



**Zacapa Resources Ltd.
Annual Information Form**

For the Year Ended December 31, 2022

Dated as of May 1, 2023

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Glossary Of General Terms

In this AIF, unless otherwise defined in the body of this AIF, the following capitalized words and terms have the following meanings:

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| Affiliate: | A company is an “Affiliate” of another company if: one of them is the subsidiary of the other; or each of them is controlled by the same Person; |
| AIF: | means this Annual Information Form; |
| Associate: | means, when used to indicate a relationship with a Person, a partner, other than a limited partner, of that Person; a trust or estate in which that Person has a substantial beneficial interest or for which that Person serves as trustee or in a similar capacity; an issuer in respect of which that Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the issuer; or a relative, including the spouse, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person; |
| Audit Committee: | means the audit committee of the Board; |
| Board: | means the Board of Directors of the Company; |
| Common Shares: | means the common shares of the Company; |
| Control Person: | means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer; |
| Dewdrop: | means the Dewdrop property located in the Walker Lane trend of western Nevada in the Yerington porphyry district. |
| Exchange: | means the TSX Venture Exchange; |
| Insider: | if used in relation to an issuer, means: a director or senior officer of the issuer; a director or senior officer of another issuer that is an insider or subsidiary of the issuer; a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or the issuer itself if it holds any of its own securities; |
| Miller Mountain | means the Miller Mountain project located in west-central Idaho and comprised of 238 unpatented mining claims covering 1991.06 ha |
| NI 43-101 or National Instrument 43-101: | means National Instrument 43-101 – Standards of Disclosure for Mineral Projects adopted by the Canadian Securities Administrators; |
| NI 52-110 or National Instrument 52-110: | mean National Instrument 52-110 – Audit Committees adopted by the Canadian Securities Administrators; |

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|----------------------------------|---|
| Non-Arm's Length Party: | means (a) in relation to a company: (i) a promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any of such Persons; (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same promoter, officer, director, Insider or Control Person; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person; |
| Pearl: | means the Pearl project located in Arizona immediately northwest of the past-producing San Manuel-Kalamazoo porphyry copper mine (BHP) and consists of 241 lode mining claims over 20.16 square kilometers. |
| Person: | includes an individual, corporation, partnership, party, trust, fund, association and any other organized group of persons and the personal or other legal representative of a person to whom the context can apply according to law; |
| Properties: | means collectively the South Bullfrog, Pearl, Miller Mountain, and Dewdrop projects; |
| Shareholder: | means a holder of Common Shares. |
| South Bullfrog: | means the South Bullfrog property located in the Bullfrog Mining District, Nye County, Nevada, USA |
| South Bullfrog Technical Report: | means the technical report titled "NI 43-101 Technical Report On The South Bullfrog Property" dated effective September 22, 2021 prepared for the Company by Brian T. Brewer, M.Sc., CPG, of Brewer Exploration and Geological Services, Inc. |
| Zacapa or the Company: | means Zacapa Resources Ltd., a company incorporated under the laws of British Columbia; |

Preliminary Notes

Effective Date of Information

ALL INFORMATION CONTAINED IN THIS ANNUAL INFORMATION FORM IS AS OF May 1, 2023, UNLESS OTHERWISE STATED.

Cautionary Statement Regarding Forward-Looking Information

This Annual Information Form ("AIF") contains information which may constitute "forward-looking information" or "forward-looking statements" under applicable securities laws (collectively, "**forward-looking information**"). Statements other than statements of historical fact contained in this AIF may be forward-looking information. Forward-looking information can generally be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intent", "estimate", "anticipate", "believe", "should", "plans", or "continue", or similar expressions suggesting future outcomes or events. They include, but are not limited to, statements with respect to expectations, projections or other characterizations of future events or circumstances, and the objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook of the Company (as defined below). The Company has based the forward-looking information in this AIF on the Company's current expectations about future events. Forward-looking information in this AIF includes, but is not limited to, statements with respect to: the future financial or operating performance of the Company and its projects; the future price of gold and copper and other metal prices; next steps and timing regarding the Company's exploration and drilling programs, regulatory and permitting considerations; requirements for additional capital, government regulation of mining operations; environmental risks, reclamation expenses; title disputes or claims; limitations of insurance coverage; the impacts of the COVID-19 pandemic on the global economy and the Company; future financings and the intended use of proceeds resulting therefrom; exploration activities and the results and developments in the Company's operations in future periods; the adequacy of the Company's financial resources; future operating and capital costs, closure costs, timelines, the ability to obtain the requisite permits; economics and associated returns on the Company's

projects; the technical viability of the Company's projects; the environmental impact of the Company's projects; the Company's intention to not declare or pay any cash dividends in the foreseeable future; the release of securities of the Company from escrow and timing thereof; the approximate timing of the next annual meeting of the Company's shareholders; and the overall impact of misjudgments made in good faith in the course of preparing forward-looking information.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, and competitive uncertainties; lack of production; limited operating history of the Company; the actual results of current exploration activities; the entering into, timing and the terms of the Bronco royalty interest agreements; ability to obtain prospecting licenses or permits; ability to obtain surface rights licenses; proper title to the claims that comprises the South Bullfrog Property; the Company may lose or abandon its interest in the South Bullfrog Property; ability to retain qualified personnel; the ability to obtain adequate financing for exploration and development; volatility of commodity prices; risks related to high inflation, interest rate increases and price volatility; environmental risks of mining operations; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses as well as those factors discussed in the section entitled "*Risk Factors*" in this AIF.

Forward-looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in this AIF. See "*Risk Factors*".

Forward-looking information is made as of the date of this AIF, or of the documents incorporated by reference, and are based upon management's beliefs, estimates and opinions. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

Investors are cautioned against placing undue reliance on forward-looking information and investors should not infer that there has been no change in the Company's affairs since the date of this AIF that would warrant any modification of any forward-looking information made in this AIF, other documents periodically filed with or furnished to the relevant securities regulators or documents presented on the Company's website. All subsequent written and oral forward-looking information attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice. The Company disclaims any intent or obligation to update publicly or otherwise revise any forward-looking information or the foregoing list of assumptions or factors, whether as a result of new information, future events or otherwise, subject to the Company's disclosure obligations under applicable Canadian securities regulations. Investors are urged to read the Company's filings with Canadian securities regulatory agencies, which are available for review under the Company's profile on www.sedar.com.

Currency

All dollar amounts in this AIF are expressed in Canadian dollars, unless otherwise indicated.

Corporate Structure

Name, Address and Incorporation

Zacapa Resources Ltd. (“**Zacapa**” or the “**Company**”) is registered under the *Business Corporations Act* (British Columbia) and was incorporated on January 9, 2017 as 1103133 B.C. Ltd. The Company changed its name to Zambia Gold Inc. on January 20, 2017. The Company changed its name to Zacapa Resources Ltd. on January 22, 2018.

The head office and registered & records office of the Company is located at Suite 905 – 1111 W Hastings St, Vancouver, BC V6E 2J3. The Company is a reporting issuer in all provinces and territories of Canada, and is listed on the TSX Venture Exchange (“**TSXV**” or the “**Exchange**”) under the symbol ZACA and OTCQB under the symbol ZACAF.

Intercorporate Relationships

Zacapa has six wholly-owned subsidiaries; Zaya Resources BC Ltd., incorporated in British Columbia on November 15, 2022; Tomichi Mining BC Ltd., incorporated in British Columbia on December 19, 2022; Zacapa Gold BC Corporation, incorporated in British Columbia on November 15, 2022; Zacapa Gold Corporation, incorporated in Nevada, USA on August 17, 2022; Zaya Resources Ltd. incorporated in Nevada, USA on January 22, 2018, and Libero Mining Limited, incorporated in Delaware, USA on October 27, 2016.

| | | | |
|--|-------------------------------------|---|--|
| Zacapa Resources Ltd. (British Columbia) | | | |
| | Owns 100% of | Owns 100% of | Owns 100% of |
| Zaya Resources BC Ltd. (British Columbia) | | Zacapa Gold BC Corporation (British Columbia) | Tomichi Mining BC Ltd. (British Columbia) |
| Owns 100% of: | Owns 100% of: | Owns 100% of: | |
| Zaya Resources Ltd. (Nevada) | Zacapa Gold Corporation (Nevada) | Libero Mining Limited (Delaware) | |

General Development of the Business

General Update

Zacapa Resources Ltd. was incorporated on January 9, 2017, as a privately held entity engaged in the acquisition and exploration of mineral properties predominantly located in the USA.

On February 22, 2023 Zacapa announced that approval for a drill program at the South Bullfrog project had been received, including three drill pad locations at the Longtail area, and four drill pad locations at the Shingleback area, for planned ~3,000 metres of drilling.

On March 17, 2023 Zacapa appointed Ian Slater as CEO, replacing Adam Melnik who also resigned as director.

Three Year History

Zacapa is engaged in the acquisition and exploration of gold and copper mineral properties. In the three most recently completed financial years, the Company has acquired South Bullfrog, Dewdrop, Pearl, an un-exercised option to acquire Tomichi (Libero Mining Limited), and optioned Red Top, Miller Mountain and Ripsey West (the latter of which was terminated) from EMX Royalty Corp. and completed various private placements to fund its operations.

Year ended December 31, 2022

On January 26, 2022, the Company listed on the TSXV and began trading under the symbol "ZACA".

On January 26, 2022, the Company announced drill hole RT-21-001 was completed to a depth of 1,042 meters confirming the presence of a new copper and molybdenum bearing porphyry system at the Red Top project.

On January 27, 2022, the Company provided Bronco Creek with the notice of its intent to exercise the option and acquire the Claims and Properties for the Red Top and Miller Mountain Projects.

On February 14, 2022, the Company commenced trading its common shares on the Frankfurt Stock Exchange under the symbol BH0.

On February 22, 2022, the Company announced that it had staked an additional 239 mining claims (approximately 19.4 square kilometers) at the Red Top Project, following the discovery of the porphyry-style mineralization after drill hole RT-21-001 was completed in January 2022 on the property. The project now includes 431 claims over an area of 33.9 square kilometers.

On March 23, 2022, the Company commenced trading its common shares on the OTCQB under the symbol ZACAF. Further information is available at www.otcmarkets.com.

On April 11, 2022, Zacapa appointed Michelle Borromeo as Vice President of Investor Relations.

On June 21, 2022 Zacapa closed a private placement for 3,162,678 units at a price of \$0.45 per unit, including a half warrant at \$0.68 for 24 months, for proceeds of ~\$1.4M, and which included a strategic investment from Crescat Capital LLC of 2,222,222 units.

On September 9, 2022, Paul Taggar was appointed as CFO, replacing Lisa Peterson.

On October 28, 2022, Zacapa closed a private placement for the sale of 9,614,257 units at a cost of \$0.15 per unit, including a warrant for 36 months at \$0.22, for proceeds of ~\$1.4M.

On November 1, 2022, Sunil Sharma was appointed as CFO, replacing Paul Taggar.

On December 8, 2022 Zacapa completed the acquisition of the Sober Up claim adjacent to the South Bullfrog project in exchange for 184,318 common shares at a price of \$0.11 per share.

Year ended December 31, 2021

Ian Slater became Executive Chairman, in addition to his prior appointment as director and CEO, on August 1, 2021.

Marc Boissonneault was appointed a director on April 6, 2021.

On April 21, 2021, the Company split its common shares on the basis of eight common shares for each

existing common share held.

James Hynes was appointed a director on May 10, 2021 and served until June 14, 2022.

Lisa Peterson was appointed CFO of the Company on July 19, 2021.

Adam Melnik was appointed CEO of the Company, and director, on August 1, 2021 and served until March 17, 2023.

Timothy MacIntyre was appointed VP Exploration of the Company on August 16, 2021.

Melissa Martensen was appointed Corporate Secretary of the Company on November 8, 2021.

Year ended December 31, 2020

Ian Slater was appointed as director and CEO on August 20, 2020.

Significant Acquisitions

Acquisition of Dewdrop

On September 1, 2020, the Company purchased Dewdrop for \$50,000 in cash and 600,000 Common Shares.

Acquisition of South Bullfrog

On December 1, 2020 the Company purchased South Bullfrog for 1,600,000 Common Shares.

Acquisition of Pearl

On January 12, 2021, the Company purchased Pearl for 800,000 Common Shares.

Purchase of all the Shares of Libero Mining Limited

On January 14, 2021, the Company purchased all of the issued and outstanding shares of Libero and in exchange the Company issued Libero Copper & Gold Corporation 2,000,000 Common Shares of the Company.

Pursuant to the Tomichi agreement and subsequent amendments, the owners granted Libero Mining Limited an exclusive option to acquire a 100% interest in the Tomichi property for an exercise price of US\$2,000,000 until December 16, 2022. This option expired un-exercised on December 16, 2022.

Exploration and Option Agreement (Red Top, Ripsey West and Miller Mountain)

On March 16, 2021, the Company entered into the Red Top agreement between Zaya Resources Ltd. (“**Zaya**”) and EMX Royalty Corp.’s subsidiary, Bronco Creek Exploration, Inc. (“**Bronco**”). Pursuant to the Red Top agreement, Bronco granted Zaya an option to acquire from Bronco a 100% interest in the Red Top Project, the Ripsey West Project and the Miller Mountain Project and the data concerning the Bronco Properties (the “Red Top Option”). In exchange for the Red Top Option, the Company and Zaya:

- (a) paid \$126,000 USD in cash to Bronco to reimburse 2021 holding costs; and
- (b) issued a total of 3,400,000 Common Shares of the Company.

At the end of the Option Period, as defined in the Red Top agreement being the date of the initial public offering of the Company, which was January 26, 2022, the Company delivered notice to exercise the

option to acquire from Bronco all of the claims and interest in the properties, all in accordance with the terms of the agreement.

Bronco will retain a royalty interest of 3.5% of the production returns on Miller Mountain properties (as defined in the Red Top agreement dated March 16, 2021). 1% of the royalty interest may be repurchased for USD \$2,000,000 on or before the eighth anniversary of the Red Top agreement. The royalty interest conveyance and agreement was executed on April 12, 2022.

Bronco will retain a royalty interest of 2.5% of the production returns on the Red Top properties (as defined in the Red Top agreement dated March 16, 2021). 0.5% of the royalty interest may be purchased for USD \$2,000,000 on or before the eighth anniversary of the Red Top agreement. The royalty interest conveyance and agreement was executed on April 12, 2022.

Notice regarding the Red Top properties was provided to EMX Royalty Corp. on April 18, 2023 and the process to transfer the Red Top properties back to EMX Royalty Corp. and its subsidiary Bronco Creek Exploration, Inc., and to terminate the royalty interest conveyance and agreement dated April 12, 2022 was begun in April, 2023.

The option agreement for the Ripsey West project was terminated in 2021.

Business Description

General

Zacapa is a gold and copper focused mineral exploration company. Its projects are concentrated in world class jurisdictions in the southwest U.S., including Nevada, Arizona and Idaho. The portfolio consists of Zacapa's epithermal gold project at South Bullfrog, as well as non-material properties consisting of a porphyry copper project at Pearl and epithermal gold projects at Miller Mountain and Dewdrop.

Stage of Development

The Company is in the exploration and development stage and does not produce, develop or sell any products at this time and consequently, has no current operating income or cash flows from the properties that it holds, nor has it had any income from operations in the past three financial years. As a result, operations of the Company are funded solely by equity financings. The Company's strategy is to advance its projects through exploration, resource, feasibility and permitting and then sell the projects to producing mining companies.

Specialized Skill and Knowledge

All aspects of the Company's business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning and implementation of exploration programs, mining, metallurgy, accounting and law. To date the Company has been able to readily locate and retain such professionals and believes that it can continue to locate and retain such employees and consultants to operate its business and achieve its stated corporate objectives.

Competitive Conditions

There is significant competition in the mineral exploration industry. The Company competes with other mining companies, many of which have greater financial resources and technical facilities for the acquisition and development of, and production from, mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants. The Company also competes for financing with other resource companies, most of which have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Components

All of the raw materials the Company requires to carry on its business are readily available through normal supply or business contracting channels in Canada and the USA at commercially reasonable prices. The Company has secured the personnel needed to conduct its contemplated programs.

Cycles

The mining business, and the gold and copper sectors in particular, is subject to significant volatility, including cyclicity, in commodity prices and in the supply and cost of labor, equipment, fuel and other resources integral to development and operating of a mining project. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles.

Economic Dependence

The Company's business is not substantially dependent on any contract, such as a contract to sell its products or services or to purchase goods, services or raw materials. There are no contracts for franchises or licenses or other agreements to use a patent, formula, trade secret, process or trade name upon which its business depends.

Change to Contracts

It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of contracts or sub-contracts.

Environmental Protection

The Company's current mining, exploration and development activities are subject to various laws and regulations relating to the protection of the environment, including requirements for closure and reclamation of mining properties. The Company is committed to following applicable environmental laws and regulations.

Employees

As at December 31, 2022, the Company had 1 full-time employee, and its subsidiaries had 1 full-time employee. The Company also relies upon consultants to carry on many of its activities.

Foreign Operations

The Company's material property, the South Bullfrog Property, is located in Nevada, USA. The Company's other, non-material properties are located in the United States. Mineral exploration and mining activities may be affected in varying degrees by government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on permitting, production, price controls, income taxes, expropriation of property, environmental legislation and mine safety. Future development and operations may be affected in varying degrees by such factors as government regulations or changes thereto.

Risk Factors

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are set out in the order of seriousness, in the opinion of the board of directors, as of the date of this AIF. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

If any of the following risks occur, the Company's business, financial condition, capital resources, results

or future operations could be materially adversely affected. In such a case, the price of the common shares could decline, and investors may lose all or part of their investment.

The Company may not be able to obtain sufficient financing to pursue all of its intended exploration activities or continue on a going concern basis.

The Company's primary sources of capital resources are comprised of cash and cash equivalents and the issuance of securities. The Company will continuously monitor its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new Common Shares as necessary. The recoverability of the carrying values of the Company's assets is dependent upon the ability of the Company to obtain the necessary financing to complete exploration activities.

While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company. In the event that the Company is unable to fulfill its commitments under its various option agreements as a result of lack of funds or otherwise, the Company may lose its rights and interests in some or all of its properties. This could, in turn have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Dependence on Key Personnel

The Company's success is highly dependent upon the performance of key personnel working in management, supervisory and administrative capacities or as consultants. The loss of the services of its senior management or key personnel could have a material and adverse effect on the Company and its business and results of operations. The Company does not maintain key person insurance.

Reliance on Independent Contractors

The Company's success depends to a significant extent on the performance and continued service of independent contractors. The Company will contract the services of professional drillers and others for exploration, environmental, construction and engineering services. Poor performance by such contractors or the loss of such services could have a material and adverse effect on the Company and its business and results of operations and could result in failure to meet its business objectives.

No Commercial Resources

The Company does not have an interest in any mineral property that presently contains any commercial ore. The Company's proposed exploration programs are exploratory searches for mineralized zones, resources and, if successful, ore reserves. Should any ore reserves exist, substantial expenditures will be required to confirm ore reserves which are sufficient to justify commercial mining and to obtain the required environmental approvals and permitting required to commence commercial operations. There is no assurance that any mineral resources may be accurately defined. Mineral resource estimates are imprecise and depend on geological analysis based partly on statistical inferences drawn from drilling, and assumptions about operating costs and metal prices, all of which may prove unreliable. As resource estimates may not be accurate, there can be no assurance that the indicated quantities of metals on the South Bullfrog Property will be recovered if commercial production is commenced. Any future production could differ significantly from such estimates for the following reasons: actual mineralization or formations could be different from those predicted by drilling, sampling and similar examinations; declines in the market price of gold and copper may render the mining of some or all of the resources uneconomic; and the grade of material may vary dramatically from time to time and the Company cannot give any assurances that any particular quantity of metal will be recovered from the resources. The occurrence of any of these events may cause the Company to adjust resource estimates (if any) or change its mining plans, which could negatively affect the Company's financial condition and results of operations.

The decision as to whether a property contains a commercial mineral deposit and should be brought into

production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, (including exploration and development work, preparation of production feasibility studies and construction of production facilities); (2) availability and costs of financing; (3) ongoing costs of production; (4) market prices for the minerals to be produced; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control.

In addition, the grade of material ultimately mined may differ from that indicated by drilling results. Short term factors relating to mineral resources or mineral reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations.

There can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or in production scale process applications. Material changes in mineral resources or reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

The ability of the Company to sell, and profit from the sale of any eventual production from any property in which the Company has an interest will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of the Company and therefore represent a market risk which could impact the long-term viability of the Company and its operations.

Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to the Company on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in the Company's exploration programs. There may be other factors that result in delays to the Company's exploration programs, including adverse weather.

Potential Profitability Depends Upon Factors Beyond the Control of the Company

The potential profitability of mineral properties is dependent upon many factors beyond the Company's control. For instance, world prices of and markets for gold and other minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of mined ore may vary from the rate experienced in tests, and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, water environmental compliance or other production inputs. Such costs will fluctuate in ways the Company cannot predict and are beyond the Company's control, and such fluctuations will impact profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of the Company.

Political and Economic Instability in Foreign Countries

The Company's properties are located in the United States, and the Company may acquire mineral property interests in other foreign countries. Exploration in foreign jurisdictions will expose the Company to risks that may not otherwise be experienced if all operations were domestic. The risks include but are not limited to military repression, extreme fluctuations in currency exchange rates, labour instability, militancy, socioeconomic conditions, mineral title irregularities and high rates of inflation. In addition, changes in mining or investment policies, or shifts in political attitude or policies in foreign countries in

which the Company operates may adversely affect its business. The distribution of earnings back to Canada would require United States dollars to be reconverted to foreign currency for repatriation. The effect of these factors cannot be accurately predicted. Political risks may adversely affect the Company's existing assets and operations. The Company does not maintain, and the Company does not intend to purchase political risk insurance. Real and perceived political risks in some countries may also affect the Company's ability to finance exploration programs and attract joint venture partners and may affect future mine development opportunities.

Competitive Nature of the Mining Industry

The mining industry is intensely competitive. The Company competes with other mining companies, many of which have greater resources and experience. Competition in the mining industry is primarily for: (i) properties which can be developed and can produce economically; (ii) the technical expertise to find, develop, and operate such properties; (iii) labour to operate such properties; and (iv) capital to fund such properties. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees and consultants or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Availability of Drilling Equipment and Access Restrictions

Mining exploration and development activities are dependent on the availability of drilling and related mining in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities.

Exploration operations depend on adequate infrastructure. In particular, reliable power sources, water supply, transportation and surface facilities are necessary to explore and develop mineral projects. Failure to adequately meet these infrastructure requirements or changes in the cost of such requirements could affect the Company's ability to carry out exploration and future development operations, and could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and prospects.

Political Regulatory Risks

The Company may be affected in varying degrees by government regulation with respect to restrictions on permitting and license risks, mineral exploration activities (as well as the potential for eventual mining, processing and development activities). The activities of the Company are subject to extensive laws and regulations governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, waste disposal, water use, land claims of local people, protection of historic and archaeological sites, mine development, protection of endangered and protected species and other matters.

Approval and permits from Government and Aboriginal peoples are currently, and may in the future be required in connection with the Company's exploration assets. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its exploration or proceeding with planned exploration or development of mineral properties. Individuals in Government make interpretations and apply legislation and policies intended to benefit the mining industry while protecting flora, fauna and culturally significant areas. Accordingly, there is a risk that the Company and its business is impacted negatively by government regulation. Regulators in the United States have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards.

The Company's mineral exploration activities in the United States may be adversely affected in varying degrees by changing government regulations related to the mining industry or shifts in political conditions

may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, exchange rates, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

United States

At the federal level, over recent years, legislation has been introduced on numerous occasions that would amend the General Mining Law, among other things, imposing royalties on gross proceeds of hardrock minerals mined on public lands. So far, these proposals have not been enacted, but these, and similar initiatives in other jurisdictions, indicate an increasing risk for companies operating in the exploration and production stage of the mining industry, to be subject to increasing taxes or other levies on operations. The Company's activities and financial results may be adversely impacted by these and other changes.

Commodity Price Risks

The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have historically fluctuated widely. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

Public Health Threats and COVID-19

An outbreak of infectious disease, pandemic or a similar public health threat, such as the COVID-19 pandemic, and the response thereto, could adversely impact the Company, both operationally and financially. The global response to the COVID-19 pandemic has resulted in, among other things, border closures, severe travel restrictions and extreme fluctuations in financial and commodity markets. Additional measures in response to the COVID-19 pandemic may be implemented by one or more governments around the world in jurisdictions where the Company operates. Labour shortages due to illness, the Company- or government-imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or interruption of the Company's operations, including operational shutdowns or suspensions. The inability to continue ongoing exploration and development work could have a material adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

The full extent of the impact of the COVID-19 pandemic on the economy and commodity prices, including gold and copper prices, is not known at this time and it is not known what measures will be implemented by governmental authorities in the future and how long these measures, or the measures currently in effect, will be in place. While the impact of the COVID-19 pandemic is not expected to last indefinitely, the circumstances relating to the pandemic are dynamic and its impacts on the Company's business operations, including the timing, duration and extent of the impact on the Company's exploration plans and future development and exploration activities at its mineral properties, cannot be reasonably estimated at this time.

There can be no assurance that the Company will not be further impacted by the current COVID-19 pandemic or potential future health crises. The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be accurately predicted, including new information which may emerge concerning the severity of and the actions required to contain the COVID-19 pandemic or remedy its impact, among others.

Natural disasters, geopolitical instability or other unforeseen events

In addition to the outbreak of infectious disease or occurrence of pandemics, such as the recent outbreak of COVID-19; natural disasters; terrorism or other unanticipated events, in any of the areas in which the Company operates could cause interruptions in the Company's operations. Natural disasters, geopolitical tensions and instability (including terrorism) or other unforeseen events could negatively affect project development, operations, labour supply and financial markets, all or any of which could have a material adverse effect on the Company's business, financial condition, operational results or cash flows.

Lack of Revenue

As the Company does not have revenues, it will be dependent upon future financings to continue its plan of operation. The Company has not generated any revenues since incorporation. The Company's business objectives include the implementation and execution of exploration programs. There is no assurance that these exploration activities will result in the establishment of commercially exploitable mineral deposits on the South Bullfrog Property. Even if commercially exploitable mineral deposits are discovered, the Company will require substantial additional financing in order to carry out the full exploration and development of the South Bullfrog Property before the Company is able to achieve revenues from sales of mineral resources that the Company is able to extract.

There is no assurance the Company will have the funds required to pay annual fees to keep its properties in good standing and to make option payments to keep certain property agreements in good standing.

Negative Operating Cash Flows

The Company has negative operating cash flows. The failure of the Company to achieve profitability and positive operating cash flows could have a material adverse affect on the Company's financial condition and results of operations. The Company expects to continue to sustain operating losses in the future until it generates revenue from the commercial production of its properties. There is no guarantee that the Company will ever be profitable.

Volatility of Share Prices

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. The market for the common shares of the Company will be subject to market trends generally, notwithstanding any potential business of the Company. The value of the Company's common shares will be affected by such volatility.

Information Technology

The Company relies on information technology systems and any inadequacy, failure, interruption or security breaches of those systems may harm its ability to effectively operate the business. The Company is dependent on various information technology systems, including, but not limited to, networks, applications and outsourced services in connection with the operation of the business. A failure of the Company's information technology systems to perform as it anticipates could disrupt the business and cause the business to suffer. In addition, the Company's information technology systems may be vulnerable to damage or interruption from circumstances beyond its control, including fire, natural disasters, systems failures, viruses and security breaches. Any such damage or interruption could have a material adverse effect on the business and operations of the Company.

Cybersecurity Incidents and Technological Disruptions

A cybersecurity incident or other technology disruptions could negatively impact the business and its

reputation. The Company uses computers in substantially all aspects of business operations. It also uses mobile devices, social networking, cloud services and other online activities to connect with employees and contractors. Such uses give rise to cybersecurity risks, including security breaches, espionage, system disruption, theft and inadvertent release of information.

Climate Change

Climate change may negatively affect the Company's business and operations. There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other resource companies involved in the mining industry and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of other companies. Such conflicts must be disclosed in accordance with, and are subject to other procedures and remedies as applicable under the BCBCA.

Insurance

The Company may not always be able or may choose not to obtain insurance for many of the risks that it faces. In the course of exploration, development and production of mineral properties, several risks and, in particular, unexpected or unusual geological or operating conditions, may occur. It is not always possible to fully insure against such risks, and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should liabilities arise, they could reduce or eliminate any future profitability and result in an increase in costs and a decline in the value of the Company's securities. The Company is currently not insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Company will periodically evaluate the cost and coverage of the insurance that is available against certain environmental risks to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Company becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate the Company's available funds or could exceed the funds it has to pay such liabilities and result in bankruptcy. Should the Company be unable to fund fully the remedial cost of an environmental problem, the Company might be required to enter into interim compliance measures pending completion of the required remedy.

Credit and Liquidity Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial asset.

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk will be to maintain sufficient readily available cash reserves and credit in order to meet its liquidity requirements at any point in time. The total cost and planned timing of acquisitions and/or other development or construction projects is not currently determinable, and it is not currently known precisely when the Company will require external financing in future periods.

The possible sale of Common Shares released from escrow on each release date could negatively affect the market price of the Company's Common Shares and also result in an excess of sellers of Common Shares to buyers of Common Shares and seriously affect the liquidity of the Common Shares. See "Escrowed Securities".

Unlimited Number of Authorized but Unissued Common Shares

The Company has an unlimited number of Common Shares that may be issued by the Board without further action or approval of the Company's shareholders. While the Board is required to fulfil its fiduciary obligations in connection with the issuance of such Common Shares, the Common Shares may be issued in transactions with which not all shareholders agree, and the issuance of such Common Shares will cause dilution to the ownership interests of the Company's shareholders. See "South Bullfrog Property" and "Material Contracts".

The Company is not likely to pay dividends for an extended period of time

The Company has not, since the date of its incorporation, declared or paid any dividends or other distributions on its Common Shares. The Company anticipates that, for the foreseeable future, it will retain its cash resources for the operation and development of its business. The declaration and payment of any dividends in the future is at the discretion of the Board and will depend on a number of factors, including compliance with applicable laws, financial performance, working capital requirements of the Company and such other factors as its directors consider appropriate, and the Company may never pay dividends.

If securities or industry analysts do not publish research or publish inaccurate or unfavourable research about the Company's business, the price and trading volume of the Common Shares could decline

The trading market for the Common Shares will depend on the research and reports that securities or industry analysts publish about the Company and its business. The Company does not have any control over these analysts. The Company cannot ensure that analysts will cover it or provide favourable coverage. If one or more of the analysts who cover the Company downgrade its stock or reduce their opinion of the value of the Common Shares, the price of Common Shares would likely decline. If one or more of these analysts ceases coverage of the Company or fails to regularly publish reports, the Company could lose visibility in the financial markets, which could cause the price and trading volume of the Common Shares to decline.

Issuance of Debt

From time to time, the Company may enter into transactions to acquire assets or the Common Shares of other companies. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. The Company's articles do not limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

No History of Earnings

The Company has no history of earnings. The Company expects that it will continue to incur losses unless and until it enters into commercial production and generates sufficient revenues to fund operations. There is no assurance that its properties or any other properties it may acquire or obtain hereafter will generate any earnings, operate profitably or provide a return on investment in the future.

Future acquisitions may require significant expenditures and may result in inadequate returns. The Company may seek to expand through future acquisitions; however, there can be no assurance that the Company will locate attractive acquisition candidates, or that the Company will be able to acquire such candidates on economically acceptable terms, if at all, or that the Company will not be restricted from completing acquisitions pursuant to the terms and conditions from time to time of arrangements with third parties, such as the Company's creditors. Future acquisitions may require the Company to expend significant amounts of cash, resulting in the Company's inability to use these funds for other business or may involve significant issuances of equity or debt. Future acquisitions may also require substantial management time commitments, and the negotiation of potential acquisitions and the integration of acquired operations could disrupt the Company's business by diverting management and employees' attention away from day-to-day operations. The difficulties of integration may be increased by the

necessity of coordinating geographically diverse organizations, integrating personnel with disparate backgrounds and combining different corporate cultures.

Any future acquisitions involve potential risks, including, among other things: (i) mistaken assumptions and incorrect expectations about mineral properties, existing or potential mineral resources, mineral reserves and costs; (ii) an inability to successfully integrate any operation the Company acquired or acquires, as applicable; (iii) an inability to recruit, hire, train or retain qualified personnel to manage and operate the operations acquired; (iv) the assumption of unknown liabilities; (v) mistaken assumptions about the overall cost of equity or debt; (vi) unforeseen difficulties operating acquired projects, which may be in geographic areas new to the Company; and (vii) the loss of key employees and/or key relationships at the acquired project. In addition, competition for assets sometimes requires that acquisitions be completed on an “as is where is” basis, and therefore the Company would have no rights of recourse and indemnities against the sellers. Future acquisition candidates may have liabilities or adverse operating issues that the Company failed or fails to discover through due diligence prior to the acquisition. If the Company consummates any future acquisitions with unanticipated liabilities or adverse operating issues or if acquisition-related expectations are not met, the Company’s business, results of operations, cash flows, financial condition or prospects may be materially adversely affected. The potential impairment or complete write-off of goodwill and other intangible assets related to any such acquisition may reduce the Company’s overall earnings and could negatively affect the Company’s balance sheet.

The Company may expand into other geographic areas, which could increase the Company’s operational, regulatory and other risks

The Company may in the future expand into other geographic areas, which could increase the Company’s operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company’s operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up-front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities, or integrate such operations successfully with the Company’s existing operations.

The Company may be subject to costly legal proceedings

The Company may be subject to regulatory investigations, civil claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in regulatory actions and litigation, the difficulty of predicting decisions of regulators, judges and juries and the possibility that decisions may be reversed on appeal. Defense and settlement costs of legal disputes can be substantial, even with claims that have no merit. Management is committed to conducting business in an ethical and responsible manner, which it believes will reduce the risk of legal disputes. However, if the Company is subject to legal disputes, there can be no assurances that these matters will not have a material adverse effect on the Company’s business, financial condition, results of operations, cash flows or prospects.

The Company will incur costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers

As a public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company’s securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company’s legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, the Company is subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Risks Related to Exploration and Mining Exploration and Development

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. In particular, exploration for precious metals is highly speculative in nature.

Mining Operations are Risky

The Company's current business, and any future development or mining operations, involve various types of risks and hazards typical of companies engaged in the mining industry. Such risks include, but are not limited to: (i) industrial accidents; (ii) unusual or unexpected rock formations; (iii) structural cave-ins or slides and pitfall, ground or slope failures and accidental release of water from surface storage facilities; (iv) fire, flooding and earthquakes; (v) rock bursts; (vi) metal losses in handling and transport; (vii) periodic interruptions due to inclement or hazardous weather conditions; (viii) environmental hazards; (ix) discharge of pollutants or hazardous materials; (x) failure of processing and mechanical equipment and other performance problems; (xi) geotechnical risks, including the stability of the underground hanging walls and unusual and unexpected geological conditions; (xii) unanticipated variations in grade and other geological problems, water, surface or underground conditions; (xiii) labour disputes or slowdowns; (xiv) work force health issues as a result of working conditions; and (xv) force majeure events, or other unfavourable operating conditions.

These risks, conditions and events could result in: (i) damage to, or destruction of, the value of, the South Bullfrog Property; (ii) personal injury or death; (iii) environmental damage to the South Bullfrog Property, surrounding lands and waters, or the properties of others; (iv) delays or prohibitions on mining or the transportation of minerals; (v) monetary losses; and (vi) potential legal liability and any of the foregoing could have a material adverse effect on the Company's business, financial condition, results of operation, cash flows or prospects. In particular, underground refurbishment and exploration activities present inherent risks of injury to people and damage to equipment. Significant accidents could occur, potentially resulting in a complete shutdown of the Company's operations at the South Bullfrog Property which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

There are also risks related to the reliance on the reliability of current and new or developing technology; the reliance on the work performance of outside consultants, contractors, and manufacturers; changes to labour or material costs; unknown or unanticipated or underestimated costs or expenses; unknown or unanticipated or underestimated additions to the scope of work due to changing or adverse conditions encountered; unexpected variances in the geometry or quality of ore zones; unexpected reclamation requirements or expenses; permitting time lines; unexpected or unknown ground conditions; unexpected changes to estimated parameters utilized to estimate past timelines, projections, or costs; and liquidity risks. An adverse change in any one of such factors, hazards and risks may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Operations during mining cycle peaks are more expensive

During times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for

scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

Acquisition of Additional Mineral Properties

If the Company loses or abandons its interest in the South Bullfrog Property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Title

There is no assurance that the Company's title to its properties will not be challenged. The acquisition of title to mineral exploration properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. While the Company has diligently investigated title to its properties, it may be subject to prior unregistered agreements or transfers or indigenous land claims and title may be affected by undetected defects. Consequently, the boundaries may be disputed.

Surface Rights

Permission for surface access must be negotiated with the owners of the surface rights to the areas covered by the mining concessions, and commonly involve leasing of the surface rights. The Company currently does not have any agreements in place regarding the South Bullfrog Property, and there is no guarantee the Company will be able to negotiate and enter into any such agreement as may be required to have access to do significant work. Further, there are potential risks with regard to the completion of a successful exploration program in that there is a possibility of not being able to enter into a surface access agreement over part of the area of interest, or problems with obtaining an environmental permit for road construction and drilling.

Permits and Licenses

The Company's operations are subject to extensive laws and regulations governing, among other things, such matters as environmental protection, management and use of toxic substances and explosives, health, exploration and development of mines, commercial production and sale of by-products, ongoing and post-closure reclamation, construction and operation of tailings dams, safety and labour, taxation and royalties, maintenance of mineral tenure, and expropriation of property. The activities of the Company require licenses and permits from various governmental authorities.

The costs associated with compliance with these laws and regulations and of obtaining licenses and permits are substantial, and possible future laws and regulations, changes to existing laws and regulations and more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expenses, capital expenditures, restrictions on or suspensions of the Company's operations and delays in the development of its properties. There is no assurance that future changes in such laws and regulations, if any, will not adversely affect the Company's operations. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety practices of the Company's past and current operations, or possibly even the actions of former property owners, and could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. The Company may fail to comply with current or future laws and regulations. Such non-compliance can lead to financial restatements, civil or criminal fines, penalties, and other material negative impacts on the Company.

The Company is required to obtain or renew further government permits and licenses for its current and contemplated operations. Obtaining, amending or renewing the necessary governmental permits and

licenses can be a time-consuming process potentially involving a number of regulatory agencies, involving public hearings and costly undertakings on the Company's part. The duration and success of the Company's efforts to obtain, amend and renew permits and licenses are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by the relevant permitting or licensing authority. The Company may not be able to obtain, amend or renew permits or licenses that are necessary to its operations, or the cost to obtain, amend or renew permits or licenses may exceed what the Company believes it can ultimately recover from a given property once in production. Any unexpected delays or costs associated with the permitting and licensing process could impede ongoing operations at the South Bullfrog Property. To the extent necessary permits or licenses are not obtained, amended or renewed, or are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned development, commercialization, operation and exploration activities. Such curtailment or prohibition may result in a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Foreign Currency Fluctuations

The Company will continue to maintain its accounts and raise its capital funding through the sale of equity securities in Canadian dollars. The Company's exploration operations in the United States are paid for in either Canadian dollars or United States dollars. The Company is, therefore, subject to foreign currency exchange fluctuations relative to the United States dollar, which may materially affect the Company's financial position and operating results. Further, there is no guarantee that the governments of the United States, or any other foreign government in which the Company carries on business, will not impose restrictions on the convertibility of or obligations to remit and convert into the local currency in the future, which may also have a material adverse effect on the Company's financial position and operations. The Company does not currently have a formal hedging program to mitigate foreign currency exchange risks.

Social and environmental activism can negatively impact exploration, development and mining activities

There is an increasing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations ("**NGOs**") who oppose resource development can be vocal critics of the mining industry. In addition, there have been many instances in which local community groups have opposed resource extraction activities, which have resulted in disruption and delays to the relevant operation. While the Company seeks to operate in a socially responsible manner and believes it has good relationships with local communities in the regions in which it operates, NGOs or local community organizations could direct adverse publicity against and/or disrupt the operations of the Company in respect of one or more of its properties, regardless of its successful compliance with social and environmental best practices, due to political factors, activities of unrelated third parties on lands in which the Company has an interest or the Company's operations specifically. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Company or its relationships with the communities in which it operates, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Environmental, Health and Safety Regulation of Resource Industry

The exploration activity of the Company requires permits from various levels of government. Such operations are subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

All phases of the Company's operations are subject to environmental regulations in various jurisdictions. If the Company's properties are proven to host economic reserves of metals, mining operations will be subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Mining operations will be subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of mining methods and equipment. Various permits from government bodies are required for mining operations to be conducted; no assurance can be given that such permits will be received. No assurance can be given that environmental standards imposed by federal, state or local authorities will not be changed or that any such changes would not have material adverse effects on the Company's activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on the Company. Additionally, the Company may be subject to liability for pollution or other environmental damage, which it may not be able to insure against.

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 and, in particular, environmental laws.

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 the Company and cause increases in 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.

The Company may be Negatively Impacted by Changes to Mining Laws and Regulations

The Company's activities are subject to various laws governing prospecting, exploration, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, exploration and development activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the Company's operations and activities or more stringent implementation of such laws and regulations could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

The South Bullfrog Property is Located in Underdeveloped Rural Area

The South Bullfrog Property is located in an underdeveloped rural area, resulting in technical challenges for conducting mineral exploration and development and any potential mining activities at the properties. It does have a power line and a town water tank within the claim boundaries, as well as an interstate highway through it. The Company benefits from modern mining transportation skills and technologies for exploring and operating in such areas. Nevertheless, the Company may sometimes be unable to overcome problems related to underdevelopment or unseasonable weather at a commercially reasonable cost, which could negatively affect the Company's mineral exploration and development and any potential mining activities at the property and have a material adverse effect on the Company. The rural location of the South Bullfrog Property are also results in increased costs associated with land access and infrastructure, including power lines, water pipelines and transportation.

Stress in the Global Economy

The Company has experienced inflationary cost pressures. These pressures may persist longer than expected or worsen and the Company's business and financial condition may differ significantly from those it has anticipated. Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar and the Canadian dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial condition.

Current Global Financial Condition

Global financial conditions may be characterized by extreme volatility. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises. Future economic shocks may be precipitated by a number of causes, such as a rise in the price of oil, geopolitical instability, natural disasters, future negative impacts as a result of COVID-19 or other pandemics and other unforeseen events. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses and ultimately have a material adverse effect on the Company's business, operations and financial condition.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the global mining industry, global supply and demand for commodities, political developments, legislative or regulatory changes, civil, political or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows or prospects.

Unknown Environmental Risks for Past Activities

Exploration and mining operations involve a potential risk of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. However, no assurance can be given that potential liabilities for such contamination or damages caused by past activities at these properties do not exist.

Although management believes that the above risks fairly and comprehensibly illustrate all material risks facing the Company, the risks noted above do not necessarily comprise all those potentially faced by the Company as it is impossible to foresee all possible risks.

Although the directors will seek to minimise the impact of the risk factors, an investment in the Company should only be made by investors able to sustain a total loss of their investment. Investors are strongly recommended to consult a person who specialises in investments of this nature before making any decision to invest.

Mineral Projects

South Bullfrog

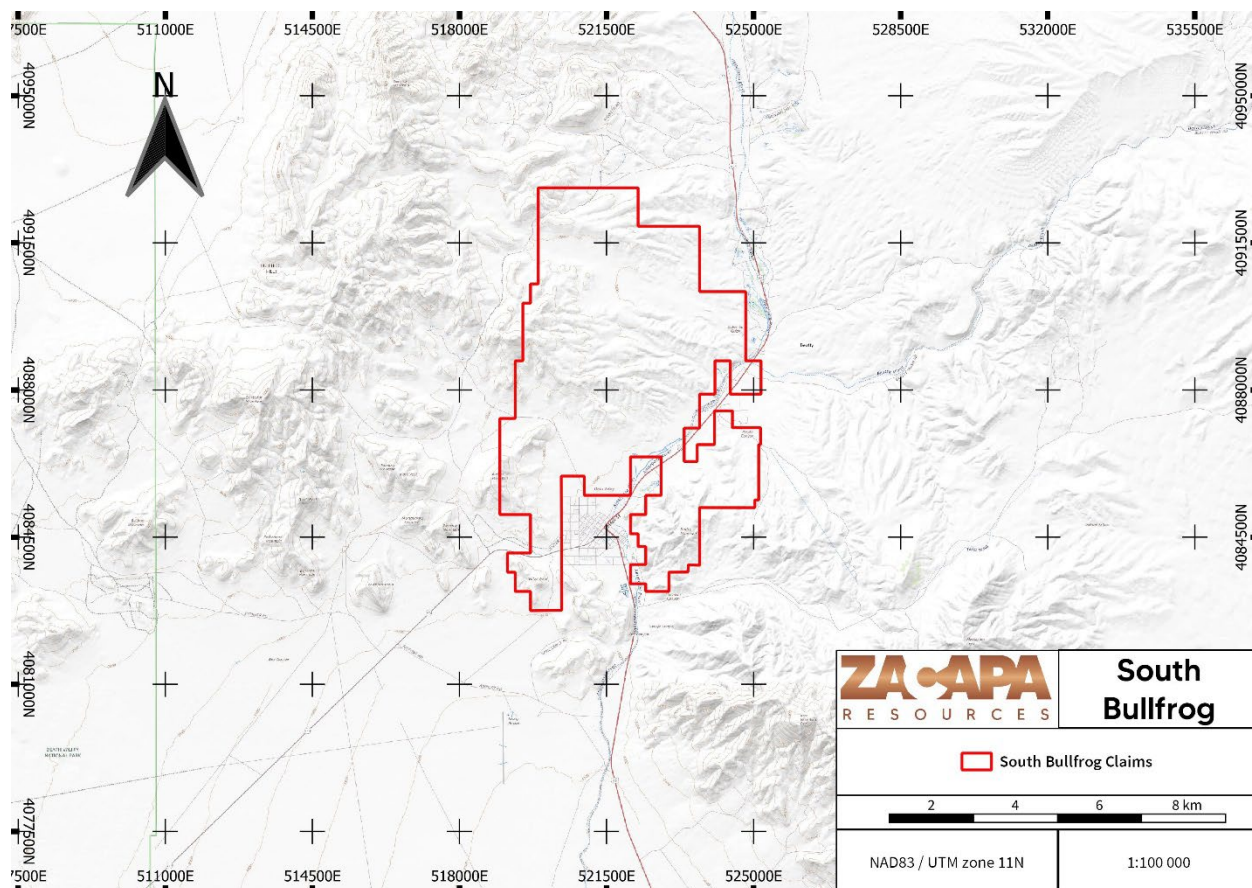
South Bullfrog Technical Report

The following represents information summarized from the technical report on the South Bullfrog property dated effective September 22, 2021 (“**South Bullfrog Technical Report**”), prepared for the Company by Brian T. Brewer, M.Sc., CPG, of Brewer Exploration and Geological Services, Inc., a “qualified person”, as defined under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*, prepared in accordance with the requirements of NI 43-101. The South Bullfrog Technical Report is available under the Company’s profile on the SEDAR website at www.sedar.com and was filed on October 21, 2021, and which is incorporated by reference.

Project Description, Location, and Access

The South Bullfrog Property is located in the Bullfrog Mining District, Nye County, Nevada, USA and is centred on 36°56’46” N, 116°45’33” W. The South Bullfrog Property is directly adjacent to the western, eastern, and northern town boundaries of Beatty, Nevada and is easily accessible by 4x4 truck using both state highways and well-maintained Nevada Bureau of Land Management dirt roads and ATV trails. Beatty is approximately 190 km northwest of Las Vegas, Nevada, via US Highway 95.

The South Bullfrog Property is comprised of 488 contiguous unpatented lode claims (“mineral tenure” or “claims”) which cover an area of 4005.99 ha. Currently, Zacapa Gold Corporation is the sole registered owner of all claims. The claims were staked for Zacapa and are not subject to any royalties, back-in rights, payments, or other agreements. In order to maintain the claims in good standing (active), Zacapa is required to pay an annual maintenance fee of \$165 per claim to the Bureau of Land Management on, or before, the 1st of September of each year.



Project History

Limited information is available on historical exploration and development, or documentation of prior ownership on the South Bullfrog Property. Available information includes the locations of 30 historical workings as documented by the United States Geological Survey (“USGS”) with no other associated information. There are no historical mineral resource estimates and there has been no reported production on the South Bullfrog Property.

Geology And Mineralization

The South Bullfrog Property is located within southeastern portion of a northwest trending, strike-slip fault system known as the Walker Lane Trend (“WLT”) (Figure 7-1). This crustal scale structural discontinuity has been active over the last 25 million years and also been the focus of volcanic activity resulting in the formation of numerous calderas (Connors et al.,1998)¹. Volcanic activity and caldera formation was associated with the development of widespread hydrothermal systems which were responsible for the deposition of low-sulphidation-style gold and silver mineralization within the WLT (Peck et al., 1985)². As of the Effective Date of this report, there is limited analytical data available to evaluate the potential of low-sulphidation epithermal gold mineralization on the South Bullfrog Property.

¹ Connors, Katherine A., Weiss, Steven I., Noble, Donald C., 1998: Text and references to accompany Nevada Bureau of Mines and Geology Map 112 Geology of the Northeastern Bullfrog Hills and vicinity, Southern Nye County, Nevada: Nevada Bureau of Mines and Geology.

² Peck, Dallas L., Tooker, Edwin W., 1985: Geologic Characteristics of Sediment-and Volcanic-Hosted Disseminated Gold Deposits – Search for an Occurrence Model.

Exploration

Limited data is available regarding historical exploration on the Property. The South Bullfrog Technical Report focuses on the exploration work performed from April to December 2021. Zacapa contracted Dahrouge Geological Consulting Ltd. ("Dahrouge") to conduct ground exploration; Precision GeoSurveys Inc. ("Precision") of Langley, British Columbia, Canada to conduct an airborne electromagnetic ("EM") and radiometric ("RAD") survey; Pioneer Exploration Consultants Ltd. ("Pioneer") of Ottawa, Ontario, Canada to conduct a LiDAR survey; and Dr. Neil Pendock of Cape Town, South Africa to conduct spectral analysis of Advanced Spaceborne Thermal Emission and Reflection Radiometer (ASTER) data. The 2021 ground program by Dahrouge included geologic mapping and sampling, and focused on the investigation of historical showings, access, evaluation of mineralization potential on the South Bullfrog Project, Nevada, USA Property and identifying mineral targets. In December 2021 Zacapa performed initial stream sediment and soil sampling utilizing Serac Exploration consultants.

Mineral Resource And Reserve Estimates

There are no mineral resource or reserve estimates for the South Bullfrog Property.

Development And Operations

No modern development or mining has been conducted on the South Bullfrog Property.

The South Bullfrog Property is located within a northwestern trending fault system and metallogenic province known as the Walker Lane Trend which contains numerous actively producing and exploration-stage low-sulfidation gold properties of both past and present significance. The South Bullfrog Property is considered an early-stage exploration project and shows minimal prior exploration work. Recent prospecting and rock sampling has successfully identified bedrock formations, including members of the Rainbow Mountain Sequence and the Timber Mountain Group, which are known to host significant low-sulfidation gold mineralization in adjacent properties. Prospecting and mapping indicate that these bedrock formations outcrop on the western side of the Property and follow along strike to formations on adjacent properties. Measurements taken on the Property indicate that the bedrock formations dip eastward at approximately 50° into and under the alluvial cover.

Preliminary rock analytical results indicate that the Property contains elevated concentrations of indicator elements, such as gold, silver, arsenic, antimony, mercury, and barium within the bedrock formations. These elements commonly occur in association with low-sulfidation deposits.

Although mineralized zones and controls have not been determined at the Property, adjacent deposits where gold mineralization has been recognized suggest gold-bearing zones may occur in one or both of two styles:

- Sulphidation of iron within host rocks.
- Precipitation within veins of quartz and/or carbonate controlled by high temperature boiling.

The South Bullfrog claims contain favorable geology including N-S and NE-SW structures, and lithologies from the Rainbow Mountain Sequence and Timber Mountain Group suggesting that there is potential to host similar gold mineralization to that identified on the adjacent land positions. Furthermore, the property contains clay and silica alteration, sulphide mineralization, and the presence of manganese and iron oxides. Additionally, the western portion of the Property hosts a total of over 30 historic prospect pits, adits, and shafts which are up to 30 meters in depth.

Exploration & Development

The company has completed an additional geochemical soil and stream sediment sampling program along with a reconnaissance Induced Polarization and Gravity geophysical surveys to delineate potential structures and alteration that could develop into potential drill targets for investigation. These data were also supplemented by additional hyperspectral remote sensing data and extensive detailed mapping and rock sampling. The company also staked additional claims (136 claims, 1060 ha.) after the Technical report was completed and has initiated exploration by completing magnetic geophysical survey, remote sensing, and preliminary mapping and sampling. Drill permitting has been completed at the Longtail and Shingleback targets with drilling planned for 2023. The 2023 work program also includes detailed mapping and sampling at additional target areas, including the SE Block.

Non-Material Mineral Properties

Pearl

The Pearl Project is located immediately northwest of the past-producing San Manuel-Kalamazoo porphyry copper mine (BHP) and consists of 241 lode mining claims over 20.16 square kilometers.

Dewdrop

The Dewdrop Project is in the Walker Lane trend of western Nevada in the Yerington porphyry district which includes the Ann Mason deposit (Hudbay Minerals) and Pumpkin Hollow mine (Nevada Copper).

Miller Mountain

The Miller Mountain Project is located in west-central Idaho and comprised of 238 unpatented mining claims covering 1991.06 ha, or 19.9 square kilometers. Access to the Miller Mountain Project is via 4WD vehicle and/or ATV on established dirt roads and ATV trails.

Dividends and Distributions

No dividends on the Common Shares have been paid by the Company. Management anticipates that the Company will retain all future earnings and other cash resources for the future operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors including the Company's operating results, financial condition and current and anticipated cash needs.

Description of Capital Structure

The authorised capital of the Company consists of an unlimited amount of common shares, of which 65,287,256 were issued and outstanding as of December 31, 2022 and an unlimited number of preferred shares, of which none are issued and outstanding. The Company has 67,362,531 common shares outstanding as of the date of this AIF.

The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Company and each common share will confer the right to one vote in person or by proxy at all meetings of the shareholders of the Company. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Trading Price and Volume

The common shares of the Company were listed on the TSXV on January 26, 2022. The Company's Common Shares are traded on the Exchange under the symbol "ZACA". The following table sets out the high and low daily closing prices and the volumes of trading of the Company's Common Shares on the Exchange from the date of the IPO on January 26, 2022 to December 31, 2022. The closing price of the Common Shares on the Exchange on December 30, 2022, being the last day of trading on the Exchange in December 2022, was \$0.09.

| COMMON SHARES | | | |
|------------------------|-------------|----------|---------------------------------|
| Period | Price Range | | Trading Volume (# of shares) |
| | High (\$) | Low (\$) | |
| December 1 – 31, 2022 | 0.115 | 0.08 | 902,698 |
| November 1 – 30, 2022 | 0.15 | 0.05 | 10,593,850 |
| October 1 – 31, 2022 | 0.16 | 0.14 | 744,453 |
| September 1 – 30, 2022 | 0.28 | 0.145 | 1,651,245 |
| August 1 – 31, 2022 | 0.385 | 0.175 | 1,939,895 |
| July 1 – 31, 2022 | 0.415 | 0.20 | 1,435,680 |
| June 1 – 30, 2022 | 0.45 | 0.26 | 1,225,892 |
| May 1 – 31, 2022 | 0.55 | 0.375 | 1,559,518 |
| April 1 – 30, 2022 | 0.70 | 0.46 | 2,601,155 |
| March 1 – 31, 2022 | 1.00 | 0.62 | 4,865,742 |
| February 1 – 28, 2022 | 0.77 | 0.45 | 6,696,973 |
| January 26 – 31, 2022 | 0.63 | 0.435 | 2,005,926 |

Prior Sales

The following common shares of the Company were issued during the year ended December 31, 2022 and up to the date of this AIF:

| Date of issue | Number of Common Shares Issued | Reason | Price per share |
|-------------------|--------------------------------|--|-----------------|
| January 26, 2022 | 1,660,000 | subscription receipts converted on IPO | N/A |
| January 26, 2022 | 48,493,280 | private shares converted on IPO | N/A |
| February 8, 2022 | 12,500 | Options exercised | \$0.50 |
| February 11, 2022 | 62,500 | Options exercised | \$0.50 |
| June 21, 2022 | 5,385,590 | Private placement | \$0.45 |
| October 28, 2022 | 9,614,257 | Private Placement | \$0.15 |
| December 16, 2022 | 184,318 | Sober Up Property Acquisition | \$0.074 |
| December 20, 2022 | 2,097,033 | Shares for debt | \$0.10 |
| January 19, 2023 | 2,075,275 | Shares for debt | \$0.10 |

No other securities of the Company, other than DSUs, Options or Warrants as set out below, have been issued since January 1, 2022:

| Date of issue | Number of Options Issued | Expiry | Exercise Price |
|------------------|--------------------------|------------------|----------------|
| January 26, 2022 | 4,550,000 | January 26, 2027 | \$0.50 |
| April 8, 2022 | 525,000 | January 26, 2027 | \$0.70 |
| June 14, 2022 | 12,500 | January 26, 2027 | \$0.40 |
| August 15, 2022 | 62,500 | January 26, 2027 | \$0.23 |
| November 4, 2022 | 5,385,590 | January 26, 2027 | \$0.15 |
| December 8, 2022 | 9,614,257 | December 8, 2027 | \$0.11 |

| Date of issue | Number of Warrants Issued | Expiry | Exercise Price |
|------------------|---------------------------|------------------|----------------|
| June 21, 2022 | 1,581,683 | June 21, 2024 | \$0.68 |
| October 28, 2022 | 9,904,229 | October 28, 2025 | \$0.22 |

On December 8, 2022 the Company issued a total of 300,000 DSUs to independent directors which vest 25% quarterly.

Escrowed Securities

As of May 1, 2023, the following securities of the Company are held in escrow (the “**Escrowed Securities**”):

| Designation of class | Number of securities held in escrow | Percentage of class |
|----------------------|-------------------------------------|---------------------|
| Common shares | 5,202,000 | 7.7% |

The securities set out in the table above are held in escrow pursuant to an Escrow Agreement dated June 21, 2021 among the Company, Olympia Trust Company (as escrow agent) and certain securityholders thereto (the “**Escrow Agreement**”), in accordance with the escrow and release conditions of National Policy 46-201 *Escrow for Initial Public Offerings* (“**NP 46-201**”).

As long as the Company is an “emerging issuer” as defined in NP 46-201, the following automatic timed releases has and will apply to common shares of the Company held by shareholders who are subject to escrow:

| Date of Automatic Timed Release | Amount of Escrowed Securities Released |
|--|--|
| On the date on which common shares of the Company are listed for trading on the Exchange (the “ Listing Date ”) | 1/10 of the escrowed securities |
| 6 months after the Listing Date | 1/6 of the remaining escrowed securities |
| 12 months after the Listing Date | 1/5 of the remaining escrowed securities |
| 18 months after the Listing Date | 1/4 of the remaining escrowed securities |
| 24 months after the Listing Date | 1/3 of the remaining escrowed securities |
| 30 months after the Listing Date | 1/2 of the remaining escrowed securities |
| 36 months after the Listing Date | The remaining escrowed securities |

Under NP 46-201, a “principal” is: (a) a person who has acted as a promoter of the Company within two years of the date of this Prospectus; (b) a director or senior officer of the Company at the time of this Prospectus; (c) a person that holds securities carrying more than 20% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s initial public offering; and (d) a person that: (i) holds securities carrying more than 10% of the voting rights attached to the Company’s outstanding securities immediately before and immediately after the Company’s initial public offering; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Company. A principal’s spouse and their relatives that live at the same address as the principal will be deemed principals and any securities of the Company held by such a person will be subject to the escrow requirements.

The automatic time release provisions under NP 46-201 pertaining to “established issuers” provide that 25% of each principal’s Escrowed Securities are released on the Listing Date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the Listing Date, the Company meets the “established issuer” criteria, as set out in NP 46- 201, the Escrowed Securities will be eligible for accelerated release according to the criteria for established

issuers. In such a scenario that number of Escrowed Securities that would have been eligible for release from escrow if the Company had been an “established issuer” on the Listing Date will be immediately released from escrow. The remaining Escrowed Securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the Listing Date.

Under the terms of the Escrow Agreement, Escrowed Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may: (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The Escrowed Securities may be transferred within escrow to: (a) subject to approval of the board of directors of the Company, an individual who is an existing or newly appointed director or senior officer of the Company or of a material operating subsidiary of the Company; (b) a person that before the proposed transfer holds more than 20% of the voting rights attached to the Company’s outstanding securities; (c) a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Company’s outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder’s legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”) or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrowed Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a business combination will continue to be escrowed if the successor entity is not an “exempt issuer”, the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities’ outstanding securities.

Directors and Officers

Name, Occupation, and Security Holding

The following are the names, province and country of residence of the directors and officers of the Company as at the date of this AIF, the positions and offices they hold, or held as at the date of this AIF, with the Company and their principal occupations during the five preceding years. For more information on the recent director and officer changes of the Company, see “General Development of the Business of the Company”.

Each director will hold office until the next annual general meeting of the Shareholders unless his office is earlier vacated in accordance with the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and the articles of the Company.

| Name, Province/State and Country of Residence | Position held with the Company | Principal Occupation in the previous 5 years | Date Appointed as a Director | Date Appointed as an Officer | Number of Shares |
|--|--------------------------------|--|------------------------------|------------------------------|-------------------------|
| Ian Slater * British Columbia, Canada | CEO, Executive Chairman | Chairman, Slater Group | August 20, 2020 | March 17, 2023 | 10,000,000 ³ |
| Sunil Sharma British Columbia, Canada | Chief Financial Officer | CFO Outcrop Silver & Gold Corporation, Controller, Trilogy Metals Inc. | N/A | Nov 4, 2022 | Nil |
| Melissa Martensen British Columbia, Canada | Corporate Secretary | Corporate Secretary of TAAL Distributed Information Technologies Inc. Corporate Secretary of Belcarra Group Management Ltd. | N/A | Nov 8, 2021 | 1,000 |
| Michelle Borromeo British Columbia, Canada | VP Investor Relations | Vice President Corporate Development, Mars Investor Relations Corporate Communications Manager, Chakana Copper | N/A | April 11, 2022 | Nil |

³ Held indirectly through Slater Capital Corporation

| Name, Province/State and Country of Residence | Position held with the Company | Principal Occupation in the previous 5 years | Date Appointed as a Director | Date Appointed as an Officer | Number of Shares |
|--|--------------------------------|--|------------------------------|------------------------------|------------------|
| Timothy MacIntyre, Colorado, USA | VP Exploration | Senior Consulting Geologist, Rio Tinto Exploration PhD Student, Colorado School of Mines/First Quantum Minerals | N/A | Aug 16, 2021 | Nil |
| Jay Sujir * British Columbia, Canada | Director | Partner, Farris LLP | December 18, 2018 | N/A | 400,000 |
| Marc Boissonneault * Ontario, Canada | Director | Head of Global Nickel Assets, Glencore | April 6, 2021 | N/A | 733,334 |

* designates the members of the Audit Committee, being the sole committee of the Board. Each is independent and financially literate.

As a group, the officers and directors of the Company own, or exercise control or direction over, 11,134,334 Common Shares, representing 16.5% of the issued and outstanding shares as of May 1, 2023 (excluding (a) certain stock options held by director and officers of the Company which may be exercised for up to 3,150,000 Common Shares; and (b) warrants held directly or indirectly by directors and officers of the Company which may be exercised for up to 1,844,444 Common Shares).

Cease Trade Orders Bankruptcies, Penalties or Sanctions

Except as otherwise disclosed below, no director or executive officer of the Company, is or has been, within the ten years preceding the date of this annual information form, a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Jay Sujir and Ian Slater were on the board of directors and Ian Slater was an officer of Red Eagle Mining Corporation which is subject to a cease-trade order issued by the British Columbia Securities Commission on November 20, 2018 for failure to file interim financial statements, management's discussion and analysis, and certification of interim filings for the period ended September 30, 2018.

Except as stated below, during the ten-year period preceding the date of this AIF and as at the date of this AIF, no director or executive officer of the Company or a security holder who holds a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is a director or executive officer of any company (including Zacapa) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity,

became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or

- (b) has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

Ian Slater and Jay Sujir were on the board of directors and Ian Slater was an officer of Red Eagle Mining which owned and operated the Santa Rosa mine in Colombia. Due to start up issues, Red Eagle Mining had difficulty servicing its project debt and the mine was only able to commence production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle Mining obtained a firm commitment from a third party to refinance the debt with substantial concessions and co-operation from the secured lenders, but in October 2018, the third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle.

Conflicts of Interest

The directors and officers of the Company are directors, officers and/or shareholders of other private and publicly listed corporations, including corporations that engage in mineral exploration and development. Conflicts may arise between their duties to the Company and their duties to such other corporations. All such conflicts will be dealt with pursuant to the provisions of the applicable corporate legislation. In the event that such a conflict of interest arises at a meeting of the directors, a director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises. Directors and executive officers are required to disclose any conflicts or potential conflicts to the Board as soon as they become aware of them.

Promoters

Ian Slater has been the sole promoter of the Company during the most recently completed financial year. He owns 10,000,000 Common shares of the Company, representing 14.8% of the issued and outstanding Common shares of the Company, and has been granted 800,000 stock options at an exercise price of \$0.11-\$0.50 and which expire after five years. See "Directors and Officers".

Legal Proceedings and Regulatory Actions

The Company knows of no legal proceedings, contemplated or actual, involving the Company during the financial year ended December 31, 2022 or as of the date of this AIF which could materially affect the Company.

The Company knows of no:

- (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the financial year ended December 31, 2022;
- (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or

- (c) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority during the financial year ended December 31, 2022.

Interest of Management and Others in Material Transactions

Except as otherwise disclosed below, no: (i) director or executive officer of the Company, (ii) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company's outstanding voting securities; and (iii) associate or affiliate of any of the persons or companies referred to in (i) or (ii) herein, has, during the three most recently completed financial years and during the current financial year, any material interest in any transactions or any proposed transactions which has materially affected or will materially affect the Company.

Ian Slater is the owner of Slater Corporate Services Corporation, a company which is reimbursed for CFO, corporate secretary, accounting, compliance, IT and office services by the Company under an agreement filed on SEDAR dated April 1, 2021, amended April 1, 2022. \$360,000 was reimbursed under the agreement in the year ended December 31, 2022 (\$201,750 – 2021). Further, any other out-of-pocket expenses, including but not limited to travel, phone, filing fees, courier and postage expenses, are also reimbursable by the Company to Slater Corporate Services Corporation.

Transfer Agents and Registrars

Olympia Trust Company
Suite 1900
925 W Georgia Street
Vancouver, BC Canada
V6C 3L2

Material Contracts

The only material contracts that the Company has entered in the financial year ended December 31, 2022, or before the last financial year but still in effect, are as follows:

- 1) The Transfer Agent, Registrar and Disbursing Agent Agreement dated May 10, 2021 between the Company and Olympia Trust Company.
- 2) Management services agreement dated April 1, 2021 between the Company and Slater Corporate Services Corporation. See "Interest of Management and Others in Material Transactions".
- 3) Escrow Agreement dated June 21, 2021 among the Company, Olympia Trust Company and certain securityholders thereto. See "Escrowed Securities".

Copies of the material contracts are available under the Company's issuer profile on SEDAR at www.sedar.com.

Interests of Experts

Information of a scientific or technical nature regarding the South Bullfrog Project in this AIF has been derived from the South Bullfrog Technical Report, prepared by Brian T. Brewer, and this information

has been included in reliance on such person's expertise. The author of the South Bullfrog Technical Report owns, directly or indirectly, less than 1% of the Common Shares of the Company.

All scientific and technical information in this AIF other than the information derived from the South Bullfrog Technical Report has been reviewed and approved by Dan MacNeil, who is a Qualified Person under NI 43-101. As of the date hereof, Mr. McNeil exercises control or direction over 400,000 Common Shares of the Company through his company, Vector Geological Solutions Inc.

The auditor of Zacapa is Davidson & Company LLP. Davidson & Company LLP has informed the Company that it is independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

None of the persons set out above have held, received or is to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of its associates or affiliates when such person prepared the report, valuation, statement or opinion aforementioned or thereafter.

Audit Committee Information

National Instrument 52-110 requires companies that file an AIF to provide certain disclosure with respect to their audit committee, including the text of the audit committee's charter, the composition of the audit committee and the fees paid to the external auditor. The audit committee's charter is included as Appendix A.

Composition of the Audit Committee

The current members of the Audit Committee are Jay Sujir, Marc Boissonneault and Ian Slater. Mr. Boissonneault is considered independent for purposes of the Exchange requirements.

Relevant Education and Experience

NI 52-110 provides that an individual is "financially literate" if that individual has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

All of the members of the Company's Audit Committee are financially literate as that term is defined in NI 52-110. All members have an understanding of the accounting principles used by the Company to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting. In addition to each member's general business experience, the education and experience of each Audit Committee member relevant to the performance of his responsibilities as an Audit Committee member is as follows:

Mr. Jay Sujir, Chair

Mr. Sujir is a securities and natural resources lawyer who has extensive experience in advising and assisting public companies. He has been a partner with Farris LLP since May 2015. From 1991 to May 2015, Mr. Sujir was a partner at Anfield, Sujir Kennedy & Durno, LLP and its predecessor firms. Mr. Sujir obtained his Bachelor of Arts degree from the University of Victoria in 1981 with a double major in Economics and Philosophy and obtained his Bachelor of Law degree from the University of Victoria in 1985. He is a member of the Law Society of British Columbia and the Canadian Bar Association.

Mr. Marc Boissonneault

Mr. Boissonneault was formerly Head of Global Nickel Assets for Glencore where he oversaw the operations and major capital projects of the nickel business. With over 30 years' experience in the mining

and metals industry, operations under his responsibility were recognized for industry leading safety performance (multiple John T. Ryan Awards in Canada) and have performed to the highest standards environmentally. Along with fostering productive relationships with top government officials in multiple jurisdictions, he ensured the cultivation of constructive relations with associated aboriginal communities internationally. Mr. Boissonneault led the development of key business opportunities in the form of new geological discoveries, early-stage capital project developments and collaborative mine agreements between mining companies.

Mr. Ian Slater

Mr. Ian Slater has founded numerous companies and has been involved in the mining industry for over twenty years. Previously, Mr. Slater was the Managing Partner of both Ernst & Young's Canadian and Arthur Andersen's Central Asian Mining Practices. Mr. Slater is a Chartered Accountant

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemptions contained in section 2.4 or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The Company is a "venture issuer" as defined in NI 52-110 and is relying upon the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of Audit Committee) and 5 (Reporting Obligations).

The Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-audit Services),
- (b) the exemption in section 3.2 (Initial Public Offerings),
- (c) the exemption in section 3.4 (Events Outside Control of Member),

Audit Committee Oversight

At no time during the year ended December 31, 2022 was a recommendation of the audit committee to nominate or compensate an external auditor declined by the Board of the Company.

Pre-Approval Policies and Procedures

The audit committee of the Company has not yet adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

External Auditor Service Fees

Auditor

Davidson & Company LLP has been the Company's external auditor since June 10, 2021. Davidson & Company LLP conducts the annual audit of Zacapa's consolidated financial statements, the quarterly review of the interim consolidated financial statements, and on occasion provides other services. Davidson & Company LLP reports to the Audit Committee.

External Auditor Service Fees

Davidson & Company LLP, at Suite 1200 – 609 Granville Street, Vancouver, BC V7Y 1G6, were appointed as the Company's auditors as of June 10, 2021. Davidson & Company LLP are independent

of the Company in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of British Columbia.

The aggregate fees billed by the Company's auditors in fiscal 2022 and 2021 are detailed below.

| Category | Year ended December 31, 2021 | Year ended December 31, 2022 |
|-----------------------------------|---------------------------------|---------------------------------|
| Audit Fees ⁽¹⁾ | \$46,000 | \$63,342 |
| Audit-related Fees ⁽²⁾ | \$10,000 | \$ - |
| Total | \$56,000 | \$63,342 |

(1) "Audit Fees" include fees for services rendered by the external auditor in relation to the audit and review of the Company's consolidated annual financial statements (inclusive of disbursements), in connection with the Company's regulatory financial filings.

(2) "Audit-related Fees" primarily related to compliance with regulatory filing requirements related to prospectuses and other offering documents

Additional Information

Additional information relating to Zacapa may be found on its SEDAR profile at www.sedar.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's information circular dated May 10, 2022 and equivalent information, when available, will be contained in the information circular for the Company's next annual meeting of shareholders that involves the election of directors expected to be held in June 2023. Additional financial information about the Company can be found in the Company's financial statements and management's discussion and analysis for the financial year ended December 31, 2022.

Appendix A – Audit Committee Charter

ZACAPA RESOURCES LTD.
AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee (the “Committee”) is appointed by the Company's board of directors (the "Board") to assist the Board in overseeing and monitoring:

- the integrity of the financial statements of the Company;
- the compliance by the Company with legal and regulatory requirements;
- the independence and performance of the Company's independent auditors, which independent auditors shall report directly to the Audit Committee; and
- the auditing, accounting and financial reporting processes generally.

1. COMPOSITION, PROCEDURES AND ORGANIZATION

- 1.1 The Committee shall consist of at least three (3) members of the Board. Members of the Committee shall be appointed by the Board and may be removed or replaced by the Board, from time to time, in its discretion. There shall be a chair of the Committee, who shall be appointed by the Board. The majority of the members of the Committee shall meet the independence and financial literacy requirements for Audit Committee members of applicable securities laws, including the National Instrument 52-110 *Audit Committees* and any exchange or quotation system upon which the Company's securities are listed or quoted. Members shall be appointed to the Committee at the Board meeting held immediately after the annual general meeting where directors are elected to the Board by shareholders of the Company.
- 1.2 The Committee shall review and reassess the adequacy of this Audit Committee Charter (“Charter”) annually and recommend any proposed changes to the Board for approval.
- 1.3 The quorum for meetings shall be a majority of the members of the Committee, present in person or by videoconference, telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- 1.4 The Committee shall have access to such officers, employees and consultants of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers being necessary or advisable in order to perform its duties and responsibilities.

1.5 Meetings of the Committee shall be conducted as follows:

- a) the Committee shall meet as necessary to fulfill its duties and responsibilities at such times and at such locations as may be requested by the Chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
- b) the external auditors shall attend meetings at the request of the Chair of the Committee; and
- c) management representatives may be invited to attend meetings except private sessions with the external auditors.

1.7 The external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee or consultant of the Company as it deems necessary, and any employee/consultant may bring before the Committee any concerns or a matter involving questionable, illegal or improper financial practices or transactions. The Committee shall have the authority:

- a) to engage independent counsel and other advisors as it determines necessary to carry out its duties,
- b) to set and pay the compensation for any advisors employed by the Committee; and
- c) to communicate directly with the external auditors.

1.8 While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations.

2. OVERALL DUTIES AND RESPONSIBILITIES

2.1 The overall duties and responsibilities of the Committee shall be as follows:

- a. review and approval of the annual audited financial statements and the interim financial statements; and recommend to the Board of Directors the approval of the annual financial statements;
- b. review of the Company's accounting principles, reporting practices and adequacy of internal controls at least annually;
- c. review an analysis prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including an analysis of the effect of alternative accounting methods, if any, on the Company's financial statements;
- d. establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- e. establish a procedure for the confidential, anonymous submissions by employees or consultants or shareholders of the Company of concerns regarding questionable accounting or auditing matters;
- f. establish and maintain a direct line of communication with the Company's external auditors and assess their performance annually, recommending the external auditors to the Board of Directors for the ensuing year to be included in the management information circular;
- g. ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
- h. report at least annually to the Board on the fulfillment of its duties and responsibilities.
- i. review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- j. review and approve the financial sections of:
 - i. the annual report to shareholders;
 - ii. the annual information form, and disclosure under Form 52-110F1 if required;
 - iii. annual and interim MD&A;

- iv. prospectuses;
- v. news releases discussing financial results of the Company; and
- vi. other public reports of a financial nature requiring approval by the Board,

and report to the Board with respect thereto;

- k. review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
- l. review the appropriateness of the accounting policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- m. review and report on the integrity of the Company's consolidated financial statements;
- n. review the minutes of any audit committee meeting of subsidiary companies;
- o. review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
- p. review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and

develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.

3. EXTERNAL AUDITORS

3.1 The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- a. recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
- b. review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;

- c. review the audit plan of the external auditors prior to the commencement of the audit;
- d. review with the external auditors:
 - i. non-audit services provided by the external auditors;
 - ii. the quality including the acceptability of the Company's accounting principles; and
 - iii. procedures to ensure that the Committee meets with the external auditors at least annually in the absence of management.

4. INTERNAL CONTROLS

4.1 The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- a. review the appropriateness and effectiveness of the Company's policies, internal controls, and business practices which have a financial impact on the Company, including those relating to insurance, accounting, information systems and financial controls, management reporting, tax and risk management;
- b. review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
- c. periodically review the Company's financial and internal control procedures and the extent to which recommendations made by the external auditors have been implemented.