



(FORMERLY HEATHERDALE RESOURCES LTD)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
APRIL 30, 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.

BLACKWOLF COPPER AND GOLD LTD

(Formerly Heatherdale Resources Ltd)

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	April 30 2021	October 31 2020 Restated Notes 2 & 3
ASSETS			
Current assets			
Cash and cash equivalents		\$ 4,196,098	\$ 4,725,262
Amounts receivable and prepaid expenses	4	476,992	88,818
Total current assets		4,673,090	4,814,080
Equipment	5	344,513	66,660
Restricted cash		904,688	980,760
Exploration and evaluation assets	6	1	1
Total Assets		\$ 5,922,292	\$ 5,861,501
LIABILITIES			
Current Liabilities			
Trade and other payables		914,369	\$ 1,012,164
Payables to related parties	7	47,228	80,553
Total current liabilities		961,597	1,092,717
Provision for rehabilitation obligation		1,558,121	1,689,138
Total liabilities		2,519,718	2,781,855
EQUITY			
Share capital	8(a,b)	81,312,169	76,089,046
Reserves		6,140,980	5,762,968
Accumulated deficit		(84,102,299)	(78,772,368)
Accumulated other comprehensive income/(loss)		51,724	-
Total Equity		3,402,574	3,079,646
Total Equity and Liabilities		\$ 5,922,292	\$ 5,861,501

Continuance of operations and going concern (Note 1)

Subsequent event (Note 10)

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

BLACKWOLF COPPER AND GOLD LTD
(Formerly Heatherdale Resources Ltd)

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

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended April 30,		Six months ended April 30,	
		2021	2020	2021	2020
			Restated Notes 2&3		Restated Notes 2&3
Expenses					
Exploration and evaluation expenses	6	\$ 2,276,342	\$ 39,539	\$ 4,103,528	\$ 88,255
Management fees, director fees, wages and benefits	7	230,082	41,474	451,276	80,788
Office and other		76,429	23,672	143,388	48,382
Professional services		43,474	22,689	133,217	32,803
Regulatory		14,838	9,543	21,038	23,996
Marketing and investor relations		107,924	536	155,762	1,637
Share-based compensation	8 (f)	108,913	-	338,155	-
		2,858,002	137,453	5,346,364	275,861
Other income/expenses					
Foreign exchange loss (gain)		(16,020)	(216,880)	(4,132)	(239,631)
Finance income		(3,820)	(1,573)	(12,301)	(4,685)
Other income		-	(7,626)	-	(35,984)
Net Loss/(income)		2,838,162	(88,626)	5,329,931	(4,439)
Other comprehensive loss/(income)					
Foreign currency translation adjustment		(9,943)	256,095	(51,724)	282,152
Comprehensive loss		\$ 2,828,219	\$ 167,469	\$ 5,278,207	\$ 277,713
Basic and diluted loss/(income) per common share		\$ 0.12	\$ (0.01)	\$ 0.23	\$ (0.00)
Weighted average number of common shares outstanding		23,339,097	7,331,870	22,776,972	7,331,870

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

BLACKWOLF COPPER AND GOLD LTD
(Formerly Heatherdale Resources Ltd)
Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Six months ended April 30,	
	2021	2020
	Restated Notes 2&3	
Operating activities		
Income/(loss) for the period	\$ (5,329,931)	\$ 4,439
<u>Non-cash or non operating items:</u>		
Depreciation	7,470	6,737
Share-based compensation	338,155	-
Finance income	-	(4,685)
Foreign exchange loss (gain)	-	(239,518)
<u>Changes in non-cash working capital items:</u>		
Amounts receivable and prepaid expenses	(395,679)	(26,788)
Trade and other payables	(81,111)	92,699
Payables to related parties	(33,324)	164,612
Net cash from/(used) operating activities	(5,494,420)	(2,504)
Investing activities		
Interest received	-	109
Purchase of equipment	(297,724)	-
Net cash from/(used) investing activities	(297,724)	109
Financing activities		
Proceeds from private placement financing	5,398,000	-
Share issue costs	(135,020)	-
Net cash from financing activities	5,262,980	-
Net decrease in cash and cash equivalents	(529,164)	(2,395)
Cash and cash equivalents - beginning balance	4,725,262	10,949
Cash and cash equivalents - ending balance	\$ 4,196,098	\$ 8,554

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	-	-	-	4,439	-	4,439
Other comprehensive loss	-	-	-	-	(282,152)	(282,152)
Balance at April 30, 2020	7,331,870	\$ 66,884,771	\$ 5,391,388	\$ (77,228,770)	\$ (278,532)	\$ (5,231,143)
Balance at November 1, 2020	22,214,847	\$ 76,089,046	\$ 5,762,968	\$ (78,772,368)	\$ -	\$ 3,079,646
Shares issued pursuant to private placement	6,747,500	\$ 5,398,000				5,398,000
Share issuance costs		(174,877)	39,857			(135,020)
Share based compensation	-	-	338,155	-	-	338,155
Net loss	-	-	-	(5,329,931)	-	(5,329,931)
Other comprehensive income	-	-	-	-	51,724	51,724
Balance at April 30, 2021	28,962,347	\$ 81,312,169	\$ 6,140,980	\$ (84,102,299)	\$ 51,724	\$ 3,402,574

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

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
Notes to the Condensed Consolidated Interim Financial Statements
For the six months ended April 30, 2021 and 2020
(Expressed in Canadian dollars, unless stated otherwise)

1. NATURE AND CONTINUANCE OF OPERATIONS

Blackwolf Copper and Gold Ltd. (the "Company" or "Blackwolf") 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. On April 20, 2021, the Company changed its name from Heatherdale Resources Ltd to Blackwolf Copper and Gold Ltd. 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 "BWCG".

The Company's principal mineral property interests are its 100% owned Niblack copper-gold-zinc-silver project in southeast Alaska (the "Niblack Project") and Hyder Properties acquired subsequent to the quarter end. 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 April 30, 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 June 24, 2021.

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
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(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 Blackwolf 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 Blackwolf ("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.

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
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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 on 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

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
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For the six months ended April 30, 2021 and 2020
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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 and six months ended April 30, 2020

	Three months Reported in USD	Three months Reported in CDN	Six months Reported in USD	Six months Reported in CDN
Exploration and evaluation expenditures	\$ 29,375	\$ 39,539	\$ 65,568	\$ 88,255
General and administrative expenditures	72,745	97,915	139,381	187,607
	102,120	137,454	204,949	275,862
Other expense/(income)	(167,964)	(226,079)	(208,247)	(280,300)
Net loss/(income)	(65,844)	(88,625)	(3,298)	(4,439)
Foreign currency translation	-	256,095	-	282,152
Comprehensive loss/(income) for the period	\$ (65,844)	\$ 167,470	\$ (3,298)	\$ 277,713

Consolidated Statement of Cash Flow For the Six months ended April 30, 2020

	Reported in USD	Reported in CDN
Cash flows used operating activities	\$ (2,039)	\$ (2,505)
Cash flows from investing activities	81	109
Increase in cash and cash equivalents	(1,958)	(2,396)
Effect of exchange rate fluctuations on cash held	(213)	-
Cash and cash equivalents – beginning of period	8,320	10,949
Cash and cash equivalents – end of period	\$ 6,149	\$ 8,553

Blackwolf Copper and Gold Ltd.
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4. AMOUNTS RECEIVABLE AND OTHER PREPAID EXPENSES

	April 30, 2021	October 31 2020 Restated Note 2 & 3
Sales tax receivable	\$ 42,767	\$ 34,792
Prepaid expenses	115,438	54,026
Advances and other receivables	318,788	-
	\$ 476,993	\$ 88,818

5. EQUIPMENT

	Office equipment		Field equipment		Total
Cost					
Balance, October 31, 2019	\$	-	\$	336,325	\$ 336,325
Acquisitions during the year		2,253		33,674	35,927
Translation adjustment		-		3,658	3,658
Balance, October 31, 2020		2,253		373,657	375,910
Acquisitions for the period		27,569		270,155	297,724
Translation adjustment		-		(35,504)	(35,504)
Balance, April 30, 2021	\$	29,822	\$	608,307	\$ 638,130
Accumulated depreciation					
Balance, October 31, 2019	\$	-	\$	292,406	\$ 292,406
Depreciation for the year		-		13,475	13,475
Translation adjustment		-		3,369	3,369
Balance, October 31, 2020		-		309,250	309,250
Depreciation for the period		2,201		5,269	7,470
Translation adjustment		-		(23,105)	(23,105)
Balance, April 30, 2021	\$	2,201	\$	291,414	\$ 293,615
Carrying amounts					
As at October 31, 2020	\$	2,253	\$	64,407	\$ 66,660
As at April 30, 2021	\$	27,621	\$	316,893	\$ 344,514

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
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6. EXPLORATION AND EVALUATION ASSETS

As of April 30, 2021, the Company owns a 100% interest in the Niblack Project located in Southeast Alaska, which has a nominal value of \$1.00.

After the fiscal quarter end of April 30, 2021, the Company acquired through staking, 369 claims covering 3,689 hectares consisting of the Texas Creek and Cantoo properties, located in Southeast Alaska.

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

	For the three months ended April 30, 2021	For the three months ended April 30, 2020 (Restated Notes 2&3)	For the six months ended April 30, 2021	For the three months ended April 30, 2020 (Restated Notes 2&3)
Claims maintenance	\$ -	\$ -	\$ 5,835	\$ -
Project and support contract services	872,331	13,763	1,550,215	42,513
Site support	197,394	-	401,808	-
Depreciation	1,534	3,368	5,269	6,737
Fuel	76,351	-	77,498	-
Underground support supplies	157,792	-	369,438	-
Drilling	641,173	-	1,156,687	-
Geology	42,119	3,427	108,912	4,486
Transport	144,807	-	226,997	-
Field travel	71,220	7,205	124,548	17,066
Metallurgy	30,705	-	30,705	-
Environmental and permitting	37,795	2,626	42,495	8,303
Community	-	9,150	-	9,150
Baseline	3,121	-	3,121	-
Total	\$2,276,342	\$ 39,539	\$ 4,103,528	\$ 88,255

7. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Transactions

During the six months ended April 30, 2021, the Company paid or accrued \$78,257 (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 six months ended April 30, 2021, total key

Blackwolf Copper and Gold Ltd.
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management compensation was \$635,125 (2020 - \$110,584) which includes management fees and salaries of \$363,250 (2020 - \$110,584) and share based compensation of \$271,875 (2020 - \$Nil).

8. SHARE CAPITAL AND RESERVES

(a) Authorized Share Capital

At April 30, 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 period ended April 30, 2021

On April 15, 2021, the Company issued 6,747,000 common shares by private placement at a price of \$0.80 per common share, for aggregate gross proceeds of \$5,398,000. The Company paid finder's fees of \$107,280 and issued 134,100 share purchase warrants. Each share purchase warrant is exercisable to acquire one common in the capital of the Company at an exercise price of \$0.90 per common share until April 15, 2021. The share purchase warrants have been recorded at a fair value of \$39,857. The fair value of the share purchase 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%. The Company paid or accrued \$27,740 in fees related to the share issuance.

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. Each share purchase 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 share purchase warrants have been recorded at a fair value of \$137,088. The fair value of the share purchase 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%.

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(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
Granted	260,000	\$1.00
Expired	(97,500)	\$0.97
Balance April 30, 2021	1,922,500	\$0.98

As of April 30, 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	37,000	\$0.80
June 30, 2025	42,500	17,500	\$0.85
September 9, 2025	1,520,000	380,000	\$1.00
April 20, 2026	260,000	-	\$1.00
	1,992,500	434,500	

(d) Deferred Share Units ("DSUs")

During the six months ended April 30, 2021, there were no grants of DSUs.

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(e) Warrants

As of April 30, 2021, the Company had outstanding share purchase warrants enabling the holders to acquire further common shares as follows:

Expiry Date	Number of warrants outstanding	Exercise Price
August 31, 2021	310,475	\$0.90
April 15, 2022	134,100	\$0.90
	444,575	

(f) Share Based Compensation Expense

During the six months ended April 30, 2021, a total of 260,000 stock options (2020 – Nil) at a weighted-average exercise price of Cdn\$1.00 (2020 – Nil) were granted to an officers, consultants, and employee exercisable for a period of five years with various terms over a three-year period. The weighted-average fair value attributable to options granted in 2021 was \$0.58 (2020 – Ni).

The following weighted-average assumptions were used in the Black-Scholes valuation of stock options granted during the period:

	2021
Risk free interest rate	0.33%
Expected life of Option	5 years
Annualized volatility	75.00%
Dividend rate	0.00
Forfeiture rate	0.00

The Company recognized a share-based compensation expense of \$338,155 for the six ended April 30, 2021 (2020 – Nil). The non-vested stock expense not yet recognized was \$577,305. This expense is expected to be recognized over the next three years.

9. FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk from its use of financial instruments and Managements. The Company actively monitors the use of these financial instruments and those factors that could impact them in order to manage the risk and make timely decisions. There have been no changes in the Company's objectives, policies, and processes for measuring and managing risk, and the Group's management of capital as disclosed in the consolidated financial statements for the year ended October 31, 2020.

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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.

10. SUBSEQUENT EVENTS

(a) Warrants and Stock Options Exercised

A total of 93,517 warrants and 12,500 stock options were exercised for total proceeds of \$84,165 and \$12,500, respectively.