



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED
JANUARY 31, 2021 and 2020**

(Expressed in Canadian Dollars, unless otherwise stated)

**Notice of No Auditor Review of
Condensed Consolidated Interim Financial Statements**

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

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

Heatherdale Resources Ltd.

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	January 31 2021	October 31 2020 Restated Notes 2 & 3
ASSETS			
Current assets			
Cash and cash equivalents		\$ 2,399,239	\$ 4,725,262
Amounts receivable and prepaid expenses	4	303,874	88,818
Total current assets		2,703,113	4,814,080
Exploration and evaluation assets	5	281,169	66,661
Restricted cash		941,141	980,760
Total Assets		\$ 3,925,423	\$ 5,861,501
LIABILITIES			
Current Liabilities			
Trade and other payables		1,328,292	\$ 1,012,164
Payables to related parties	6	117,328	80,553
Total current liabilities		1,445,620	1,092,717
Provision for rehabilitation obligation		1,620,903	1,689,138
Total liabilities		3,066,523	2,781,855
EQUITY (DEFICIENCY)			
Share capital	7(a)	76,089,046	76,089,046
Reserves		5,992,210	5,762,968
Accumulated deficit		(81,264,137)	(78,772,368)
Accumulated other comprehensive income/(loss)		41,781	-
Total Equity/(Deficiency)		858,900	3,079,646
Total Equity and Liabilities		\$ 3,925,423	\$ 5,861,501

Continuance of operations and going concern (Note 1)

Subsequent event (Note 9)

The accompanying notes are an integral part of these condensed consolidated financial statements.

The consolidated financial statements are signed on the Company's behalf by:

/s/ Jessica Van Den Akker

Jessica Van Den Akker
Director

/s/ Ron Stewart

Ron Stewart
Director

Heatherdale Resources Ltd.

Condensed Consolidated Statements of Comprehensive Loss and Comprehensive Loss/(Income)

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended January 31,	
		2021	2020
			Restated Notes 2&3
Expenses			
Exploration and evaluation expenses	5	\$ 1,827,186	\$ 48,716
Management fees, director fees, wages and benefits	6	221,194	39,314
Office and other		66,959	24,710
Professional services		89,743	10,114
Regulatory		6,200	14,453
Marketing and investor relations		47,838	1,101
Share-based compensation	7 (f)	229,242	-
		2,488,362	138,408
Other income/expenses			
Foreign exchange loss (gain)		11,888	(22,751)
Finance income		(8,481)	(3,112)
Other income		-	(28,358)
Net Loss		2,491,769	84,187
Other comprehensive loss/(income)			
Foreign currency translation adjustment		(41,781)	26,057
Comprehensive loss		\$ 2,449,988	\$ 110,244
Basic and diluted loss per common share		\$ 0.11	\$ 0.01
Weighted average number of common shares outstanding		22,214,847	7,331,870

The accompanying notes are an integral part of these condensed consolidated financial statements.

Heatherdale Resources Ltd.
Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three months ended January 31,	
	2021	2020
	Restated Notes 2&3	
Operating activities		
Loss for the period	\$ (2,491,769)	\$ (84,187)
<u>Non-cash or non operating items:</u>		
Depreciation	3,735	3,369
Share-based compensation	229,242	-
Finance income	-	(3,113)
Foreign exchange loss (gain)	-	(23,108)
<u>Changes in non-cash working capital items:</u>		
Amounts receivable and prepaid expenses	(216,684)	27,053
Trade and other payables	336,024	65,307
Payables to related parties	36,775	14,649
Net cash used in operating activities	(2,102,677)	(30)
Investing activities		
Interest received	-	47
Purchase of exploration and evaluation assets	(223,346)	-
Net cash from/(used) investing activities	(223,346)	47
Net decrease in cash and cash equivalents	(2,326,023)	17
Cash and cash equivalents - beginning balance	4,725,262	10,949
Cash and cash equivalents - ending balance	\$ 2,399,239	\$ 10,966

The accompanying notes are an integral part of these condensed consolidated financial statements.

Heatherdale Resources Ltd.

Condensed Consolidated Statements of Changes in Equity (Deficiency)

(Unaudited - Expressed in Canadian Dollars except for share information)

	Share capital		Equity settled share-based payments reserve	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total equity (deficiency)
	Number of common shares	Amount				
Balance at November 1, 2019 (Restated Note 2 & 3)	7,331,870	\$ 66,884,771	\$ 5,391,388	\$ (77,233,209)	\$ 3,620	\$ (4,953,430)
Net loss	-	-	-	(84,187)	-	(84,187)
Other comprehensive loss	-	-	-	-	(26,057)	(26,057)
Balance at January 31, 2020	7,331,870	\$ 66,884,771	\$ 5,391,388	\$ (77,317,396)	\$ (22,437)	\$ (5,086,111)
Balance at November 1, 2020	22,214,847	\$ 76,089,046	\$ 5,762,968	\$ (78,772,368)	\$ -	\$ 3,079,646
Share based compensation	-	-	229,242	-	-	229,242
Net loss	-	-	-	(2,491,769)	-	(2,491,769)
Loss and comprehensive loss	-	-	-	-	41,781	41,781
Balance at January 31, 2021	22,214,847	\$ 76,089,046	\$ 5,992,210	\$ (81,264,137)	\$ 41,781	\$ 858,900

The accompanying notes are an integral part of these condensed consolidated financial statements.

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

1. NATURE AND CONTINUANCE OF OPERATIONS

Heatherdale Resources Ltd. (the "Company" or "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".

The Company's principal mineral property interest is its 100% owned Niblack copper-gold-zinc-silver project in southeast Alaska (the "Niblack Project"). The Company is in the process of exploring the Niblack Project and has yet to determine if the project contains economically recoverable mineral reserves. The Company's continuing operations and the underlying value of the Niblack Project are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the Niblack Project, obtaining the necessary permits to mine, future profitable production from any mine, and proceeds from the disposition of the project. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

As of January 31, 2021, the Company has no source of operating revenue and has accumulated significant losses since inception. The Company is continually seeking opportunities for additional funding and expects to raise funds from equity-based sources on terms which are acceptable to it to carry out planned operations for 2021. However, there can be no assurance that the Company will obtain such financial resources or achieve positive cash flows in the future.

These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of Compliance*

These Financial Statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations committee ("IFRIC"s). Accordingly, they do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete annual financial statements and should be read in conjunction with the Group's consolidated financial statements, as at and for the year ended October 31, 2020, which were filed under the Company's profile on SEDAR at www.sedar.com. Results for the reporting period are not necessarily indicative of future results.

Accounting policies applied herein are the same as those applied in the Group's annual financial statements except for those discussed below in (c) below.

These condensed consolidated interim financial statements were approved by the Board of Directors on March 31, 2021.

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

(b) Significant Accounting Estimates and Judgments

The critical judgments and estimates applied in the preparation of these Financial Statements are consistent with those applied in the Company's consolidated financial statements, as at and for the year ended October 31, 2020.

(c) Changes in Accounting Policy

The Company has changed its presentation currency from U.S. dollars ("USD") to Canadian dollars ("CAD") effective for reporting periods after November 1, 2020. The Comparative periods have been restated to reflect the change in presentation currency. Refer to Note 3 for more information.

Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements of each entity in the Heatherdale group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Primary and secondary indicators are used to determine the functional currency. Primary indicators include the currency that mainly influences sales prices, labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and in which receipts from operating activities are usually retained. Effective November 1, 2020, the functional currency of the Canadian parent company and its Canadian subsidiary has changed to CAD from USD. The functional currency of the Company's two US subsidiaries has remained unchanged and is USD.

The consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

The financial statements of entities that have a functional currency different from the presentation currency of Heatherdale ("foreign operations") are translated into CAD as follows: assets and liabilities-at the closing rate at the date of the statement of financial position, and income and expenses-at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative foreign currency translation adjustments.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in the statement of income or loss as translational foreign exchange gains or losses.

ii. Transactions and Balances

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items are carried at fair value that are denominated in foreign currencies are translated at the rates prevailing when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Gains and losses arising on translation are included in profit or loss for the year.

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

3. CHANGE IN ACCOUNTING POLICY

An entity's functional currency is the currency of the primary economic environment in which it operates. Effective November 1, 2020, the functional currency of the Canadian parent company and its Canadian subsidiary has changed to CAD from USD as a result of the recent change in the underlying transactions, events and conditions. The functional currency of the Company's two US subsidiaries has remained unchanged and is USD. The new functional currency has been applied prospectively from November 1, 2020, in accordance with IAS 21.

To give effect of the change in functional currency, the assets, liabilities and equity of the Canadian entities at October 31, 2020 were converted into CAD dollars on November 1, 2020 at a fixed exchange rate of USD1.00 to CAD1.3318.

Also, effective November 1, 2020, the presentation currency was changed from USD to CAD. Prior period comparative numbers for the Company in these condensed consolidated financial statements have been restated to CAD dollars to provide a meaningful comparable information.

In order, to derive comparatives for the Company and its subsidiaries, in the presentation currency of CAD:

- The USD functional currency assets and liabilities were converted into CAD at period end rates. For 2020 and 2019 these rates were USD1.00 to CAD1.3318 and USD1.00 to CAD 1.3160, respectively;
- Expenses and other income/expenses were converted at the average exchange rate for the reporting. For 2020 and 2019 these rates were USD1.00 to CAD1.3460 and USD1.00 to CAD1.3286, respectively; and
- Items directly recognized in equity were translated using the historical rate at the time of the transaction.

The impact of the changes in presentation currency on the consolidated financial statements is as follows:

Consolidated Statement of Financial Position - As at November 1, 2019

	Reported in USD	Reported in CDN
Assets		
Current	\$ 47,490	\$ 62,497
Non-current	766,389	1,008,568
Total assets	\$ 813,879	\$ 1,071,065
Liabilities		
Current	\$ 3,309,572	\$ 4,355,397
Non-current	1,268,312	1,669,099
Total liabilities	4,577,884	6,024,495
Deficit		
Share capital	50,189,012	66,884,771
Reserves	4,044,829	5,391,388
Accumulated deficit	(57,997,846)	(77,233,209)
Accumulated other comprehensive income	-	3,620
Total deficit	(3,764,005)	(4,953,431)
Total liabilities and deficit	\$ 813,879	\$ 1,071,065

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

Consolidated Statement of Financial Position - As at October 31, 2020

	Reported in USD	Reported in CDN
Assets		
Current	\$ 3,614,717	\$ 4,814,080
Non-current	786,470	1,047,421
Total assets	\$ 4,401,187	\$ 5,861,501
Liabilities		
Current	\$ 820,480	\$ 1,092,715
Non-current	1,268,312	1,689,138
Total liabilities	2,088,792	2,781,853
Equity		
Share capital	57,132,487	76,089,046
Reserves	4,327,202)	5,762,968
Accumulated deficit	(59,147,294	(78,722,366)
Total equity	2,312,395	3,079,648
Total liabilities and equity	\$ 4,401,187	\$ 5,861,501

Consolidated Statement of Net Loss and Other Comprehensive Loss

For the three months ended January 31, 2020

	Reported in USD	Reported in CDN
Exploration and evaluation expenditures	\$ 36,193	\$ 48,716
General and administrative expenditures	66,636	89,692
	102,829	138,408
Other expense/(income)	(40,283)	(54,221)
Net loss	62,546	84,187
Foreign currency translation	-	26,057
Comprehensive loss for the period	\$ 62,546	\$ 110,244

Consolidated Statement of Cash Flow For the three months ended January 31, 2020

	Reported in USD	Reported in CDN
Cash flows used operating activities	\$ (26)	\$ (30)
Cash flows from investing activities	35	47
Increase in cash and cash equivalents	9	17
Effect of exchange rate fluctuations on cash held	(42)	-
Cash and cash equivalents – beginning of period	8,320	10,949
Cash and cash equivalents – end of period	\$ 8,287	\$ 10,966

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

4. AMOUNTS RECEIVABLE AND OTHER PREPAID EXPENSES

	January 31, 2021	October 31 2020 Restated Note 2 & 3
Sales tax receivable	\$ 49,322	\$ 34,792
Prepaid expenses	27,784	54,026
Advances and other receivables	226,768	-
	\$ 303,874	\$ 88,818

5. EXPLORATION AND EVALUATION ASSETS

At January 31, 2021 and October 31, 2020, the carrying amounts of the Group's exploration and evaluation assets ("E&E assets") include the cost, less accumulated depreciation, of plant and equipment at the Niblack Project site.

E&E assets acquired for the three months ended January 31, 2021 were \$223,346 (2020 - \$Nil) with a resulting balance of \$281,169.

Details of the exploration and evaluation expenses incurred are as follows:

	For the three months ended January 31, 2021	For the three months ended January 31, 2020 (Restated Notes 2&3)
Claims maintenance	\$ 5,835	\$ -
Project and support contract services	677,882	28,750
Site support	204,414	-
Depreciation	3,735	3,369
Fuel	1,148	-
Underground support supplies	211,646	-
Drilling	515,514	-
Geology	66,793	1,059
Transport	82,191	-
Field travel	53,328	9,861
Environmental	4,700	5,677
Total	\$ 1,827,186	\$ 48,716

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

6. RELATED PARTY BALANCES AND TRANSACTIONS

(a) *Related Party Transactions*

During the three months ended January 31, 2021, the Company paid or accrued \$38,609 (2020 – Nil) for office space to a private company controlled by a common director.

(b) *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 three months ended January 31, 2021, total key management compensation was \$367,678 (2020 - \$52,374) which includes management fees and salaries of \$184,750 (2020 - \$52,374) and share based compensation of \$182,928 (2020 - \$Nil).

7. SHARE CAPITAL AND RESERVES

(a) *Authorized Share Capital*

At January 31, 2021, the authorized share capital consisted of an unlimited number of common shares without par value and an unlimited number of preferred shares with no par value. Only common shares have been issued and are outstanding. All issued shares are fully paid.

(b) *Share Issuances*

For the year ended October 31, 2020

In June 2020, the Company completed the debt settlement with Sino-Canada Natural Resources Fund I ("Sino-Canada Fund") and issued 1,200,000 common shares of the Company to Sino-Canada Fund at a fair value of \$0.70 in settlement of the \$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 or accrued \$19,910 in fees related to the share issuance.

In June 2020, the Company issued 7,007,977 common shares of the Company at \$0.4875 per share pursuant to debt assignment and settlement agreement for the settlement of debt of \$3,416,390. The Company paid or accrued \$17,388 in fees related to the share issuance.

On August 31, 2020, the Company issued 7,275,000 common shares by private placement at a price of \$0.80 per common share, for aggregate gross proceeds of \$5,820,000. The Company paid finder's fees of \$277,860 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 \$0.90 per common share until August 31, 2021. The finder's warrants have been recorded at a fair value of \$137,088. The fair value of the finder's warrants was determined using the Black-Scholes option pricing model using the following assumptions: risk free rate interest rate of 0.33%, expected life of 1.0 years, expected volatility rate of 75.00% and a dividend rate of 0.00%.

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

(c) Share Option Plan

The Company has a share option plan to recognize contributions made and to create an incentive for the continuing assistance to the Company. The share option plan provides that the Board of Directors of the Company may from time to time, in their discretion, and in accordance with TSX-V requirements, grant to its directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issue does not exceed 10% of the number of then outstanding common shares. Such options can be exercisable for a maximum of ten years from the date of grant. The exercise price of each share option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts). Vesting of share options is at the discretion of the Board of Directors at the time the options are granted.

A summary of stock option transactions are summarized as follows:

	Number of options outstanding	Weighted average exercise price
Balance November 1, 2018 and 2019	-	-
Granted	1,760,000	\$0.98
Balance October 31, 2020	1,760,000	\$0.98
Expired	(97,500)	\$0.97
Balance January 31, 2021	1,662,500	\$0.98

As of January 31, 2021, the following stocks options were outstanding:

Expiry Date	Number of options outstanding	Number of options exercisable	Weighted average exercise price
June 16, 2025	100,000	25,000	\$0.80
June 30, 2025	42,500	12,500	\$0.85
September 9, 2025	1,520,000	380,000	\$1.00
	1,662,500	417,500	

(d) Deferred Share Units ("DSUs")

During the three months ended January 31, 2021, there were no grants of DSUs.

(e) Warrants

As of January 31, 2020, the Company has 310,575 Finder Warrants outstanding with an exercise price of \$0.90 and an expiry date of August 31, 2021.

Heatherdale Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2021 and 2020

(Expressed in Canadian dollars, unless stated otherwise)

(f) Share Based Compensation Expense

During the three months ended January 31, 2021 there were no stock options granted.

The Company recognized a share-based compensation expense of \$229,242 for the three ended January 31, 2021 (2020 – Nil). The non-vested stock expense not yet recognized was \$577,666. This expense is expected to be recognized over the next three years.

8. FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. During the period ended January 31, 2021, there were no changes in the Company's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital.

Fair Value

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

9. SUBSEQUENT EVENTS

(a) Private Placement

On March 18, 2021, the Company announced a non-brokered private placement to raise \$2.5 million at \$0.80 per common share, with the right to increase the total amount raised up to \$5 million.

(b) Proposed Name Change

The Company also announced that, subject to the final approval of the TSX Venture Exchange, the Company plans to change its name to Blackwolf Copper and Gold Ltd. and its ticker symbol to BWCG. The Company expects the name change to be effective after the private placement closes.