



MINIMUM OFFERING: C\$2,000,000, MAXIMUM OFFERING: C\$6,000,000
INITIAL PUBLIC OFFERING OF FLOW-THROUGH UNITS AND UNITS
TERM SHEET
MAY 31, 2022

A final prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in British Columbia, Alberta and Ontario. A copy of the final prospectus, and any amendment, is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary prospectus, final prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

The Offered Securities (as defined below) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States (as defined in Regulation S under the U.S. Securities Act (the "United States")) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This term sheet does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States.

- ISSUER:** Heritage Mining Ltd. (the "**Company**")
- MARKETED OFFERING:** The sale of up to 15,000,000 flow-through units of the Company (each, a "**FT Unit**").
The sale of up to 24,000,000 units of the Company (each, a "**Unit**").
The FT Units and Units shall collectively be referred to as the "**Offered Securities**".
Each FT Unit will consist of one common share of the Company (each, a "**Common Share**") to be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada) (each, a "**FT Share**") and one common share purchase warrant (a "**FT Unit Warrant**") to be issued as a "flow-through share" within the meaning of the Income Tax Act (Canada). Each FT Unit Warrant shall entitle the holder to purchase one non-flow-through Common Share at a price of C\$0.40 at any time on or before that date which is 36 months after the Closing Date (as herein defined).
Each Unit will consist of one Common Share and one common share purchase warrant (a "**Warrant**"). Each Warrant shall entitle the holder to purchase one Common Share at a price of C\$0.40 at any time on or before that date which is 36 months after the Closing Date (as herein defined).
- OFFERING PRICES:** C\$0.275 per FT Unit (the "**FT Unit Price**").
C\$0.25 per Unit (the "**Unit Price**").
- GROSS PROCEEDS:** Minimum gross proceeds of C\$2,000,000 and maximum gross proceeds of C\$6,000,000 in any combination of FT Units and Units (C\$6,900,000 if the Over-Allotment Option (as defined below) is exercised in full).
- TRANSACTION TYPE:** Marketed initial public offering by way of a prospectus.



OVER-ALLOTMENT OPTION:

The Company will grant to the Agents (as defined herein) an option to cover over-allotments and for market stabilization purposes (the “**Over-Allotment Option**”, and together with the Marketed Offering, the “**Offering**”) to sell up to an additional 3,600,000 Units at the Unit Price, representing 15% of the maximum number of Units issuable under the Marketed Offering. The Over-Allotment Option will be exercisable in whole or in part, at any time and from time to time, for a period of 30 days after and including the Closing Date (as hereinafter defined) of the Marketed Offering.

SELLING JURISDICTIONS:

The Offered Securities will be sold by way of a prospectus to be filed in British Columbia, Alberta and Ontario pursuant to National Instrument 41-101 – *General Prospectus Requirements*. The Units may also be sold in offshore jurisdictions and in the United States to Qualified Institutional Buyers as defined in Rule 144A under the U.S. Securities Act and to Accredited Investors as defined in Rule 501(a) of Regulation D under the U.S. Securities Act, in accordance with Rule 506 of Regulation D under the U.S. Securities Act, by way of a private placement basis pursuant to exemptions from the registration requirements of the U.S. Securities Act.

AGENTS’ COMMISSION:

On the Closing Date (as defined herein), the Company shall pay to the Agents a cash commission of 7.0% of the gross proceeds raised in respect of the Marketed Offering. In addition, on the Closing Date, the Company shall issue to the Agents warrants of the Company (the “**Broker Warrants**”), exercisable for a period of 36 months following the Closing Date, to acquire in aggregate that number of Common Shares which is equal to 7.0% of the number of Offered Securities sold under the Marketed Offering at an exercise price of C\$0.25 per Broker Warrant.

At the closing of the Over-Allotment Option, as applicable, the Company shall pay to the Agents a cash commission equal to 7.0% of the aggregate proceeds from the Over-Allotment Option. In addition, the Company shall issue to the Agents Broker Warrants equal to 7.0% of the number of Offered Securities sold pursuant to the Over-Allotment Option.

USE OF PROCEEDS:

The net proceeds from the Offering will be used by the Company for the exploration of the Company’s Drayton-Black Lake Project in northwestern Ontario and for working capital and general corporate purposes.

The FT Shares and FT Unit Warrants will be issued on a “flow-through” basis and will be “flow-through shares” as defined in subsection 66(15) of the Income Tax Act. The Company will, in a timely and prescribed manner and form, incur (or be deemed to incur) resource exploration expenses which will constitute “Canadian exploration expenses” as defined in subsection 66.1(6) of the Income Tax Act and “flow through mining expenditures” as defined in subsection 127(9) of the Income Tax Act (“**Qualifying Expenditures**”), in an amount equal to the amount raised pursuant to the sale of FT Units, and the Company will, in timely and prescribed manner and form, renounce the Qualifying Expenditures (on a pro rata basis) to each purchaser of FT Units with an effective date of no later than December 31, 2022 in accordance with the Tax Act.

In the event that the Company is unable to renounce or incur 100% of the Qualifying Expenditures, the Company will indemnify each purchaser of FT Units for the additional taxes payable by such purchaser as a result of the Company’s failure to renounce the Qualifying Expenditures as agreed.



- LISTING:** As at the date of the preliminary prospectus, the Company does not have any of its securities listed or quoted. The Company has applied for the listing of the Common Shares issuable from the sale of Offered Securities and the Common Shares issuable upon the exercise of the Warrants and Brokers' Warrants on the Canadian Securities Exchange (the "**CSE**"). Such listing is subject to approval by the CSE of the Company's listing application and fulfillment by the Company of all of the requirements and conditions of the CSE. The CSE has not conditionally approved the listing of the Common Shares and there is no assurance that the CSE will approve the Company's listing application.
- AGENTS:** Red Cloud Securities Inc. (the "**Lead Agent**") to act as lead agent and sole bookrunner under the Offering on behalf of a syndicate of agents (the "**Agents**").
- ELIGIBILITY:** The Offered Securities shall be eligible for RRSPs, RRIFs, RDSPs, RESPs, TFSAs and DPSPs.
- CLOSING:** Closing will occur on or around June 23, 2022 (the "**Closing Date**"), or on such date as may be agreed upon by the Company and the Lead Agent.