

BRAVEHEART RESOURCES INC. (FORMERLY RAINBOW RESOURCES INC.)

INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars, unless otherwise stated)

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 AND 2014

BRAVEHEART RESOURCES INC.
(Formerly Rainbow Resources Inc.)
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
NOVEMBER 30, 2015

The accompanying interim unaudited condensed financial statements of Braveheart Resources Inc. (formerly Rainbow Resources Inc., the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim financial statements:

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

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

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

**INTERIM UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT**

	Note	November 30, 2015	May 31, 2015
ASSETS			
Non-current assets			
Automobile	3	\$ 13,801	\$ 18,827
Mineral properties	4	8	8
Total non-current assets		13,809	18,835
Current assets			
Prepaid expenses		21,500	10,000
Harmonized sales tax receivable	6	9,699	22,729
Cash and cash equivalents	5	5,193	15,604
Total current assets		36,392	48,333
Total assets		\$ 50,201	\$ 67,168
EQUITY AND LIABILITIES			
Equity			
Share capital	7	\$ 4,222,301	\$ 4,154,856
Issuable shares		57,000	49,000
Contributed surplus		2,445,069	2,301,077
Deficit		(7,142,253)	(6,954,090)
Total equity		(417,883)	(449,157)
Going concern			
Commitments	1 12		
Unrenounced flow-through share premium		14,570	14,507
Total non-current liabilities		14,570	14,507
Current liabilities			
Accounts payable and accrued liabilities	8	288,217	414,521
Due to directors	11	5,019	5,019
Advance payable	9	160,278	82,278
Total current liabilities		453,514	501,818
Total liabilities		468,084	516,325
Total equity and liabilities		\$ 50,201	\$ 67,168

Approved on behalf of the board:

"R. Brian Murray" Director
"David W. Johnston" Director

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

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

**INTERIM UNAUDITED CONDENSED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014**

	Note	Three Months		Six Months	
		2015	2014	2015	2014
Expenses					
Amortization	3	\$ 659	\$ 831	\$ 1,365	\$ 1,661
Management fees	11	69,000	9,000	78,000	18,000
Consulting fees	11	7,500	-	7,500	-
Administrative expenses		5,666	13,533	34,054	17,445
Professional fees		9,587	1,185	13,141	4,185
Rent	11	1,475	2,550	5,900	2,550
Impairment of mining exploration deferred costs and mineral properties	4	22,825	44,056	45,942	43,097
Operating loss		116,712	71,155	185,902	86,938
Interset and other (loss) income		(2,261)	-	(2,261)	72
Recovery on debt settlement		-	17,050		17,050
Net loss before tax		(118,973)	(54,105)	(188,163)	(69,816)
Net loss and comprehensive loss for the period		\$ (118,973)	\$ (54,105)	\$ (188,163)	\$ (69,816)
Loss per share					
Basic and diluted loss and comprehensive loss per common share	10	\$ (0.010)	\$ (0.010)	\$ (0.014)	\$ (0.014)
Weighted average number of common shares outstanding		11,935,505	5,216,751	13,298,505	5,155,728

The 10 for 1 common share consolidation affected all of the Company's outstanding common shares as at the effective date (Note 7); as a result, the prior year presentation in the financial statements has been restated.

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

INTERIM UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

	Note	Share capital		Issuable shares		Contributed surplus	Accumulated Other comprehensive income	Deficit	Total
		Number of shares	Amount	Number of shares	Amount				
Balance at June 1, 2014		5,004,705	\$ 4,151,874	-	\$ -	\$ 2,048,809	\$ -	\$ (6,850,949)	\$ (650,266)
Adjustment for previously issued shares		(10,000)	(15,000)	-	-	-	-	-	(15,000)
Loss and comprehensive loss for period		-	-	-	-	-	-	(69,816)	(69,816)
Balance at November 30, 2014		4,994,705	\$ 4,136,874	-	\$ -	\$ 2,048,809	\$ -	\$ (6,920,765)	\$ (735,082)
Balance at June 1, 2015		10,384,505	\$ 4,154,856	980,000	\$ 49,000	\$ 2,301,077	\$ -	\$ (6,954,090)	\$ (449,157)
Share issue for cash	7(iii)(iv)	4,190,000	209,500	(980,000)	(49,000)	-	-	-	160,500
Flow-through share issue for cash	7(iii)(iv)	40,000	2,000	-	-	-	-	-	2,000
Issuable shares	13	-	-	1,140,000	57,000	-	-	-	57,000
Fair value of warrants		-	(143,992)	-	-	143,992	-	-	-
Unrenounced flow-through share premium		-	(63)	-	-	-	-	-	(63)
Loss and comprehensive loss for period		-	-	-	-	-	-	(188,163)	(188,163)
Balance at November 30, 2015	7	14,614,505	\$ 4,222,301	1,140,000	\$ 57,000	\$ 2,445,069	\$ -	\$ (7,142,253)	\$ (417,883)

The 10 for 1 common share consolidation affected all of the Company's outstanding common shares as at the effective date (Note 7); as a result, the prior year presentation in the financial statements has been restated.

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

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

INTERIM UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014**

	Note	Three Months		Six Months	
		2015	2014	2015	2014
Cash flows from operating activities					
Net loss and comprehensive income (loss)		\$ (118,973)	\$ (54,105)	\$ (188,163)	\$ (69,816)
Add items not affecting cash:					
Amortization		659	831	1,365	1,661
Impairment of mining exploration deferred costs and mineral properties		22,825	44,056	45,942	43,097
Recovery on debt settlement		-	(17,050)	-	(17,050)
Net changes in working capital balances:					
(Increase) decrease in other receivables and HST		(5,569)	20,039	13,030	18,317
Increase in prepaid expenses		(11,500)	-	(11,500)	-
(Decrease) increase in accounts payable and accrued liabilities		60,551	8,463	(126,304)	4,514
Cash flows used in operating activities		(52,007)	2,234	(265,630)	(19,277)
Cash flows from investing activities					
Disposition of property, plant and equipment		3,661	-	3,661	-
Mineral properties	4	(2,000)	-	(22,012)	-
Exploration and evaluation asset	4	(20,825)	(44,056)	(23,930)	(43,097)
Cash flows used in investing activities		(19,164)	(44,056)	(42,281)	(43,097)
Cash flows from financing activities					
Issue of common shares, net of issue cost		-	-	211,500	-
Issuable shares		57,000	-	8,000	-
Loan and advances		3,000	39,600	78,000	62,650
Cash flows provided by financing activities		60,000	39,600	297,500	62,650
Net increase (decrease) in cash position		(11,171)	(2,222)	(10,411)	276
Cash and cash equivalents, beginning of period		16,364	(20,761)	15,604	(23,259)
Cash (bank indebtedness), end of period		\$ 5,193	\$ (22,983)	\$ 5,193	\$ (22,983)

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

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

1. REPORTING ENTITY AND GOING CONCERN

Braveheart Resources Inc. (formerly Rainbow Resources Inc., the “Company”) is an exploration stage company engaged in locating, acquiring and exploring for precious metals in Canada. The Company was incorporated pursuant to the laws of Ontario on October 13, 2009. The Company is listed on the TSX Venture Exchange, having the symbol BHT and is in the process of exploring its mineral properties.

The address of the Company's corporate office and principal place of business is 65 Queen Street West, Suite 520, Toronto, Ontario, M5H 2M5, Canada.

Going Concern

These interim unaudited condensed financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in future profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$7,142,253 as at November 30, 2015 (May 31, 2015 - \$6,954,090). The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As at November 30, 2015 the Company had current assets of \$36,392 (May 31, 2015 - \$48,333) to cover current liabilities of \$453,514 (May 31, 2015 - \$501,818).

For the period ended November 30, 2015, the Company had a net loss from operations of \$188,163, a cash flow from operations of \$(265,630). As at period end, the Company had a working capital deficiency of \$417,122.

The Company has a history of operating losses. In recent years, it had negative cash flows operations and working capital deficiencies.

Whether and when the Company can attain profitability and positive cash flows is uncertain. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

BRAVEHEART RESOURCES INC.

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NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The interim unaudited condensed financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements. Accordingly, these interim unaudited condensed financial statements should be read in conjunction with the Company's most recently prepared audited annual financial statements for the fiscal year ended May 31, 2015.

The policies applied in these interim unaudited condensed financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual financial statements for the year ended May 31, 2015.

The interim unaudited condensed financial statements were authorized for issue by the Board of Directors on January 27, 2016.

2.2 Recently Issued Accounting Pronouncements not yet Adopted

The IASB issued the following standards, which are not yet effective and have not been applied in the preparation of these financial statements. The Company is in the process of determining the extent of the impact on its interim unaudited condensed financial statements.

On May 6, 2014 the IASB issued Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments apply prospectively for annual periods beginning on or after January 1, 2016. Earlier application is permitted. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The impact of adoption of the amendment has not yet been determined.

On July 24, 2014 the IASB issued the complete IFRS 9. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The impact of adoption of the amendment has not yet been determined.

On May 12, 2014 the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments made to IAS 16 explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The Company intends to adopt the amendments to IAS 16 in its financial statements for the annual period beginning on January, 2016. The impact of adoption of the amendment has not yet been determined.

The amendments in IAS 38 introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. The Company intends to adopt the amendments to IAS 38 in its financial statements for the annual period beginning on January, 1 2016. The impact of adoption of the amendment has not yet been determined.

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NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

3. AUTOMOBILES

Cost	<u>Automobiles</u>
Balance at May 31, 2012	\$ 6,674
Additions	<u>23,491</u>
Balance at May 31, 2015	\$ 30,165
Disposals	<u>\$ (3,661)</u>
Balance at November 30, 2015	<u>\$ 26,504</u>
<u>Accumulated Amortization</u>	
Balance at May 31, 2012	\$ 560
Amortization for the year	<u>3,548</u>
Balance at May 31, 2013	\$ 4,108
Amortization for the year	<u>3,908</u>
Balance at May 31, 2014	\$ 8,016
Amortization for the period	<u>3,322</u>
Balance at May 31, 2015	\$ 11,338
Amortization for the period	<u>1,365</u>
Balance at November 30, 2015	<u>\$ 12,703</u>
<u>Carrying Amounts</u>	
As at May 31, 2012	\$ 6,114
As at May 31, 2013	<u>\$ 26,057</u>
As at May 31, 2014	<u>\$ 22,149</u>
As at May 31, 2015	<u>\$ 18,827</u>
As at November 30, 2015	<u>\$ 13,801</u>

The Company has determined that there is no impairment on automobiles as at November 30, 2015 (May 31, 2014 - Nil).

4. MINERAL PROPERTIES AND EXPLORATION AND EVALUATION ASSET

Acquisition of Mineral Properties

	May 31, 2015	Additions	Impairment	November 30, 2015
International	\$ 1	\$ -	\$ -	\$ 1
Tin City	1	-	-	1
President	1	-	-	1
Gold Viking & Anna	1	4,000	(4,000)	1
Rhea & Waffer	1	-	-	1
Ottawa	1	-	-	1
Sirush	1	17,500	(17,500)	1
Referendum & Whitewater	1	512	(512)	1
	<u>\$ 8</u>	<u>\$ 22,012</u>	<u>\$ (22,012)</u>	<u>\$ 8</u>

Capitalized Exploration and Evaluation Asset

	May 31, 2015	Additions	Impairment	November 30, 2015
Gold Viking & Anna	\$ -	\$ 2,500	\$ (2,500)	\$ -
Referendum & Whitewater	-	21,430	(21,430)	-

BRAVEHEART RESOURCES INC.

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NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

\$	-	\$	23,930	\$	(23,930)	\$	-
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BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

Total impairment - August 31, 2015	<u>Impairment</u>
Acquisition of Mineral Properties	\$ 22,012
Capitalized Exploration and Evaluation Asset	<u>23,930</u>
	<u>\$ 45,942</u>

Based on existing market conditions, the Company determined that certain exploration expenditures would not be recoverable and as a result of a fair value analysis, recorded a write down of these assets at November 30, 2015 of \$45,942 (May 31, 2015 -\$161,123). Under IAS 36, the recoverable amount is defined as the higher of an asset's fair value less cost to sell and its value-in-use. The fair value of the mining properties are categorized as level 3 in the fair value hierarchy. The Company's mining properties are considered early stage exploration minerals properties without defined resources and the Company is currently looking for outside parties for potential sale and/or joint venture. Therefore, the fair value is estimated based on the following information: the sale of a comparable property by the Company in the prior year; ongoing discussions with other parties expressing interest in acquiring the properties or options in the properties; and, estimated costs to sell based on historical information from a previous sale. Management's estimate of fair value is subject to risk and uncertainties. Thus, it is reasonably possible that changes could occur which may affect the recoverability of the Company's exploration and evaluation assets and may have a material effect on the Company's financial statements.

The BC Mining Exploration Tax Credit is a 20% credit on qualified mining exploration for the determination of the existence, location, extent or quality of a mineral resource in BC.

International Property

100% owned property near Duncan Lake, BC.

During the year ended May 31, 2014, the Company wrote down the carrying value of the International Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

Tin City Property

100% owned property immediately north of the International property. Please refer to note 12 for commitment.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Tin City Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

President Property

The property is located on the west side of Duncan Lake, BC.

See below description of the option agreement to earn its interest in the President Property. Please refer to note 12 for commitment.

During the year ended May 31, 2014, the Company wrote down the carrying value of the President Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

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FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

Gold Viking & Anna Property

The property is located near Slocan City, BC.

See below description of the option agreement to earn its interest in the Gold Viking & Anna Property. Refer to note 12 for commitment.

During the year ended May 31, 2015, the Company wrote down the carrying value of the Gold Viking & Anna Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

Rhea & Waffer Property

The property is located near Nelson, BC.

On October 25, 2011, the Company entered into an option agreement, which is also applicable to the President Property, Ottawa Property and the Gold Viking & Anna Property. To earn its interest in the Rhea property, the Company assumed the commitments over a three years period. Refer to note 12 for commitment.

Waffer Property deal

During the year ended May 31, 2014, the Company wrote down the carrying value of the Rhea & Waffer Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

Ottawa Property

The property is located near Slocan Lake. Please refer to note 12 for commitment.

The Company has entered into an agreement to acquire 100% of the Ottawa property (Donkeys Gold Mine) through the President, Gold Viking and Rhea option as described in the Rhea property description.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Ottawa Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

Sirush Property

The property is located near Nelson, BC contiguous to the Rhea property. Refer to note 12 for commitment.

The vendors will retain a 1% net smelter return pertaining to any future commercial production from the claims, which can be purchased back by the company for \$200,000.

During the year ended May 31, 2014, the Company wrote down the carrying value of the Sirush Property to a nominal value of \$1. The Company is keeping the claims in good standing, however, no exploration is currently planned for this property.

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Referendum & Whitewater Property

The Company has entered into an option agreement to acquire two new gold properties in the West Kootenay region of British Columbia, increasing the size of its Big Strike project by over 20%.

Whitewater is immediately south of Referendum. It is strategically located near the head of Snowwater Creek and contiguous to claims recently acquired by the Company that enlarged its Rhea property. Please refer to note 12 for commitment.

Referendum-Whitewater deal

The optionor will retain a net smelter royalty (NSR) interest of 1% on the properties. Rainbow will have the right to purchase the NSR at any time for \$3 million.

The Company may earn its 100% interest in the properties at any time as long as it has fulfilled the total commitments with respect to cash and shares.

During the year ended May 31, 2015, the Company wrote down the carrying value of the Referendum & Whitewater Property to a nominal value of \$1. The Company is keeping the claims in good standing and some exploration is currently planned for this property along with a 1,000 tonne bulk sample.

5. CASH AND CASH EQUIVALENTS

	<u>November 30, 2015</u>	<u>May 31, 2015</u>
General purpose		
Cash/bank overdraft	\$ (2,944)	\$ 11,502
Cash equivalents	8,137	4,102
	<u>\$ 5,193</u>	<u>\$ 15,604</u>

All cash and cash equivalents are held in Canadian banks.

6. HST AND OTHER RECEIVABLES

	<u>November 30, 2015</u>	<u>May 31, 2015</u>
<i>Financial assets</i>		
Harmonized sales tax	\$ 9,699	\$ 22,729

BRAVEHEART RESOURCES INC.

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NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014****7. SHARE CAPITAL**

Authorized: Unlimited number of common share without per value

	November 30, 2015	May 31, 2015
	Number of shares	
Authorized and issued		
Common shares with no par value (i)	10,384,505	5,004,705
Issued for acquisition of properties	-	125,000
Issued for cash - shares (ii)	4,190,000	2,605,800
Issued for cash - flow-through shares (ii)	40,000	2,659,000
Cancelled shares	-	(10,000)
	14,614,505	10,384,505
Common shares	\$ 4,154,856	\$ 4,151,874
Issued for acquisition of properties	-	8,750
Issued for cash - shares (ii)	209,500	130,290
Issued for cash - flow-through shares (ii)	2,000	132,950
Unrenounced flow-through share premium	(63)	-
Share issue costs	-	(1,740)
Fair value of warrants	(143,992)	(252,268)
Cancelled shares	-	(15,000)
	\$ 4,222,301	\$ 4,154,856

- (i) During the year ended May 31, 2015, the Company enacted a share consolidation whereby 1 new share was issued for each 10 existing shares. The effects of this consolidation have been reflected retrospectively throughout these consolidated financial statements.
- (ii) In July 2015, the Company completed a private placement of 4,190,000 units at a price of \$0.05 per unit and 40,000 flow-through units at a price of \$0.05 per flow-through units for aggregate proceeds of \$211,500. Each unit consist of one common share and one common share purchase warrant. Each flow-through unit consist of one common share and one-half of a common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.10 for 18 months from the date of issuance.

Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the period ended November 30, 2015:

	Number of Warrants	Black-Scholes Value	Weighted Average Exercise Price
Balance, May 31, 2013	9,903,409	\$ 1,433,642	\$ 0.21
Expired	(3,820,998)	-	0.25
Issued	3,050,000	51,052	0.10
Balance, May 31, 2014	9,132,411	\$ 1,484,694	\$ 0.15
Expired	(3,509,311)	-	0.13
Consolidation adjustment	(5,528,100)	-	
Issued	3,970,100	252,268	0.10
Balance, May 31, 2015	4,065,100	\$ 1,736,962	\$ 0.10
Expired	(95,000)	-	-
Issued	4,210,000	143,992	\$ 0.10
Balance, November 30, 2015	8,180,100	\$ 1,880,954	\$ 0.10

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NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

The fair value of warrants issued during the period \$143,992 (May 31, 2015 - \$224,692).

At November 30, 2015, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants	Exercise Price	Expiry date
3,970,100	\$ 0.10	June 22, 2016
4,210,000	\$ 0.10	January 29, 2017
8,180,100	\$ 0.10	

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultants stock options that have been granted, exercised, expired, vested or cancelled during the period ended November 30, 2015:

	Number of Options	Black-Scholes Value	Weighted Average Exercise Price
Balance, May 31, 2014	2,270,000	\$ 557,831	\$ 0.20
Expired	(400,000)	-	2.50
Consolidation adjustment	(1,683,000)	-	
Balance, May 31, 2015 and November 30, 2015	187,000	\$ 557,831	\$ 1.78

The following table summarizes information about stock options outstanding and exercisable at November 30, 2015, following the consolidation adjustment:

Date of Grant	Number of Outstanding at August 31, 2015	Exercise Price	Weighted Average Remaining Life (months)	Date of Expiry	Number of Exercisable at August 31, 2015
January 4, 2011	132,000	\$ 1.60	13	January 16, 2016	132,000
December 1, 2011	15,000	\$ 1.50	12	December 29, 2015	15,000
September 4, 2012	40,000	\$ 2.50	63	September 4, 2017	40,000
	187,000	\$ 1.78			187,000

The Company provides compensation to directors, employees and consultants in the form of stock options.

No stock options were granted during the period ended August 31, 2015.

BRAVEHEART RESOURCES INC.

(FORMERLY RAINBOW RESOURCES INC.)

NOTES TO INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS**FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014****8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<u>November 30, 2016</u>	<u>May 31, 2015</u>
<i>Financial liabilities</i>		
Other accruals	\$ -	\$ 16,000
Other payables	272,316	398,521
	<u>\$ 272,316</u>	<u>\$ 414,521</u>

9. ADVANCE PAYABLE

Advance payable is \$160,278 (May 31, 2015 -\$82,278) and this amount does not have any terms or conditions.

10. LOSS PER SHARE

The calculation of basic loss per share for the period ended November 30, 2015 was based on the loss attributable to shareholders of the Company of \$188,163, and a weighted average number of ordinary shares of 13,298,505.

11. RELATED PARTIES

The following related party transactions occurred and were charged in the financial statements during the three months periods ended November 30, 2015 and 2014 as follows:

<u>Consulting fees</u>	<u>November 30, 2015</u>	<u>November 30, 2014</u>
Management fees, consulting fees, accounting fees and salary expense:		
Management fees were charged by officers for corporate administrative and financial management services	\$ 69,000	\$ 9,000
Consulting fees were charged by officers and a relative of a director for corporate administrative and financial management services	\$ 7,500	\$ -
Accounting fees were charged by an officer for financial management services	\$ 3,000	\$ 3,000
Wages & salary were charged by a relative of a director for corporate administrative services	<u>\$ 1,375</u>	<u>\$ -</u>
Other		
Rent fees (office premises) were charged by a company with a common director	\$ 850	\$ 2,550
Other		
Payments made to a director and a relative of a director in connection with property acquisition and eligible Exploration and Evaluation expenditures incurred	\$ 3,725	\$ 30,100
Loans payable to directors and officers and a relative of a director of the Company.	<u>\$ 31,747</u>	<u>\$ 96,859</u>

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FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

At period end, the Company owes the president of the Company for compensation \$60,000 (May 31, 2015 - \$89,250) included in accounts payable. Also in accounts payable is \$48,200 (May 31, 2015 - \$24,000) owing to officers of the Company for management and consulting fees and \$24,650 (May 31, 2015 - \$24,650) owing to a company with a common director for rent (office premises) .

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FOR THE THREE MONTHS AND SIX MONTHS ENDED NOVEMBER 30, 2015 and 2014

12. COMMITMENTS AND CONTINGENCIES

On October 25, 2011, the Company entered into an option agreement, with regards to the Rhea Property, the President Property, Ottawa and the Gold Viking & Anna Property. To earn its interest in the property, the Company assumed the following commitments over a two years period:

	Cash Payment	Common Shares	Exploration Expenditures
Year 1	\$ 10,000 (fulfilled)	100,000 (fulfilled)	\$ 50,000 (fulfilled)
After Year 1	10,000 (fulfilled)	150,000 (fulfilled)	150,000
After Year 2	6,000 (fulfilled)	250,000 (fulfilled)	250,000
After Year 3	18,000	-	-
	<u>\$ 44,000</u>	<u>500,000</u>	<u>\$ 450,000</u>

On March 5, 2012, the Company entered into an option agreement, with regards to the Referendum & Whitewater Property. On January 15, 2015, the Company renegotiated the option agreement and to earn its interest in the property, the Company assumed the following commitments over a five years period:

	Cash Payment	Common Shares	Exploration Expenditures
December 31, 2015	\$ 10,000 (fulfilled)	200,000 (fulfilled)	\$ -
December 31, 2016	25,000	200,000 (fulfilled)	-
December 31, 2017	25,000	200,000	-
December 31, 2018	50,000	200,000	-
December 31, 2019	100,000	200,000	-
December 31, 2020	100,000	200,000	-
After year 6	100,000	-	-
	<u>\$ 410,000</u>	<u>1,200,000</u>	<u>\$ -</u>

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to period end, the Company completed a private placement of 4,755,000 units at a price of \$0.05 per unit for aggregate proceeds of \$237,750. Each unit consist of one common share and one common share purchase warrant. Each full warrant will entitle its holder to acquire one additional common share of the Company at a price of \$0.10 for 18 months from the date of issuance.