,028	66,111	48,070	161,431
Management fees	19,202	0	0	0	0	0
Professional fees	37,098	7,500	85,522	159,536	30,000	282,558
Consulting fees	55,700	44,000	45,250	159,488	30,000	278,738
Rent	4,800	0	0	0	0	0
Mining exploration expenses	488,561	56,024	346,717	111,063	50,000	563,804
Part XII.6 taxes	0	-	-	-	-	0
Stock-based compensation	0	-	-	-	-	0
Depreciation and amortization	0	-	-	-	-	0
Total Operating Expenses	**657,532**	**124,746**	**507,517**	**496,198**	**158,070**	**1,286,531**
Income (loss) from operations	**(657,532)**	**(124,746)**	**(507,517)**	**(496,198)**	**(158,070)**	**(1,286,531)**
Interest (expense)	163	220	0	(83,123)		(82,903)
Bad debts (expense)	0	-	-	-	-	0
Forgiveness of accounts payable	0	-	-	-	-	0
Bargain purchase on acquisition	0	-	-	10,366,552	0	10,366,552
Impairments of mineral properties	(24,301)	-	-	-	-	0
Mining tax credit		-	-	-	-	0
Gain (loss) on settlement of debt	0	-	-	-	-	0
Flow-through share premium renunciation	28,906	-	-	-	-	0
Total other income (expense):	**4,768**	**220**	**0**	**10,283,429**	**0**	**10,283,649**
Net Income (loss)	**(652,764)**	**(124,526)**	**(507,517)**	**9,787,231**	**(158,070)**	**8,997,119**
Net eanings per share (basic and diluted)	**($0.016)**	**($0.003)**	**($0.011)**	**$0.146**	**($0.002)**	**$0.141**
Wgtd. avg. shares outstanding	40,732,961	43,514,720	46,286,105	67,203,966	99,000,000	64,001,198

HISTORICAL STOCK PRICE



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[i] Geophysical Survey The Steeples Claims, Assessment Report 12,575, January 31, 1984, page 3.
[ii] Report on Steeples Property, Bul River Mineral Corp. Ltd., February 6, 1989, BR 3-87, pp. 14-15. Also, Report on Steeples Property Groups 1A – 8A, Bul River Mineral Corp. Ltd., January 1990, BR 5-89, pages 1 and 4.
[iii] Report on Steeple Property, March 18, 1988, states on page 8: "The Bull River mine is located on the Steeples 11 claim."; also, Report on Steeple Property, February 6, 1989 (drill hole BR-3-87 is actually located in L14745)
[iv] British Columbia Minister of Mines and Petroleum Resources Annual Report 1968, page 269.
[v] 1986 MINFILE British Columbia Minister of Mines
[vi] The first mention of the Dalton mine in a report was in the 1997 Exploration Report for Gallowai Metal Mining Company, September 22, 1997, pages 1 and 4.
[vii] Supreme Court of British Columbia, Case S186120, Petition to the Court, May 28, 2018, page 5
[viii] Gallowai-Bul River Mine Scoping Study prepared by Moose Mountain Technical Services, October 29, 2013, page 24
[ix] Gallowai-Bul River Mine Scoping Study prepared by Moose Mountain Technical Services, October 29, 2013, page 24
[x] Geology of Canadian Mineral Deposits, British Columbia Geological Survey, Kirkham R.V. and Sinclair W.D., Chapter 17, Vein Copper, page 399.
[xi] Gallowai Bul River Mine Scoping Study, Moose Mountain Technical Services, October 29, 2013, page 24.
[xii] Technical Report on the Gallowai Bul River Mine, by Roscoe Postle Associates, March 30, 2012**,** pages 6-1 and 6-2
[xiii]Crown Granted claims in British Columbia grant the owner both surface and mining rights; they are subject to minimal annual taxes.
[xiv] Bonanza Group Information Form, 1959, Property Profile May 28, 1959, Letter from R. Macrae,, August 17, 1960
[xv] Placid Oil's Bull River Mine has come to be known as the Dalton Mine; however, the Minister of Mines Annual Reports from 1971 through 1973, inclusive, refer to the mine as the Bull River Mine.
[xvi] Bull River Mine, MINFILE 082GNW002, British Columbia Ministry of Energy, Mines and Petroleum Resources, BC Geological Survey and 1977/1986 MINFILES.
[xvii] Minister of Mines and Petroleum Resources, Province of British Columbia, Annual Report, 1972, page A 19
[xviii] Geology, Exploration and Mining in British Columbia 1973, British Columbia Department of Mines and Petroleum Resources, p. 85
[xix] Big Bonanza, MINFILE 082G11, British Columbia Ministry of Energy, Mines and Petroleum Resources
[xx] A Brief Submitted to the Royal Commission of Inquiry, British Columbia Geological Survey report, 1980, page 29
[xxi] Snowden, NI 43-101 Gallowai-Bul River Technical Report, March 27, 2013, page 21
[xxii] Notice of Hearing in the Matter of Bul River Mineral Corporation Ltd., Gallowai Metal Mining Corporation and Ross Hale Stanfield, December 29, 1999, page 2
[xxiii] Drilling Report on the Bul River Group, No. 26,638, September 18, 2001, page 7
[xxiv] http://purcellbasin.com/site/about-us and 1997 Exploration Report for Gallowai Metal Mining Company, September 22, 1997, page 14 and Figure 7.
[xxv] Drilling Report on the Bul River Group, September 11, 2001, page 7
[xxvi] Gallowai-Bul River Technical Report, Snowden, March 2013, page 22
[xxvii] Gallowai-Bul River Mine Scoping Study, October 29, 2013, page 18. The Gallowai-Bul River Resource Estimate NI 43-101 Technical Report dated November 4, 2018 mistakenly transcribed the grades on page 71 as g/ton instead of g/tonne.
[xxviii] Supreme Court of British Columbia, First Report to the Court, June 22, 2011, page 6, item 20.
[xxix] Supreme Court of British Columbia, Case S186120, May 28, 2018, page 9
[xxx] Supreme Court of British Columbia, Case S186120, May 28, 2018, page 11