Heatherdale Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED OCTOBER 31, 2020

1.1 DATE

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements (the "Financial Statements") of Heatherdale Resources Ltd. (the "Company" or "Heatherdale") for the year ended October 31, 2020 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 March 1, 2021. All dollar amounts herein are expressed in **United States Dollars** unless otherwise specified. The references to 2020 and 2019 represent 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, including statements regarding the Company's plans for 2021 on its Niblack Project and otherwise, the planned targeting and testing of the reinterpreted model for the Niblack Project, the potential to increase the overall mineral resource on the Niblack Project, the belief that value may be added to the Niblack Project through improved recovery methods and the planned components of the Phase 1 program and the timing of such components, 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, complications arising as a result of the COV-ID pandemic 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.

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

1.2 OVERVIEW

Heatherdale was incorporated under the laws of the Province of Alberta, Canada on November 6, 2007 and continued under the laws of the Province of British Columbia, Canada on November 16, 2009. The Company's corporate office is located at Suite 1800 – 555 Burrard Street, Vancouver, British Columbia. The Company is listed on the TSX Venture Exchange ("TSX-V") under the symbol "HTR". On November 22, 2019 and August 31, 2020, the Company consolidated its issued and outstanding shares on the basis of five [5] pre-consolidated shares for one [1] post-consolidated share. Unless otherwise stated, all share, warrant and option and per share amounts in this MD&A have been adjusted to reflect the share consolidations.

Heatherdale is an exploration and development company focused on base and precious metal projects located in Alaska and British Columbia.

Heatherdale's vision to be an industry leader in transparency, inclusion and innovation. Guided by its vision, and through collaboration with local and Indigenous groups and stakeholders, Heatherdale builds shareholder value with its technical expertise in mineral exploration, engineering and permitting.

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 (as define below) 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 former related party of the Company (refer to *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 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.

Heatherdale's main asset is its 100% interest in the advanced exploration stage Niblack project (the "Niblack Project"). The Niblack Project is located at tidewater on Prince of Wales Island (Taan), near to the City of Ketchikan in southeast Alaska, USA and is endowed with volcanogenic massive sulphide ("VMS") mineralization including the Lookout and Trio deposits which host a NI43-101 compliant resource estimate of high-grade copper, gold silver and zinc (Refer to *Mineral Resource*).

Niblack Project hosts six known VMS zones (the Look and Trio deposits and the Dama, Lindsy, Mammoth and historic Niblack site) within a 6,200 acre property that includes 250 acres of patented lands.

The Niblack Project has seen significant investment in infrastructure including over 120,000 meters in drilling and an 850 meter long exploration tunnel with 150 meters of cross cuts to facilitate underground drilling and potential production.

In December 2020, the Company completed an 1800 meter drill program at the historic Niblack mine site that confirmed a new geological interpretation of the deposit, thereby opening up the project for mineralization to be discovered within new areas. In early 2021, the Company had an initial detailed review of previous metallurgical testwork completed with the objective of improving gold and silver recoveries, that resulted in several recommendations and commencement of a Phase 1 metallurgical optimization program.

1.3 OUTLOOK

The Company's near-term focus is to raise additional funds to complete an 2,500-3,000 meter underground drill program at the Niblack Project and for general working capital. The Company will complete the phase 1 metallurgical studies to optimize recoveries and an assessment of additional baseline programs required for the development of the Niblack Project.

In addition, to the work on Niblack Project, the Company continues to build towards it vision and longer term goal to realize a hub and spoke model with multiple mines feeding one mill site in a location to be determined. The Company will continue to evaluate base and precious metal projects in proximity. The Company will also be commencing discussions with Indigenous groups to seek a strategic partnership.

1.4 NIBLACK PROJECT, SOUTHEAST ALASKA

The 6,200-acre Niblack Project is situated at tidewater on Prince of Wales Island (Taan), 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 Project 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.

Prior to being place on care and maintenance in 2012, historical work on Niblack Project included the following:

- Discovery of six VMS zones, namely, Lookout, Trio, Dama, Lindsy, Mammoth and the historical Niblack mine;
- Development of an 850 meter underground development drift and 150 meters 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 120,000 meters of surface and underground drilling in 410 holes were drilled between 1975 and 2012; and
- An initial estimation of the mineral resources in the Lookout and Trio deposits completed in early 2009, followed with the most recent estimate of the mineral resources completed in late 2011.

Geology

The geology of the Niblack Project 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, and a Hanging Wall Succession, made up of mafic volcano-sedimentary rocks and basaltic flows. Most notable, the 100-200m Felsic Succession hosts all known VMS mineralization on the property. This thick sequence of prospective folded rhyolitic volcanic rocks extends for at least six miles across the property and hosts six known massive sulphide zones: the historic Niblack mine, the Lookout and Trio deposits and the Dama, Lindsy and Mammoth zones.

The Niblack Project stratigraphic package has been subject to multiple phases of later deformation and greenschist facies metamorphism which occurred during the Middle Cambrian to Early Ordovician and the Middle Silurian to early Devonian. Renewed deformation occurred during the accretion of the Alexander terrane to the Cordillera in the mid-Jurassic to Cretaceous. Folding on the property is north-verging, moderate to tight, and overturned. The six known VMS zones sit on a property-scale synformal anticline-antiformal syncline pair.

Exploration Potential and Reinterpretation

Earlier operators interpreted the aforementioned folds to be a simple property-scale anticlinal-synclinal pair. However, in most recent stages of exploration and research, U-Pb age dating and analysis in sedimentary and volcanosedimentary beds led to the discovery that the stratigraphy is overturned. This breakthrough led to a reinterpretation of these folds as an overturned synformal anticline-antiformal syncline pair. This reinterpretation was not tested in previous exploration and opens a large new prospective area across the property based on the new projection of the permissive Niblack Felsic Succession. This reinterpreted model is driving current exploration, which is targeting and testing these newly defined prospective zones.

All of the known six zones at Niblack Project remain open and are candidates for further resource expansion. In December 2020, an 1,800-meter drill program at the historic Niblack mine site confirmed a new geological interpretation of the deposit, thereby opening up the project for mineralization to be discovered on new areas. Assays results from this program are expected to be received in April 2021.

Mineral Resources

The Niblack Project 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.

Metallurgy

In 2009, preliminary metallurgical testwork was conducted and 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.

In early 2021, the Company had an initial comprehensive review of the previous metallurgical testwork completed by Ausenco Canada Ltd ("Ausenco") with the objective of improving gold and silver recoveries. The Niblack deposit contains gold content that is noticeably higher than the average for volcanogenic systems, which presents an opportunity to add significant value through improved recovery methods. Following the completion of the review, Ausenco has made several recommendations for additional metallurgical testwork, which will form the basis of the Phase I program.

The key highlights from this initial review include:

- Most gold and silver losses were associated to the rougher tails. Low penalty element concentration was observed in copper concentrate for both composites with very clean zinc concentrate.
- The primary minerals of interest for the Niblack Project are chalcopyrite, sphalerite, electrum and gold and silver tellurides. The precious metals of interest are gold and silver. Use of alternative collectors may improve the recovery of precious metals from electrum and tellurides. A finer primary grind size should improve the revenues from precious metals.
- A metal correlation analysis completed for the samples available for testing indicates considerable variability of mineral assemblage.
- A preliminary heterogeneity analysis indicates the Niblack deposit is amenable to ore preconcentration. The results show potential to reject up to 40% of mass with minimal loss of copper and gold with ore preconcentration.

Ausenco had made several recommendations for additional metallurgical testwork and the Company has commenced a Phase I metallurgical studies to optimize recoveries at Niblack. The Phase 1 program will be managed by Ausenco and will include the following:

- Completion of a more in-depth desktop bulk ore sorting analysis.
- Test dithiophosphate collectors and other collectors to improve precious metal recovery.
- Conduct further primary grind size optimization test work to maximize precious metals recovery to copper concentrate.
- Test finer regrind size after assessing changes in collector and primary grind size.
- Test pyrite flotation to better quantify opportunities to optimize tailings disposal.
- Conduct comminution tests after the flotation grind sizes are confirmed.
- Test variability of the deposit using discrete samples and geo-metallurgy composites to de-risk the project and allow for more flexibility on project optimization.

Engineering

The 2011 mineral 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 the Niblack Project 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's s subsidiary, Niblack Project LLC, signed a 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 monitoring work continued in 2020 commensurate with permits for the site.

The Company is currently reviewing all existing permits to ensure planned work for 2021 is aligned and in compliance with existing permit conditions. Heatherdale's subsidiary Niblack Project LLC has entered into a Memorandum of Understanding ("MOU") with the Alaska Department of Natural Resources ("DNR"), under the authority of Alaska Statue 38.05. The purpose of the MOU is to establish a framework for DNR to coordinate the efforts and services of state agencies for the review and processing of future permitting requirements for the development of the Niblack Project. In addition, the Company will seek under this MOU the issuance of renewals for it Waste Management Permit and Alaska Pollutant Discharge System ("ADPES") Permit, both of which have been administratively extended by state agencies.

Additionally, the Company has initiated a review of all existing baseline environmental work completed at Niblack Project to date, and an assessment of additional baseline environmental programs required for the development of the Niblack Project.

Community Engagement

The Company is committed to meaningful engagement with its project stakeholders and Indigenous groups and it is a priority as management finalizes its new and long-term plans. The Company will continue to engage with all groups 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.

1.5 SELECTED ANNUAL INFORMATION

The following selected annual information from the Company's Financial Statements is expressed in thousands of United States dollars other than for share information. Minor differences due to rounding.

	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018
Total assets at the end of the year	$ 4,401	$ 814	$ 886
Total non-current financial liabilities at the end of the year	1,268	1,268	1,268
Exploration and evaluation expenses	466	226	137
General and administration expenses	858	230	303
Loss (income) and comprehensive loss (income) for the year	**$ 1,149**	**$ 351**	**$ (274)**
Basic and diluted (income) loss per common share	**$ 0.10**	**$ 0.05**	**$ (0.04)**

1.6 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	**Oct 31 2020**	Jul 31 2020	Apr 30 2020	Jan 31 2020	**Oct 31 2019**	Jul 31 2019	Apr 30 2019	Jan 31 2019
	Q4-2020	Q3-2020	Q2-2020	Q1-2020	**Q4-2019**	Q3-2019	Q2-2019	Q1-2019
Expenses								
Exploration and evaluation	**$ 373**	$ 27	$ 29	$ 36	$ 87	$ 58	$ 39	$ 42
General and administration	**594**	124	73	67	43	60	81	47
Loss (income) from operating activities	**968**	151	102	103	130	118	120	89
Other (income) expense items [1]	**86**	(53)	(168)	(40)	(12)	40	(73)	(61)
(Income) loss and comprehensive (income) loss	**$ 1,054**	$ 98	$ (66)	$ 63	$ 118	$ 158	$ 47	$ 28
Basic and diluted (income) loss per common share	**$ 0.05**	$ 0.01	$ (0.01)	$ 0.01	$ 0.02	$ 0.02	$ 0.01	$ 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.

In Q4 2020, the Niblack Project was taken off care and maintenance and Q4 2020 exploration and evaluation expenses ("E&E") consisted of site preparations and planning for a drill program that commenced subsequent to fiscal year end. Prior to Q4 2020, E&E consisted of ongoing site maintenance and required environmental monitoring activities and liaison with community partners for the Niblack Project.

General and administration expenses ("G&A") have fluctuated in line with the level of activity, regulatory compliance requirements, financing activities and share based compensation recognized. In Q4 2020, the increase in G&A is a result of the Company being reactivated with the engagement of new management and directors, financing completed and issue of stock options resulting in share based compensation expense of $177,329 being recognized. In Q3 2020, the Company recorded a gain on settlement of related party payables of $446,984 as a result of amounts being forgiven. In Q3 2020, the Company record a loss on settlement of convertible debenture of $309,473. In Q2 2020, the Company recorded a foreign exchange gain of $168,000 as result of the weakening Canadian dollar against the US dollar.

1.7 RESULTS OF OPERATIONS

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

For the Three Months Ended October 31, 2020

For the three months ended October 31, 2020, the Company recorded a comprehensive loss of $1,054,558 or $0.05 per share as compared to a comprehensive loss for the prior comparative period of $118,307 or $0.02 per share in 2019. The significant variances between the periods include:

- Exploration and evaluation expenditures have increased to $373,379 (2019 - $86,639) as result of the Niblack Project being taken off care and maintenance and preparing the site to recommence exploration and development activities.
- Management and director fees, wages and benefits increased to $233,466 (2019 - $21,696) as result of the Company restructuring and engaging new management and directors.
- Professional services increased to $31,142 (2019 - $1,313) as result of costs associated with the two transactions completed in June to provide a clean balance sheet for the Company.
- Regulatory expenditures increased to $18,949 (2019 - $1,351) as result of fees associated with the consolidation and annual general meeting incurred during the period.
- Marketing and investor relations expenditure increased to $61,633 (2019 – $496l) as result of the engagement of marketing and communication advisors.
- Share compensation expense increased to $177,329 (2019 – Nil) as the Company issued 1,760,000 options with varies vesting terms over three years. No options were issued or vested in the comparative period.

For the Year Ended October 31, 2020

For the year ended October 31, 2020, the Company recorded a comprehensive loss of $1,149,448 or $0.10 per share as compared to a comprehensive loss for the prior comparative period of $351,033 or $0.05 per share in 2019. The significant variances between the periods include:

- Exploration and evaluation expenditures have increased to $465,837(2019 - $226,100) as result of the Niblack Project being taken off care and maintenance and preparing the site to recommence exploration and development activities during the 3rd fiscal quarter in 2020.
- Management and director fees, wages and benefits increased to $358,499 (2019 - $112,962) as result of the Company restructuring and engaging new management and directors.
- Professional services increased to $86,222 (2019 - $19,953) as result of costs associated with the two transactions completed in June to provide a clean balance sheet for the Company.

- Regulatory expenditures increased to $39,440 (2019 - $15,433) as result of fees and costs associated with the share consolidations and the transactions to clean up the balance sheet.
- Marketing and investor relations increased to $71,965 (2019 – $5,223) as result of the engagement of marketing and communications advisors.
- Share compensation expense increased to $177,329 (2019 – Nil) as the Company issued 1,760,000 options with varies vesting terms over three years. No options were issued or vested in the comparative period.
- Other income/expense included a gain on settlement of the related party payables of $446,984 and a loss on settlement of the convertible debenture of $309,473. There were no comparative transactions in 2019.

Investing Activities

Net cash used by the Company in investing activities for the year ended October 31, 2020 was $26,692 for the purchase of site equipment partially offset by interest received in the amount of $2,374.

Financing Activities

In August 2020, the Company received proceeds of $4,462,194 from the issuance of shares as result of private placement and paid share issuance costs of $213,035.

In June 2020, the Company completed the debt settlement with Sino-Canada and issued 1,200,000 common shares of the Company to Sino-Canada Fund at a fair value of Cdn$0.70 in settlement of the Cdn$3,000,000 debt owing to Sino-Canada Fund. In connection with the debt settlement, the Company cancelled a prior void issuance of 600,000 common shares of the Company to Sino-Canada Fund. The Company paid $14,671 in fees related to the share issuance.

In July 2020, the Company issued 7,007,977 common shares of the Company at Cdn$0.4875 per share pursuant to debt assignment and settlement agreement for the settlement of debt of Cdn$3,416,390 (Refer to Transactions with Related Parties). The Company paid $12,775 in fees related to the share issuance.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

1.8 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. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. 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.

Cash and Financial Condition

As of October 31, 2020, the Company had cash and cash equivalents of $3.5 million, working capital of approximately $2.8 million.

The Company manages 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 are adjusted to ensure liabilities can be funded as they become due. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

Other Obligations

The following obligations existed as of October 31, 2020:

	Payments due by period			
	Total	Less than 1 year	1 year to 5 years	After 5 years
Trade and other payables	**$ 759,996**	$ 759,996	$ –	$ –
Payables to related parties	**60,484**	60,484	–	–
Provision for rehabilitation obligation [1]	**1,268,312**	–	–	1,268,312
Total	**$ 2,088,792**	$ 820,480	$ –	$ 1,268,312

Notes to the table:

1. 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 October 31, 2020, has increased by $27,557 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 Project. 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.

1.9 TRANSACTIONS WITH RELATED PARTIES

Related Party Transactions

During the year ended October 31, 2020, the Company paid or accrued $45,448 (2019 – Nil) for office space to a private company controlled by a common officer.

The Company formerly received services and operated from the premises of Hunter Dickinson Inc. ("HDI") and its wholly-owned subsidiary HDSI that had directors in common. In addition, another former director of the Company, the former Chief Financial Officer and Corporate Secretary were employees of HDSI and worked for the Company under an employee secondment arrangement between the Company and HDSI.

For the years ended October 31, 2020 and 2019, the value of transactions (rounded to the nearest thousand dollars) involving HDSI was as follows:

	2020	2019
Services received based on annually set rates		
Accounting, corporate, legal, risk & compliance, tax and administration	$ 90,000	$ 94,000
Directors' fee	-	1,000
Office and other	16,000	19,000
Site services	22,000	36,000
Stakeholder communication	8,000	10,000
Technical services – geological	5,000	19,000
Total	$ 141,000	$ 179,000
Reimbursement of third-party expenses paid by HDSI	$ 30,000	$ 42,000

Loans

On November 29, 2018, the Company consented to the lender of the convertible loans to transfer its rights under the first and second loans, including interest accrued to that date to HDSI. The loans, including interest, amounted to $143,538. HDSI further amended the terms of the loans whereby with effect from November 29, 2018, the loans no longer bear interest and no longer have a conversion option. The outstanding loan balance was included in the related party payable to HDSI.

Debt Assignment and Settlement

In June 2020, the Company completed a debt assignment and settlement with certain arm's length's parties (the "Purchasers") pursuant to the terms of a debt assignment and settlement agreement dated June 3, 2020, among the Company, HDSI and the Purchasers (the "Transaction").

Pursuant to the Transaction, Cdn$4,025,367 owing to HDSI was assigned to the Purchasers and the Company issued 7,007,977 common shares to the Purchasers in settlement of Cdn$3,416,390 of outstanding debt. A further Cdn$608,977 was forgiven by the Purchasers.

Key Management Compensation

Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President & Chief Executive Officer, Chief Financial Officer, and appointed officers of the Company and Directors. For the year ended October 31, 2020, total key management compensation was $432,736 (2019 - $165,668) which includes management fees and salaries of $295,854 (2019 - $57,542) and share based compensation of $136,882 (2019- $Nil).

1.10 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.

1.11 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENT AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are based on historical experience and other factors considered to be reasonable and are reviewed on an ongoing basis. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Measurement uncertainties are described in the Company's audited consolidated financial statements for the year ended October 31, 2020.

1.12 CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Effective November 1, 2019 the following standard was adopted:

IFRS 16, Leases ("IFRS 16"):

New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee account. As of October 31, 2020, the Company had no leases and therefore there was no impact on adoption of this standard.

1.13 FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Please refer to the accompanying Financial Statements.

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 *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 October 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 October 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 October 31, 2020.

Fair Value

The fair value of the Company's financial assets and liabilities approximate their carrying values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. Fair value measurements which are determined by using valuation techniques are classified in their entirety as either Level 2 or Level 3 based on the lowest level input that is significant to the measurement.

The fair value measurement of the convertible loans prior to the amendments and the derivative financial liabilities until their expiry were categorized within Level 2 of the hierarchy. Both were exposed to market risk as they employed the quoted market price of Heatherdale's Shares and foreign exchange rates.

1.14 DISCLOSURE OF OUTSTANDING SHARE DATA

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

1.15 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 spread is in 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, constraints such as, but not exclusive to 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

Mineral deposit 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.

Title to Assets

Heatherdale, through its subisidary Niblack Project LLC holds patented federal claims, federal lode clams and state tideland claims. There is no guarantee that title to one or more claims at the Company's property will not be challenged or impugned. Heatherdale may not have, or many not be able to obtain, all necessary surface rights to develop a mineral property. Title insurance is generally not available for mineral properties and Heatherdale's ability to ensure that it has obtained a secure claim to individual mining properties may be severely constrained. A successful claim contesting the Company's title to a property could cause it to lose its right to explore, develop or undertake production thereon. This could also result in Heatherdale not being compensated for its prior expenditures relating to such property.

Permitting

The operations of Heatherdale are subject to receiving and maintaining permits from appropriate governmental authorities and such operations will be governed by laws and regulations governing exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances land use, environmental protection, site safety and other matters. There is no assurance that Heatherdale will be able to obtain all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Further, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions.

Reliability of Mineral Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond Heatherdale's control. Such estimation is a subjective process, and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. There can be no assurance that Mineral Recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. Mineral resource estimates may require revision (either up or down) based on actual production experience. Any future Mineral Resource figures will be estimates and there can be no assurance that the minerals are present or will be recovered, or that the Company's projects can be brought into profitable production. Any material reductions in Mineral Resource estimates could have a material adverse effect on Heatherdale's results of operations and financial condition. The mineral resources presented herein (Refer to *Mineral Resources*) are not mineral reserves and have not demonstrated economic and technical viability. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their potential economic and technical feasibility. A significant amount of exploration work must be completed in order to determine whether an inferred mineral resource may be upgraded to a higher confidence category.

Operating Hazards and Risks

Exploration for mineral resources involves many risks which even a combination of experience, knowledge and careful evaluation may be not able overcome. Operations in which Heatherdale has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although, Heatherdale has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or Heatherdale might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event Heatherdale could incur significant costs that could have a material adverse effect upon its financial results.

Fluctuating Metal Prices

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Company's properties can be mined at a profit and that estimated Mineral Resources will be recovered or that they will be recovered at the rates estimated. Factors beyond the control of the Company may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. Declining metal prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

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.

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 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.

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 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.

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.