Heatherdale Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND NINE MONTHS ENDED JULY 31, 2020

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1.1 Date

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") of Heatherdale Resources Ltd. (the "Company" or "Heatherdale") for the three and nine months ended July 31, 2020 and the audited consolidated financial statements of the Company for the year ended October 31, 2019 (the "Financial Statements") and the annual MD&A for the same period, as publicly filed under the Company's profile on SEDAR at www.sedar.com.

The Company reports in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"s) (together, "IFRS"). The following disclosure and associated consolidated financial statements are presented in accordance with IFRS. This MD&A is prepared as of September 28, 2020. All dollar amounts herein are expressed in **United States Dollars** unless otherwise specified. The references to 2020, 2019 and 2018 represent each of the Company's fiscal years ended October 31 respectively unless indicated otherwise and the three-month periods denoted by the letter "Q" are the Company's fiscal quarters.

This discussion includes certain statements that may be deemed "forward-looking statements".

All statements in this disclosure, other than statements of historical facts, that address permitting, exploration drilling, exploitation activities and events or developments that the company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. In consideration of forward-looking statements the Company has made certain assumptions including but not limited to, the expectation that its exploration, development and engineering and financial assessment of the Niblack project will be positive and that will be able to obtain all required environmental and other permits and all land use and other licenses and financing to develop a commercial mining operation. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continuity of mineralization, potential environmental issues and liabilities associated with exploration, development and mining activities, uncertainties related to the ability to obtain necessary permits, licenses and title and delays due to third party opposition, changes in government policies regarding mining and natural resource exploration and exploitation, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. For more information on the Company, investors should review the Company's continuous disclosure filings that are available at www.sedar.com.

Forward-looking statements are generally, but not always, identified by the use of forward-looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "projects", "potential", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will be taken", "occur" or "be achieved".

The Company reviews its forward-looking statements on an ongoing basis and updates this information when circumstances require it.

Cautionary Note to U.S. Investors Regarding Mineral Resource Estimates

Information regarding mineral resource estimates has been prepared in accordance with Canadian securities laws, which differ from the requirements of United States Securities and Exchange Commission ("SEC") Industry Guide 7. In October 2018, the SEC approved final rules requiring comprehensive and detailed disclosure requirements for issuers with material mining operations. The provisions in Industry Guide 7 and Item 102 of the Regulation S-K, have been replaced with a new subpart of 1300 of Regulation S-K under the United States Securities Act and will become mandatory for SEC registrants after January 1, 2021. The changes adopted are intended to align the SEC's disclosure requirements more closely with global standards as embodied by the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), including Canada's NI43-101 and CIM Definition Standards. Under the new SEC rules, SEC registrants will be permitted to disclose "mineral resources" even though they reflect a lower level of certainty than mineral reserves. Additionally, under the New Rules, mineral resources must be classified as "measured", "indicated" or "inferred", terms which are defined in and required to be disclosed by NI 43-101 for Canadian issuers and are no recognized under SEC Industry Guide 7. An "Inferred Mineral Resource" has a lower level of confidence than that applying to an "Indicated Mineral Resource" and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of "Inferred Mineral Resources" could be upgraded to "Indicated Mineral Resources" with continued exploration. Accordingly, the mineral resource estimates and related information may not be comparable to similar information made public by United States companies subject to the reporting and disclosure requirements under the United States federal laws and the rules and regulations thereunder, including SEC Industry Guide 7. U.S. investors are cautioned not to assume that any part of an inferred mineral resource exists or is economically or legally mineable.

Rob McLeod, P. Geo., is the Company's designated Qualified Person for this MD&A with the meaning of National Instrument 43-101 and has reviewed and approved the technical information described herein.

1.2 Overview

Heatherdale is an exploration and development company focused on its 100%-owned Niblack Project. The Niblack Project is located at tidewater on Prince of Wales Island, near to the City of Ketchikan in southeast Alaska, USA.

In June 2020, the Company completed two transactions that were necessary to provide the Company with a clean balance sheet in order to attract new capital and position the Company to unlock value from its Niblack Project and acquire new interests. The first transaction included resolving outstanding issues with Sino-Canada Natural Resources Fund I ("Sino-Canada") with respect to the Cdn$3 million convertible debenture previously held by Sino-Canada that matured on December 31, 2016, by the issuance of shares. The second transaction included a debt assignment and settlement by the issuance of shares to certain arm's length's parties (the "Purchasers") among the Company, and Hunter Dickinson Services Inc. ("HDSI"), a related party of the Company (refer *1.7 Transactions with Related Parties*), of approximately Cdn$4.0 million of debt previously owing to HDSI.

In addition, management changes were made in June 2020 with the appointment of Rob McLeod as CEO and Director. He replaced David Copeland, who stepped down from his position as Executive Chair, CEO and Director. In August 2020, the Company announced the appointment of board members Don Birak, Ron Stewart, Edie Thome and Jessica Van Den Akker, in addition to Rob McLeod. Directors Lena Brommeland and Robert Dickinson did not stand for re-election. In connection with the appointments of the new board, the following HDSI officers stepped down from their roles: Mark Peters as CFO and Trevor Thomas as Corporate Secretary. In July and August, the Company announced the appointment of: Ryan Weymark as VP Project Development; Susan Neale as CFO; and Sheryl Dhillon as Corporate Secretary.

In August 2020, the Company raised Cdn$5.8 million to fund general working capital as well as further exploration and development programs at the Niblack Project. The Company is currently reviewing and finalizing it's plans and priorities for the next twelve months, including an exploration drill program expected to commence in the fall of 2020, options to develop the Niblack Project, stakeholder and community engagement and other potential acquisitions.

The Niblack Project's location in southeast Alaska has excellent power and transportation infrastructure as well as a workforce with skills in industrial development, and a long history of public and official support for responsible mineral resource development and mining.

Copper, gold, zinc, and silver mineralization occurs within at least six volcanogenic massive sulphide ("VMS") zones hosted by a folded sequence of felsic volcanic rocks that extend across the Niblack property. Significant mineral resources have been estimated for two deposits on the property, Lookout and Trio.

There is excellent potential to expand the mineral resources through further drilling at Lookout and Trio and additional exploration at the other known zones. As only one quarter of the extent of the prospective volcanic rocks on the property has been tested by drilling, the opportunity to discover new VMS deposits is also considered to be excellent.

Preliminary engineering studies, including metallurgical testing and investigations of potential sites for infrastructure that would support mine development have been done for the Niblack Project. Heatherdale and Ketchikan Gateway Borough have worked cooperatively to identify sites for facilities with access to local infrastructure. In addition, Alaskan State Senate Bill 99 was signed into law in June 2014; Senate Bill 99 authorizes the Alaska Industrial Development and Export Authority at its discretion once it has completed its due diligence process, to finance up to $125 million in infrastructure and construction costs for the Niblack Project.

1.2.1 Niblack Project, Southeast Alaska

1.2.1.1 Technical Programs

The 6,200-acre Niblack property is situated at tidewater on Prince of Wales Island, some 27 miles from the City of Ketchikan in southeast Alaska. Ketchikan is a community of 8,000 people with important services to support project development, including a deep-water port and an international airport.

History

The Niblack property has a history of mineral exploration, development, as well as some production. Underground mining operations occurred from 1905-08 at the Niblack zone and produced approximately 20,000 tons grading 4.9% copper, 2.2 g/t gold and 30 g/t silver.

Some $41 million was spent by previous owners on exploration activities at Niblack to the end of 2008. That work included:

- Discovery of six VMS zones, namely, Lookout, Trio, Dama, Lindsy, Mammoth and the historical Niblack mine;
- Development of a 2,800-foot underground development drift and 500 feet of crosscuts: the underground development has facilitated cost-effective underground drilling;

- Commission of preliminary metallurgical testing: average results include recoveries to copper concentrate of 95% copper, 56% gold and 53% silver with payable metal factors of 96.5% for copper, 90.7% for gold and 89.5% for silver; recoveries to zinc concentrate are 93% zinc, 16% gold and 24% silver with payable metal factors of 85% for zinc, 80% for gold and 20% for silver;
- Completion of 195,000 feet of surface and underground drilling in 246 holes: the last two holes (U027 and U028) drilled from underground during the 2008 program intersected important thicknesses of mineralization with grades significantly higher than the historical averages, indicating the presence of a new high-grade zone to the southwest of the Lookout deposit; and
- An initial estimation of the mineral resources in the Lookout and Trio deposits in early 2009.

Work by Heatherdale

The potential for substantial high-grade mineralization, as indicated by holes U027 and U028 at the Lookout deposit, led Heatherdale to obtain an interest in the project in mid-2009. Since that time, the Company has completed surface exploration and nearly 200,000 feet of drilling: 176,000 feet in underground holes and 23,300 feet in surface holes.

The Company's 2009 and 2010 underground drilling programs focused on expanding the high-grade discovery at Lookout. Substantial increases to the size of the deposit were achieved and an internal high-grade portion was identified. Additional underground drilling and some surface drilling was completed at Lookout, Trio and several other target areas on the property in 2011 and 2012. The most recent estimate of the mineral resources was completed in late 2011.

Geology

The geology of the Niblack property consists of three main rock units: a Footwall Succession of primarily dacitic and basaltic volcanic and volcaniclastic rocks; a Felsic Succession of felsic flows and volcaniclastic rocks, which host all known sulphide occurrences; and a Hanging Wall Succession, made up of mafic volcano-sedimentary rocks and basaltic flows. All of these units are folded, cut by mafic to felsic dykes and/or sills, and offset or disrupted by two main faults. The sequence extends for some six miles across the Niblack property.

The known mineralization occurs as VMS deposits or zones. Differing somewhat from the classic VMS model, most of the sulphide deposition at Niblack appears to have taken place beneath the seafloor within permeable volcanic rocks. As a result, the semi-massive and massive sulphide mineralization occurs as pore-space fillings or in 'matrix replacement' zones.

Copper, gold, zinc and silver are the main metals of potential economic importance and, locally, there are also elevated concentrations of lead. Gold content is noticeably higher than the average for volcanogenic systems and is associated with all styles of mineralization. Importantly, concentrations of 'undesirable' trace elements (e.g. arsenic, antimony, cadmium, mercury, selenium) are low for the deposit type.

Mineral Resources

The Niblack mineral resources tabulated below were estimated for copper (Cu), gold (Au), zinc (Zn) and silver (Ag) in November 2011 for the Lookout and Trio deposits. The estimate employed three-dimensional geostatistical modeling techniques and utilized a database of 373 drill holes.

LOOKOUT AND TRIO MINERAL RESOURCES at a $50 NSR cutoff					
INDICATED					
Deposit	**Tonnes**	**Cu (%)**	**Au (g/t)**	**Zn (%)**	**Ag (g/t)**
Lookout (sulphide)	5,638,000	0.95	1.75	1.73	29.52
TOTAL	**5,638,000**	**0.95**	**1.75**	**1.73**	**29.52**
INFERRED					
Deposit	**Tonnes**	**Cu (%)**	**Au (g/t)**	**Zn (%)**	**Ag (g/t)**
Trio (sulphide)	1,023,000	1.00	1.11	1.56	16.56
Lookout (sulphide)	2,370,000	0.73	1.42	1.17	21.63
TOTAL	**3,393,000**	**0.81**	**1.32**	**1.29**	**20.10**

Notes to the above table:

Net Smelter Return ("NSR") cutoffs stated above and below use long-term metal forecasts: gold $1,150/oz, silver $20.00/oz, copper $2.50/lb, and zinc $1.00/lb; and recoveries to Cu concentrate of 95% Cu, 56% Au and 53% Ag with payable metal factors of 96.5% for Cu, 90.7% for Au, and 89.5% for Ag; and to Zn concentrate of 93% Zn, 16% Au, and 24% Ag with payable metal factors of 85% for Zn, 80% for Au and 20% for Ag. Detailed engineering studies will determine the best cutoff.

A continuous higher-grade zone occurs within the indicated resources of the Lookout Zone that comprises 1.16 million tonnes grading 1.71% Cu, 3.21 g/t Au, 3.83% Zn and 62.68 g/t Ag at a $150 NSR cutoff. There is also potential to increase overall mineral resources in the Lookout deposit, as the deposit remains open in several areas. In addition, the mineralization at the Trio deposit is still open in three directions.

The mineral resources were estimated by Deon Van Der Heever, Pr. Sci. Nat., a Qualified Person who was not independent of the Company. The estimates were reviewed and verified by Marek Nowak, PEng., SRK Consulting, as described in a technical report, effective date November 2011, filed under Heatherdale's profile at www.sedar.com.

Exploration Potential

There are opportunities to further delineate and extend the Lookout and Trio deposits and make new discoveries through exploration of other targets along the prospective stratigraphy on the Niblack property.

The Mammoth zone is approximately 3,000 feet northwest of the Trio deposit along the prospective felsic horizon at Niblack. Narrow widths of mineralization were intersected in several holes drilled in this area, historically, but only limited efforts had been made to trace those intersections along strike or down dip. Significant mineralization was intersected in hole U112 (7 feet of 6.78% Cu, 0.99 g/t Au, 7.07% Zn and 59 g/t Ag) and hole U114 (8 feet of 1.67% Cu, 19.51 g/t Au, 3.32% Zn and 263 g/t Ag) drilled from underground by Heatherdale at the Mammoth zone in 2011. Follow up drilling is required to delineate mineral resources at Mammoth.

A number of compelling targets from historical work have yet to be fully explored. This includes an intersection of 63 feet grading 6.4% Cu, 1.37 g/t Au 3.2% Zn and 53 g/t Ag at the Dama zone.

In addition, detailed geological mapping, sampling and diamond drilling completed by Heatherdale from 2009-2011 established several new target-areas along the favorable felsic sequence.

Management is finalizing its review and plans for a 2020 fall program. It is anticipated that the drill program will include down-dip holes in the Lookout Zone, step out holes at the Dama Zone and down plunge holes from the historic Niblack mine as well as other targets east and west of the resource trend.

Engineering

The 2011 resource estimate established a base on which to initiate engineering studies for the Niblack Project. Preliminary studies of site logistics and infrastructure for potential mine development indicate the advantages of direct-shipping material from an underground mine at Niblack to an offsite location for milling and metallurgical treatment. Potential locations were identified for the processing plant and tailings storage facility. Two of these are industrial sites in the Ketchikan area and, as such, each has access to a skilled workforce, existing transportation infrastructure, and hydroelectric power.

In 2012, Heatherdale's subsidiary, Niblack Project LLC, signed a Memorandum of Understanding ("MOU") with the Ketchikan Gateway Borough ("Heatherdale-KGB MOU"), whereby the parties will work cooperatively to assess the suitability of one of these sites, called the Gravina Island Industrial Complex ("GIIC"), for a mill and tailings facility for the Niblack Project.

In 2013, Heatherdale reached an MOU (the "Heatherdale-AIDEA MOU") with the Alaska Industrial Development and Export Authority ("AIDEA")[1] to work together to evaluate the potential for processing, port and tailings storage facilities at the GIIC site near Ketchikan and to investigate infrastructure requirements at the Niblack site on Prince of Wales Island regarding the suitability for AIDEA involvement. In June 2014, Senate Bill 99 ("SB 99") was signed into law, which authorizes AIDEA at its discretion once it has completed its due diligence process, to issue bonds up to a maximum of $125 million to finance infrastructure and construction costs of the Niblack Project. Infrastructure and construction costs include a mineral processing mill, and associated dock, loading and related infrastructure at the GIIC, and infrastructure at the Niblack Project site on Prince of Wales Island. The infrastructure facilities would be either owned or financed by AIDEA.

Management is reviewing options for development of the project.

Environmental

Environmental and maintenance work continues in 2020 commensurate with permits for the site.

To assist in water management at the site over the longer term, Heatherdale applied for and acquired an Alaska Pollutant Discharge Elimination System ("APDES") permit from the Alaska Department of Environmental Conservation, which authorizes discharge from the Niblack Wastewater Treatment Facility over a 5-year period beginning September 1, 2015. The Group has made an application for renewal and the existing permit has been administratively extended. The permit requires ongoing environmental monitoring to ensure that the discharges continue to meet regulatory specifications.

Community Engagement

The Group is committed to meaningful engagement with its project stakeholders and it is a priority as management finalizes its new and long term plans, The Group will continue to engage with project stakeholders to keep them informed about activities.

[1] AIDEA is a public corporation of the State of Alaska with a mission to promote, develop, and advance economic growth and diversification in the state by providing financing and investment.

1.3 Summary and Discussion of Quarterly Results

All monetary amounts in the table below are expressed in thousands of United States dollars except per share amounts and where otherwise indicated. Minor differences are due to rounding.

Statements of Comprehensive (Income) Loss	**Jul 31 2020**	Apr 30 2020	Oct 31 2019	Oct 31 2019	**Jul 31 2019**	Apr 30 2019	Jan 31 2019	Oct 31 2018
	Q3-2020	Q2-2020	Q1-2020	Q4-2019	**Q3-2019**	Q2-2019	Q1-2019	Q4-2018
Expenses								
Exploration and evaluation	**$ 27**	$ 29	$ 36	$ 87	**$ 58**	$ 39	$ 42	$ (30)
General and administration	**124**	73	67	43	**60**	81	47	27
Loss (income) from operating activities	**151**	102	103	130	**118**	120	89	(3)
Other (income) expense items [1]	**(53)**	(168)	(40)	(12)	**40**	(73)	(61)	(103)
(Income) loss and comprehensive (income) loss	**$ 98**	$ (66)	$ 63	$ 118	**$ 158**	$ 47	$ 28	$ (106)
Basic and diluted (income) loss per common share	**$ 0.00**	$ (0.00)	$ 0.00	$ 0.00	**$ 0.00**	$ 0.00	$ 0.00	$ (0.00)

Note

1. Include foreign exchange differences, finance income, fair value adjustments on financial instruments carried at fair value, rental income and other income.

Exploration and evaluation expenses ("E&E") comprises of ongoing site maintenance and required environmental monitoring activities and liaison with community partners for the Niblack Project. The Company pays annual claim rentals of approximately $46,000 in Q4 of each year. In Q4 2018, E&E was offset by the Company recording a $146,000 decrease in the provision for rehabilitation obligation with the approval of the 5-year reclamation plan. General and administration expenses ("G&A") have fluctuated in line with regulatory compliance requirements and financing activities. In Q2 2020, the Company recorded a foreign exchange gain of $168,000 as result of the weakening Canadian dollar against the US dollar. In Q3 2020, the Company recorded a gain on settlement of related party payables of $447,000 as a result of amounts being forgiven. In Q3 2020, the Company record a loss on settlement of convertible debenture of $309,000.

Volatility in the Company's share price and other inputs used in the valuation of the Company's financial instruments contributed significantly towards the overall fluctuation in the Company's comprehensive (income) loss from Q3 2018 to Q3 2019.

1.4 Results of Operations

The following financial data is expressed in United States dollars unless otherwise specified. Minor differences are due to rounding.

1.4.1 Results of Operations for the Three and Nine Months Ended July 31, 2020 versus 2019

For the three months ended July 31, 2020, the Company recorded comprehensive loss of $98,000 as compared to a comprehensive loss of $158,000 in 2019, as the Company recognized a gain on settlement of a related party payable, this gain was partially offset by loss on settlement of convertible debenture. The Company's operating loss increased by $33,000 to $151,000, due to the increase in G&A, partially offset by lower E&E expenditures in the current quarter.

For the nine months ended July 31, 2020, the Company recorded comprehensive loss of $95,000 as compared to a comprehensive loss of $233,000 in 2019. During 2020, the Company recognized a larger foreign exchange gain and a gain on settlement of a related party payable as compared to 2019, these gains was partially offset by no comparable recognized gains on derivative financial liabilities and a loss on settlement of convertible debenture. The Company's operating loss increased by $29,000 to $356,000, due to an increase in G&A expenditures, partially offset by a decrease in E&E expenditures.

Exploration and evaluation expenses

The following table provides the breakdown of expenses incurred for the Niblack Project:

	Three months		Nine months	
E&E	**2020**	2019	**2020**	2019
Assays and analysis	$ 802	$ 308	$ 1,752	$ 1,050
Depreciation	2,503	3,576	7,508	10,729
Environmental	319	4,284	5,538	15,732
Equipment rental	–	–	–	166
Property fees and assessments	–	6,290	(200)	10,055
Site activities	15,307	21,406	47,091	56,700
Socioeconomics	761	6,019	7,559	15,744
Technical support	2,372	5,592	5,705	7,455
Travel and accommodation	4,826	11,023	17,505	21,830
Total	$ 26,890	$ 58,498	$ 92,458	$ 139,461

General and administration expenses

For the three months, G&A increased by $64,000 to $124,000 due primarily to higher management and administration and legal fees as result increased corporate activity.

For the nine months G&A increased by $76,000 to $264,000 primarily due to higher management and administration costs and legal fees trust and filing fees relating to the share rollback completed in November 2019 and legal fees incurred with the related party payable and Sino-Canada settlements.

The following table provides a breakdown of G&A incurred:

	Three months		Nine months	
G&A	**2020**	2019	**2020**	2019
Consulting	$ –	$ 9,387	$ 970	$ 9,397
Information technology services	4,340	4,506	13,333	13,537
Insurance prepaid amortization	4,675	4,577	13,853	14,030
Legal, accounting and audit	31,616	1,678	55,080	18,640
Management and administration	64,042	23,534	124,063	81,939
Office costs	1,004	1,429	3,205	3,251
Shareholder communication	9,116	(782)	10,332	4,727
Surety bond insurance premium amortization	7,001	7,785	22,511	25,409
Travel	–	3,010	–	3,010
Trust and filing	2,663	4,699	20,491	14,082
Total	$ 124,457	$ 59,833	$ 263,838	$ 188,022

Other items

The value of the Company's Canadian Dollar denominated financial liabilities is impacted by the movement in the US Dollar exchange rate. For the three months ended July 31, 2020 the Company recorded foreign exchange loss of $84,000 (2019 - $43,000) and for the nine months ended July 31, 2020 recorded a foreign exchange gain of $94,000 (2019 - $6,000).

In 2019, the Company recorded net aggregate gains of $75,000 as compared to $nil in the current period on the revaluation of financial instruments.

In 2020, the Company recorded a gain on settlement of related party payables of $447,000, partially offset by a loss on settlement of convertible debenture of $309,000.

1.5 Liquidity and Capital Resources

The Company has no operations that generate cash flow. The Company's future financial success will depend on the discovery of one or more economic mineral deposits. This process can take many years, can consume significant resources and is largely based on factors that are beyond the control of the Company and its management. To date, the Company's major source of funding has been through the issuance of equity securities and the issue of a convertible debt instrument, primarily through private placements. The Company has also raised funds through secured loans and unsecured convertible loans. In order, for exploration and development companies, to continue funding their activities and corporate costs they are usually reliant on ongoing ability to raise financing through the sale of equity. This is dependent on positive investor sentiment, which in turn is influenced by a positive climate for the commodities that are being explored for, a company's track record, and the experience and caliber of a company's management. There is no assurance that equity funding will be accessible to the Company at the times and in the amounts required to fund the Company's activities.

At July 31, 2020, the Company's cash and equivalents of $500 and a working capital deficit of approximately $0.5 million. In August 2020, the Company raised Cdn$5.8 million to fund general working capital as well as exploration and development programs at the Niblack Project.

The Company will manage its liquidity risk (i.e. the risk that it will not be able to meet its obligations as they become due) by forecasting cash flows from operations together with its investing and financing activities. Expenditures will be adjusted to ensure liabilities can be funded as they become due.

Settlement of Convertible Debenture

On December 31, 2016, the Company exercised its option to redeem the Cdn$3.0 million convertible debenture held by Sino-Canada Fund, which had matured, by the issuance of 15,000,000 (pre-consolidation) common shares in the Company using the conversion price of Cdn$0.20 (pre-consolidation) per common share pursuant to the terms of the convertible debenture. The redemption process, including the delivery and acceptance of these shares was never completed. In November 2019, as a result of the 1:5 share consolidation, the aforementioned issuance was 3,000,000 common shares.

In June 2020, the Company finalized the debt settlement with Sino-Canada Fund by issuing to Sino-Canada Fund, 6,000,000 common shares of the Company in settlement of the Cdn$3 million debt owing. In connection with the debt settlement, the Company cancelled the aforementioned issuance of 3,000,000 common shares.

Other Obligations

The following obligations existed as of July 31, 2020:

	Payments due by period			
	Total	Less than 1 year	1 year to 5 years	After 5 years
Trade and other payables	**$ 238,789**	$ 167,396	$ –	$ –
Payables to related parties [1]	**360,476**	3,154,809	–	–
Provision for rehabilitation obligation [2]	**1,268,312**	–	–	1,268,312
Total	**$ 1,867,588**	$ 3,322,205	$ –	$ 1,268,312

Notes to the table:

1. Mainly relates to HDSI and former non HDSI directors, refer to *1.7 Transactions with Related Parties*.

2. The settlement of the obligation will only occur upon closure of the mine site. The Company has given the Alaska regulatory authorities a cash deposit of $3,900 for a portion of the obligation. The Company has in place a surety bond from an insurance company in favour of the Alaska regulatory authorities for $1,268,312. The Company has provided cash collateral of $704,960 pursuant to the terms of the surety bond to the surety provider, which as of July 31, 2020, has increased by $27,575 as a result of income earned thereon. The Company will be required to fund the difference to the surety provider.

The Company is responsible for all maintenance payments on the Niblack property. Except as noted above, the Company has no other long-term debt, capital lease obligations, operating leases or any other long-term obligation. The Company has no "Purchase Obligations", defined as any agreement to purchase goods or services that is enforceable and legally binding on the Company that specifies all significant terms, including;

fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

1.6 Off-Balance Sheet Arrangements

None.

1.7 Transactions with Related Parties

(a) Key management personnel

The required disclosure for the remuneration of the Company's key management personnel is provided in Note 9 of the notes to the accompanying Interim Financial Statements and which are available under the Company's profile at www.sedar.com.

(b) Hunter Dickinson Inc.

The details and values of transactions with HDSI and the balance due to HDSI as a result of such transactions is provided in Note 9 of the notes to the accompanying Interim Financial Statements and which are available under the Company's profile at www.sedar.com.

1.8 Proposed Transactions

There are no proposed assets or business acquisitions or dispositions, other than those in the ordinary course, before the board of directors for consideration.

1.9 Critical Accounting Estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Company's management to make certain critical accounting estimates, judgement and assumptions about future events that effect the amounts reported in the consolidated financial statements and related notes to the financial statements. It requires management to exercise judgement in applying the Company's accounting policies. These judgements, estimates and assumptions are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements.

For a complete discussion of critical accounting estimates, refer to the Company's annual 2019 Management and Discussion.

1.10 Changes in Accounting Policies including Initial Adoption

The required disclosure is provided in Note 2 in the notes to the accompanying Interim Financial Statements, which are available under the Company's profile on SEDAR at www.sedar.com.

1.11 Financial Instruments and Other Instruments

Please refer to the accompanying Interim Financial Statements.

1.11.1 Financial Risk Management

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This following presents information about the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. There has been no change in the Company's objectives and policies for managing this risk. The Company's liquidity position has been discussed in 1.5 *Liquidity and Capital Resources*.

Foreign Exchange Risk

In the normal course of business, the Company enters into transactions for the purchase of supplies and services denominated in a currency other than the functional currency of the Company. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. The Company manages foreign exchange risk by closely monitoring relevant exchange rates and when possible, executes currency exchange transactions at times when exchange rates are most advantageous for the Company. The Company has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk.

There has been no change in the Company's objectives and policies for managing this risk and there was no significant change to the Company's exposure to foreign exchange risk during the period ended July 31, 2020, except for the changes in the carrying amounts of financial assets and liabilities exposed to foreign exchange risk in the ordinary course.

Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Company. As of July 31, 2020, the Company had no financial instruments subject to changes in their fair value. In the prior year, the Company was exposed to fair value fluctuations on its Canadian Dollar-denominated share purchase warrants, which were classified as derivatives, and on its convertible loans, which were classified as financial liabilities at fair value through profit and loss. In fiscal 2019, the share purchase warrants expired unexercised and the loans were amended such that they are no longer convertible.

There has been no change in the Company's objectives and policies for managing this risk during the period ended July 31, 2020.

1.12 Other MD&A Requirements

Additional information relating to the Company is available on SEDAR under the Company's profile at www.sedar.com.

1.12.1 Additional Disclosure for Venture Issuers without Significant Revenue

(a) Capitalized or expensed exploration and development costs

The required disclosure is presented in 1.4.1.

(b) General and administration expenses

The required disclosure is presented in 1.4.1.

1.12.2 Disclosure of Outstanding Share Data

Consolidation of Share Capital

On August 31, 2020, the Company completed a five (5) for one (1) share consolidation of its common shares.

Private Placement

On August 31, 2020, the Company issued 7,275,000 post consolidation common shares at a price of Cdn$0.80 per common share, for aggregate gross proceeds of Cdn$5,820,000. The Company paid finder's fees of Cdn$248,460 and issued 310,575 share purchase warrants (the "Finder's Warrants"). Each Finder Warrant is exercisable to acquire one common in the capital of the Company at an exercise price of Cdn$0.90 per common share until August 31, 2021.

The following details the share capital structure as of the date of this MD&A:

Common shares issued and outstanding	22,214,847
Share options	1,760,000
Warrants	310,575

1.12.3 Risk Factors

The risk factors associated with the principal business of Heatherdale are discussed below. Briefly, these include the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a very small probability of finding economic mineral deposits. In addition to the general risks of mining, there is the impact of the coronavirus, and country-specific risks associated with operating in a foreign country, including currency, political, social, and legal risk.

Due to the nature of Heatherdale's business and the present stage of exploration and development of the Niblack Project, Heatherdale is subject to very significant risks. Readers should carefully consider all such risks set out in the discussion below. Heatherdale's actual exploration and operating results may be very different from those expected as at the date of this MD&A.

Impact of the Novel Coronavirus ("COVID-19")

The outbreak of COVID-19 and efforts to contain it, and any future emergence and spread of similar pathogens, could have a material adverse effect on global and local economic and business conditions which may adversely impact our business and results of operations and the operations of contractors and service providers. The outbreak has spread to the United States and Canada where we conduct our principal business operations. The Company continues to monitor the situation and the impact the virus could have on our business operations. Should the virus spread, travel bans remain in place or should one of the Company's employees or consultants become infected, the Company's ability to advance the Niblack project or future business plans could be impacted. The extent to which the coronavirus impacts our operations will depend on future developments, which are still uncertain and cannot be predicted with confidence, including the duration of the outbreak, new information that may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. Moreover, the actual and threatened spread of the coronavirus globally could adversely affect global and regional economies and stock markets, including the trading price of our shares. These adverse effects on the economy, the stock market and our share price could adversely impact our ability to raise capital, the Company's ability to pursue development of the Niblack Project and future plans could be adversely impacted, both through delays and through increased costs.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative, characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Heatherdale will rely on consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining.

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are:

- the particular attributes of the deposit, such as size, grade and proximity to infrastructure;
- metal prices, which are highly cyclical; and
- government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection.

The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in Heatherdale not receiving an adequate return on invested capital.

Heatherdale will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Niblack Project and any other properties Heatherdale may acquire. Such restrictions may have a material adverse effect on Heatherdale's business and results of operation.

Future Profits/Losses and Production Revenues/Expenses

Heatherdale has no history of operations and expects that its losses will continue for the foreseeable future. No deposit at the Niblack Project has yet been found and shown to be economic. There can be no assurance that Heatherdale will be profitable in the future. Heatherdale's operating expenses and capital expenditures may increase in subsequent years as costs for consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Niblack Project are incurred. The amounts and timing of expenditures will depend on:

- the availability of funds (discussed below);
- the progress of ongoing exploration and development;
- the results of consultants' analyses and recommendations;
- the rate at which operating losses are incurred;
- the execution of any joint venture agreements with strategic partners; and
- the acquisition of any additional properties and other factors, many of which are beyond Heatherdale's control.

Heatherdale does not expect to receive revenues from operations in the foreseeable future, if at all. Heatherdale expects to incur losses unless and until such time as the Niblack Project or any other properties Heatherdale may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Niblack Project and any other properties Heatherdale may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development thereof. There can be no assurance that Heatherdale will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

Additional Funding Requirements

Heatherdale has limited resources, no operations, and no revenues. In order to execute its future plans, the Company will require additional financing to support on-going exploration and development of the Niblack Project and other corporate initiatives. There can be no assurance that additional financing will be available to the Heatherdale when needed or on terms which are acceptable. Heatherdale's inability to raise additional financing can limit the Company's growth and may have a material adverse effect upon its business, operations, results, financial condition or future plans.

Refer to discussion in 1.5 *Liquidity, and Capital Resources*.

Environmental Matters

All of Heatherdale's mining operations will be subject to environmental regulations, which can make operations expensive or prohibit them altogether.

Heatherdale may be subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products that could occur as a result of its mineral exploration, development and production.

To the extent Heatherdale is subject to environmental liabilities over and above bonds set up in favour of regulatory bodies, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available which could have a material adverse effect on Heatherdale. If Heatherdale is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on Heatherdale.

All of Heatherdale's exploration, development and any production activities will be subject to regulation under one or more environmental laws and regulations. Many of the regulations require Heatherdale to obtain permits for its activities. Heatherdale must update and review its permits from time to time and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of Heatherdale's business, causing those activities to be economically re-evaluated at that time.

Market for Securities and Volatility of Share Price

There can be no assurance that an active trading market in Heatherdale's securities will be established or sustained. The market price for Heatherdale's securities could be subject to wide fluctuations. Factors such as announcements of exploration results, as well as market conditions in the industry, may and currently have had a significant adverse impact on the market price of the securities of Heatherdale. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Conflicts of Interest

Certain of Heatherdale's directors and officers may serve as directors or officers of other companies or companies providing services to Heatherdale (refer 1.7 *Transactions with Related Parties*) or they may have significant shareholdings in other companies. Situations may arise where these directors and/or officers of Heatherdale may be in competition with Heatherdale. Any conflicts of interest will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Heatherdale's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Heatherdale are required to act honestly, in good faith and in the best interests of Heatherdale.

Payment of Dividends Unlikely

There is no assurance that Heatherdale will pay dividends on its shares in the near future. Heatherdale will likely require any potential funds to further the development of its business.

Lack of Revenues; History of Operating Losses

Heatherdale does not have any operational history or earnings and has incurred net losses and negative cash flow from its operations since incorporation. Although Heatherdale hopes to eventually generate revenues, significant operating losses are to be anticipated for at least the next several years and possibly longer. To the extent that such expenses do not result in the creation of appropriate revenues, Heatherdale's business may be materially adversely affected. It is not possible to forecast how the business of Heatherdale will develop.

General Economic Conditions

Market conditions and unexpected volatility or illiquidity in financial markets may adversely affect the prospects of Heatherdale and the value of its shares. Refer to discussion in 1.5 *Liquidity and Capital Resources*.

Reliance on Key Personnel

Heatherdale will be dependent on the continued services of its senior management team, and its ability to retain other key personnel. The loss of such key personnel could have a material adverse effect on Heatherdale. There can be no assurance that any of the Heatherdale's employees will remain with Heatherdale or that, in the future, the employees will not organize competitive businesses or accept employment with companies competitive with Heatherdale. There can be no assurance that Heatherdale will be able to attract, assimilate, or retain qualified personnel in the future, which would adversely affect its business.