

**Braveheart Resources Inc.
Management's Discussion and Analysis of Financial
Conditions and Results of Operations
For the year ended May 31, 2016 and 2015**

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Braveheart Resources Inc. (formerly Rainbow Resources Inc.) ("Braveheart" or the "Company") as at May 31, 2016 and for the year then ended in comparison to 2015.

The applicable provincial securities commission granted the Company exemptive relief to adopt International Financial Reporting Standards ("IFRS") since inception of the Company.

This MD&A should be read in conjunction with the financial statements for the years ended May 31, 2016 and 2015 and supporting notes. These financial statements have been prepared using accounting policies consistent with IFRS.

The effective date of this MD&A is September 28, 2016. Additional information relating to the Company is available on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information in this MD&A and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, and objectives.

Factors which could cause actual results to differ materially from current expectations include, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the business in which the Company participates; general economic conditions and normal business uncertainty; fluctuations in foreign exchange rates; and changes in laws, rules and regulations applicable to the Company.

The Company does not update forward-looking statements should circumstances or management's assumptions, expectations, or estimates change.

Overview

Braveheart is an exploration stage company, incorporated October 13, 2009, engaged in location, acquiring and exploring for precious metals in Canada, principally British Columbia.

On November 27, 2012, the Company filed Articles of Amalgamation under the Business Corporations Act (Ontario), whereby the Company was amalgamated with Braveheart to form an amalgamated corporation operating under the name of "Braveheart Resources Inc." (the "Company"). All amounts herein reflect the financial effects of the amalgamation.

BRAVEHEART RESOURCES INC.

On November 26, 2014, the Company filed articles of amendment to change its name from Rainbow Resources Inc. to Braveheart Resources Inc. and to consolidate the shares on a 1:10 basis.

Operations

Summary of Results

	May 31, 2016	February 29, 2016	November 30, 2015	August, 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
	Q4*	Q3*	Q2*	Q1*	Q4*	Q3*	Q2*	Q1*
(a) Revenue	\$ -	\$-	\$-	\$ -	\$ -	\$ -	\$ -	\$ -
(b) Net income (loss) and comprehensive loss	\$(158,102)	\$(62,115)	\$(118,973)	\$(69,190)	\$(38,296)	\$ 5,043	(54,105)	(15,783)
(c) Net income (loss) per share – basic and fully diluted	\$(0.084)	\$(0.004)	\$(0.10)	\$(.006)	\$(.005)	\$0.01	\$(0.1)	\$0.00

*IFRS Reporting

Selected Annual Information

	Year ended May 31,		
	2016	2015	2014
Revenues	nil	nil	nil
Net Income (loss) and comprehensive loss	\$(408,380)	\$(103,141)	\$(2,220,964)
Net income (loss) per share basic and fully diluted	\$(0.026)	\$(0.014)	\$(0.463)
Total Assets	\$154,136	\$67,168	\$56,638
Non-current financial liabilities	\$(17,493)	\$(14,507)	\$(44,213)

Year ending May 31, 2016

The Company has earned no revenue to date. The net loss for the year ending May 31, 2016 was \$(408,380) (May 31, 2015 - \$(103,141), or \$(0.026) per share (May 31, 2015 - \$(0.014)).

For the years ended May 31, the major expenses consisted of:

	2016	2015
Management fees	\$ 156,000	\$ 37,250
Consulting fees	\$ 17,500	\$ 30,000
Administrative expenses	\$ 94,109	\$ 41,268
Professional fees	\$ 27,599	\$ 53,090
Part XII.6 taxes	\$ 28,010	\$ -
Impairment of asset	\$ 63,531	\$ 161,123
Mining tax credit	\$ -	\$ (198,267)

The increase in management fees of \$118,750 for the year ended May 31, 2016 compared to the previous year reflects increased activity due to the economic conditions.

The decrease in consulting fees of \$12,500 for the year ending May 31, 2016 was a result of reversing the outsourcing of some administrative costs in previous years.

The administrative expense increase of \$52,841 for the year ending May 31, 2016 resulted from increased support for exploration activity and a general positive business conditions.

The decrease in professional fees for the year ended May 31, 2015 of \$25,491 was as a result of a decrease in use of the normal corporate legal services.

The increase in Part XII.6 taxes of \$28,010 relates to taxes on unspent flow-through amounts for the tax year

During the year ended May 31, 2016 the management of the Company considered the following factors in regard to its properties:

- Management's current outlook for long-term precious metal prices, like Silver and Gold, compared to the outlook as at May 31, 2015 (Prior Year);
- Significant decline in asset's market value, more than would be expected as a result of the passage of time;
- Increase in the market interest rates and potential of further increases in the market interest rates that are likely to affect the discount rates used in calculating the mineral properties' value in use;

- The extent to which the entity's net assets (including mineral properties) exceeds its market capitalization as at the fiscal year-end May 31, 2016;
- Lack of potential sources of ongoing financing to fund additional exploration activities.

As a result of the above review, management determined the recoverable amount of the assets was nil, resulting in a pre-tax impairment charge of \$63,531 recorded in 2016. The impairment charge has been recorded as a separate line item on the statement of comprehensive income (loss).

In total, net loss and comprehensive loss for the year ending May 31, 2016 increased to \$408,380 from \$103,141 for the year ending May 31, 2015.

Liquidity and Capital Resources

As at May 31, 2016, the Company had cash and cash equivalents of \$97,880, HST receivable of \$18,314, other receivables of \$2,264 and prepaid expenses of \$23,000 giving total current assets of \$141,458 (May 31, 2015 - \$48,333). Current liabilities consisted of accounts payable & accrued liabilities of \$240,078, due to directors of \$7,269 and advance payable of \$61,569 totaling \$308,916 (May 31, 2015 - \$501,818) leaving working capital (deficit) of \$(167,458) (May 31, 2015 - \$(453,485)). However, overheads will ultimately exhaust the resources of the Company and it will be necessary for the Company to raise capital in the future to finance its ongoing activities. The ability of the Company to successfully acquire additional mineral projects and to develop its existing properties is conditional on its ability to secure financing when required. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company.

Cash flows from financing activities during the year ending May 31, 2016 were provided primarily by issuance of common shares for \$673,250, receipt of issuable shares for \$15,000, payment of loans and advances accounted for \$(18,458) for a total cash flow of \$669,792 (May 31, 2015 - \$284,788).

Cash flows provided (used) in operating activities were \$(527,646) (May 31, 2015 - (\$84,804)).

Cash (used) in investing activities totaled \$(59,870) (May 31, 2015 - \$(161,121)) and consisted primarily of capitalized exploration and evaluation asset that was subsequently written off during the year.

Share Capital

Common Shares

- 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.
- 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.
- In January 2016, the Company completed a private placement of 3,955,000 units at a price of \$0.05 per unit and 800,000 flow-through units at a price of \$0.05 per flow-through units 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.
- In May 2016, the Company completed a private placement of 4,760,000 units at a price of \$0.05 per unit and 700,000 flow-through units at a price of \$0.05 per flow-through units for aggregate proceeds of \$273,000. 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.

At May 31, 2016, the total number of issued and outstanding shares was 24,829,505 (May 31, 2015 – 10,384,505 – post consolidation).

Stock Options

During the year ended May 31, 2016, 147,000 options expired leaving a total of 40,000 stock options outstanding, and all were vested (May 31, 2015 -187,000 -post consolidation).

Warrants

During year ended May 31, 2016, there were 14,075,000 warrants that were issued, 95,000 expired, leaving 18,045,100 warrants outstanding at May 31, 2016.

Subsequent to the 2016 fiscal year-end date, but prior to the completion of the Company's financial statements, the Company announced (on August 31, 2016) the completion of a non-brokered private placement financing of 2,285,000 units at \$0.05 per unit and 500,000 flow-through units, for gross proceeds of \$139,250.

At September 28, 2016, the total number of issued and outstanding shares was 27,614,505, the total outstanding warrants was 20,330,100 and the total number of outstanding options were 40,000.

Related Party Transactions

The following related party transactions occurred and were charged in the financial statements during the three months years ended May 31, 2016 and 2015 as follows:

Consulting fees	May 31, 2016	May 31, 2015
Management fees, consulting fees, accounting fees and salary expense:		
Management fees were charged by officers for corporate administrative and financial management services	\$ 156,000	\$ 37,250
Consulting fees were charged by officers and a relative of a director for corporate administrative and financial management services	\$ 17,500	\$ 30,000
Accounting fees were charged by a officer for financial management services	\$ 12,200	\$ 12,000
Wages & salary were charged by a relative of a director for corporate administrative services	\$ 6,725	\$ 2,650
Other		
Rent fees (office premises) were charged by a company with a common director	\$ 10,200	\$ 10,200
Rent fees (equipment) were charged by a relative of a director	\$ 175	\$ -
Other		
Payments made to a director and a relative of a director in connection with property acquisition and eligible Exploration and Evaluation expenditures incurred	\$ 12,500	\$ 23,800
Loans payable to directors and officers and a relative of a director of the Company.	\$ 22,394	\$ 43,747

At year end, the Company owes the president of the Company for compensation \$40,000 (May 31, 2015 - \$89,250) included in accounts payable. Also in accounts payable is \$4,000 (May 31, 2015 - \$24,000) owing to a officer of the Company for management fees, \$7,200 owing to a director of the Company for exploration and evaluation expenditure cost and \$23,276 (May 31, 2015 - \$24,650) owing to a company with a common director for rent (office premises) . Also the Company owes to a relative of a director \$13,000 for consulting fees, \$Nil for wages & salary (May 31, 2015 - \$11,833).

HISTORY, PROPERTY DESCRIPTION AND LOCATION, ACTIVITY FOR YEAR ENDED MAY 31, 2016

As at May 31, 2016, the Company's mineral properties totalled \$8 (May 31, 2015 - \$8) and its mining exploration deferred costs totalled \$nil (May 31, 2015 - \$nil).

During the year ended May 31, 2016 the management of the Company considered the following factors in regard to its' properties:

- Management's current outlook for long-term precious metal prices, like Silver and Gold, compared to the outlook as at May 31, 2015 (Prior Year);
- Significant decline in asset's market value, more than would be expected as a result of the passage of time;
- Increase in the market interest rates and potential of further increases in the market interest rates that are likely to affect the discount rates used in calculating the mineral properties' value in use;
- The extent to which the entity's net assets (including mineral properties) exceeds its market capitalization as at May 31, 2016; and
- Lack of potential sources of ongoing financing to fund additional exploration activities

As a result of the above review, the management determined the recoverable amount of the assets was nil, resulting in a pre-tax impairment charge of \$63,531 (\$161,123 recorded in 2015). The impairment charge has been recorded as a separate line item on the statement of comprehensive income (loss).

During the Year

The company transported 354 kilograms of material to Mt. Baker Mining & Metals in Bellingham, Wash., where it was crushed and screened. The 354 kg rock sample assayed 15.5 grams per tonne of gold. A concentrated sample of 3.1 kg assayed 1,240 g/t of gold. Overall gold recovery from the sample was 70 per cent using only gravimetric methods.

The company also transported approximately 30 kilograms of material from the Whitewater property to a commercial gold processing plant. After crushing and blending the entire sample, two separate pulps were prepared and each was analyzed in duplicate. The overall average of the four analyses was 15.64 grams per tonne gold.

The plant's technical team then proceeded with the balance of its standard metallurgical test work, which included leach tests and multielement geochemistry. The head grades of the material tested ranged between 8.77 grams per tonne gold and 18.57 grams per tonne gold. Recoveries were calculated using an average of 8.89 grams per tonne gold. The associated bottle-roll results showed an average gold recovery of 95.12 per cent.

Additional Disclosures (No Significant Revenue)

The Company had no operating properties as at May 31, 2016, and consequently no significant sources of revenue.

Critical Accounting Estimates and Judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, could result in a material adjustment to the carrying amounts of assets and liabilities. In the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of exploration and evaluation expenditures incurred. The Company capitalizes the exploration and evaluation expenditures in the consolidated statement of financial position;
- The fair value of stock options and warrants issued in conjunction with the issuance of the Company's common shares and the fair value of stock options and warrants using the Black Scholes option pricing model; and
- Management assumption of no material restoration, rehabilitation and environmental costs, based on the facts and circumstances that existed during the period.
- The recoverability of deferred tax assets and liabilities

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assumptions made by management.

Adoption of Accounting Standards and Pronouncements Under IFRS

The Ontario Securities Commission granted the Company exemptive relief to early adopt International Financial Reporting Standards with an adoption date of the incorporation of the Company. The Company's first audited financial statements prepared in accordance with IFRS were the financial statements for the period ending May 31, 2010. Full disclosure of the Company's accounting policies in accordance with IFRS can be found in Note 3 to those financial statements.

In the process of applying the Company's accounting policies above, the Directors have identified the judgmental areas that have the most significant effect on the amounts recognized in the financial statements (apart from those involving estimations), which are dealt with below:

Mining Interests

The assessment of whether general administration costs and salary costs are capitalized or expensed involves judgment. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalize it within mining interests. Costs that can be demonstrated as project related are included within mining interests. Mining interests relate to prospecting, exploration and related expenditure in Canada. The Company's exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- factors beyond the Company's control
- failure to obtain additional financing
- insured and uninsured risks
- environmental risks and hazards

- government regulation and permits
- delays
- infrastructure
- price volatility of publicly traded securities
- fluctuating mineral prices

The recoverability of mining interests is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the statement of financial position would be written off to the Statement of Operations and Comprehensive Loss. Preparation of financial statements requires directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

Key Sources of Estimation Uncertainty

Share-Based Payments

Estimation of share-based payments costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Company is the Black-Scholes valuation model.

Warrants

The fair value of the warrants is estimated at the issue date using the Black-Scholes option pricing model with estimates of the volatility based on the Company's historical common share trading prices, expected dividend yield and a risk-free interest rate.

Income Taxes and Recoverability of Potential Deferred Tax Assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Impairment of Mining Interests

The assessment of mining interests for indications of impairment involves judgment. If an

indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount is determined as the higher of fair value less costs to sell and value in use. The assessment requires judgment as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulations pertaining to the provinces where they are located (British Columbia) and Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Mustang's operations. Environmental hazards may exist on the properties on which Braveheart holds interests which are unknown to Braveheart at present and which have been caused by previous or existing owners or operators of the properties. Braveheart may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with Braveheart's operations. To the extent such approvals are required and not obtained, Braveheart may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life. As the Company has not yet begun mining or milling operations, the Company currently has no identifiable obligations related to the retirement of its assets. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Braveheart and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Production of mineral properties may involve the use of dangerous and hazardous substances. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, Braveheart may become subject to liability for hazards that cannot be insured against. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

These include, but are not limited to, the following:

- Federal Level (Canada) Provincial Level (British Columbia)

- Canadian Environmental Protection Act
- Environmental Protection Act of British Columbia
- To the Company's knowledge, there are no liabilities to date, which relate to environmental risks or hazards.

Management's evaluation of disclosure controls:

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Company's disclosure controls and procedures as at May 31, 2016 and have concluded that these controls and procedures are effective.

Internal Control over Financial Reporting:

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures are appropriately designed as at May 31, 2016.

The Board of Directors is responsible for reviewing and approving the financial statements together with the other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its finding to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs to comply with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Management's Responsibility for Financial Reporting:

As at the end of the recently completed financial year ended May 31, 2016, the Chief Executive Officer and the Chief Financial Officer evaluated the operating effectiveness of the disclosure controls and procedures, and based on that evaluation have concluded that as of May 31, 2016, the controls are operating as intended to provide reasonable assurance that information required to be disclosed by the Company in its annual filings or other reports is recorded, processed and summarized within the time periods required and communicated to the Chief Executive Officer and the Chief Financial Officer in sufficient time and detail to allow timely decisions regarding disclosure.

At the end of the recently completed financial period, the Chief Executive Officer and Chief Financial Officer evaluated the operating effectiveness of the internal control over financial reporting and based on that evaluation, have concluded that as of May 31, 2016, the internal controls over financial reporting are operating as intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that: (i) the financial

statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the period presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial position, results of operations and cash flows of the Company, as of the date and for the period presented by the audited financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with the other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its finding to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs to comply with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Signed

“Alex Falconer”

Alex Falconer, CFO
Braveheart Resources Inc.
September 28, 2016