March 6, 2020

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Steven Ralston, CFA
312-265-9426
sralston@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

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

CEO Presents at Cambridge House International Conference

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$0.55 per share is indicated.

Current Price (03/05/20)	$0.10
Valuation	**$0.55**

OUTLOOK

Braveheart Resources (TSX.V: BHT, OTCQB: RIINF) is a development stage mining company that completed an opportunistic acquisition of **Bull River Mine Property** in January 2019. With a **surface stockpile of roughly 165,000 tonnes of ROM ore**, management seeks to become a producing company in a relatively short period of time. The mine site has a valid Small Mine Permit, but a surface 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.

SUMMARY DATA

52-Week High	**$0.21**
52-Week Low	**$0.06**
One-Year Return (%)	**0.0**
Beta	**-0.28**
Average Daily Volume (shrs.)	**55,972**
Shares Outstanding (million)	**111.8**
Market Capitalization ($mil.)	**$11.18**
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 A	0.0 A
2020	0.0 A	0.0 A	0.0 E	0.0 E	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	-$0.02 A
2018	-$0.00 A	-$0.01 A	-$0.00 A	-$0.00 A	-$0.02 A
2019	-$0.00 A	-$0.01 A	-$0.01 A	-$0.02 A	-$0.05 A
2020	-$0.02 A	-$0.01 A	-$0.01 E	-$0.01 E	-$0.06 E

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

© Copyright 2020, Zacks Investment Research. All Rights Reserved.

RECENT NEWS

Management Presents at Cambridge House International Conference

Ian Berzins, CEO of Braveheart Resources, presented at Cambridge House International conference on January 20, 2020. The presentation is available on YouTube at

https://www.youtube.com/watch?time_continue=14&v=ClvKH4SDW5o&feature=emb_logo

Major highlights are:

- Opportunistically **acquired Bull River Mine Property** in January 2019
- Anticipate that if five properties go into production in British Columbia within the next two years, the Bull River Mine Property will be one of them
    - CEO believes it is not a question of whether if a permit is granted, but when
    - A surface tailing permit is required; dry stacking method is anticipated
    - Condemnation drilling completed at proposed dry stack tailings facility
    - Have a fully developed 700-tonne per day mill, though the flotation circuit needs to be purchased and installed
    - **Surface stockpile** of 165,000 tonnes of ROM ore is the initial 8-month feed for the mill
    - Good discussions with local First Nations, government and community
- Over 22 km of tunnels over seven lateral horizons through the ore bodies already have been developed
- Underground drilling program in the first quarter of 2020
- Bull River Mine acquisition included a **$152 million tax loss carry forwards** to offset potential tax liabilities once production commences
- $5.0 million financing (equity and or debt) is required to fund the capital expenditures necessary for the surface upgrades to advance the Bull River Mine Project to production, including a floatation circuit, the installation of the already acquired transformer, filtration for the mill, etc.

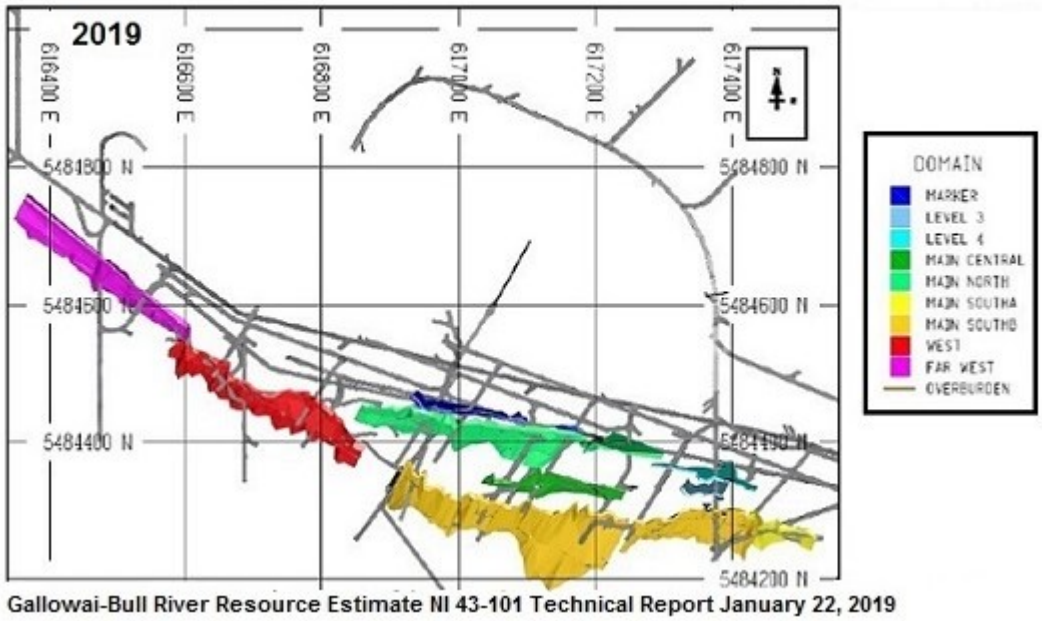


Braveheart Resources Investor Presentation January 2020

Underground Drilling Underway at Bull River Mine Project

On January 8, 2020, Braveheart Resources announced that management **plans to begin 3,000-meter underground drilling** at the company's Bull River Mine Project. The objective of the drilling program is to test the down-dip extension of the vein systems under the existing underground workings. The **drilling is scheduled to begin in the first quarter of 2020** with the company presently engaged in ground support activities at the proposed drill-site locations.

View of Mineralization - Bull River Mine



Gallowai-Bull River Resource Estimate NI 43-101 Technical Report January 22, 2019

Most Recent Financings

During the first quarter of fiscal 2020, the company completed two private placements of an aggregate of 3,823,530 flow-through shares at $0.17 per share. **Net proceeds were $630,000**. Furthermore, the company **has received $880,369** through the exercise of 7,318,293 warrants and **$18,000** from the exercise of options.

On December 20, 2019, Braveheart Resources completed a private placement of 5,200,000 flow-through-shares priced at $0.14 per share; **gross proceeds were $728,000**. The proceeds will be utilized to fund exploration efforts in British Columbia.

Update on Application Process for Restarting Operations at Bull River Mine

In order to begin processing the on-surface stockpile, a permit to store tailings is required. Currently, the Bull River Mine property does not have a tailings permit.

In addition, in order to optimize the capacity of the installed surface infrastructure, management seeks to increase the permitted mining rate on the existing Small Mine Permit from 205 tonnes per day to approximately 1,000 tonnes per day.

On August 16, 2019, Braveheart Resources received 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 116-hectare Bull River Mine area. Both drilling programs are necessary to complete the application process for the restart of mining operations.

Under the amendment, **a condemnation drilling program has been completed** that aids in ensuring that the primary proposed location for a dry stack tailings or filtered tailings storage facility is not underlain by economic, near-surface mineralization. Based on the results of this program, **the company can now proceed with the design of a filtered tailings storage facility**, which begins with a detailed engineering analysis of trafficability, slope stability, liquefaction potential and seepage. The completion of a design for a dry tailings facility is a critical component of the application process for a **tailings disposal permit** from the Major Mines Permitting Office of British Columbia's Ministry of Energy, Mines and Petroleum Resources.

A groundwater drilling program is required to install water wells, which are **needed to implement a groundwater monitoring program**. Currently, there is a surface water monitoring program in place, along with a dewatering program for the existing underground workings, which are under care and maintenance. However, an **expanded groundwater monitoring program** is another critical component of the application process of the Major Mines Permitting Office. **Management anticipates that a groundwater drilling program will be completed during the fourth calendar quarter of 2019**.

Procurement of 10 MVA Transformer

Braveheart Resources continues to work with the British Columbia Hydro and Power Authority in order to increase the load to 10 MVA (Mega Volt Ampere). First, a System Impact Study Agreement must be signed in order to initiate a System Impact Study, which is necessary in order to assess the impact of connecting the Bull River Mine's plant to BC Hydro's transmission system. The System Impact Study should consist of various Feasibility Studies. Currently, the plant at the Bull River Mine is connected to grid power but at a lower load factor. The company has received a positive System Impact Study from the British Columbia Hydro and Power Authority. Braveheart Resources has already secured a used 10 MVA transformer, which is expected to be moved on site this year. The total cost of the transformer is $265,000, of which $165,000 has been paid.

Braveheart Resources Begins Trading on OTCQB Venture Market

On September 11, 2019, Braveheart Resources began trading on the **OTCQB** Venture Market, having being uplisted from its prior OTC Pink status. Now, RIINF is **Depository Trust Company (DTC) eligible**. The OTCQB listing should expand awareness of the company among US investors, both retail and institutional. The company's primary continues to be the Toronto Venture Exchange under the symbol BHT.

Market Making Services

On September 16, 2019, Braveheart Resources announced that Independent Trading Group Inc. has been retained to provide **market making services for the company's stock on the TSX Venture Exchange**.

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 the **Bull River Copper-Silver-Gold Property**.
        - 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
                    - surface tailings disposal permit for dry stack deposition
                    - 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 and a filtration system to support the anticipated filtered tailings operation
            - 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 completed its **2019 exploration program**, which was fully funded through the issuance of flow-through shares, **extended the expiry date of all the mineral claims for the entire Bull River Mine property until May 2022**
    - The company has a $152 million tax loss carry forwards to offset potential tax liabilities once production commences.

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) (OTCQB: 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. Upon review of the company's mineral claims, management decided to **focus solely on the Bull River Mine claims**. In July 2019, Braveheart Resources acquired an **additional 589 hectares of mineral claims**, which are located immediately adjacent to the Don prospect on the Bull River Property.

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; however, as of December 15, 2019, the commitment to pay $200,000 and to issue 400,000 common shares was not satisfied. The company is in negotiations concerning the terms of this agreement.

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 ROM** (run-of-mine) **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.



Gallowai-Bul River Technical Report March 2013

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. **After completing the permitting process, management expects to be able to begin processing the stockpile at Bull River sometime in 2020.**

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.



Bull River BC 49.502, -115.385 Google Maps June 19, 2019

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.

Location of Bull River Mine

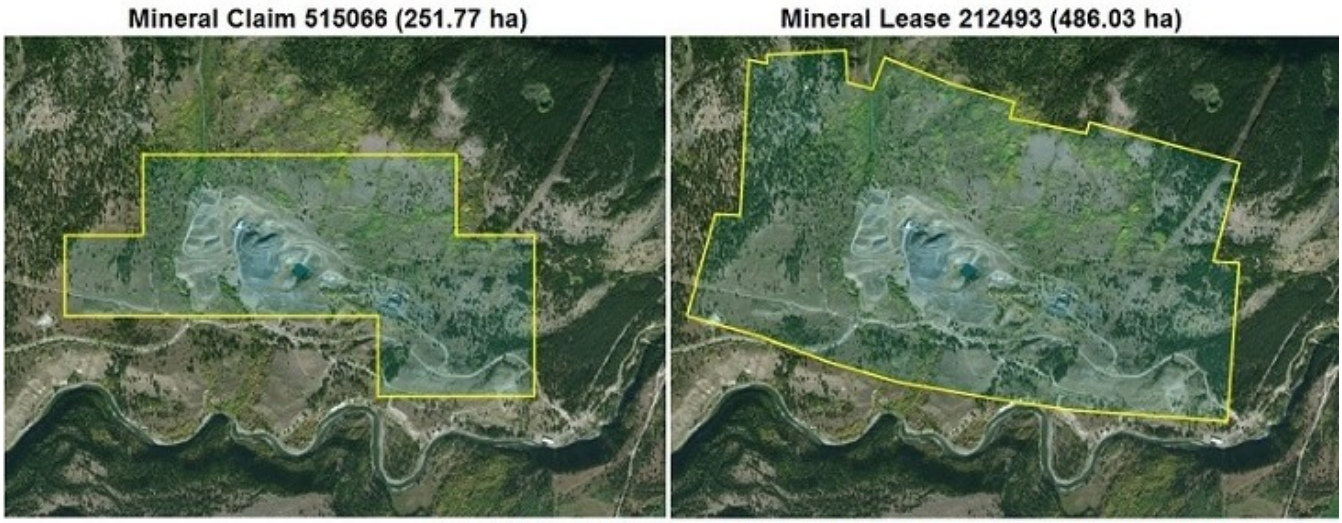
The Bull River Mine Property is situated in the **Fort Steele Mining Division** of the **Mining District of East Kootenay** (aka **Rocky Mountain Natural Resource District**), which is located in southeastern British Columbia. The largest and most well-known mineralized zone on property is the **Bull 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 Ministry of Energy, Mines and Petroleum Resources has initiated consultation regarding the project.



British Columbia Mineral Titles Online CWM Map Viewer Mineral Map of 515066 and 212493

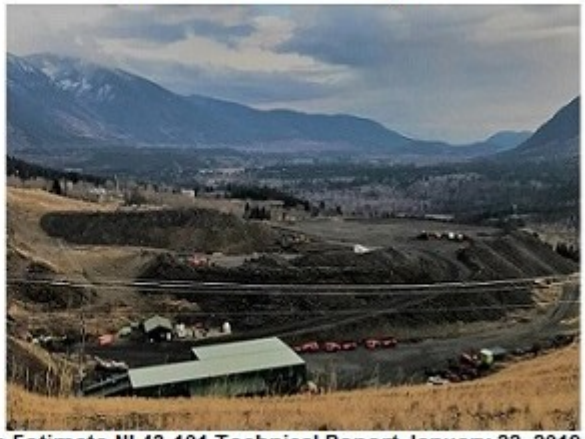
SURFACE STOCKPILE

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



On Surface Stockpile



Gallowai-Bull River Resource Estimate NI 43-101 Technical Report January 22, 2019

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." [i]

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.[ii]

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."[iii] 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.

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.

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

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



Braveheart Resources Annual Meeting Presentation July 4, 2019

Maintenance Building



Purcell Basin Minerals website

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.





Braveheart Resources Annual Meeting Presentation July 4, 2019

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.

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	In situ Grades					In Situ Metal		
	Tonnage (Ktonnes)	Cu Eqv. (%)	Cu (%)	Au (gpt)	Ag (gpt)	NSR ($US)	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*

Gallowai-Bull River Resource Estimate NI 43-101 Technical Report January 22, 2019

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

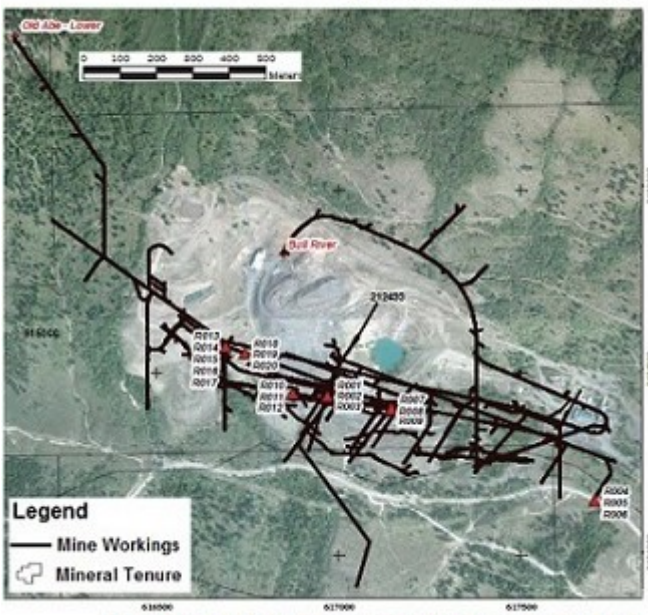
Cut-off Cu Eqv. (%)	In situ Tonnage (Ktonnes)	In situ Grades Cu Eqv. (%)	Cu (%)	Au (gpt)	Ag (gpt)	NSR ($US)	Metal Cu (000 lbs)	Au (kOz)	Ag (kOz)
0.4	669	1.266	1.075	0.244	7.3	75.35	15,862	5	156
0.6	513	1.503	1.279	0.284	8.7	89.46	14,474	5	144
0.8	426	1.668	1.419	0.316	9.7	99.30	13,332	4	132
1.0	343	1.855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

Gallowai-Bull River Resource Estimate NI 43-101 Technical Report January 22, 2019

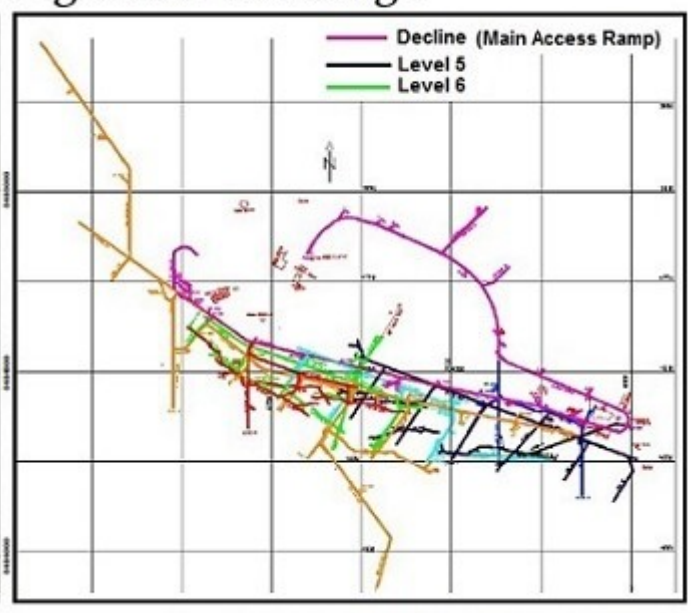
BULL RIVER MINE – UNDERGROUND INFRASTRUCTURE

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.[iv] Including ventilation raises and an escape route, **total development work spans approximately 21,000 meters**.[v] 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 Technical Report 37195 January 17, 2018



Braveheart Resources Presentation July 4, 2019

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**.

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.
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 $0.55**.

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	3.53	12,707,915	11,988,599
(stockpile)	Ag	180,000	10.65	N/A			90%		23.47	1,302,296	1,228,581
	Au	180,000	0.25	N/A			70%		2,241	2,270,146	2,141,648
Concentrate		17,796				Off-site Smelter Costs		328.46		(5,845,389)	(5,567,037)
Bull River Mine	Cu	0	N/A	1,511,000	1.911%	63,658,865	90%	63.22	3.53	106,486,290	89,711,798
(underground)	Ag	0	N/A	1,511,000	15.6	757,929	90%		23.47	14,411,833	12,141,577
	Au	0	N/A	1,511,000	0.407	19,774	70%		2,241	27,921,757	23,523,320
Concentrate				149,389		Off-site Smelter Costs		328.46		(49,068,791)	(42,488,437)
Bull River Mill										5,000,000	5,000,000
BALANCE SHEET ADJUSTMENTS											
Working capital										1,360,933	1,360,933
Debt										(4,633,784)	(4,633,784)
Stockpile capital costs										(10,000,000)	(10,000,000)
Sustaining capital costs										(5,977,000)	(4,972,124)
									Net Assets & Resources	95,936,207	79,435,073
									Shares Outstanding	111,805,248	111,805,248
									Adjusted Full-share Warrants Outstanding	39,122,274	39,122,274
									Options Outstanding	8,570,000	8,570,000
									Fully Diluted Shares	159,497,522	159,497,522
									Capital from Dilutive Options & Warrants	$7,068,141	$7,068,141
									Asset Value	0.65	
									Discounted Asset Value ($CDN)		**0.54**

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. During fiscal 2019 shares outstanding increased 114%, with 18,175,000 newly issued shares providing capital while the remaining 31,877,029 new shares being issued in connection with the acquisition of the Bull River Mine property. Through the first half of fiscal 2020, shares outstanding have increased 13.5%.
- 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 2015 5/31/2015	FY 2016 5/31/2016	FY 2017 5/31/2017	FY 2018 5/31/2018	FY 2019 5/31/2019	1Q FY 2019 8/31/2019
ASSETS						
Cash and cash equivalents	15,604	97,880	100,914	93,501	696,182	1,233,081
Other receivables	-	2,264	564	0	0	0
Harmonized sales tax receivable	22,729	18,314	10,773	30,905	222,631	378,272
Deposits & prepaid expenses	10,000	23,000	26,500	63,500	687,504	735,500
Undispersed funds on long-term debt	-	-	-	-	650,000	650,000
Total current assets	**48,333**	**141,458**	**138,751**	**187,906**	**2,256,317**	**2,996,853**
Automobile	18,827	12,670	0	0	0	0
Property, plant and equipment	-	-	-	-	2,749,354	3,015,060
Unprocessed ore	-	-	-	-	5,039,144	5,039,144
Mineral properties	8	8	30,008	125,008	2,365,008	2,365,000
TOTAL ASSETS	**67,168**	**154,136**	**168,759**	**312,914**	**12,409,823**	**13,416,058**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued liabilities	414,521	240,078	178,781	149,243	320,405	581,528
Advance payable	82,278	61,569	46,000	40,000	40,000	40,000
Bank indebtedness	0	0	0	0	0	0
Current portion of long-term debt						
Current portion of convertible debentures						
Payables to directors	5,019	7,269	4,947	6,944	6,944	12,944
Total current liabilities	**501,818**	**308,916**	**229,728**	**196,187**	**367,349**	**634,472**
Unrenounced flow-through share premium	14,507	17,493	11,906	0	0	0
Flow through share premium	-	-	-	-	23,600	45,600
Due to related party	-	-	-	-	5,061,922	5,249,213
Convertible debenture	-	-	-	-	4,305,790	4,469,787
Decommissioning obligations	-	-	-	-	164,863	168,308
Total Liabilities	**516,325**	**326,409**	**241,634**	**196,187**	**9,923,524**	**10,567,380**
Stockholders' Equity						
Share capital	4,154,856	4,414,736	4,599,157	4,876,834	7,405,439	9,146,792
Shares to be issued	49,000	15,000	3,000	103,500	0	0
Contributed surplus	2,301,077	2,760,461	3,152,930	3,331,109	3,331,109	3,996,657
Warrants	-	-	-	286,011	1,218,932	1,113,200
Equity compent of convertible debenture	-	-	-	-	1,926,400	1,926,400
Deficit	(6,954,090)	(7,362,470)	(7,827,962)	(8,480,727)	(11,395,581)	(13,334,371)
Shareholder's equity	**(449,157)**	**(172,273)**	**(72,875)**	**116,727**	**2,486,299**	**2,848,678**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**67,168**	**154,136**	**168,759**	**312,914**	**12,409,823**	**13,416,058**
Shares outstanding	10,384,505	24,829,505	32,414,505	43,751,105	93,803,134	105,278,290

ANNUAL INCOME STATEMENTS

Braveheart Resources Inc.

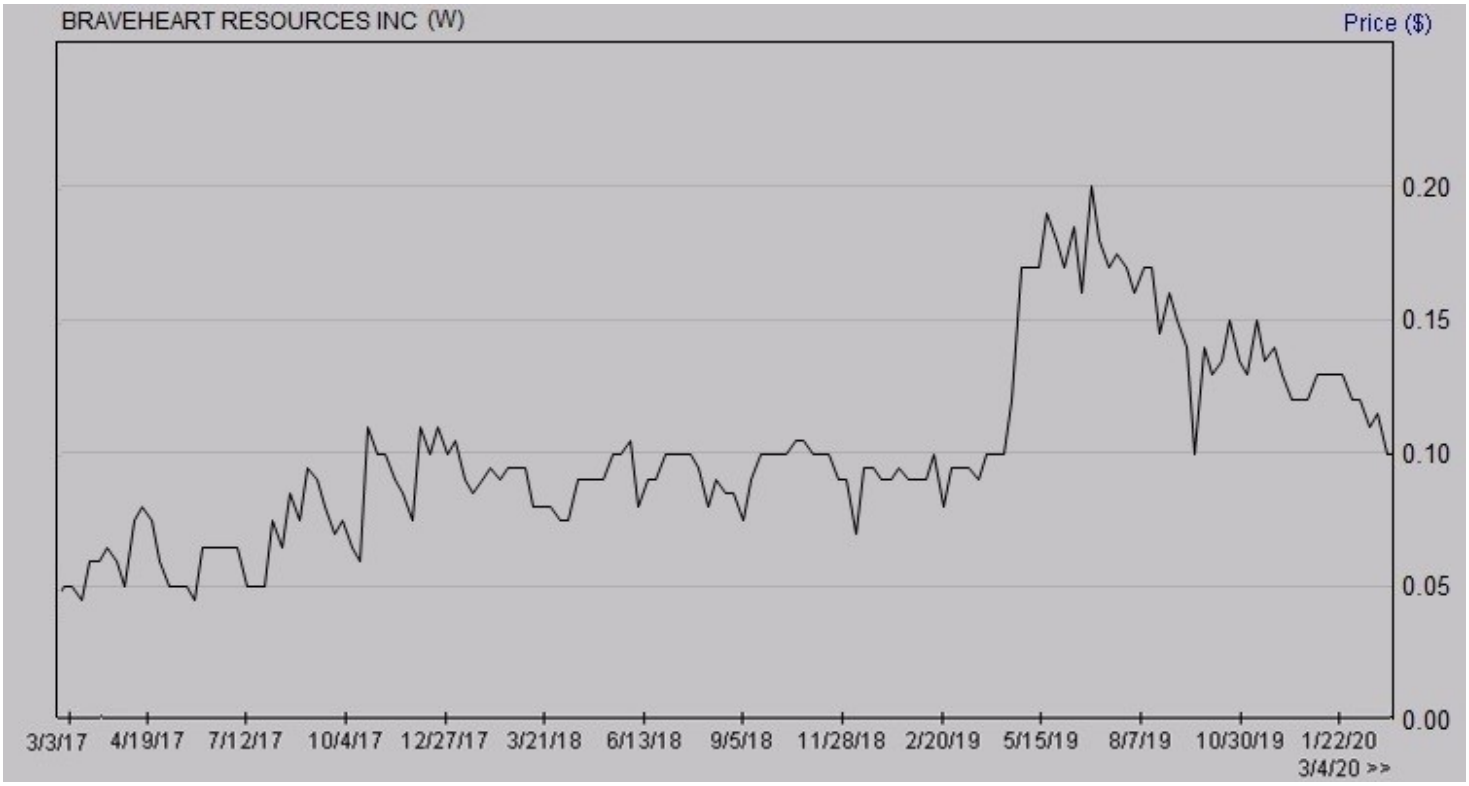
Balance Sheet (Canadian Dollars)	FY 2015 5/31/2015	FY 2016 5/31/2016	FY 2017 5/31/2017	FY 2018 5/31/2018	FY 2019 5/31/2019	2Q FY 2019 11/30/2019
ASSETS						
Cash and cash equivalents	15,604	97,880	100,914	93,501	696,182	556,744
Other receivables	-	2,264	564	0	0	0
Harmonized sales tax receivable	22,729	18,314	10,773	30,905	222,631	159,903
Deposits & prepaid expenses	10,000	23,000	26,500	63,500	687,504	639,649
Restricted funds committed to related party loan	-	-	-	-	650,000	311,789
Total current assets	**48,333**	**141,458**	**138,751**	**187,906**	**2,256,317**	**1,668,085**
Automobile	18,827	12,670	0	0	0	0
Property, plant and equipment	-	-	-	-	2,749,353	2,994,278
Unprocessed ore	-	-	-	-	5,039,144	5,039,144
Mineral properties	8	8	30,008	125,008	2,365,008	2,428,000
Deferred tax asset	-	-	-	-	1	1
TOTAL ASSETS	**67,168**	**154,136**	**168,759**	**312,914**	**12,409,823**	**12,129,508**
LIABILITIES AND STOCKHOLDERS' EQUITY						
Accounts payable and accrued liabilities	414,521	240,078	178,781	149,243	320,405	254,206
Advance payable	82,278	61,569	46,000	40,000	40,000	40,000
Bank indebtedness	0	0	0	0	0	0
Current portion of long-term debt						
Current portion of convertible debentures						
Payables to directors	5,019	7,269	4,947	6,944	6,944	12,946
Total current liabilities	**501,818**	**308,916**	**229,728**	**196,187**	**367,349**	**307,152**
Unrenounced flow-through share premium	14,507	17,493	11,906	0	0	0
Flow through share premium	-	-	-	-	23,600	28,600
Due to related party	-	-	-	-	5,061,922	5,277,274
Convertible debenture	-	-	-	-	4,305,790	4,633,784
Decommissioning obligations	-	-	-	-	164,863	174,578
Total Liabilities	**516,325**	**326,409**	**241,634**	**196,187**	**9,923,524**	**10,421,388**
Stockholders' Equity						
Share capital	4,154,856	4,414,736	4,599,157	4,876,834	7,405,439	9,254,791
Shares to be issued	49,000	15,000	3,000	103,500	0	0
Contributed surplus	2,301,077	2,760,461	3,152,930	3,331,109	3,331,109	3,969,657
Warrants	-	-	-	286,011	1,218,932	1,113,201
Equity compent of convertible debenture	-	-	-	-	1,926,400	1,926,400
Deficit	(6,954,090)	(7,362,470)	(7,827,962)	(8,480,727)	(11,395,581)	(14,555,929)
Shareholder's equity	**(449,157)**	**(172,273)**	**(72,875)**	**116,727**	**2,486,299**	**1,708,120**
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**67,168**	**154,136**	**168,759**	**312,914**	**12,409,823**	**12,129,508**
Shares outstanding	10,384,505	24,829,505	32,414,505	43,751,105	93,803,134	106,478,290

QUARTERLY INCOME STATEMENTS

Braveheart Resources Inc.

Income Statement (Canadian Dollars) (For Years Ending May 31)	Year ending 5/31/2019	FY 1Q 8/31/2019	FY 2Q 11/30/2019	FY 3Q E 2/28/2020	FY 4Q E 5/31/2020	Year ending 5/31/2020
Total Revenues	**0**	**0**	**0**	**0**	**0**	**0**
Operating Expenses						
General and administrative	153,759	70,530	13,337	13,737	14,149	111,753
Salaries and wages	130,175	108,977	120,635	122,000	125,000	476,612
Management fees	0	0	0	0	0	0
Professional fees	223,610	50,827	71,547	73,693	75,904	271,972
Consulting fees	463,462	114,259	225,767	232,540	239,516	812,082
Rent	2,952	1,000	0	0	0	1,000
Supplies and maintenance	139,792	101,144	103,334	105,607	107,931	418,016
Mining exploration expenses	610,124	426,688	315,335	324,795	334,539	1,401,357
Marketing and advertising	75,445	8,444	13,811	14,225	14,652	51,132
Part XII.6 taxes	0	-	-	-	-	0
Stock-based compensation	0	842,800	0	0	500,000	1,342,800
Amortization & acretion	65,558	43,806	53,138	54,732	56,374	208,050
Total Operating Expenses	**1,864,877**	**1,768,475**	**916,904**	**941,330**	**1,468,065**	**5,094,775**
Income (loss) from operations	**(1,864,877)**	**(1,768,475)**	**(916,904)**	**(941,330)**	**(1,468,065)**	**(5,094,775)**
Interest (expense)	(493,769)	(332,977)	(321,376)	(331,017)	(340,948)	(1,326,318)
Foreign Exchange gain (loss)	0	(771)	(278)	0	0	
Bad debts (expense)	0	-	-	-	-	0
Forgiveness of accounts payable	0	-	-	-	-	0
Acquisition transaction (costs)	(561,909)	-	-	-	-	0
Impairments of mineral properties	0	-	-	-	-	0
Gain (loss) on disposal/acq. of asset	5,700	(7)	0	0	0	(7)
Mining tax credit	0	133,440	0	0	0	133,440
Gain (loss) on settlement of debt	0	-	-	-	-	0
Total other income (expense):	**(1,049,978)**	**(200,315)**	**(321,654)**	**(331,017)**	**(340,948)**	**(1,192,885)**
Net Income (loss)	**(2,914,855)**	**(1,968,790)**	**(1,238,558)**	**(1,272,348)**	**(1,809,013)**	**(6,287,660)**
Flow-through share premium renunciation	0	30,000	17,000	-	-	47,000
Net eanings per share (basic and diluted)	**($0.049)**	**($0.020)**	**($0.012)**	**($0.011)**	**($0.015)**	**($0.057)**
Wgtd. avg. shares outstanding	59,094,462	100,289,239	105,490,930	110,765,477	121,842,024	109,596,917

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research (Zacks SCR), a division of Zacks Investment Research (ZIR), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

Zacks SCR Analysts hereby certify that the view expressed in this research report or blog article accurately reflect the personal views of the analyst about the subject securities and issuers. Zacks SCR also certifies that no part of any analysts' compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report or blog article. Zacks SCR believes the information used for the creation of this report or blog article has been obtained from sources considered to be reliable, but we can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice. The Zacks SCR Twitter is covered herein by this disclosure.

INVESTMENT BANKING AND FEES FOR SERVICE

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer.

The non-investment banking services provided to the issuer include the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR.

Each issuer has entered into an agreement with Zacks to provide continuous independent research for a period of no less than one year in consideration of quarterly payments totaling a maximum fee of $40,000 annually.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.

SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the Valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover.

SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or Tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer and, therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.

---

[i] Supreme Court of British Columbia, Case S186120, Petition to the Court, May 28, 2018, page 5
[ii] Gallowai-Bul River Mine Scoping Study prepared by Moose Mountain Technical Services, October 29, 2013, page 24
[iii] Gallowai-Bul River Mine Scoping Study prepared by Moose Mountain Technical Services, October 29, 2013, page 24
[iv] Gallowai Bul River Mine Scoping Study, Moose Mountain Technical Services, October 29, 2013, page 24.
[v] Technical Report on the Gallowai Bul River Mine, by Roscoe Postle Associates, March 30, 2012**,** pages 6-1 and 6-2