



**(FORMERLY HEATHERDALE RESOURCES LTD)
CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED
JULY 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.

BLACKWOLF COPPER AND GOLD LTD

(Formerly Heatherdale Resources Ltd)

Condensed Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

		JULY 31 2021	October 31 2020 Restated Notes 2 &3
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		\$ 1,800,867	\$ 4,725,262
Amounts receivable and prepaid expenses	4	704,091	88,818
Total current assets		2,504,958	4,814,080
Equipment	5	606,465	66,660
Restricted cash		917,723	980,760
Exploration and evaluation assets	6	1	1
Total Assets		\$ 4,029,147	\$ 5,861,501
LIABILITIES			
Current Liabilities			
Trade and other payables		600,758	\$ 1,012,164
Payables to related parties	7	20,318	80,553
Total current liabilities		621,076	1,092,717
Provision for rehabilitation obligation		1,580,570	1,689,138
Total liabilities		2,201,646	2,781,855
EQUITY			
Share capital	8(a,b)	81,465,101	76,089,046
Reserves		6,251,759	5,762,968
Accumulated deficit		(85,904,308)	(78,772,368)
Accumulated other comprehensive income/(loss)		14,949	-
Total Equity		1,827,500	3,079,646
Total Equity and Liabilities		\$ 4,029,146	\$ 5,861,501

Continuance of operations and going concern (Note 1)

Subsequent Events (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

/s/ Ron Stewart

Jessica Van Den Akker
Director

Ron Stewart
Director

BLACKWOLF COPPER AND GOLD LTD
(Formerly Heatherdale Resources Ltd)

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

(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended July 31,		Nine months ended July 31,	
		2021	2020	2021	2020
			Restated Notes 2&3		Restated Notes 2&3
Expenses					
Exploration and evaluation expenses	6	\$ 1,078,019	\$ 36,193	\$ 5,181,546	\$ 124,448
Management fees, director fees, wages and benefits	7	330,576	87,506	781,852	168,294
Office and other		84,973	22,824	228,361	71,206
Professional services		93,469	41,335	226,686	74,138
Regulatory		3,923	3,585	24,961	27,581
Marketing and investor relations		36,499	12,270	192,261	13,907
Share-based compensation	8 (f)	161,943	-	500,098	-
		1,789,402	203,713	7,135,765	479,574
Other income/expenses					
Foreign exchange loss (gain)		19,024	113,574	14,892	(126,057)
Finance income		(6,416)	(37)	(18,717)	(4,722)
Other income		-	-	-	(35,984)
Gain on settlement of related party payables	6(a)	-	(608,977)	-	(608,977)
Loss on settlement of convertible debenture	7(b)	-	420,000	-	420,000
Net Loss		1,802,010	128,273	7,131,940	123,834
Other comprehensive loss/(income)					
Foreign currency translation adjustment		36,775	(140,075)	(14,949)	142,077
Comprehensive loss/(income)		\$ 1,838,785	\$ (11,802)	\$ 7,116,991	\$ 265,911
Basic and diluted loss per common share		\$ 0.06	\$ 0.01	\$ 0.29	\$ 0.01
Weighted average number of common shares outstanding		29,049,989	11,135,862	24,889,007	8,599,871

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)

	Nine months ended July 31,	
	2021	2020
	Restated Notes 2&3	
Operating activities		
Loss for the period	\$ (7,131,940)	\$ (123,834)
<u>Non-cash or non operating items:</u>		
Depreciation	14,306	10,106
Share-based compensation	500,098	-
Finance income	-	(4,722)
Foreign exchange loss (gain)	-	(73,178)
Gain on settlement of related party payables	-	(608,977)
Loss on settlement of convertible debenture	-	420,000
<u>Changes in non-cash working capital items:</u>		
Amounts receivable and prepaid expenses	(621,680)	(8,243)
Trade and other payables	(426,536)	186,351
Payables to related parties	(60,255)	229,369
Net cash from/(used) operating activities	(7,726,007)	26,873
Investing activities		
Interest received	-	120
Purchase of equipment	(563,135)	-
Net cash from/(used) investing activities	(563,135)	120
Financing activities		
Proceeds from private placements	5,398,000	-
Share issue costs	(135,020)	(37,248)
Exercise of stock options	12,500	-
Exercise of warrants	89,268	-
Net cash from financing activities	5,364,748	(37,248)
Net decrease in cash and cash equivalents	(2,924,395)	(10,255)
Cash and cash equivalents - beginning balance	4,725,262	10,949
Cash and cash equivalents - ending balance	\$ 1,800,867	\$ 694

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 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)
Shares issued pursuant to debt settlement agreement	7,007,977	3,416,390	-	-	-	3,416,390
Share issuance costs		(17,338)	-	-	-	(17,338)
Shares returned to treasury	(600,000)	(420,000)	-	-	-	(420,000)
Shares issued pursuant for Sino Canada settlement	1,200,000	840,000	-	-	-	840,000
Share issuance costs	-	(19,910)	-	-	-	(19,910)
Net loss	-	-	-	(123,834)	-	(123,834)
Other comprehensive loss	-	-	-	-	(142,077)	(142,077)
Balance at July 31, 2020	14,939,847	\$ 70,683,914	\$ 5,391,388	\$ (77,357,043)	\$ (138,457)	\$ (1,420,198)
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)
Warrants exercised	99,187	132,910	(43,642)	-	-	89,268
Stock options exercised	12,500	20,022	(7,522)	-	-	12,500
Share based compensation	-	-	500,098	-	-	500,098
Net loss	-	-	-	(7,131,940)	-	(7,131,940)
Other comprehensive income	-	-	-	-	14,949	14,949
Balance at July 31, 2021	29,074,034	\$ 81,465,101	\$ 6,251,759	\$ (85,904,308)	\$ 14,949	\$ 1,827,500

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 nine months ended July 31, 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 claims staked near Hyder, Alaska (the "Hyder Properties"). 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 July 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 September 29, 2021.

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended July 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 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)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended July 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 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)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended July 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 and nine months ended July 31, 2020

	Three months Reported in USD	Three months Reported in CDN	Nine months Reported in USD	Nine months Reported in CDN
Exploration and evaluation expenditures	\$ 26,890	\$ 36,193	\$ 92,458	\$ 124,448
General and administrative expenditures	124,457	167,520	263,838	355,126
	151,347	203,713	356,296	479,574
Other expense/(income)	(53,159)	113,537	(261,406)	(355,740)
Net loss	98,188	317,250	94,890	123,834
Foreign currency translation	-	(140,075)	-	142,077
Comprehensive loss for the period	\$ 98,188	\$ 177,175	\$ 94,890	\$ 265,911

Consolidated Statement of Cash Flow For the Nine months ended July 31, 2020

	Reported in USD	Reported in CDN
Cash flows from operating activities	\$ 19,624	\$ 26,873
Cash flows from investing activities	89	120
Cash flows used financing activities	(27,446)	(37,248)
Increase in cash and cash equivalents	(7,733)	(10,255)
Effect of exchange rate fluctuations on cash held	(70)	-
Cash and cash equivalents – beginning of period	8,320	10,949
Cash and cash equivalents – end of period	\$ 517	\$ 694

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
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(Expressed in Canadian dollars, unless stated otherwise)

4. AMOUNTS RECEIVABLE AND OTHER PREPAID EXPENSES

	July 31, 2021	October 31 2020 Restated Note 2 & 3
Sales tax receivable	\$ 39,729	\$ 34,792
Prepaid expenses	283,525	54,026
Deposits and other receivables	380,837	-
	\$ 704,091	\$ 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	37,176	525,959	563,135
Translation adjustment	-	(33,620)	(33,620)
Balance, July 31, 2021	\$ 39,429	\$ 865,996	\$ 905,425
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	3,349	10,957	14,306
Translation adjustment	-	(24,596)	(24,596)
Balance, July 31, 2021	\$ 3,349	\$ 295,611	\$ 298,960
Carrying amounts			
As at October 31, 2020	\$ 2,253	\$ 64,407	\$ 66,660
As at July 31, 2021	\$ 36,080	\$ 570,385	\$ 606,465

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended July 31, 2021 and 2020
(Expressed in Canadian dollars, unless stated otherwise)

6. EXPLORATION AND EVALUATION ASSETS

As of July 31, 2021, the Company owns a 100% interest in the Niblack Project located in Southeast Alaska, which has a nominal value of \$1.00.

During the current fiscal quarter end of July 31, 2021, the Company acquired through staking, 474 claims covering 4,395 hectares consisting of the Texas Creek, Cantoo and Casey properties (Hyder Properties), located in Southeast Alaska.

Details of the exploration and evaluation expenses have been incurred as follows

For the Three Months Ended July 31, 2021	Niblack Project	Hyder Properties	Total
Project and support contract services	\$ 311,761	\$ 61,166	\$372,927
Camp and site support	261,573	39,606	301,179
Depreciation	5,688	-	5,688
Fuel	17,867	61	17,928
Underground support supplies	28,566	-	28,566
Drilling	729	-	729
Geology	52,017	7,215	59,232
Transport	88,049	83,065	171,114
Field travel	50,782	10,812	61,594
Metallurgy	5,625	-	5,625
Environmental and permitting	39,105	-	39,105
Baseline	14,332	-	14,332
Total	\$876,094	\$ 201,925	\$ 1,078,019

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
Notes to the Condensed Consolidated Interim Financial Statements
For the nine months ended July 31, 2021 and 2020
(Expressed in Canadian dollars, unless stated otherwise)

For the Nine Months Ended July 31, 2021	Niblack Project	Hyder Properties	Total
Claims maintenance	\$ 5,835	\$ -	\$ 5,835
Project and support contract services	1,861,975	61,166	1,923,141
Camp and site support	663,381	39,606	702,987
Depreciation	10,957	-	10,957
Fuel	95,365	61	95,426
Underground support supplies	398,004	-	398,004
Drilling	1,157,416	-	1,157,416
Geology	160,929	7,215	168,144
Transport	315,046	83,065	398,111
Field travel	175,330	10,812	186,142
Metallurgy	36,330	-	36,330
Environmental and permitting	81,600	-	81,600
Baseline	17,453	-	17,453
Total	\$4,979,621	\$ 201,925	\$ 5,181,546

For the period ended*	Three months July 31, 2020 Niblack Project	Nine Months July 31, 2020 Niblack Project
Project and support contract services	20,602	63,116
Depreciation	3,369	10,106
Geology	3,193	7,679
Field travel	6,496	23,561
Environmental and permitting	1,509	9,812
Community	1,024	10,174
Total	\$36,194	\$ 124,448

*Hyder properties were staked in 2021, no expenditures for the three and nine months ended 2020.

7. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related Party Transactions

During the nine months ended July 31, 2021, the Company paid or accrued \$117,907 (2020 – Nil) for office space to a private company controlled by a common director.

Blackwolf Copper and Gold Ltd.
(Formerly Heatherdale Resources Ltd)
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian dollars, unless stated otherwise)

(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 nine months ended July 31 2021, total key management compensation was \$964,882 (2020 - \$84,481) which includes management fees and salaries of \$570,083 (2020 - \$84,481) and share based compensation of \$394,799 (2020 - \$Nil).

8. SHARE CAPITAL AND RESERVES

(a) Authorized Share Capital

At July 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 period ended July 31, 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.

During the nine months ended July 31, 2021, the Company issued 12,500 common shares pursuant to the exercise of stock options for proceeds of \$12,500 and 99,187 common shares pursuant to the exercise of warrants for proceeds of \$89,268.

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.

Blackwolf Copper and Gold Ltd.
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For the nine months ended July 31, 2021 and 2020
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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%.

(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	280,000	\$1.02
Exercised	(12,500)	\$1.00
Forfeited/Expired	(260,000)	\$0.98
Balance July 31, 2021	1,767,500	\$0.99

As of July 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	50,000	\$0.80
June 30, 2025	30,000	20,000	\$0.85
September 9, 2025	1,357,500	367,500	\$1.00
April 20, 2026	260,000	65,000	\$1.00
May 12, 2026	20,000	-	\$1.24
	1,767,500	434,500	

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(d) Deferred Share Units ("DSUs")

During the nine months ended July 31, 2021, there were no grants of DSUs.

(e) Warrants

A summary of warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance November 1, 2018 and 2019	-	-
Granted	310,575	\$0.90
Balance October 31, 2020	310,575	\$0.90
Granted	134,100	\$0.90
Exercised	(99,187)	\$0.90
Balance July 31, 2021	345,488	\$0.90

As of July 31, 2021, the following share purchase warrants were outstanding:

Expiry Date	Number of warrants outstanding	Exercise Price
August 31, 2021	211,388	\$0.90
April 15, 2022	134,100	\$0.90
	345,488	

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(f) Share Based Compensation Expense

During the nine months ended July 31, 2021, a total of 280,000 stock options (2020 – Nil) at a weighted-average exercise price of Cdn\$1.02 (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 \$0.59 (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	0.37%
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 \$500,098 for the nine months ended July 31, 2021 (2020 – Nil). The non-vested stock expense not yet recognized was \$377,870. 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.

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.

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10. SUBSEQUENT EVENTS

(a) Warrants Expired and Stock Options Granted

A total of 211,388 warrants expired unexercised and 20,000 stock options with an exercise price of \$1.00 and a five year term were granted.