



CONDENSED INTERIM FINANCIAL STATEMENTS

For the three month periods ended March 31, 2023 and 2022

(EXPRESSED IN CANADIAN DOLLARS)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

HERITAGE MINING LTD.

Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

	March 31, 2023	December 31, 2022
ASSETS		
Current assets		
Cash	\$ 665,433	\$ 808,833
Goods and services tax receivable	242,870	227,790
Prepays	443,896	609,374
Total assets	\$ 1,352,199	\$ 1,645,997
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 71,248	\$ 187,110
Flow through premium (Note 6)	8,022	10,902
Total liabilities	79,270	198,012
EQUITY		
Share capital (Note 7)	4,927,098	4,902,098
Reserves (Notes 7 and 8)	187,008	177,414
Share subscription received in advanced	1,000	-
Deficit	(3,842,177)	(3,631,527)
Total equity	1,272,929	1,447,985
Total liabilities and equity	\$ 1,352,199	\$ 1,645,997

Nature of operations and going concern (Note 1)

Subsequent Events (Note 13)

Approved and authorized for issue by the Board of Directors on May 29, 2023:

“Peter Schloo”

Peter Schloo, Director

“Patrick Mohan”

Patrick Mohan, Director

Accompanying notes are an integral part of the unaudited condensed interim financial statements.

HERITAGE MINING LTD.

Condensed Interim Statements of Comprehensive Loss

For the three months ended March 31,

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	2023	2022
Expenses		
Consulting	\$ 3,500	\$ -
Exploration expenditures (recovery) (Note 4)	(120,816)	267,153
Management fees (Note 11)	31,500	31,500
General and administrative (Note 11)	31,411	11,312
Professional fees (Note 11)	21,179	31,845
Share-based payments (Notes 7 and 11)	9,594	2,180
Investor relations	145,130	60,000
Capital market advisory	87,500	-
Regulatory, filing and transfer agent fees	4,532	-
Expense before other item	(213,530)	(403,990)
Flow through premium recovery (Note 6)	2,880	38,405
Net and comprehensive loss	\$ (210,650)	\$ (365,585)
Loss per share - basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	33,309,730	17,781,673

Accompanying notes are an integral part of the unaudited condensed interim financial statements.

Heritage Mining Ltd.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Share Capital	Reserves	Share Subscription Advances	Deficit	Total Equity
Balance, December 31, 2021	16,688,229	\$ 1,666,188	\$ 64,310	\$ 22,500	\$ (750,495)	\$ 1,002,503
Private placement	1,514,000	378,500	-	(22,500)	-	356,000
Share issue costs	-	(16,926)	5,547	-	-	(11,379)
Share-based payments	-	-	2,180	-	-	2,180
Net loss for the period	-	-	-	-	(365,585)	(365,585)
Balance, March 31, 2022	18,202,229	2,027,762	72,037	-	(1,116,080)	983,719
Private placement	10,293,790	2,631,453	-	-	-	2,631,453
Share issue costs	-	(424,674)	107,175	-	-	(317,499)
Flow-through premium	-	(58,005)	-	-	-	(58,005)
Shares issued for property	4,332,000	702,500	-	-	-	702,500
Shares issued for services	40,000	7,000	-	-	-	7,000
Exercise of options	25,000	3,260	(1,385)	-	-	1,875
Exercise of broker warrants	105,600	12,802	(4,882)	-	-	7,920
Share-based payments	-	-	4,469	-	-	4,469
Net loss for the period	-	-	-	-	(2,515,447)	(2,515,447)
Balance, December 31, 2022	32,998,619	4,902,098	177,414	-	(3,631,527)	1,447,985
Shares issued for property	333,333	25,000	-	-	-	25,000
Share subscription received in advance	-	-	-	1,000	-	1,000
Share-based payments	-	-	9,594	-	-	9,594
Net loss for the period	-	-	-	-	(210,650)	(210,650)
Balance, March 31, 2023	33,331,952	\$ 4,927,098	\$ 187,008	\$ 1,000	\$ (3,842,177)	\$ 1,272,929

Accompanying notes are an integral part of the unaudited condensed interim financial statements.

HERITAGE MINING LTD.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the three months ended,	March 31, 2023	March 31, 2022
Operating Activities		
Net loss for the period	\$ (210,650)	\$ (365,585)
Items not affecting cash:		
Share-based payments	9,594	2,180
Shares issued for property	25,000	-
Flow through premium recovery	(2,880)	(38,405)
Changes in non-cash working capital items related to operations:		
Goods and services tax receivable	(15,080)	(54,603)
Prepays	165,478	(322,000)
Accounts payable and accrued liabilities	(115,862)	234,995
Cash used in operating activities	(144,400)	(543,418)
Financing Activities		
Shares issued for cash, net of share issue costs	-	344,621
Share subscription received in advances	1,000	-
Cash provided by financing activities	1,000	344,621
Change in cash during the period	(143,400)	(198,797)
Cash, beginning of period	808,833	1,006,655
Cash, end of the period	\$ 665,433	\$ 807,858
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -
Non-cash financing activities		
Fair value of finder's warrants	\$ -	\$ 5,547

Accompanying notes are an integral part of the unaudited condensed interim financial statements.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS AND GOING CONCERN

Heritage Mining Ltd. (the “Company”) was incorporated on October 18, 2019, under the Business Corporations Act (British Columbia). The Company is engaged in the business of exploration for gold and other metals across Canada. The Company’s principal objectives are to explore and develop the Drayton - Black Lake Property and to identify other properties worthy of investment and exploration.

The Company’s registered office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia, V6C 2E9. The Company’s head office is located at 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company has no source of revenues and incurred losses since its inception and had an accumulated deficit of \$3,842,177 at March 31, 2023 (December 31, 2022 - \$3,631,527). This indicates the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

2. BASIS OF PRESENTATION

Statement of compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), and on a basis consistent with the accounting policies disclosed in the Company’s annual audited financial statements for the year ended December 31, 2022.

Basis of preparation

The unaudited condensed interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value. These unaudited condensed interim financial statements should be read in conjunction with the Company’s audited financial statements as at December 31, 2022.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three months ended March 31, 2023 and 2022
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2. BASIS OF PRESENTATION (continued)Significant accounting estimates and assumptions

The preparation of the Company's condensed interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant accounting judgments

Information about critical judgments, apart from those involving estimates, in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statement are discussed below:

Going Concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESCash and cash equivalent

Cash and cash equivalent includes cash on hand, demand deposits with financial institutions, and other short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Exploration and evaluation expenditures

Exploration and evaluation expenditures, including acquisition costs, are expensed in the year in which they are incurred. Mining exploration tax credits for certain exploration expenditures incurred are recorded against exploration and evaluation expenditures when received.

When shares are issued as part of mineral property acquisition costs, they are valued at the closing share price on the date of issuance when the fair value of the costs cannot be determined.

Once the technical feasibility and commercial viability of extracting the mineral resources has been determined, the property is considered to be a mine under development and development costs are capitalized to "mines under construction" on the statement of financial position.

Restoration and environmental obligations

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Restoration and environmental obligations (continued)

Restoration and environmental obligations are recorded as liabilities when those obligations are incurred and are measured at the present value, if a reasonable estimate of the expected costs to settle the liability can be determined, discounted at a current pre-tax rate specific to the liability. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings while changes resulting from the revisions to either the timing or the amount of the original estimate of the undiscounted cash flows are accounted for as part of the carrying amount of the related long-lived asset. The carrying amount of the restoration and environmental obligations is reviewed to reflect current estimates and changes in the discount rate.

Capital stock

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance when the fair value of the non-monetary assets cannot be reasonably estimated.

The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve within share-based payments reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value in warrants reserve is transferred to capital stock. For those warrants that expire the recorded value is transferred to deficit.

Flow-through shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as recovery of flow-through premium liability and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are required to be used only for Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as an expense until paid.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. As the Company has reported losses for the periods presented, the effect of stock options and warrants is anti-dilutive; therefore, basic loss per share equals diluted loss per share.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Income taxes*Current income tax:*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

HERITAGE MINING LTD.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Income taxes (continued)

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Financial instruments

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Cash, reclamation bond and accounts payable and accrued liabilities are classified as amortized cost.

ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included profit or loss in the period in which they arise.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three months ended March 31, 2023 and 2022
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Financial instruments (continued)

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk on the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Foreign currency translation

The functional currency of the Company is Canadian Dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at period end rates. Gains and losses are included in profit and loss.

Adoption of new accounting standards

There were no new pronouncement that would have any significant effect on these financial statements.

HERITAGE MINING LTD.

Notes to the condensed interim financial statements
For the three months ended March 31, 2023 and 2022
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

4. EXPLORATION EXPENDITURES

The exploration and evaluation expenses for the Company for the periods ended March 31, 2023 and 2022 are summarized as follows:

Period ended	Drayton –		Total
March 31, 2023	Black Lake	Zarn Lake	
Acquisition cost	\$ -	\$ 35,000	\$ 35,000
Assay	182	-	182
Field work and supplies	12,502	-	12,502
Geological and geophysical	19,500	12,000	31,500
Cost recoveries	(200,000)	-	(200,000)
Exploration expenditures	\$ (167,816)	\$ 47,000	\$ (120,816)

Period ended	Harrigan	Drayton –		Zarn Lake	Total
March 31, 2022	Cove	Black Lake	Contact Bay		
Acquisition cost	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
Assay	993	-	-	-	993
Field work and supplies	-	-	-	5,000	5,000
Geological and geophysical	-	189,410	3,000	-	192,410
Report	-	39,000	3,250	6,500	48,750
Exploration expenditures	\$ 993	\$ 228,410	\$ 6,250	\$ 31,500	\$ 267,153

Drayton - Black Lake Project

On November 25, 2021, the Company entered into an option agreement to acquire a 90% interest in the Drayton - Black Lake Property. The Company paid \$20,000 upon signing the letter of intent and is required to make staged option payments, common share issuances and minimum spend requirements over a four year period. To earn a 51% interest in the property, the Company must:

- Issue 2,800,000 shares within 10 business days upon a go public transaction (issued).
- Pay \$150,000 cash (paid), issue 1,100,000 common shares (issued) and incur \$500,000 in project expenditures on or before the first anniversary (incurred);
- Pay \$150,000 cash, issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the second anniversary (\$344,710 incurred);
- Issue 1,100,000 common shares and incur \$1,000,000 in project expenditures on or before the third anniversary to earn 51% interest in the property;

To earn an additional 39% interest (for an aggregate 90% interest in the Property), the Company must:

- Issue 1,100,000 common shares and incur \$2,500,000 in project expenditures on or before the fourth anniversary to earn 90% interest in the property;

The optionor is also entitled to a cash payment upon the establishment of any mineral resources in the Drayton - Black Lake Project equal to \$1.00 per ounce of gold equivalent capped at \$10M.

The optionor has the option to maintain a 10% interest in the project through a joint venture agreement or take back a royalty described below upon the presentation of a feasibility study:

- 2% NSR on unincumbered land – Buyback 1% for \$2M
- 1% NSR on Drayton - Black Lake Claims – Buyback 0.5% for \$1M

HERITAGE MINING LTD.

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4. EXPLORATION EXPENDITURES (continued)**Drayton - Black Lake Project (continued)**

The Company must spend a minimum of \$500,000 per year through to the presentation of a feasibility study.

Split Lake Property

The Company entered a definitive asset purchase agreement with Bounty Gold Corp. (“Bounty”) dated August 25, 2022 (the “Agreement”) whereby it will acquire fifty (50) mining claims in the Split Lake zone (the “Split Lake Property”) adjacent to Heritage’s flagship Drayton-Black Lake Project. Pursuant to the terms of the Agreement, Heritage will acquire a 100% interest in the Split Lake Property in exchange for issuing Bounty 100,000 Common Shares (issued September 1, 2022), paying Bounty \$5,000 in cash (paid) and granting Bounty a 1% net smelter return royalty (the “NSR”) on the Split Lake Property at closing, one-half (0.5%) of such NSR may be purchased for \$500,000 by Heritage.

Contact Bay Project

On October 15, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Bounty Gold Corp. To earn its 100% interest in the property, the Company paid \$2,000 upon signing the purchase agreement and is required to issue \$8,000 worth of common shares upon the go public transaction (32,000 shares issued).

On October 22, 2021, the Company entered into an asset purchase agreement to acquire a 100% interest in the Contact Bay claims from Scott Woolhead. To earn a 100% interest in the property, the Company paid \$2,500 upon signing the purchase agreement.

On December 6, 2021, the Company entered into an asset purchase agreement (the “EMX Agreement”) to acquire a 100% interest in the Contact Bay claims from EMX Royalties. To earn a 100% interest in the property, the Company paid \$15,000 upon signing the asset purchase agreement. EMX Royalties retains a 3% NSR with a 1% buyback provision for \$1,500,000. Annual advanced royalties are due to EMX Royalties beginning on the third anniversary of the EMX Agreement in the amount of \$10,000 per year (common shares of the Company or cash at the Company’s discretion) until a maiden resource is issued, after that time an annual royalty of \$25,000 (common shares of the Company or cash at the Company’s discretion) is payable by the Company until production occurs. EMX Royalties is entitled to milestone bonus payments in cash or shares at the Company’s discretion following the announcements listed below:

- \$100,000 on announcement of maiden resource
- \$250,000 on announcement of preliminary economic assessment
- \$350,000 on announcement pre-feasibility study
- \$500,000 announcement on feasibility study

On December 15, 2021, the Company entered into an option agreement to acquire a 100% interest in the Contact Bay claims from Transition Metals Corp. To earn its 100% interest in the property, the Company paid \$10,000 upon signing the definitive agreement and is required to pay an additional \$10,000 (paid) in cash and issue \$25,000 (100,000 shares issued) worth of common shares upon a go public transaction. Transition Metals Corp. retains a 2% NSR with a 0.5% buyback provision for \$1,000,000.

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4. EXPLORATION EXPENDITURES (continued)**Zarn Lake Property**

On January 6, 2022, the Company entered into an option agreement to acquire a 100% interest in the Zarn Lake property contiguous with the Drayton - Black Lake Project. To earn its 100% interest in the property, the Company paid \$20,000 upon signing the option agreement and is required to make staged option payments, common share issuances and minimum spend requirements over a three year period as follows:

- Issue \$50,000 worth of common shares upon completion of a go public transaction (200,000 shares issued);
- Pay \$10,000 cash (paid), issue \$25,000 worth of common shares (333,333 shares issued) and incur \$50,000 in project expenditures on or before the first anniversary (incurred);
- Pay \$20,000 cash, issue \$25,000 worth of common shares and incur \$100,000 in project expenditures on or before the Second anniversary (\$67,551 incurred);
- Pay \$70,000 cash, issue \$50,000 worth of common shares and incur \$250,000 in project expenditures on or before the third anniversary;

The optionor retains a 2% NSR on the property with a buy back of 1% for \$1,000,000 and an advanced royalty payment of \$1,000 per year after the Company earns 100% of the option agreement.

HERITAGE MINING LTD.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2023	December 31, 2022
Accounts payable	\$ 46,248	\$ 167,110
Accrued liabilities	25,000	20,000
	\$ 71,248	\$ 187,110

6. FLOW THROUGH PREMIUM

The following is a continuity schedule of the flow through premium.

	March 31, 2023	December 31, 2022
Balance, beginning of period/year	\$ 10,902	\$ 42,321
Incurred on flow-through shares issued during the period/year	-	58,005
Settlement of flow-through premium by incurring expenditures	(2,880)	(89,424)
	\$ 8,022	\$ 10,902

Year ended December 31, 2022:

In August 2022, the Company issued 2,320,210 flow-through units at a price of \$0.275 per unit. The premium paid by investors was calculated as \$0.025 per share. Accordingly, \$58,005 was recorded as flow through premium.

Expenditure Commitments:

As at March 31, 2023, the Company had approximately \$88,000 (December 31, 2022 - \$120,000) of remaining commitment to incur exploration expenditures by December 31, 2023 in relation to its flow-through financing.

7. SHARE CAPITALAuthorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

Issued:During the three months ended March 31, 2023:

On January 6, 2023, the Company issued 333,333 common shares at a value of \$25,000 as part of the acquisition payments for the Zarn Lake Property Agreement (Note 4).

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7. SHARE CAPITAL (continued)

During the year ended December 31, 2022:

On January 26, 2022, the Company closed an equity financing involving the issuance of 1,514,000 units in the capital of the Company at a price of \$0.25 per unit for aggregate proceeds of \$378,500 (the “January 2022 Financing”). Each unit consists of one common share and one common share purchase warrant.

Each warrant is exercisable at \$0.40 for a period of 36 months from the date of issuance. In connection with the financing, the Company paid a finder’s fee through the issuance of 42,000 broker warrants entitling the holder to purchase one additional common share at an exercise price of \$0.40 for a period of 3 years from the date of issuance and aggregate cash payments of \$10,500. The broker warrants have an estimated fair value of \$5,547, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 1.42%, dividend yield 0%. In the event that the common shares of the Company are not listed by June 30, 2022 (the “Listing Deadline”), each subscriber in the January 2022 Financing shall be entitled to receive, for no additional consideration, a Penalty Warrant (a “Penalty Warrant”) for each unit subscribed for on the same terms. Any Penalty Warrants shall be issued by the Company within 10 business days of the Listing Deadline.

An aggregate 2,561,003 Penalty Warrants were issued by the Company pursuant to the December 2021, FT Financing and the January 2022 Financing if the common shares of the Company were not listed by the Listing Deadline.

The Company paid \$11,379 cash for share issue costs.

On August 25, 2022, the Company completed an initial public offering (“IPO”) of Units (“Units”) and Flow-Through Units (“FT Units”) of the Company at a price of \$0.25 per Unit and \$0.275 per FT Unit. Pursuant to the IPO, a total of 7,973,580 Units and 2,320,210 FT Units were issued for gross proceeds of \$2,631,453. Each Unit consists of one common share and one common share purchase warrant (each a “Warrant”). Each FT Unit consists of one “flow-through share” and one Warrant.

Each Warrant is exercisable at \$0.40 for a period of 36 months from the date of issuance. The Company granted the agent broker warrants to acquire an aggregate of 677,136 common shares at an exercise price of \$0.25 for a period of 24 months following the completion of the offering. The broker warrants have an estimated fair value of \$107,175, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100%, risk-free rate 3.44%, dividend yield 0%.

The Company paid \$306,999 cash for share issue costs.

During the year ended December 31, 2022, 105,600 broker warrants were exercised for proceeds of \$7,920, resulting in a reallocation of share-based reserves of \$4,882 to share capital.

During the year ended December 31, 2022, 25,000 stock options were exercised for proceeds of \$1,875, resulting in a reallocation of share-based reserves of \$1,385 to share capital.

On September 1, 2022, the Company issued 100,000 common shares at a value of \$25,000 as part of the acquisition payments for the Split Lake Property Agreement (Note 4).

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7. SHARE CAPITAL (continued)

During the year ended December 31, 2022: (continued)

On September 1, 2022, the Company issued 100,000 common shares at a value of \$25,000 as part of the acquisition payments for the Contact Bay Project Agreement (Note 4).

On September 1, 2022, the Company issued 200,000 common shares at a value of \$50,000 as part of the acquisition payments for the Zarn Lake Property Agreement (Note 4).

On September 1, 2022, the Company issued 2,800,000 common shares at a value of \$490,000 as part of the acquisition payments for the Drayton - Black Lake Property Agreement (Note 4).

On September 1, 2022, the Company issued 32,000 common shares at a value of \$8,000 as part of the acquisition payments for the Contact Bay Project Agreement (Note 4).

On September 1, 2022, the Company issued 40,000 common shares valued \$7,000 to settle \$7,000 of services with non-related party.

On November 25, 2022, the Company issued 1,100,000 common shares at a value of \$104,500 as part of the acquisition payments for the Drayton - Black Lake Property Agreement (Note 4).

Stock options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

During the three months ended March 31, 2023:

The Company did not grant any options during the period.

During the year ended December 31, 2022:

On December 23, 2022, the Company granted 1,390,000 stock options to directors, management and consultants at an exercise price of \$0.15 per option for a period of 3 years from the date of issuance. The options have an estimated fair value of \$51,900, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 3 years, volatility 100% based on comparable peer companies' share price volatilities, risk-free rate 3.95%, dividend yield 0%. During the period ended March 31, 2023, the Company recognized share based payments expense of \$9,594 (December 31, 2022 - \$853).

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7. SHARE CAPITAL (continued)**Stock options (continued)**

The options shall vest in equal increments over the next two years as follows:

Vesting Date	Options Vested
December 23, 2023	695,000
December 23, 2024	695,000
	1,390,000

The Company recognized share based payments expense of \$9,594 related to vesting of options issued in prior periods.

A summary of changes of stock options during the three months ended March 31, 2023 and year December 31, 2022 is as follows:

	Options outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance, December 31, 2021	946,666	\$ 0.075	3.66
Issued	1,390,000	0.150	-
Exercised	(25,000)	0.075	-
Balance, December 31, 2022 and March 31, 2023	2,311,666	\$ 0.120	2.61

The average share price on the date of options exercised was \$Nil (December 31, 2022 – \$0.175).

Details of stock options outstanding as at March 31, 2023, are as follows:

Outstanding	Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
921,666	921,666	0.075	August 29, 2025	2.42
1,390,000	-	0.15	December 23, 2025	2.73
2,311,666	921,666			

Warrants

A summary of changes of warrants during the three month period ended March 31, 2023 and year ended December 31, 2022, is as follows:

	Unit Warrants		Broker Warrants	
	Outstanding	Weighted Average Exercise Price	Outstanding	Weighted Average Exercise Price
Balance, December 31, 2021	8,555,187	0.19	226,584	0.15
Issued	14,368,793	0.40	719,136	0.26
Exercised	-	-	(105,600)	0.08
Expired	-	-	(4,000)	0.08
Balance, December 31, 2022 and March 31, 2023	22,923,980	\$ 0.32	836,120	\$ 0.25

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7. SHARE CAPITAL (continued)**Warrants (continued)***Penalty warrants issued:*

During the year ended December 31, 2022, pursuant to the terms of the December 2021 FT Financing and the January 2022 Financing, as the common shares of the Company were not listed on a designated exchange by June 30, 2022, subscribers in the December 2021 FT Financing and January 2022 Financing were issued, for no additional consideration, an aggregate 2,561,003 Penalty Warrants, on the same terms.

Details of Unit Warrants outstanding as at March 31, 2023, are as follows:

Outstanding and Exercisable	Exercise Price (\$)	Expiry Date	Remaining contractual life (in years)
2,399,993	0.075	May 22, 2025	2.15
711,759	0.20	October 30, 2023	0.58
573,190	0.20	November 19, 2023	0.64
3,823,242	0.20	February 19, 2024	0.89
2,094,006	0.40	December 31, 2024	1.76
3,028,000	0.40	January 26, 2025	1.83
10,293,790	0.40	August 25, 2025	2.41
22,923,980			

8. RESERVES**Share-based payment reserve**

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeited, the corresponding amount previously recorded is transferred from share-based payments reserve to deficit.

Warrant reserve

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded is transferred from warrant reserve to deficit.

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9. CAPITAL DISCLOSURE

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its operations using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

10. FINANCIAL INSTRUMENTS AND RISKS**Fair Values**

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and price risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. At March 31, 2023, the Company had working capital of \$1,272,929 (December 31, 2022 - \$1,447,985) to meet its financial obligations.

d) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

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11. RELATED PARTY TRANSACTIONS**Related party balances**

As at March 31, 2023, there were amounts owing to related parties in the amount of \$2,260 (December 31, 2022 – \$3,310).

Related party transactions and key management compensation

During the three months ended March 31, 2023 and 2022, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	March 31, 2023	March 31, 2022
Management fees, professional fees, and general and administrative	\$ 38,848	\$ 43,065
Share-based payments	7,247	830
	\$ 46,095	\$ 43,895

During the three months ended March 31, 2023, the Company paid \$35,848 (2022 – \$40,065) to a Company controlled by Peter Schloo, CEO and Director for executive, administrative services and rent. The Company signed an independent contractor agreement with its CEO for \$126,000 per annum.

During the three months ended March 31, 2023, the Company paid \$Nil (2022 – \$3,000) to James Fairbairn, former CFO and Director, for professional services rendered.

During the three months ended March 31, 2023, the Company paid \$3,000 (2022 – \$Nil) to Rachel Chae, CFO, for professional services rendered.

12. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment, the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

13. SUBSEQUENT EVENTS

Subsequent to the period ended March 31, 2023, the Company completed the first tranche of a non-brokered private placement of 1,418,333 units at a price of \$0.09 per unit for gross proceeds of \$127,650. Each unit consists of one common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.15 until April 12, 2026.

The Company issued 2,510,000 flow-through units at a price at a price of \$0.10 per flow-through unit for gross proceeds of \$251,000. Each flow-through unit consists of one flow-through common share and one warrant entitling the holder to purchase an additional common share at an exercise price of \$0.15 until April 12, 2026.

The Company paid \$17,020 in finders' fees and issued 213,000 compensation options entitling the holder to purchase one additional unit at an exercise price of \$0.09 until April 12, 2026.