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**OWL CAPITAL CORP.**

Suite 880 - 580 Hornby Street,  
Vancouver, B.C. V6C 4B6

**INFORMATION REQUIRED IN A FILING STATEMENT FOR A  
QUALIFYING TRANSACTION**

**December 10, 2019**

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement.*

OWL CAPITAL CORP.

TABLE OF CONTENTS

	PAGE
GLOSSARY .....	4
GLOSSARY OF GEOLOGICAL DEFINED TERMS.....	8
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS.....	12
SUMMARY OF FILING STATEMENT .....	13
RISK FACTORS .....	16
PART I - INFORMATION CONCERNING THE COMPANY .....	20
CORPORATE STRUCTURE .....	20
GENERAL DEVELOPMENT OF BUSINESS .....	20
SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS .....	21
DESCRIPTION OF THE SECURITIES.....	22
STOCK OPTION PLAN.....	22
PRIOR SALES .....	22
ARMS LENGTH PARTY TRANSACTION .....	23
LEGAL PROCEEDINGS.....	23
AUDITORS, TRANSFER AGENTS AND REGISTRARS .....	23
MATERIAL CONTRACTS.....	24
PART II - INFORMATION CONCERNING THE ACQUISITION OF SIGNIFICANT ASSETS .....	25
ORO CRUZ GOLD PROJECT .....	<b>Error! Bookmark not defined.</b>
PART III - INFORMATION CONCERNING THE RESULTING ISSUER .....	63
CORPORATE STRUCTURE .....	64
NARRATIVE DESCRIPTION OF THE BUSINESS .....	64
DESCRIPTION OF THE SECURITIES.....	65
CAPITALIZATION .....	65
AVAILABLE FUNDS AND PRINCIPAL PURPOSES .....	66
PRINCIPAL SECURITYHOLDERS .....	67
DIRECTORS, OFFICERS AND PROMOTERS.....	68
EXECUTIVE COMPENSATION .....	72
INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS .....	73
INVESTOR RELATIONS ARRANGEMENTS.....	73

OPTIONS TO PURCHASE SECURITIES .....	73
ESCROWED SECURITIES .....	74
AUDITORS, TRANSFER AGENTS AND REGISTRARS .....	77
PART IV – GENERAL MATTERS .....	78
SPONSORSHIP AND AGENT RELATIONSHIP .....	78
EXPERTS .....	78
OTHER MATERIAL FACTS.....	78
BOARD APPROVAL .....	78
SCHEDULE “A” - FINANCIAL STATEMENTS OF THE COMPANY .....	79
SCHEDULE “B” - MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY .....	80
CERTIFICATE OF ISSUER.....	81

## GLOSSARY

**"Acquisition Agreement"** means the agreement dated November 22, 2019 between Owl Capital Corp., Demerara Gold Corp. and Eros Resources Corp.

**"ADGIS"** means ADGIS, Inc., a Nevada corporation.

**"ADGIS Agreement"** means the option agreement dated May 1, 2018 between ADGIS and Lincoln Mining Corporation and its wholly-owned subsidiary Lincoln Gold USA Inc., whereby Lincoln Mining Corporation and Lincoln Gold USA Inc. have the option to acquire a 100% interest in certain claims that comprise the Oro Cruz Gold Project.

**"Affiliate"** means a company that is affiliated with another company as described below.

A company is an "Affiliate" of another company if:

- (b) one of them is the subsidiary of the other, or
- (c) each of them is controlled by the same Person.

A company is "controlled" by a Person if:

- (b) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person, and
- (c) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person.

**"ASC"** means the Alberta Securities Commission.

**"Associate"** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

**"BCSC"** means the British Columbia Securities Commission.

**"Bell Mountain"** means Bell Mountain Exploration Corp., a wholly owned subsidiary of Eros.

“**BLM**” means the Bureau of Land Management of the United States of America Department of the Interior.

“**Board**” means the Board of Directors of the Owl Capital Corp.

“**Bullfrog**” means Bullfrog Gold Corp., a Delaware company with its shares quoted on the OTCQB board of the OTC Market Platform and on the Canadian Securities Exchange.

“**Common Shares**” means the common shares in the capital of the Owl Capital Corp.

“**Company**” means Owl Capital Corp.

“**Completion of the Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the Exchange.

“**Control Person**” means any Person 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.

“**CPC**” means a capital pool company as defined by the CPC Policy of the TSX Venture Exchange:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

“**CPC Escrow Agreement**” means the Form 2F – CPC Escrow Agreement dated April 20, 2018 among the Company, Computershare Investor Services Inc. and certain escrow security holders.

“**CPC Escrow Shares**” means the 4,220,001 Common Shares initially escrowed pursuant to the CPC Escrow Agreement.

“**CPC Policy**” means Exchange Policy 2.4 – *Capital Pool Companies*.

“**CSE**” means the Canadian Securities Exchange.

“**Demerara**” means Demerara Gold Corp., a private company controlled by Dale Wallster.

“**Eastgate Gold Project**” means the past, current and future exploration and development programs taking place on the Eastgate Property.

“**Eastgate Property**” means the exploration land package comprised of 101 lode mining claims totaling roughly 817 hectares (ha) located approximately 90 kilometres east of Fallon in Churchill County, Nevada.

“**Eros**” means Eros Resources Corp., a public company listed on the Exchange.

“**Exchange**” means the TSX Venture Exchange Inc.

“**Final Exchange Bulletin**” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“**Financing**” means the non-brokered private placement financing of up to 8,333,334 Common Shares at a price of \$0.30 per Common Share for gross proceeds of up to \$2,500,000.

“**Filing Statement**” means this filing statement dated December 10, 2019.

**“First Option”** means the 51% interest in the Oro Cruz Property that may be acquired by Bell and Demerara under the terms of the Lincoln Agreement.

**“Lincoln”** means Lincoln Gold Mining Corporation, a public company listed on the Exchange.

**“Lincoln Agreement”** means the option and joint venture agreement dated October 1, 2019 among Lincoln, Lincoln Gold, Demerara and Bell Mountain whereby Demerara and Bell Mountain have the option to acquire up to a 75% interest in the Oro Cruz Property.

**“Lincoln Gold”** means Lincoln Gold USA Inc., a Nevada corporation that is the wholly-owned subsidiary of Lincoln.

**“Insider”** if used in relation to an Issuer, means:

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the Issuer;
- (c) 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
- (d) the Issuer itself if it holds any of its own securities.

**“Majority of the Minority Approval”** means the approval of a Non-Arm’s Length Qualifying Transaction by the majority of the votes cast by shareholders, other than:

- (a) Non-Arm’s Length Parties to the CPC;
- (b) Non-Arm’s Length Parties to the Qualifying Transaction; and
- (c) in the case of a Related Party Transaction:
  - (i) if the CPC holds its own shares, the CPC, and
  - (ii) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction,

at a properly constituted meeting of the common shareholders of the CPC.

**“NI 43-101”** means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, its related form and policy as set forth by Canadian Securities Administrators.

**“Non-Arm’s Length Party”** means in relation to a company, a promoter, officer, director, other insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, insider or Control Person.

**“Non-Arm’s Length Parties to the Qualifying Transaction”** means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arm’s Length Parties of the Vendor(s), the Non-Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

**“Non-Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are the subject of the proposed Qualifying Transaction.

**“Oro Cruz Gold Project”** means the past, current and future exploration and development programs taking place on the Oro Cruz Property.

**“Oro Cruz Property” or “Property”** means the exploration land package comprised of 271 unpatented lode mining claims totaling 2,160 ha and 13 unpatented placer mining claims totaling 105 ha and two State of California

Mineral Prospecting Permits covering approximately 518 ha, all located in Imperial County, California, approximately 28 kilometres northwest of Yuma, Arizona and subject to survey location related to the San Bernardino Base Line and Principal Median.

**“Oro Cruz Technical Report”** means the report titled *“Technical Report on the Oro Cruz Gold Project”* dated September 30, 2019 which was prepared by Frank Hrdy, P.Geo., of CanMine Consultants an independent Qualified Person as defined by NI 43-101.

**“Person”** means a company or individual.

**“Qualifying Transaction”** means a transaction where a CPC acquires Significant Assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

**“Resulting Issuer”** means the issuer that was formerly a CPC that exists upon issuance of the Final Exchange Bulletin and in this Filing Statement means the Company following completion of the Transaction and Financings and issuance of the Final Exchange Bulletin.

**“Second Option”** means the additional 24% interest in the Oro Cruz Property that may be acquired by Bell and Demerara under the terms of the Lincoln Agreement.

**“SEDAR”** means the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval.

**“Significant Assets”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange.

**“Sponsor”** has the meaning specified in Sponsorship Policy.

**“Sponsorship Policy”** means Exchange *Policy 2.2 – Sponsorship and Sponsorship Requirements*.

**“Target Company”** means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**“Transaction”** means the completion of the transaction set forth in the Acquisition Agreement and which, together with the Financing, will constitute the Company’s Qualifying Transaction.

**“Value Escrow Agreement”** means the Form 5D – Value Escrow Agreement to be entered into prior to closing of the Transaction among the Company, Computershare Investor Services Inc. and the certain security holders.

**“Value Escrow Shares”** means the 25,426,941 Common Shares escrowed pursuant to the Value Escrow Agreement.

**“Value Escrow Security Holders”** means Eros, Mulgravian Ventures Corporation, Suzanne Wallster, Dale Wallster, Paul Brockington, Brian Walker, Katrina Remfert, Nicholas Cohen Productions Ltd., Graham Scott and Neil Allen.

**“Vendor(s)”** means Eros and Demerara.

## GLOSSARY OF GEOLOGICAL TERMS

The following definitions and terms apply throughout this document unless the context otherwise requires:

<b>Allochthonous:</b>	Formed or produced elsewhere than in its present place; of foreign origin or introduced. The term is widely applied; e.g., to coal or peat that originated from plant material transported from its place of growth, or to an allochthon on a low-angle thrust fault. The term is similar in meaning to allogenic, which refers to constituents rather than whole formations. Ant. autochthonous.
<b>Alteration:</b>	Chemical or mineralogical changes in the composition of a rock brought about by physical or chemical means resulting from weathering, metamorphism or the passage of hydrothermal fluids through rocks. .
<b>Amphibole:</b>	A group of rock-forming silicate or aluminosilicate minerals containing iron, magnesium and calcium typically occurring as dark-colored fibrous or columnar crystals. A primary example is hornblende.
<b>Amphibolites:</b>	A dark-colored granular metamorphic rock of mafic composition consisting mainly of the minerals hornblende and plagioclase.
<b>Anomaly:</b>	A geochemical or geophysical character deviating from regularity.
<b>Antiform:</b>	A topographic feature which is composed of sedimentary layers in a convex formation, but may not actually form a real anticline
<b>Assay:</b>	A chemical analysis that determines the amount of an element in a sample. The concentrations of precious metals such as gold and silver are typically reported as grams of metal per tonne (g/t) of rocks; base metal assays (copper, lead, zinc, etc.) are given in ppm or weight percent. Assay sheets from laboratories typically give gold concentrations in parts per billion (ppb) - 1000 ppb equals 1 part per million (ppm), which equals 1 gram/tonne. There are 28.35 grams in one normal (avoirdupois) ounce and 31.10 grams in one Troy ounce. Base metal assays are typically measured in parts per million (ppm); 10,000 ppm equals one percent.
<b>Autochthonous:</b>	Formed or produced in the place where now found. Applied to a rock the dominant constituents of which have been formed in situ.
<b>Biotite:</b>	A name used for a large group of black mica minerals containing potassium, aluminum, magnesium and iron that are commonly found in igneous and metamorphic rocks.
<b>Biotite-Gneiss:</b>	A rock mostly composed of creamy-white feldspar and quartz, together with dark minerals, of which the most abundant is the dark mica biotite.
<b>Calc-Silicate:</b>	A fine-grained, crystalline metamorphic rock containing a high percentage of calcium-bearing silicate minerals such as tremolite (an amphibole) or epidote.
<b>Carbonatization:</b>	The introduction of, or replacement by, carbonates.
<b>Chalcopyrite:</b>	Chalcopyrite is a brass-yellow, metallic mineral with a chemical composition of $CuFeS_2$ . It occurs in most sulfide mineral deposits throughout the world and has been the most important ore of copper for thousands of years.
<b>Chlorite:</b>	The name of a group of common sheet silicate minerals that contain iron, aluminum and magnesium that form as an alteration or metamorphic mineral formed from ferromagnesian minerals. Most chlorite minerals are dark green in color, have a foliated appearance, perfect cleavage, and an oily to soapy feel.
<b>Chloritization:</b>	The replacement by, conversion into, or introduction of chlorite.

<b>Clastic:</b>	Sedimentary rocks that are composed of fragments derived from older rocks by weathering and erosion, and transported from their place of origin.
<b>Conglomerate:</b>	Clastic, detrital sedimentary rock made up of more or less rounded fragments of pebbles, cobbles or boulders, commonly set in a relatively finer-grained matrix of sand or silt.
<b>Copper:</b>	A reddish metallic element (Cu) that takes on a bright metallic luster and is malleable, ductile, and a good conductor of heat and electricity.
<b>Cordierite:</b>	Cordierite is a silicate mineral that is found in metamorphic and igneous rocks.
<b>Cratonic:</b>	Pertaining to the relatively immobile part of the earth, the generally large central portion of a continent.
<b>Detrital Sedimentary Rock:</b>	Rock formed from accumulation of minerals and rocks derived from erosion of previously existing rocks or from weathered products of these rocks.
<b>Diabase:</b>	A dark-colored, fine-grained intrusive igneous rock, found as dykes or sills, composed mainly of feldspar, pyroxene and/or olivine; it is the shallow intrusive equivalent of basalt and gabbro.
<b>Diorite:</b>	A dark-colored, fine- to medium-grained intrusive igneous rock composed principally of the silicate minerals plagioclase feldspar (typically andesine), biotite, hornblende, and/or pyroxene that is the plutonic equivalent of andesite.
<b>Feldspar:</b>	A very common aluminum silicate mineral, with varying amounts of potassium (K), sodium (Na) and calcium (Ca). forming the most abundant group of minerals in the earth's crust, comprising about 60% of all rocks.
<b>Ferromagnesian:</b>	A mineral rich in iron and magnesium; applied to certain dark silicate minerals such as amphibole, pyroxene, biotite, and olivine.
<b>Ga:</b>	Billion years.
<b>Gabbro:</b>	A dark-colored, coarse-grained basic intrusive igneous rock chemically equivalent to basalt that is composed principally of basic plagioclase (commonly labradorite or bytownite) and clinopyroxene (augite), with or without olivine and orthopyroxene.
<b>Gangue:</b>	The non-economic accessory minerals that are associated with economic ore mineralization.
<b>Garnet:</b>	A silicate mineral that usually occurs as small, rounded red crystals mainly in metamorphic rocks but is also found in granitic veins such as aplite or pegmatite.
<b>Gossan:</b>	A rusty rock in which iron-bearing sulphide minerals have been oxidized by air and water (weathered).
<b>Granite:</b>	A common light-colored (felsic) intrusive igneous rock that is granular and phaneritic in texture and dominated by quartz (10-50%) and potassium feldspar, with lesser amounts of plagioclase feldspar.
<b>Greenschist</b>	A general field petrologic term for metamorphic or altered mafic volcanic rock that formed under the lowest temperatures and pressures usually produced by regional metamorphism, typically 300–450 °C and 2–10 kilobars.
<b>Hematite:</b>	A grey, metallic or earthy iron oxide mineral (Fe <sub>2</sub> O <sub>3</sub> ) which powders to a red color that is one of the most abundant minerals on Earth's surface and in the shallow crust.
<b>Hornblende:</b>	The most common member of the amphibole group of minerals; dark-colored and found in many types of igneous and metamorphic rocks.
<b>Iron Oxides:</b>	The basic constituent of the ferromagnetic spinels or ferrites
<b>Lamprophyre:</b>	A group of dark-colored, porphyritic, hypabyssal igneous rocks characterized by panidiomorphic texture, a high percentage of mafic minerals (esp. biotite,

hornblende, and pyroxene), which form the phenocrysts, and a fine-grained groundmass with the same mafic minerals in addition to feldspars and/or feldspathoids.

<b>Lateral Strike-slip Fault:</b>	Displacement is in the strike direction of the fault.
<b>Ma:</b>	Million years.
<b>Magnetite:</b>	Magnetite is a very common black, magnetic iron oxide mineral ( $\text{Fe}_3\text{O}_4$ ) that is found in igneous, metamorphic, and sedimentary rocks.
<b>Metasediment:</b>	A sediment or sedimentary rock that shows evidence of having been subjected to metamorphism.
<b>Mylonite:</b>	A highly deformed ductile fault rock with a planar fabric produced by extreme shearing/movement. Original rock textures are completely destroyed during the most intense dynamic metamorphism. Some fine-grained mylonites resemble either rhyolites or cherts, but with a streaky or banded structure, and can be easily confused with those rock types. A fault defined by mylonite is also known as a mylonite zone.
<b>Normal Fault:</b>	A fault in which the hanging wall is lowered relative to the foot wall.
<b>Orthogneisses:</b>	Applied to gneissose rocks that have been derived from rocks of igneous origin.
<b>Orthoquartzite:</b>	A clastic sedimentary rock that is made up almost exclusively of quartz sand (with or without chert), and relatively free of or lacks a fine-grained matrix, derived by secondary silicification.
<b>Pegmatites:</b>	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dikes, lenses, or veins, esp. at the margins of batholiths.
<b>Pelite:</b>	A sediment or sedimentary rock composed of the finest detritus (clay- or mud-size particles); e.g., a mudstone, or calcareous sediment composed of clay and minute particles of quartz.
<b>Pluton:</b>	Igneous rock formed beneath the surface by consolidation from magma.
<b>Psammitic:</b>	A term for a fine-grained, fissile, clayey sandstone.
<b>Pyrite:</b>	A metallic, bronze, cubic mineral ( $\text{FeS}_2$ ), commonly known as fool's gold.
<b>Quartzite:</b>	A granular sedimentary rock formed mainly of quartz (sometimes called a quartz arenite), or its granoblastic metamorphic equivalent formed by recrystallization of sandstone or chert by either regional or thermal metamorphism.
<b>Rake:</b>	The inclination of anything from the vertical; said of mineral veins and faults.
<b>Refractory:</b>	Resisting the action of heat and chemical agents.
<b>Regolith:</b>	The layer or mantle of loose incoherent rock material, of whatever origin, that nearly everywhere underlies the surface of the land and rests on bedrock.
<b>Schist:</b>	A foliated, crystalline metamorphic rock dominated by fibrous or platy minerals that can be readily split into thin flakes or slabs commonly characterized by micas..
<b>Silicification:</b>	The introduction of, or replacement by, silica, generally resulting in the formation of fine-grained quartz, chalcedony, or opal, which may fill pores and replace existing minerals.
<b>Stockworks:</b>	A mineral deposit consisting of a three-dimensional network of planar to irregular veinlets closely enough spaced that the whole mass can be mined.
<b>Supracrustal:</b>	Relating to rocks that overlie the basement rock of the crust.
<b>Unconformity:</b>	A buried erosional surface separating two rock masses, with the older exposed to erosion before deposition of the younger. If the older rocks were

deformed and not horizontal at time of younger rock deposition, the separation surface is an angular unconformity. If the older rocks remained essentially horizontal during erosion, the separating surface is called a disconformity. An unconformity that develops between massive igneous or metamorphic rocks exposed to erosion and younger sedimentary rocks is a non-conformity.

**Wallrock:**

The rock that constitutes the wall of an area undergoing geologic activity.

**CONVERSION FACTORS**

<b>To Convert From</b>	<b>To</b>	<b>Multiply By</b>
Feet (ft)	Meters (m)	0.305
Meters	Feet	3.281
Miles	Kilometers (km)	1.609
Kilometers	Miles	0.6214
Acres	Hectares (ha)	0.405
Hectares	Acres	2.471
Grams (g)	Ounces (Troy) (oz)	0.03215
Grams/Tonne (g/t)	Ounces (Troy)/Short Ton	0.02917
Ounces (Troy)/Short Ton	Grams/tonne	34.2857
Tonnes (metric) (t)	Short Tons	1.1023

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Filing Statement constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "could", "expect", "may" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; actual results of reclamation activities; actual results of extractive metallurgical studies; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future mineral prices; equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, permitting, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section titled "*Risk Factors*."

Forward-looking statements are based on a number of material factors and assumptions, including 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 Resulting Issuer considers these assumptions may be reasonable based on information currently available to it, these assumptions 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 the section titled "*Risk Factors*."

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of Owl Capital Corp., and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading "*Risk Factors*".

Consequently, all forward-looking statements made in this Filing Statement and other documents of Owl Capital Corp. are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Company or the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Resulting Issuer and/or persons acting on its behalf may issue. Owl Capital Corp. undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. For all of these reasons, Securityholders should not place undue reliance on forward-looking statements and information.

The Resulting Issuer advises you to carefully review the reports and documents we file with the BCSC and the ASC (on SEDAR) from time to time.

## SUMMARY OF FILING STATEMENT

*The following is a summary of the information relating to Owl Capital Corp., the Oro Cruz Gold Project, the Eastgate Gold Project and the Resulting Issuer (assuming completion of the Qualifying Transaction) and should be read together with more detailed information and financial data and statements contained elsewhere in this Filing Statement.*

### **Owl Capital Corp.**

Owl Capital Corp. (“Owl Capital”, “Owl” or the “Company”) was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on September 27, 2017. Following its initial public offering on May 18, 2018, Owl Capital is a capital pool company (“CPC”) as defined by the CPC Policy of the Exchange and its Common Shares are listed for trading on the Exchange under the trading symbol “OCC.P”.

Owl Capital’s business has been restricted to the identification and evaluation of businesses or assets for the purpose of completing a Qualifying Transaction. See “*Part I – Information Concerning the Company - General Development of Business*”.

### **The Significant Assets**

Pursuant to the terms of the Acquisition Agreement, Owl Capital plans to acquire an option to earn a 75% in the Oro Cruz Gold Project and an 85% interest in the Eastgate Gold Project. A summary of these properties is set forth below.

### **The Oro Cruz Gold Project**

The Oro Cruz Gold Project is in the Cargo Muchacho Mountains of Imperial County, southeast California, approximately 25 kilometres (15.5 miles) northwest of Yuma, Arizona. The Oro Cruz mine (also historically known as the Golden Cross or Tumco mine), situated on the Property, is a former gold (“Au”) producer within the historical Cargo Muchacho - Tumco Mining District (also referred to as the Hedges Mining District) approximately 14 miles southeast of the currently operating Mesquite gold mine of Equinox Gold Corp.

Gold mining on the Property occurred during 1890-1916 and 1932-1941, producing greater than 150,000 troy ounces (“oz”) gold. The Oro Cruz Property was last mined for about one year during 1995 and 1996 by the American Girl Mining Joint Venture (“AGMJV”); operated and 53%-owned by MK Gold Company (MK Gold), a subsidiary of Morrison Knudsen Corporation. Gold production was approximately 61,000 troy oz from oxide ore extracted by both open pit and underground mining operations before the mine closed due to low gold prices.

Extensive historical drilling at the Oro Cruz Gold Project has outlined exploration targets over the existing high-grade gold zone as well as nearby satellite deposits. Based on historical mining, the gold at the Oro Cruz Gold Project is amendable to conventional heap leach extractive methods.

In 2011, Lincoln Mining Corporation reported a historical inferred resource estimate totaling 341,800 ounces gold based on 4,386,000 tonnes averaging 2.20 grams gold per tonne (“g Au/t”) at a cutoff grade of 0.68 g Au/t (4,835,000 tons at 0.07 ounces gold per ton; “oz Au/ton”). This historical inferred resource estimate is disclosed in a technical report dated April 29, 2011 prepared for Lincoln Mining Corporation by Tetra Tech Inc. and is available on SEDAR. The historical mineral resource estimate, termed “inferred mineral resource”, which is a category set out in NI 43-101, was based on previous drill hole, underground channel samples and blasthole assays, and calculated using ordinary kriging to estimate gold grades in 10 foot x 10 foot x 5 foot blocks. Accordingly, Owl Capital considers this historical estimate reliable as well as relevant as it represents key targets for exploration work by Owl Capital. The Qualified Person of the Oro Cruz Technical Report has not done sufficient work to classify the historical estimate as a current mineral resource and Owl Capital is not treating this historical estimate as current mineral resources.

Adjacent to the Oro Cruz Gold Project are the historically past-producing American Girl and Padre y Madre gold mines. Gold was again produced from these properties in 1988 through 1996 by the AGMJV. The Oro Cruz Gold Project is currently comprised of a total of 271 Bureau of Land Management (“BLM”) unpatented lode mining claims totaling roughly 2,160 hectares (“ha”; 5,338 acres), 13 BLM unpatented placer mining claims totaling roughly 105 ha (260 acres) and two State of California Mineral Prospecting Permits covering approximately

518 ha (1,280 acres) all located in Imperial County, California and subject to survey location related to the San Bernardino Base Line and Principal Median. The original 20 unpatented lode claims are held pursuant to the ADGIS Agreement from a third party.

See “Part II – Information Concerning the Acquisition of Significant Assets.”

### **The Eastgate Gold Project**

The Eastgate Gold Project is located approximately 90 kilometers (55 miles) east of the city of Fallon in Churchill County, Nevada. The Eastgate Gold Project comprises 101 unpatented BLM lode mining claims covering roughly 817 ha (2,020 acres). Eastgate features a well-developed hydrothermal quartz vein system hosting precious metals, and Owl Capital’s goal is to define a high-grade, low sulphidation epithermal gold-silver deposit. Multiple, steeply east dipping, north striking, sub-parallel quartz-adularia veins occur throughout the Eastgate Property. Between 1908-20 and 1935-57, several small-scale, narrow vein, gold and silver producers operated on the property. These included the Double Eagle and Gold Ledge mines which reported production from 1935-57 of 3,247 oz gold and 38,152 oz silver.

### **Securities of Bullfrog Gold Corp.**

As part of the Resulting Issuer’s plan to acquire an interest, directly or indirectly, in gold assets in California and Nevada, the Resulting Issuer will also be acquiring, from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog, which is incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform and on the CSE. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada. At this stage, the securities of Bullfrog will be a non-core asset of the Resulting Issuer.

### **The Qualifying Transaction**

On November 22, 2019, Owl Capital entered into the Acquisition Agreement with Eros and Demerara whereby the Company will acquire all of their rights, titles and interests in the Oro Cruz Gold Project, California and the Eastgate Gold Project from Eros and Demerara, respectively, as well as a 5.58% undiluted equity interest in Bullfrog Gold Corp. from Eros. Pursuant to the terms of the Acquisition Agreement, Owl Capital will acquire the following:

- (a) from Demerara, Demerara’s entire right, title and interest, being an undivided 40% interest, in the Eastgate Property, Churchill County, Nevada;
- (b) from Eros, Eros’ entire right, title and interest, being an undivided 45% interest, in the Eastgate Property;
- (c) from each of Demerara and Bell Mountain, the assignment of the Lincoln Agreement pursuant to which each of Demerara and Bell Mountain may acquire a 37.5% interest (aggregate 75% interest) in the Oro Cruz Gold Project, Imperial County, California; and
- (d) from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog, which is incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada. This will represent a stake in Bullfrog of 5.58% on a undiluted basis and 10.52% on a partially diluted basis.

(the “**Significant Assets**”)

In consideration of the Significant Assets, Owl Capital will issue a total of 25,426,940 Common Shares at a deemed value of \$0.30 per common share as follows:

- (a) 2,579,000 shares to the shareholders of Demerara with respect to the acquisition of a 40% interest in the Eastgate Property;
- (b) 2,901,275 shares to Eros with respect to the acquisition of a 45% interest in the Eastgate Property;

- (c) 8,545,000 shares to the shareholders of Demerara and 8,545,000 shares to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Gold Project;
- (d) 2,856,665 shares to Eros with respect to the acquisition of 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog.

Upon closing of the Transaction and the Financing (as described below), the total issued and outstanding Common Shares of Owl Capital will be approximately 39,997,337 Common Shares, of which the shareholders of Demerara will own 11,124,000 Common Shares, being 27.8%, and Eros will own 14,302,940 Common Shares, being 35.8%.

### **Proposed Non-Brokered Private Placement Financing**

In conjunction with closing of the Transaction, Owl Capital will be completing a proposed non-brokered private placement financing of up to 8,333,334 Common Shares at a price of \$0.30 per Common Share for gross proceeds of up to \$2,500,000.

Subject to exchange approval, the Company may pay finders a fee equal to 8% of the Financing in cash and/or in share purchase warrants under the Financing.

The proceeds of the Offering will be used for exploration work on the Oro Cruz Gold Project and general working capital purposes.

### **Interests of Management in the Transaction**

No Insider, Promoter or Control Person of the Company and no Associates and Affiliates, before and after giving effect to the Transaction, has any interest in the Transaction other than that which arises from their holding of Common Shares.

### **Arm's Length Transaction**

The Transaction is not a Non-Arm's Length Qualifying Transaction.

### **Available Funds and Principal Uses**

After completion of the Transaction and the Financing, the Resulting Issuer will have a minimum working capital of \$2,491,852. The principal purpose of those funds will be used for exploration program on the Oro Cruz Gold Project and general and administrative expenses. See *Part III – Information Concerning The Resulting Issuer - Available Funds and Principal Purposes*.

### **Market Price of Common Shares**

The Common Shares of Owl Capital are listed on the Exchange under the symbol "OCC.P". The last closing price of the Common Shares prior to the announcement of the Transaction was \$0.335. See *Part I – Information Concerning the Company – Stock Exchange Price*.

### **Conflicts of Interest**

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the exploration and mining industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the *Business Corporations Act* (British Columbia) to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. As of the date of this Filing Statement, to the best of its knowledge, the Issuer is not aware of the existence of any conflicts of interest between Issuer and any of the directors or officers of the Issuer. Please see *Part III - Information Concerning the Resulting Issuer – Conflicts of Interest*.

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see “*Part III - Information Concerning the Resulting Issuer – Other Reporting Issuer Experience*”.

## **Risk Factors**

An investment in Owl Capital is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider and evaluate all risks and uncertainties involved in an investment in the Company, including risks related to: (i) limited operating history, (ii) lack of operating cash flow, (iii) exploration, mining and operational risks, (iv) mineral resources and reserves; (v) mining claims and permits, (vi) assurance of title, (vii) environmental risks, (viii) uninsured risks, (ix) health and safety risks, (x) additional requirements for capital, (xi) competition, (xii) personnel, (xiii) volatility of commodity prices, (xiv) market perception, (xv) smaller companies, (xvi) conflicts of interest, (xvii) dividends and (xviii) possible loss of interest in the Oro Cruz Gold Project. See “*Risk Factors*” below.

## **Conditional Listing Approval**

The Exchange has conditionally accepted the Transaction subject to Owl Capital fulfilling all of the requirements of the Exchange by February 19, 2020.

## **RISK FACTORS**

An investment in the Resulting Issuer 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 Resulting Issuer. The directors consider the following risks and other factors to be the most significant for potential investors in the Resulting Issuer, but the risks listed do not necessarily comprise all those associated with an investment in the Resulting Issuer and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Resulting Issuer’s business.

### **Limited Operating History**

The Resulting Issuer has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Resulting Issuer has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment, if warranted, will be required to achieve commercial production from the Resulting Issuer’s existing projects. The Resulting Issuer’s business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Resulting Issuer proposes to undertake. There is no assurance that the Resulting Issuer will be able to raise the required funds to continue these activities.

### **Lack of Operating Cash Flow**

The Resulting Issuer currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Resulting Issuer’s failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

### **Exploration, Mining and Operational Risks**

The business of exploring for, developing and mining metals and minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. At present, the Oro Cruz Gold Project and Eastgate Gold Project do not have mineral deposits having current NI 43-101 quantified and qualified resources and the proposed exploration programs are an exploratory search for such a deposit.

The Resulting Issuer’s operations are subject to all the hazards and risks normally associated with the exploration, development and mining of metals and minerals, any of which could result in risk to life, to property, or to the environment. The Resulting Issuer’s operations may be subject to disruptions caused by unusual or unexpected geological formations or events, formation pressures, fires, power failures, labour disputes, flooding, explosions, cave-ins, landslides, adverse weather conditions, and the inability to obtain suitable or adequate equipment,

machinery and labour or. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time. Other operational risks are associated with the failure to maintain community acceptance, agreements and permissions (generally referred to as “social licence”), including, but not limited to, local Indigenous Peoples.

In the event the Resulting Issuer is fortunate enough to discover a metal or mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the metal or mineral deposit, proximity to infrastructure, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### **Mineral Resources and Reserves**

There is no current mineral resource or mineral reserve, each as defined by the Canadian Institute of Mining, Metallurgy and Petroleum, on the Oro Cruz and Eastgate Properties. There can be no assurances that a mineral resource or mineral reserve will ever be estimated on the properties.

Because the Resulting Issuer has not defined or delineated any proven or probable reserves on its properties, mineralization estimates for the properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

### **Mining Claims and Permits**

The Resulting Issuer’s prospecting activities are dependent upon the grant of appropriate licenses, concessions, leases, permits and regulatory comments which may be withdrawn or made subject to limitations. Although the Resulting Issuer believes that it will obtain the necessary appropriate licenses and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant.

Furthermore, the Resulting Issuer is required pay annual maintenance fees to the BLM in order to maintain the properties in good standing. If the Resulting Issuer is unable to pay these amounts, the Resulting Issuer may lose its interest in its properties on the expiry date(s). There is no assurance that, in the event of losing its interest in its properties, the Resulting Issuer will be able to register any lapsed mineral claims in its name without a third party registering its interest first.

### **Assurance of Title**

The Resulting Issuer has taken all reasonable steps to attempt to ensure that proper title to the Oro Cruz Property and Eastgate Property has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Resulting Issuer, there is no guarantee that title to such properties will not be challenged or impugned. The Resulting Issuer’s mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

### **Possible Loss of Interest in the Oro Cruz Property**

The ADGIS Agreement and Lincoln Agreement provides that a series of payments in cash over certain time periods are required to acquire the 75% interest in the Oro Cruz Property. If the Resulting Issuer fails to make such payments within the prescribed periods of time, the Resulting Issuer may lose its entire interest in the Oro Cruz Gold Project.

### **Environmental Risks**

Inherent with mining operations is an environmental risk. The legal framework governing this area is constantly developing, therefore the Resulting Issuer is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Resulting Issuer, as with any

exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Resulting Issuer's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Resulting Issuer's activities and, in particular, the proposed exploration and mining by the Resulting Issuer within California and Nevada.

### **Uninsured Risks**

The Resulting Issuer, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Resulting Issuer is currently uninsured against all such risks as such insurance is either unavailable or uneconomical at this time. The Resulting Issuer also currently has no keyman insurance or property insurance as such insurance is uneconomical at this time. The Resulting Issuer will obtain such insurance once it is available and, in the opinion of the directors, economical to do so. The Resulting Issuer may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

### **Healthy and Safety Risks**

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on its properties or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Resulting Issuer's operations and/or financial condition.

### **Additional Requirements for Capital**

Substantial additional financing may be required if the Resulting Issuer is to be successful in pursuing its ultimate strategy. No assurances can be given that the Resulting Issuer will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer, if at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of the Property, incur financial penalties, or reduce or terminate its operations.

### **Competition**

The Resulting Issuer competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

### **Personnel**

The Resulting Issuer has a small management team and the loss of any key individual could affect the Resulting Issuer's business. Additionally, the Resulting Issuer will be required to secure other personnel to facilitate its exploration and development program on each of its properties. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Resulting Issuer.

### **Volatility of Commodity Prices**

The market prices of commodities, including copper and gold, are volatile and are affected by numerous factors which are beyond the Resulting Issuer's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in commodity prices, including copper or gold, could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Resulting Issuer.

## **Market Perception**

Market perception of junior exploration and extraction companies may change, potentially affecting the value of investors' holdings and the ability of the Resulting Issuer to raise further funds through the issue of further Common Shares or otherwise.

## **Smaller Companies**

The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may go down as well as up and, in particular, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

## **Conflicts of Interest**

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. The *Business Corporations Act* (British Columbia) provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the *Business Corporations Act* (British Columbia). To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the *Business Corporations Act* (British Columbia). To the proposed management of the Resulting Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

## **Dividends**

To date, the Company has not paid any dividends on their outstanding shares. Any decision to pay dividends on the shares of the Resulting Issuer will be made by its board of directors on the basis of the Resulting Issuer's earnings, financial requirements and other conditions.

## **PART I - INFORMATION CONCERNING THE COMPANY**

### **CORPORATE STRUCTURE**

#### **Name and Incorporation**

Owl Capital Corp. was incorporated September 27, 2017 under the *Business Corporations Act* (British Columbia).

The Company's head office is located at Suite 880 - 580 Hornby Street, Vancouver, B.C. V6C 4B6 and its registered office is located at Suite 704 - 595 Howe Street, Vancouver, B.C. V6C 2T5.

### **GENERAL DEVELOPMENT OF BUSINESS**

#### **History**

On May 18, 2018, Owl Capital completed its initial public offering issuing 2,000,000 Common Shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. Owl Capital is a capital pool company ("CPC") as defined by the CPC Policy and its Common Shares were listed on the Exchange on May 18, 2018 under the symbol "OCC.P"

Owl Capital intends that the transaction described below will constitute its Qualifying Transaction under CPC Policy.

#### **Proposed Qualifying Transaction**

On November 22, 2019, Owl Capital entered into the Acquisition Agreement (the "Acquisition Agreement") with Eros and Demerara whereby pursuant to the terms of the Acquisition Agreement, the Company will acquire:

- (a) from Demerara, Demerara's entire right, title and interest, being an undivided 40% interest, in the Eastgate Property, Churchill County, Nevada;
- (b) from Eros, Eros' entire right, title and interest, being an undivided 45% interest, in the Eastgate Property, Churchill County, Nevada;
- (c) from each of Demerara and Bell Mountain, the assignment of the Lincoln Agreement pursuant to which each of Demerara and Bell Mountain may acquire a 37.5% interest (aggregate 75% interest) in the Oro Cruz Property, Imperial County, California; and
- (d) from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog Gold Corp., which is incorporated in the state of Delaware with its shares listed on the CSE as well as quoted on the OTCQB board of the OTC Market Platform. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada.

In consideration of these assets, Owl Capital will issue a total of 25,426,940 Common Shares as follows:

- (a) 2,579,000 Common Shares to shareholders of Demerara with respect to the acquisition of a 40% interest in the Eastgate Property;
- (b) 2,901,275 Common Shares to Eros with respect to the acquisition of a 45% interest in the Eastgate Property;
- (c) 8,545,000 Common Shares to the shareholders of Demerara and 8,545,000 Common Shares to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Property; and
- (d) 2,856,665 Common Shares to Eros with respect to the acquisition of 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog.

Upon closing of the Transaction and the Financing, the total issued and outstanding shares of Owl Capital will be approximately 39,997,337 Common Shares, of which the shareholders of Demerara will own 11,124,000 Common Shares, being 27.8%, and Eros will own 14,302,940 Common Shares, being 35.8%. Demerara is controlled by Dale Wallster. Demerara has the right to distribute to its shareholders all the shares received from the Company.

None of the Non-Arm's Length Parties to the Company has any direct or indirect interest in the Significant Assets nor are they insiders of the Demerara or Eros. The Transaction does not constitute a "Non-Arm's Length Qualifying Transaction" as defined in Exchange Policy 2.4 and consequently the Company is not required to obtain shareholder approval for the transaction.

Upon successful completion of the Transaction, the Company will change its name to Southern Empire Resources Corp. and be a Tier 2 mining issuer.

## Financing

In conjunction with closing of the Transaction, Owl Capital will complete a proposed non-brokered private placement offering of up to 8,333,334 Common Shares at a price of \$0.30 per Common Share for gross proceeds of up to \$2,500,000.

Subject to exchange approval, the Company may pay finders' fee equal to 8% of the Financing in cash and/or in share purchase warrants under the Financing.

The proceeds of the Financing will be used for exploration work on the Oro Cruz Gold Project and general working capital purposes.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

### Selected Financial Information

Owl Capital is providing the following selected information with respect to the Company's audited financial statements for the fiscal years ended October 31, 2018, and 2017 and unaudited financial statements for the nine months ended July 31, 2019. The audited financial statements for fiscal 2018 and 2017 and unaudited financial statements for the nine months ended July 31, 2019 were prepared in accordance with International Financial Reporting Standards. All amounts are expressed in Canadian dollars.

	<b>Nine Months Ended July 31 2019 (Unaudited) (\$)</b>	<b>Year Ended October 31, 2018 (\$)</b>	<b>Inception on September 27, 2017 to October 31, 2017 (\$)</b>
<b>Statements of Loss Data</b>			
Total Revenue	-	-	-
Expenses	67,648	76,398	5,963
Write-down of deposit, advance and deferred financing costs	-	-	-
Net Loss	<u>(67,648)</u>	<u>(76,398)</u>	<u>(5,963)</u>
Basic and Diluted Loss Per Share	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.00)</u>
	<b>Nine Months Ended July 31, 2019 (Unaudited) (\$)</b>	<b>Year Ended October 31, 2018 (\$)</b>	<b>Inception on September 27, 2017 to October 31, 2017 (\$)</b>
<b>Statements of Financial Position Data</b>			
Total Assets	235,911	298,937	145,001

Total Liabilities	15,412	12,496	5,963
Total Equity (Deficit)	220,499	286,441	139,038

## Management’s Discussion and Analysis

Owl Capital’s Management Discussion and Analysis for the fiscal years ended October 31, 2018 and 2017 as well as the nine months ended July 31, 2019 are incorporated by reference and attached to this Filing Statement as Schedule “B”.

## DESCRIPTION OF THE SECURITIES

### Securities

Owl Capital is authorized to issue an unlimited number of Common Shares without nominal or par value. As at the date hereof, there are 6,237,063 Common Shares issued and outstanding as fully paid and non-assessable.

The holders of the Common Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Owl Capital and each Common Share shall 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 of directors of the Company may by resolution 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.

## STOCK OPTION PLAN

### Stock Option Plan

On December 6, 2017, Owl Capital’s Board adopted an incentive stock option plan (the “Option Plan”) which provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance will not exceed ten percent (10%) of the issued and outstanding Common Shares. In connection with the foregoing, the number of Common Shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding Common Shares. Options may be exercised the greater of 12 months after Completion of the Qualifying Transaction and 90 days following cessation of the optionee’s position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Any Common Shares acquired pursuant to the exercise of options prior to Completion of the Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

### Options Granted

As of the date hereof, the Corporation has not granted any stock options.

## PRIOR SALES

### Prior Sales

Since incorporation, Owl Capital has issued the following Common Shares:

<b>Date</b>	<b>Number of Shares</b>	<b>Issue Price per Share</b>	<b>Aggregate Issue Price</b>	<b>Consideration Received</b>
September 27, 2017	1	\$1.00	\$1.00	Cash
September 29, 2017	2,600,000 <sup>(1)</sup>	\$0.05	\$130,000	Cash
December 10, 2017	1,620,000 <sup>(1)</sup>	\$0.05	\$81,000	Cash
May 18, 2018	2,000,000	\$0.10	\$200,000	Cash
December 17, 2018	8,000 <sup>(2)</sup>	\$0.10	\$800	Cash
April 23, 2019	2,812 <sup>(2)</sup>	\$0.10	\$281	Cash
May 2, 2019	6,250 <sup>(2)</sup>	\$0.10	\$625	Cash

Notes:

- (1) All of these issued shares will be held in escrow in accordance with the CPC Policy.
- (2) This share issuance relates to the exercise of share purchase warrants previously issued to the agent of the Company's initial public offering.

### STOCK EXCHANGE PRICE

The Common Shares of Owl Capital were listed and posted for trading on the Exchange on June 15, 2018 under trading symbol OCC.P.

The following table sets out trading information for the Common Shares for the periods indicated.

<b>Period</b>	<b>High</b>	<b>Low</b>	<b>Trading Volume</b>
June 15, 2018 – July 31, 2018	0.355	0.255	274,160
August 1, 2018 – October 31, 2018	0.35	0.28	60,180
November 1, 2018 – January 31, 2019	0.31	0.29	73,000
February 1, 2019 – April 30, 2019	0.385	0.31	51,130
May 1, 2019 – July 31, 2019	N/A	N/A	N/A

The Common Shares were halted on April 11, 2019 in conjunction with the announcement of the Transaction.

### ARMS LENGTH PARTY TRANSACTION

The proposed Qualifying Transaction was negotiated by the parties dealing at arm's length with each other and is not a Non-Arm's Length Qualifying Transaction. As a result, approval of the proposed Qualifying Transaction by Owl Capital's shareholders is not required under the policies of the Exchange.

### LEGAL PROCEEDINGS

Owl Capital is not currently a party to any legal proceedings, nor is the Company currently contemplating any legal proceedings. Management of Owl Capital is currently not aware of any legal proceedings contemplated against the Company.

### AUDITORS, TRANSFER AGENTS AND REGISTRARS

The auditor of Owl Capital is MNP LLP, #2200 - 1021 West Hastings Street, Vancouver, B.C. V6E 0C3.

The registrar and transfer agent of the Common Shares is Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, B.C. V6C 3B9.

## MATERIAL CONTRACTS

The following are the material contracts of the Company entered into since the date of its inception:

- (a) Registered and Records Office Agreement dated September 27, 2017 between the Company and Camlex Management Inc.
- (b) Registrar and Transfer Agent Agreement dated December 10, 2017 between the Company and Computershare Investor Services Inc.
- (c) Stock Option Plan adopted by the Board on December 6, 2017.
- (d) Escrow Agreement dated April 20, 2018 among the Company, Computershare Investor Services Inc. and those shareholders that executed such agreement.
- (e) Acquisition Agreement dated November 22, 2019 between Owl Capital, Eros and Demerara.

Copies of the material contracts described above may be inspected at the registered office of the Company located at Suite 704 – 595 Howe Street, Vancouver, B.C. V6C 2T5 during normal business hours.

## **PART II - INFORMATION CONCERNING THE ACQUISITION OF SIGNIFICANT ASSETS**

### **ORO CRUZ GOLD PROJECT**

The following represents information summarized from the NI 43-101 “*Technical Report on the Oro Cruz Gold Project*” dated September 30, 2019 (the “Oro Cruz Technical Report”), prepared by Frank Hrdy, P.Geo. of CanMine Consultants. Mr. Hrdy is an independent Qualified Person as defined by NI 43-101. Note that not all of the figures and tables from the Oro Cruz Technical Report are reproduced in and form part of this Filing Statement. The remaining figures are contained in the report which is available under Owl Capital’s profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### **Property Description and Location**

##### Location and Access

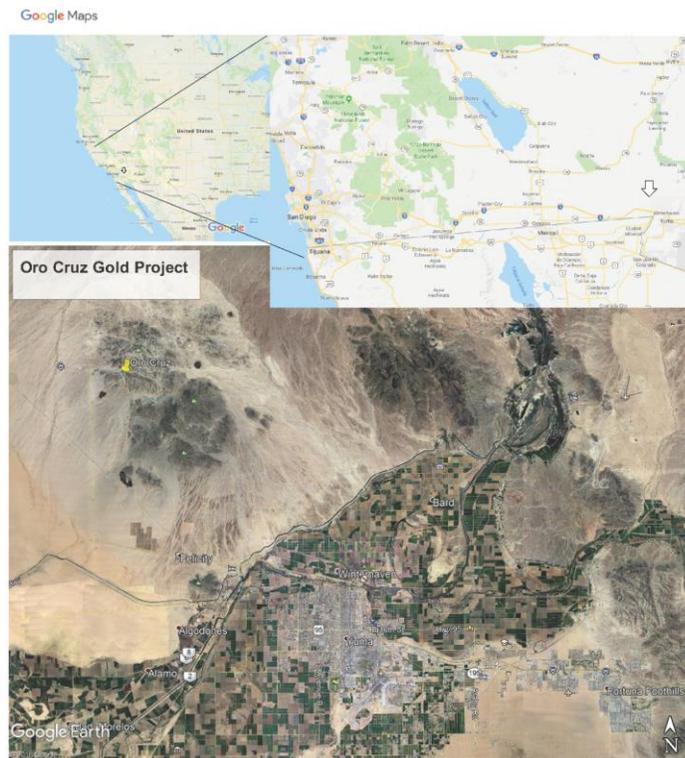
The Oro Cruz Gold Project lies within the historical Cargo Muchacho - Tumco Mining District of Imperial County in southeastern California. More precisely, at Universal Transverse Mercator (UTM) Zone 11 S grid coordinates 3639584 m N and 704701 m E; California State Plane, Zone 6 grid coordinates 1901296 ft N, 7003162 ft E and WGS84 Zone 11S coordinates 3639542 m N and 704696 m E.

The centre of the Oro Cruz open pit, located on the Oro Cruz Property, is at Latitude +32.876432 and Longitude -114.815457 approximately 24.7 km (15.4 miles) northwest of the Colorado River bridge crossing at Yuma, Arizona. Equinox Gold’s producing Mesquite Gold Mine is approximately 22.5 km (14 miles) northwest of the Oro Cruz open pit and the international border with Mexico is 18 km due south of the pit.

The Oro Cruz open pit is accessed by 34.4 km (21.4 miles) of paved road; west via Interstate Highway 8 from Yuma, north along County Road S34 (Ogilby Road) and then east by 2.4 km of unimproved BLM Route 668.

Adjacent to the Property are the past producing American Girl and Padre y Madre gold mines.

**Figure 4-1 – Oro Cruz Property Location Map**



## Mineral Titles

Mineral rights in the U.S.A. can be held by several methods including direct ownership of, or lease rights to, patented or unpatented lode mining claims, patented or unpatented mill site claims, patented or unpatented placer mining claims, unpatented tunnel claims or land leased from states or private interests or owned by private interests. In the case of the Oro Cruz Gold Project, the mining claims are unpatented lode mining claims and unpatented placer mining claims that are located on federally administered Bureau of Land Management lands.

Pursuant to United States Law, patented lode mining claims and patented mill site claims on U.S. Federal Land represent a secure title to the land. Title to unpatented lode mining, mill site and placer mining claims does not expire if required payments of annual fees per mineral claim are made.

## Land Tenure and Property Title

The Oro Cruz Gold Project currently comprises a total of 271 BLM unpatented lode mining claims covering approximately 2,160 ha (5,338 acres), 13 BLM unpatented placer mining claims totaling roughly 105 ha (260 acres) and two State of California Mineral Prospecting Permits covering approximately 518 ha (1,280 acres) all located in Imperial County, California and subject to survey location related to the San Bernardino Base Line and Principal Median.

The claim ownership associated with the Oro Cruz Gold Project is a mixture of 20 unpatented lode mining claims owned by ADGIS and optioned from ADGIS by Lincoln and Lincoln Gold, and 251 BLM unpatented lode mining claims and 13 BLM unpatented placer mining claims that have been staked by, and are registered in the name of, Lincoln Gold. Two State of California Mineral Prospecting Permits are registered in the name of Lincoln Gold.

The table below describes the 20 contiguous BLM unpatented lode mining claims owned by ADGIS that are held under option by Lincoln and Lincoln Gold pursuant to the ADGIS option agreement dated May 1, 2018 (the "ADGIS Agreement").

The ADGIS Agreement states that ADGIS owns 100% of the 20 Hercules Claims, including all associated mining claims, mining leases, equipment, mill facilities, buildings, property, mine workings, permits, and any and all other related assets (collectively the "ADGIS Property"). The pertinent business terms of the ADGIS Agreement allow Lincoln and Lincoln Gold to purchase 100% of the interest in the ADGIS Property by:

- (a) paying ADGIS USD\$100,000 in 4 instalments; \$25,000 on May 1, 2018; \$25,000 on August 1, 2018; \$25,000 on October 1, 2018; and \$25,000 on December 1, 2018 (all paid);
- (b) paying ADGIS an additional USD \$50,000 by May 15, 2019 (paid);
- (c) paying ADGIS an additional USD \$50,000 by May 15, 2020;
- (d) paying ADGIS an additional USD \$100,000 by May 15, 2021;
- (e) paying ADGIS an additional USD \$100,000 by May 15, 2022;
- (f) paying ADGIS an additional USD \$100,000 By May 15, 2023;
- (g) paying ADGIS a 2% NSR royalty from production within the Hercules claim boundaries (the Hercules Royalty);
- (h) paying ADGIS a 1% net smelter return royalty from production generated by Lincoln outside of the Hercules claim boundaries but within a 1-mile radius of the Hercules Claims (the Buffer Royalty);
- (i) 0.5% of the Hercules Royalty and the Buffer Royalty together can be repurchased by Lincoln for \$500,000 (First Royalty Repurchase). For further clarity, the \$500,000 First Royalty Repurchase payment would reduce the Hercules royalty to 1.5% and the Buffer Royalty to 0.5%;

- (j) An additional 0.5% of the Hercules Royalty can be repurchased by Lincoln for \$500,000 (Second Royalty Repurchase), to reduce the Hercules Royalty to 1.0%. The Second Royalty Repurchase payment would not further reduce the Buffer Royalty; and
- (k) Between May 15, 2018 and completion of the option payments, Lincoln will make the annual BLM and Imperial County payments to keep the Property in good standing.

The ADGIS Agreement is binding and enforceable by and between the parties and is governed by, and construed in accordance with, the law from time to time in British Columbia, Canada.

#### Unpatented Lode Mining Claims Optioned from ADGIS, Inc.

Claim Name/Number	Serial No.	Claimant	MER	TWN	RANGE	SEC	SUBDIV
HERCULES #6	CAMC79794	ADGIS INC	27	0150S	0200E	12	SE
HERCULES #7	CAMC79795	ADGIS INC	27	0150S	0200E	12	NE,SE
HERCULES #8	CAMC79796	ADGIS INC	27	0150S	0200E	12	NE
HERCULES #9	CAMC79797	ADGIS INC	27	0150S	0200E	12	NE
HERCULES #10	CAMC79798	ADGIS INC	27	0150S	0200E	12	NE
HERCULES #11	CAMC79799	ADGIS INC	27	0150S	0200E	12	NE
HERCULES #12	CAMC79800	ADGIS INC	27	0150S	0200E	1	SE
HERCULES #26	CAMC79814	ADGIS INC	27	0150S	0200E	1	SW,SE
HERCULES #27	CAMC79815	ADGIS INC	27	0150S	0200E	1	SW,SE
HERCULES #28	CAMC79816	ADGIS INC	27	0150S	0200E	1	SW,SE
HERCULES #29	CAMC79817	ADGIS INC	27	0150S	0200E	1	SW,SE
HERCULES #30	CAMC79818	ADGIS INC	27	0150S	0200E	12	NE,NW
HERCULES #31	CAMC79819	ADGIS INC	27	0150S	0200E	12	NE,NW
HERCULES #32	CAMC79820	ADGIS INC	27	0150S	0200E	12	NE,NW
HERCULES #33	CAMC79821	ADGIS INC	27	0150S	0200E	12	NE,NW
HERCULES #53	CAMC79841	ADGIS INC	27	0150S	0200E	1	SW
HERCULES #54	CAMC79842	ADGIS INC	27	0150S	0200E	1	SW
HERCULES #55	CAMC79843	ADGIS INC	27	0150S	0200E	1	SW
HERCULES #132	CAMC274928	ADGIS INC	27	0150S	0210E	7	NW,SW
HERCULES #133	CAMC274927	ADGIS INC	27	0150S	0210E	6/7	SW

#### Unpatented Lode Mining and Unpatented Placer Mining Claims Staked by Lincoln Gold

	CLAIM NAME	LOCATION DATE	BLM CAMC NUMBER	BLM FILING DATE	IMPERIAL CO. DOC. NO.*	COUNTY FILING DATE
1	OC 1	11/12/09	296320	02/03/10	2010-003173	02/02/10
2	OC 2	11/12/09	296321	02/03/10	2010-003174	02/02/10
3	OC 3	11/12/09	296322	02/03/10	2010-003175	02/02/10
4	OC 4	11/12/09	296323	02/03/10	2010-003176	02/02/10
5	OC 5	11/12/09	296324	02/03/10	2010-003177	02/02/10
6	OC 6	11/12/09	296325	02/03/10	2010-003178	02/02/10
7	OC 7	11/12/09	296326	02/03/10	2010-003179	02/02/10
8	OC 8	11/12/09	296327	02/03/10	2010-003180	02/02/10
9	OC 9	11/12/09	296328	02/03/10	2010-003181	02/02/10
10	OC 10	11/12/09	296329	02/03/10	2010-003182	02/02/10
11	OC 11	11/13/09	296330	02/03/10	2010-003183	02/02/10
12	OC 12	11/13/09	296331	02/03/10	2010-003184	02/02/10
13	OC 13	11/13/09	296332	02/03/10	2010-003185	02/02/10
14	OC 14	11/13/09	296333	02/03/10	2010-003186	02/02/10
15	OC 15	11/13/09	296334	02/03/10	2010-003187	02/02/10

	<b>CLAIM</b>	<b>LOCATION</b>	<b>BLM CAMC</b>	<b>BLM</b>	<b>IMPERIAL CO.</b>	<b>COUNTY</b>
	<b>NAME</b>	<b>DATE</b>	<b>NUMBER</b>	<b>FILING DATE</b>	<b>DOC. NO.*</b>	<b>FILING DATE</b>
16	OC 16	11/13/09	296335	02/03/10	2010-003188	02/02/10
17	OC 17	11/13/09	296336	02/03/10	2010-003189	02/02/10
18	OC 18	11/13/09	296337	02/03/10	2010-003190	02/02/10
19	OC 19	11/13/09	296338	02/03/10	2010-003191	02/02/10
20	OC 20	11/13/09	296339	02/03/10	2010-003192	02/02/10
21	OC 21	11/13/09	296340	02/03/10	2010-003193	02/02/10
22	OC 22	11/13/09	296341	02/03/10	2010-003194	02/02/10
23	OC 23	11/13/09	296342	02/03/10	2010-003195	02/02/10
24	OC 24	11/13/09	296343	02/03/10	2010-003196	02/02/10
25	OC 25	11/13/09	296344	02/03/10	2010-003197	02/02/10
26	OC 26	11/13/09	296345	02/03/10	2010-003198	02/02/10
27	OC 27	11/13/09	296346	02/03/10	2010-003199	02/02/10
28	OC 28	11/13/09	296347	02/03/10	2010-003200	02/02/10
29	OC 29	11/13/09	296348	02/03/10	2010-003201	02/02/10
30	OC 30	11/13/09	296349	02/03/10	2010-003202	02/02/10
31	OC 31	11/13/09	296350	02/03/10	2010-003203	02/02/10
32	OC 32	11/13/09	296351	02/03/10	2010-003204	02/02/10
33	OC 33	11/13/09	296352	02/03/10	2010-003205	02/02/10
34	OC 34	11/12/09	296353	02/03/10	2010-003206	02/02/10
35	OC 35	11/12/09	296354	02/03/10	2010-003207	02/02/10
36	OC 36	11/12/09	296355	02/03/10	2010-003208	02/02/10
37	OC 37	11/12/09	296356	02/03/10	2010-003209	02/02/10
38	OC 38	11/12/09	296357	02/03/10	2010-003210	02/02/10
39	OC 39	11/12/09	296358	02/03/10	2010-003211	02/02/10
40	OC 40	11/12/09	296359	02/03/10	2010-003212	02/02/10
46	OC 46	11/12/09	296365	02/03/10	2010-003218	02/02/10
47	OC 47	11/12/09	296366	02/03/10	2010-003219	02/02/10
48	OC 48	11/13/09	296367	02/03/10	2010-003220	02/02/10
49	OC 49	11/13/09	296368	02/03/10	2010-003221	02/02/10
50	OC 50	11/13/09	296369	02/03/10	2010-003222	02/02/10
51	OC 51	11/13/09	296370	02/03/10	2010-003223	02/02/10
52	OC 52	11/13/09	296371	02/03/10	2010-003224	02/02/10
53	OC 53	11/13/09	296372	02/03/10	2010-003225	02/02/10
54	OC 54	11/13/09	296373	02/03/10	2010-003226	02/02/10
55	OC 55	11/14/09	296374	02/03/10	2010-003227	02/02/10
56	OC 56	11/14/09	296375	02/03/10	2010-003228	02/02/10
57	OC 57	11/14/09	296376	02/03/10	2010-003229	02/02/10
58	OC 58	11/14/09	296377	02/03/10	2010-003230	02/02/10
59	OC 59	11/14/09	296378	02/03/10	2010-003231	02/02/10
60	OC 60	11/14/09	296379	02/03/10	2010-003232	02/02/10
61	OC 61	11/14/09	296380	02/03/10	2010-003233	02/02/10
62	OC 62	11/14/09	296381	02/03/10	2010-003234	02/02/10
63	OC 63	11/14/09	296382	02/03/10	2010-003235	02/02/10
64	OC 64	11/14/09	296383	02/03/10	2010-003236	02/02/10
65	OC 65	11/14/09	296384	02/03/10	2010-003237	02/02/10
66	OC 66	11/14/09	296385	02/03/10	2010-003238	02/02/10
67	OC 67	11/14/09	296386	02/03/10	2010-003239	02/02/10
68	OC 68	11/14/09	296387	02/03/10	2010-003240	02/02/10
69	OC 69	08/31/10	297910	01/03/11	2010-031921	12/27/10
70	OC 70	08/31/10	297911	01/03/11	2010-031922	12/27/10
71	OC 71	08/31/10	297912	01/03/11	2010-031923	12/27/10
72	OC 72	08/31/10	297913	01/03/11	2010-031924	12/27/10
73	OC 73	08/31/10	297914	01/03/11	2010-031925	12/27/10
74	OC 74	08/31/10	297915	01/03/11	2010-031926	12/27/10

	<b>CLAIM</b>	<b>LOCATION</b>	<b>BLM CAMC</b>	<b>BLM</b>	<b>IMPERIAL CO.</b>	<b>COUNTY</b>
	<b>NAME</b>	<b>DATE</b>	<b>NUMBER</b>	<b>FILING DATE</b>	<b>DOC. NO.*</b>	<b>FILING DATE</b>
75	OC 75	08/31/10	297916	01/03/11	2010-031927	12/27/10
76	OC 76	08/31/10	297917	01/03/11	2010-031928	12/27/10
77	OC 77	08/31/10	297918	01/03/11	2010-031929	12/27/10
78	OC 78	08/31/10	297919	01/03/11	2010-031930	12/27/10
79	OC 79	08/31/10	297920	01/03/11	2010-031931	12/27/10
80	OC 80	08/31/10	297921	01/03/11	2010-031932	12/27/10
81	OC 81	08/31/10	297922	01/03/11	2010-031933	12/27/10
82	OC 82	08/31/10	297923	01/03/11	2010-031934	12/27/10
83	OC 83	08/31/10	297924	01/03/11	2010-031935	12/27/10
84	OC 84	08/31/10	297925	01/03/11	2010-031936	12/27/10
85	OC 85	08/31/10	297926	01/03/11	2010-031937	12/27/10
86	OC 86	08/31/10	297927	01/03/11	2010-031938	12/27/10
87	OC 87	08/31/10	297928	01/03/11	2010-031939	12/27/10
88	OC 88	08/31/10	297929	01/03/11	2010-031940	12/27/10
89	OC 89	08/31/10	297930	01/03/11	2010-031941	12/27/10
90	OC 90	08/31/10	297931	01/03/11	2010-031942	12/27/10
91	OC 91	08/31/10	297932	01/03/11	2010-031943	12/27/10
92	OC 92	08/31/10	297933	01/03/11	2010-031944	12/27/10
93	OC 93	08/31/10	297934	01/03/11	2010-031945	12/27/10
94	OC 94	08/31/10	297935	01/03/11	2010-031946	12/27/10
95	OC 95	08/31/10	297936	01/03/11	2010-031947	12/27/10
96	OC 96	08/31/10	297937	01/03/11	2010-031948	12/27/10
97	OC 97	08/31/10	297938	01/03/11	2010-031949	12/27/10
98	OC 98	08/31/10	297939	01/03/11	2010-031950	12/27/10
99	OC 99	08/31/10	297940	01/03/11	2010-031951	12/27/10
100	OC 100	08/31/10	297941	01/03/11	2010-031952	12/27/10
101	OC 101	08/31/10	297942	01/03/11	2010-031953	12/27/10
102	OC 102	08/31/10	297943	01/03/11	2010-031954	12/27/10
103	OC 103	08/31/10	297944	01/03/11	2010-031955	12/27/10
104	OC 104	08/31/10	297945	01/03/11	2010-031956	12/27/10
105	OC 105	08/31/10	297946	01/03/11	2010-031957	12/27/10
106	OC 106	08/31/10	297947	01/03/11	2010-031958	12/27/10
107	OC 107	11/02/10	297948	01/03/11	2010-031959	12/27/10
108	OC 108	11/02/10	297949	01/03/11	2010-031960	12/27/10
109	OC 109	08/31/10	297950	01/03/11	2010-031961	12/27/10
110	OC 110	08/31/10	297951	01/03/11	2010-031962	12/27/10
111	OC 111	08/31/10	297952	01/03/11	2010-031963	12/27/10
112	OC 112	08/31/10	297953	01/03/11	2010-031964	12/27/10
113	OC 113	08/31/10	297954	01/03/11	2010-031965	12/27/10
114	OC 114	08/31/10	297955	01/03/11	2010-031966	12/27/10
115	OC 115	08/31/10	297956	01/03/11	2010-031967	12/27/10
116	OC 116	08/31/10	297957	01/03/11	2010-031968	12/27/10
117	OC 117	08/31/10	297958	01/03/11	2010-031969	12/27/10
118	OC 118	08/31/10	297959	01/03/11	2010-031970	12/27/10
119	OC 119	11/02/10	297960	01/03/11	2010-031971	12/27/10
120	OC 120	11/02/10	297961	01/03/11	2010-031972	12/27/10
121	OC 121	11/02/10	297962	01/03/11	2010-031973	12/27/10
122	OC 122	08/31/10	297963	01/03/11	2010-031974	12/27/10
123	OC 123	08/31/10	297964	01/03/11	2010-031975	12/27/10
124	OC 124	08/31/10	297965	01/03/11	2010-031976	12/27/10
125	OC 125	08/31/10	297966	01/03/11	2010-031977	12/27/10
126	OC 126	08/31/10	297967	01/03/11	2010-031978	12/27/10
127	OC 127	08/31/10	297968	01/03/11	2010-031979	12/27/10
128	OC 128	08/31/10	297969	01/03/11	2010-031980	12/27/10

	<b>CLAIM</b>	<b>LOCATION</b>	<b>BLM CAMC</b>	<b>BLM</b>	<b>IMPERIAL CO.</b>	<b>COUNTY</b>
	<b>NAME</b>	<b>DATE</b>	<b>NUMBER</b>	<b>FILING DATE</b>	<b>DOC. NO.*</b>	<b>FILING DATE</b>
129	OC 129	08/31/10	297970	01/03/11	2010-031981	12/27/10
130	OC 130	08/31/10	297971	01/03/11	2010-031982	12/27/10
131	OC 131	08/31/10	297972	01/03/11	2010-031983	12/27/10
132	OC 132	12/10/18	319768	02/12/19	2019-003036	02/19/19
133	OC 133	12/10/18	319769	02/12/19	2019-003036	02/19/19
134	OC 134	12/09/18	319770	02/12/19	2019-003036	02/19/19
135	OC 135	12/09/18	319771	02/12/19	2019-003036	02/19/19
136	OC 136	12/10/18	319772	02/12/19	2019-003036	02/19/19
137	OC 137	12/10/18	319773	02/12/19	2019-003036	02/19/19
138	OC 138	12/10/18	319774	02/12/19	2019-003036	02/19/19
139	OC 139	12/10/18	319775	02/12/19	2019-003036	02/19/19
140	OC 140	12/10/18	319776	02/12/19	2019-003036	02/19/19
141	OC 141	12/10/18	319777	02/12/19	2019-003036	02/19/19
142	OC 142	12/10/18	319778	02/12/19	2019-003036	02/19/19
143	OC 143	12/09/18	319779	02/12/19	2019-003036	02/19/19
144	OC 144	12/10/18	319780	02/12/19	2019-003036	02/19/19
145	OC 145	12/10/18	319781	02/12/19	2019-003036	02/19/19
146	OC 146	12/09/18	319782	02/12/19	2019-003036	02/19/19
147	OC 147	12/09/18	319783	02/12/19	2019-003036	02/19/19
148	OC 148	12/09/18	319784	02/12/19	2019-003036	02/19/19
149	OC 149	12/09/18	319785	02/12/19	2019-003036	02/19/19
150	OC 150	12/09/18	319786	02/12/19	2019-003036	02/19/19
151	OC 151	12/09/18	319787	02/12/19	2019-003036	02/19/19
152	OC 152	12/10/18	319788	02/12/19	2019-003036	02/19/19
153	OC 153	12/10/18	319789	02/12/19	2019-003036	02/19/19
154	OC 154	12/10/18	319790	02/12/19	2019-003036	02/19/19
155	OC 155	12/10/18	319791	02/12/19	2019-003036	02/19/19
156	OC 156	12/10/18	319792	02/12/19	2019-003036	02/19/19
157	OC 157	12/10/18	319793	02/12/19	2019-003036	02/19/19
158	OC 158	12/10/18	319794	02/12/19	2019-003036	02/19/19
159	OC 159	12/10/18	319795	02/12/19	2019-003036	02/19/19
160	OC 160	12/10/18	319796	02/12/19	2019-003036	02/19/19
161	OC 161	12/10/18	319797	02/12/19	2019-003036	02/19/19
162	OC 162	12/10/18	319798	02/12/19	2019-003036	02/19/19
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	<b>CLAIM</b>	<b>LOCATION</b>	<b>BLM CAMC</b>	<b>BLM</b>	<b>IMPERIAL CO.</b>	<b>COUNTY</b>
	<b>NAME</b>	<b>DATE</b>	<b>NUMBER</b>	<b>FILING DATE</b>	<b>DOC. NO.*</b>	<b>FILING DATE</b>
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189	OC 189	12/07/18	319825	02/12/19	2019-003036	02/19/19
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205	OC 205	12/07/18	319841	02/12/19	2019-003036	02/19/19
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235	OC 235	12/08/18	319871	02/12/19	2019-003036	02/19/19
236	OC 236	12/08/18	319872	02/12/19	2019-003036	02/19/19

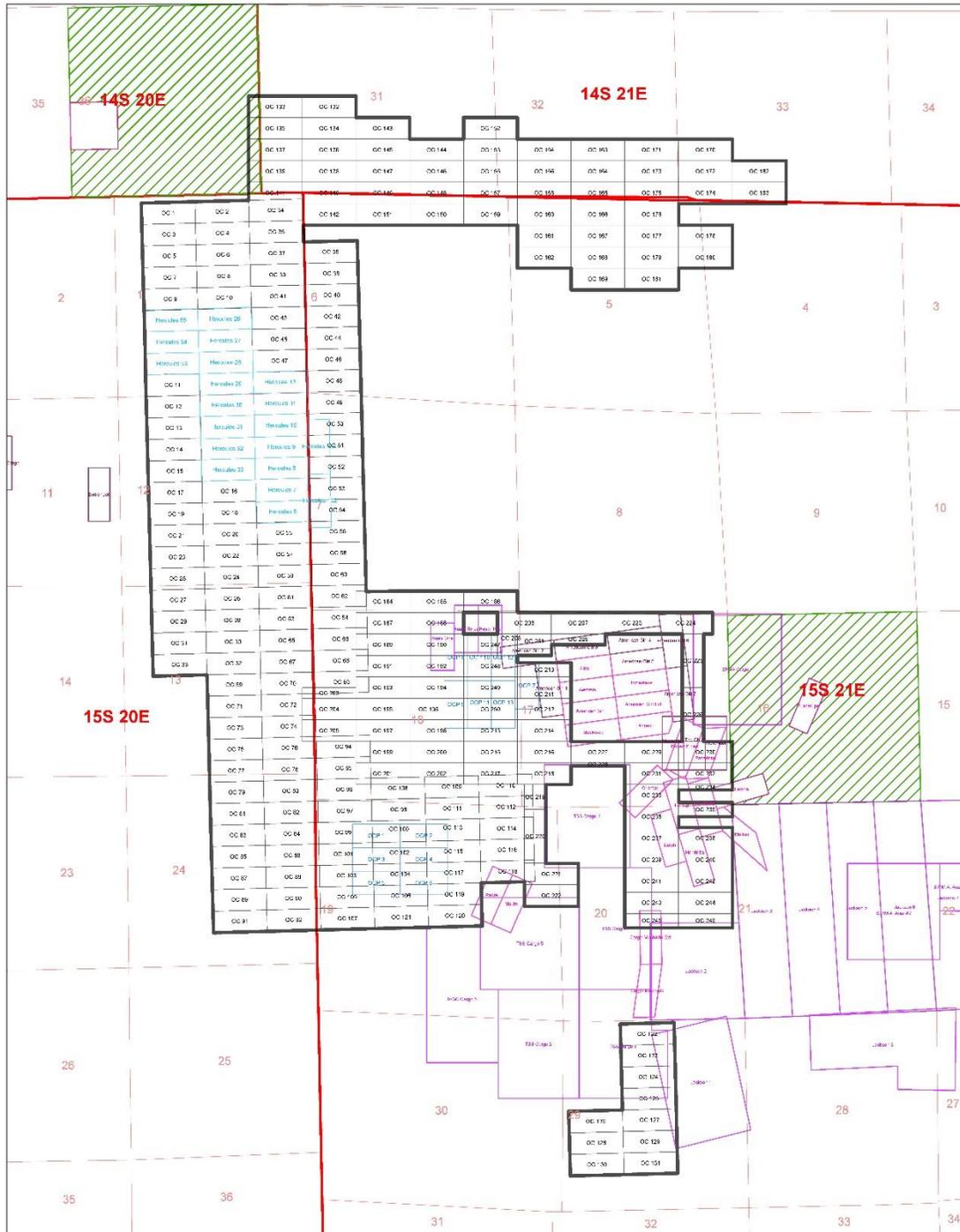
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	<b>NAME</b>	<b>DATE</b>	<b>NUMBER</b>	<b>FILING DATE</b>	<b>DOC. NO.*</b>	<b>FILING DATE</b>
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240	OC 240	12/08/18	319876	02/12/19	2019-003036	02/19/19
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245	OC 245	12/07/18	319881	02/12/19	2019-003036	02/19/19
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4	OCP 4	12/10/18	319764	02/12/19	2019-003035	02/19/19
5	OCP 5	12/10/18	319765	02/12/19	2019-003035	02/19/19
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9	OCP 9	02/17/19	319946	03/14/19	2019-005068	03/20/19
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12	OCP 12	02/17/19	319949	03/14/19	2019-005068	03/20/19
13	OCP 13	02/17/19	319950	03/14/19	2019-005068	03/20/19

\* NOTE: Original Imperial County filing 2010-001681 was on January 26, 2010 and was amended due to wrong Base and Meridian designation on the Notices of Location. The amended Notices were filed with the County on February 2, 2010.

**State of California Mineral Prospecting Permits Issued to Lincoln Gold**

1. Mineral Prospecting Permit on one section of approximately one square mile, being Section 36, T.14 S., R.20 E., San Bernardino Base & Meridian, which is under the jurisdiction of the State of California;
2. Mineral Prospecting Permit on one section of approximately one square mile, being Section 16, T.15 S., R.21 E., San Bernardino Base & Meridian, which is under the jurisdiction of the State of California, excepting therefrom that land patented by the U.S.A. under Mineral Survey Numbers 3246 and 4266.

# Oro Cruz Gold Project and Other Active Mining Claim Locations



Explanation		
<b>Lincoln Gold US Claims</b>	<b>Third Party Claims</b>	<b>California Land Status</b>
Hercules Claims	Mineral Patents	CA State Prospecting Permit App.
OC Claims (Lode)	Third Party Lode Claims	PLSS Section
OCP Claims (Placer)	Third Party Placer Claims	PLSS Township
Oro Cruz Project Boundary		

0 5,000 10,000  
Feet

Oro Cruz Project

**LINCOLN GOLD US CORP**  
Oro Cruz Project

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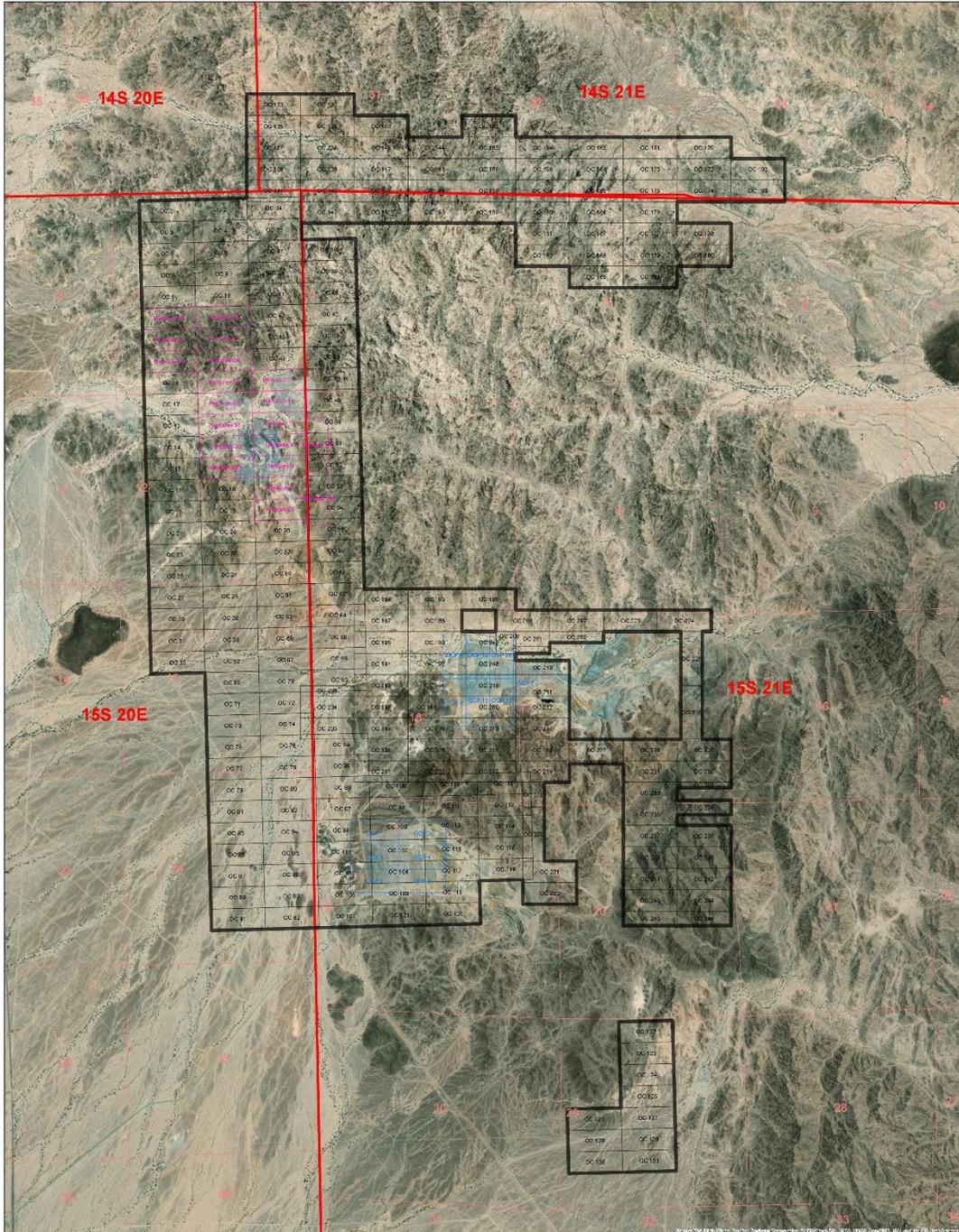
LINCOLN  
SOUTH GOLD CORPORATION

**Oro Cruz  
Land Status**

Imperial County, California, USA

Drawn By MMH	Datum NAD 83 Zone 11	Projection California State Plane, West
Path		Date Drawn 7/4/2018

# Oro Cruz Gold Project Claim Locations Satellite View

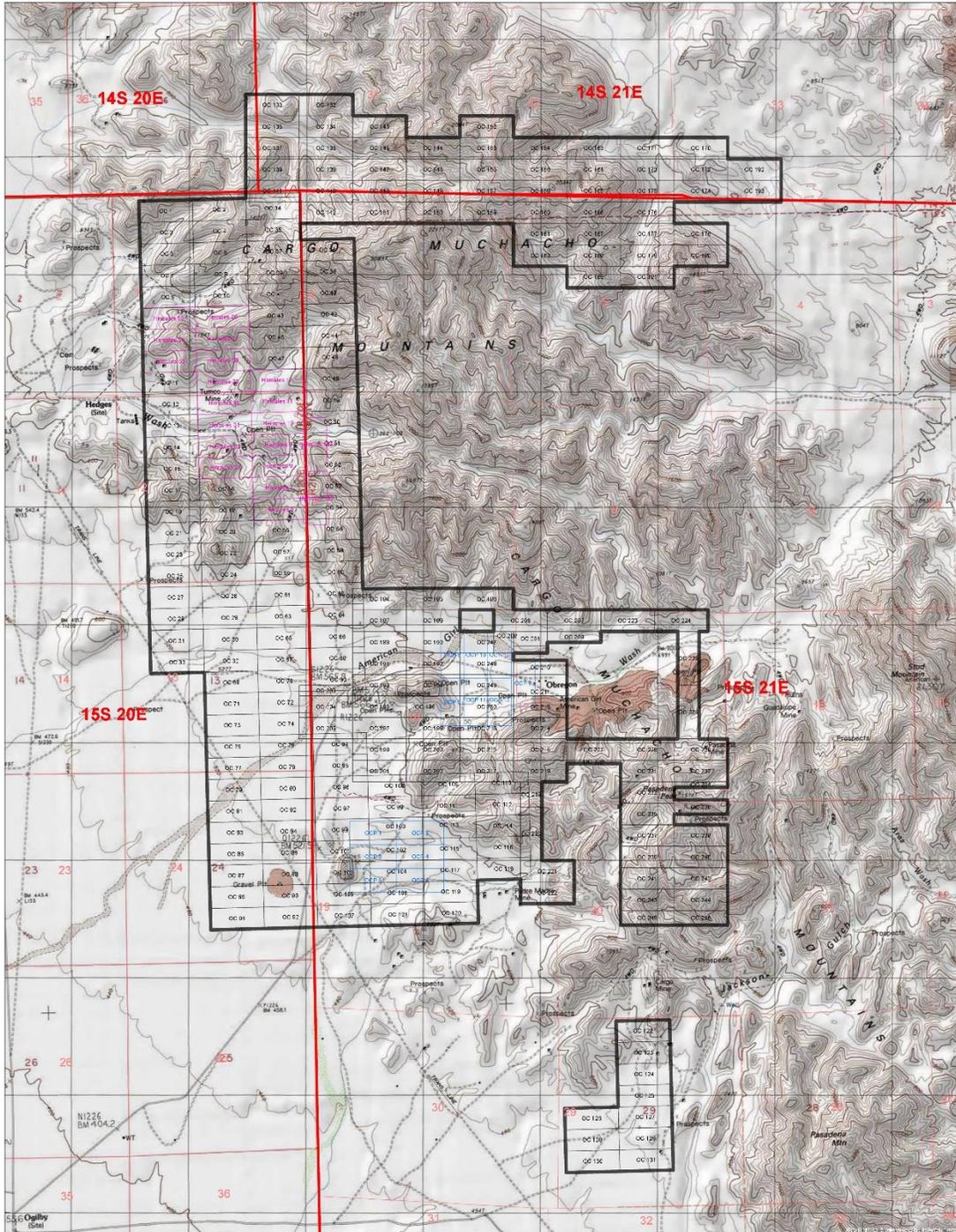


Explanation			<b>LINCOLN GOLD US CORP</b> Oro Cruz Project
Hercules Claims (Lode)	Oro Cruz Project Boundary		
OC Claims (Lode)	PLSS Township		
OCP Claims (Placer)	PLSS Township		
	PLSS Section		

0 5,000 10,000  
Feet

Drawn By	Datum	Projection
MVH	NAD 83 Zone 11	California State Plane, West
Path		Date Drawn
		4/3/2019

# Oro Cruz Gold Project Claim Locations Map View



<b>Explanation</b>		<p><b>Oro Cruz Project</b></p>	LINCOLN GOLD US CORP Oro Cruz Project													
Hercules Claims (Lode)	Oro Cruz Project Boundary		Oro Cruz Claim Map													
OC Claims (Lode)	PLSS Township															
OCP Claims (Placer)	PLSS Section		Imperial County, California, USA													
				<table border="1"> <tr> <td>Drawn By</td> <td>Datum</td> <td>Projection</td> </tr> <tr> <td>NWBH</td> <td>NAD 83 Zone 11</td> <td>California State Plane, West</td> </tr> <tr> <td>Path</td> <td></td> <td>Date Drawn</td> </tr> <tr> <td></td> <td></td> <td>4/3/2019</td> </tr> </table>	Drawn By	Datum	Projection	NWBH	NAD 83 Zone 11	California State Plane, West	Path		Date Drawn			4/3/2019
Drawn By	Datum	Projection														
NWBH	NAD 83 Zone 11	California State Plane, West														
Path		Date Drawn														
		4/3/2019														

## Lincoln Agreement

An option and joint venture agreement dated October 1, 2019 sets out the business terms and conditions upon which Demerara and Bell Mountain, entered into an Agreement with Lincoln and Lincoln Gold (the "Lincoln Agreement") concerning the acquisition of a 75% undivided interest, comprising of the First and Second Option, in the Oro Cruz Property.

Under the terms of the Lincoln Agreement, Demerara and Bell Mountain together have the exclusive right and option (the "First Option") to acquire an undivided 51% interest in and to the Oro Cruz Property by making certain cash payments, including funding of the underlying payments to ADGIS and incurring the costs of ongoing exploration and development of the Property as set forth below:

- (a) Pay US\$10,000 to Lincoln on March 6, 2019, which has been paid;
- (b) As per the ADGIS Agreement, pay US\$50,000 to ADGIS on or before May 15, 2019, which has been paid;
- (c) Complete certain work commitments as defined by the Lincoln Agreement of not less than US\$200,000 to be incurred on or before December 31, 2019;
- (d) Pay an additional US\$25,000 to Lincoln on or before February 15, 2020;
- (e) As per the ADGIS Agreement, pay an additional US\$50,000 ADGIS on or before April 15, 2020;
- (f) Complete certain cumulative work commitments as defined by the Lincoln Agreement of not less than US\$400,000 to be incurred on or before October 1, 2020;
- (g) Pay an additional US\$25,000 to Lincoln on or before February 15, 2021;
- (h) As per the ADGIS Agreement, pay an additional US\$100,000 to ADGIS on or before April 15, 2021;
- (i) Complete certain cumulative work commitments as defined by the Lincoln Agreement of not less than US\$700,000 to be incurred on or before October 1, 2021;
- (j) Pay an additional US\$25,000 to Lincoln on or before February 15, 2022;
- (k) As per the ADGIS Agreement, pay an additional US\$100,000 to be paid to ADGIS on or before April 15, 2022;
- (l) Complete certain cumulative work commitments as defined by the Lincoln Agreement of not less than US\$1,000,000 to be incurred on or before October 1, 2022; and
- (m) As per the ADGIS Agreement, pay an additional US\$100,000 to be paid to ADGIS on or before April 15, 2023.

Subject to exercise of the First Option, Demerara and Bell Mountain together have the exclusive right and option (the "Second Option") to acquire an additional 24% interest in and to the Oro Cruz Property by making certain cash payments or incurring the costs of ongoing exploration and development of the Property, or at Bell and Demerara's joint discretion, any combination thereof to a total of US\$600,000 on or before October 1, 2023.

Demerara and Bell Mountain shall prepare technical reports of all its exploration and development work on a quarterly basis and inform Lincoln on a timely basis the progress and results of the work and its analyses. Demerara and Bell Mountain shall be the operators of the joint venture as long as they are expending the funds as described above.

If Demerara and Bell Mountain do not make the cash payments or complete the work expenditures by the dates specified above Lincoln may terminate the Lincoln Agreement.

Demerara, Bell Mountain and Lincoln agree to an Area of Mutual Interest that is 5 miles from the perimeter of the Oro Cruz Properties. Any newly staked ground (claims acquired after September 24, 2018) or school leases acquired from the State of California will become subject to the Lincoln Agreement or the resultant Option and Joint Venture Agreement. The acquisition of any patented claims, unpatented lode mining claims and unpatented placer mining claims from third parties are specifically excluded from the Area of Interest.

Demerara and Bell Mountain may vend their respective interests to a third-party company without any restriction except that the third party must agree to assume the duties, commitments and responsibilities of the Lincoln Agreement or the resultant Option and Joint Venture Agreement as the case may be.

### Permits

The Oro Cruz Gold Project is located in the southeast corner of Imperial County, California, on federal public lands administered by the El Centro Field Office of the US Department of the Interior, Bureau of Land Management. The BLM is expected to be the lead agency for the regulatory process, ensuring all required federal, state and local permits and approvals are obtained. The BLM is expected to issue federal approval for exploration/operations in accordance with their Surface Management Regulations.

### No exploration or drill permits currently exist.

Two mineral prospecting permits, on two sections of approximately 1 square mile each, which are under the jurisdiction of the State of California have been received from the California State Lands Commission based in Long Beach, California. Both sections are in the Cargo Muchacho Mountains in Imperial County and are defined as:

1. Mineral Prospecting Permit on one section of approximately one square mile, being Section 36, T.14 S., R.20 E., San Bernardino Base & Meridian, which is under the jurisdiction of the State of California;  
  
and
2. Mineral Prospecting Permit on one section of approximately one square mile, being Section 16, T.15 S., R.21 E., San Bernardino Base & Meridian, which is under the jurisdiction of the State of California, excepting therefrom that land patented by the U.S.A. under Mineral Survey Numbers 3246 and 4266.

The term of these mineral prospecting permits is 2 years and they may be extended to no more than 3 years. Certain fees must be paid annually to keep these prospecting permits active. If warranted, a mineral extraction lease can be subsequently negotiated.

### Potential Environmental and Socio-Economic Impacts and Issues

The size and timeline of an exploration project can vary from days to weeks to months to years. It is expected that the proposed exploration/drilling activity at the Oro Cruz Gold Project will have a relatively minor environmental and socio-economic impact at this stage of Property exploration and development.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

#### Topography, Elevation, Climate and Vegetation

The Oro Cruz Gold Project in the Cargo Muchacho Mountains of southeastern California covers the border area of the Mojave Desert and the Colorado Desert physiographic provinces.

Exploration activities can be conducted year-round, but temperatures from October through April are more accommodating for outdoor field work. The climate is arid, with high temperatures in the summer generally in the 38 - 43°C (100 to 110°F) range. Winter temperatures are rarely below freezing. The average annual temperature is about 23°C (73° F).

Sunshine hours are approximately 4,000 per year and annual precipitation for the area surrounding the Oro Cruz Gold Project totals about 85mm (3.3 inches). Precipitation is most common during the late-summer months (August and

September) or during the winter months (January through March). The combination of low precipitation and high evaporation results in a situation where surface runoff is uncommon. Washes in the area are dry and will channel runoff only during severe storms. When surface water flows do occur, washes will typically flow for periods of less than one hour.

Elevations on the Property range between 155 to 610 metres (510 to 2,000 ft) a.s.l. About 75% of the Property is steep and mountainous, with the remainder being sloping alluvial fans and level desert terrain.

In the immediate area of the Property, desert vegetation is very sparse and generally consists of creosote bush, brittle brush, barrel cactus, cholla cactus and octillion cactus.

#### Property Access

The Oro Cruz open pit, situated on the Property, is approximately 24.7 km (15.4 miles) northwest of the Colorado River bridge crossing at Yuma, Arizona and is accessed by 34.4 km (21.4 miles) of paved road; west via Interstate Highway 8, north along County Road S34 (Ogilby Road) and then east by 2.4 km of unimproved BLM Route 668. (see Figure 4-1).

#### Local Resources and Infrastructure

**Power Supply** - A 92 kV power line administered by the Imperial Irrigation District Power Company crosses the southwest portion of the Property. This is the same power line that is stepped down to supply power to Equinox Gold's producing Mesquite Gold Mine approximately 22.5 km (14 miles) northwest of the Oro Cruz open pit. At the present time no issues regarding the availability of electrical power are anticipated. Transmission lines that would deliver power to new site(s) would be subject to local, state, and federal permitting and environmental documentation activities as determined by the Imperial County Planning and Development Services Department and the BLM.

**Water Supply** - At the present time, there is no water available at the project site. In order to restart mining operations, water will need to be developed and pumped to the site. For reference, water for Equinox Gold's Mesquite mine is supplied by two active wells that provide about 2 times the required 1,000 gpm. For exploration and development activities of the Property, well water could possibly be purchased from either the nearby Gold Rock Ranch or the aggregate operations of Pyramid Construction and Aggregates, Inc. and pumped to the site; however, it is not known if the wells supplying this water would meet the required demand for a mine and ore processing operation.

New water wells could be drilled. The Imperial County Planning and Development Services Department issues permits for the drilling and operation of water wells. This permitting would be coordinated with the California Water Resources Control Board (WRCB), Division of Water Rights which regulates all activities related to water rights, from the initial filing of applications to appropriate groundwater, to the issuance of a water rights permits or licenses. Drilling of new water wells should also be coordinated with the City of Needles, which serves as the federal water manager for the Lower Colorado River Water Authority (LCRWA). Such coordination would ensure no LCRWA-jurisdictional regulatory issues with groundwater designated for agricultural use in the Imperial Valley.

New water wells drilled on private land could be subject to environmental assessment under the California Environmental Quality Act (CEQA); however, the need to complete this type of assessment would be determined by the Imperial County Planning and Development Services Department. Wells drilled on BLM managed public land would be subject to various federal permitting requirements, including right of way uses, and possibly National Environmental Policy Act (NEPA) environmental documentation.

**Transport Facility** - Access to the Property from Yuma, Arizona is currently by US Interstate Highway 8 and paved California County Road S34 (Ogilby Road). From the county road, the site is accessible by gravel roads. Should mining operations be restarted, the access from Ogilby Road to the mine facilities will need to be improved. Some existing drill roads on the Property have been reclaimed and will need to be re-established.

**Building and Ancillary Facilities** - There are no facilities at the project site other than the mine portal and vent shaft that provide access and fresh air to the underground mine workings. During the QP's 2019 site tour, the condition of both the open pit and underground workings were found to be in good order; similar to the findings described by Guy F. Atkinson Construction, LLC of Golden, Colorado during their March 2010 site visit.

There are also some historical foundations and remnants of the mining operations from the early 1900's; however, they are located sufficiently far from the existing infrastructure so as not to be an issue should sufficient gold mineralization be realized to support the re-starting of commercial mining operations.

Manpower - Accommodations, supplies and labour are available in Yuma, Arizona (population 95,502 - 2017 census), Brawley, California (population 24,953 - 2,010 census) or El Centro, California (population 44,364 - 2,017 census). Brawley and El Centro are each about 90 km (56 miles) via road from the Property.

No issues with the availability of labor are anticipated. The Yuma Metropolitan Statistical Area has the highest unemployment rate in the United States as of 2018 at 20.9%. A large percentage of the work force is employed seasonally in agriculture, contributing to apparent unemployment.

El Centro is the county seat of Imperial County and the location of the El Centro Field Office of the US Department of the Interior, Bureau of Land Management.

## History

### Early History – 1700's to 1980's

The historical Cargo Muchacho - Tumco Mining District has a gold mining history spanning more than 200 years. The following history of the general area in which the Oro Cruz Gold Project is located is paraphrased from: *Desert Fever, An Overview of Mining History of the California Desert Conservation Area, Imperial County*; by Russ Hartill, et al, 1980.

#### *"California's First Spanish Miners"*

Soldiers, settlers, and laborers, part of two mission colonies under the administration of Francisco Garces, mined placer gold in the southeastern Chocolate Mountains in 1780 and 1781. Their mining methods were simple. Placer gold was recovered by winnowing (tossing the lighter materials away by gently shaking a blanket in the wind). Dry washers may also have been used. Their mining endeavors, almost recreational in nature (as they were not mining gold for a living) ended abruptly when the Yuma Indians attacked the two missions on July 17, 1781, killing at least 50 men and taking 67 women and children captive. Mining activity was resumed in the area only after the establishment of the Mexican Republic in 1823.

Also worked in the 1780's were the placer grounds of Jackson Gulch and the oxide ores of Padre Madre Valley in the Cargo Muchacho Mountains. The Padre y Madre Mine, located 13 miles northwest of Yuma and 3 miles northwest of Ogilby, was one of the most extensively developed early mines. This mine enjoyed modest production from the 1780's until 1894 with few interruptions.

Even the name of the mountain range speaks of the early interest in mining in the area. Reportedly in the early 1800's two young lads playing at prospecting in imitation of their fathers came into camp with their shirts loaded with gold ore. The antics of these "*muchachos cargados*" (loaded boys) resulted in the name of Cargo Muchacho, for the mountains where they had made their find. Although it is difficult to estimate the area's gold production during the Spanish and Mexican eras (1780–1848) it was probably not more than half a million dollars.

William P. Blake, a geologist with Lt. Williamson's Pacific Railroad exploration party, was the first Anglo-American to visit the southern portion of the Cargo Muchacho Mountains with an eye toward mining. In 1853 he reported seeing several quartz veins from three inches to a foot or two in thickness. His observations were recorded in official government reports, but no one acted upon this evidence of possible mineralization until the Southern Pacific Railroad between Yuma and the coast was completed in 1877. With a safe means of transporting bullion to market now at hand, prospectors and developers flooded into the area.

#### *Cargo Muchacho Mine*

One of the first deposits to be commercially developed on a large scale in the Cargo Muchacho Mountains was the Cargo Muchacho Mine. Located by Thomas Porter Neet in 1877, within 5 years 14,000 tons of ore had been mined, yielding \$168,000 in gold. At the time, the ore averaged \$12 per ton. The mine was surveyed for patent in 1892, but two years later it was idle. A six year renewal of activity began in 1936 when ore left on the mine dump

was cyanided. Total production figures for the Cargo Muchacho Mine are estimated at more than 25,700 ounces of gold then valued at \$852,000.

#### *Tumco Mine*

Peter Walters discovered the Gold Rock Mine (located 4 miles northwest of the Cargo Muchacho Mine) in 1884, and shortly thereafter sold out to developers for \$75,000. The developers renamed the mine the Golden Cross in 1892. The Golden Cross Mining and Milling Company immediately embarked upon a development program, and the flourishing town that sprang up around the mines was named Hedges, in honor of the firm's vice president.

In 1910 a new company took over and the mine was renamed Tumco, (an acronym for The United Mines Company). The Tumco mine was also known as the Hedges, Gold Rock, Golden Cross, Golden Crown, Golden Queen, Good Luck, King, Sovereign, Sovereign East, and Sovereign West mines.

Ore from both the Cargo Muchacho and Golden Cross mines was first treated by the Yuma Mill and Mining Company's twenty-stamp mill located at El Rio, 6 miles south of Yuma. Later, the Golden Cross Mining and Milling Company began construction of a forty-stamp mill when their ore production overloaded the twenty-stamp mill in the early 1890's. By 1896 they had increased their milling facilities to 100 stamps, but were experiencing considerable difficulty with recovering the gold from their low grade ore.

The company discovered in the spring of 1896 that finer crushing of the ore was needed to release the free milling gold from the matrix. Finer screens were installed as well, resulting in a greater percentage of gold saved. A 12-mile pipeline from the Colorado River supplied the mill reservoir with 250,000 gallons of water at a cost of about ten cents per ton of ore crushed. Worked continually from 1892 until 1917, and again from 1937 until 1942, the Tumco mines have produced 45 percent of the total county gold production, or some \$2,863,000.<sup>10</sup>

In 1896, the shaft at the Golden Queen Mine was 550 feet deep on a 40 percent incline, and the Golden Cross and Golden Crown shafts were 250 feet and 350 feet deep respectively. By 1914, the Golden Cross shaft had been extended to 1,100 feet, and at that time the Tumco mines were said to be the second largest mine in the United States producing gold from low grade ore. Its underground workings totalled more than 8 miles. The town of Hedges (also renamed Tumco in 1910) supported a population of several thousand in the late 1800's. By 1900 there were several dozen buildings, two cemeteries, a dance hall, a volunteer fire department, and a miner's union. The population had reduced to 30 by 1942.

#### *Pasadena Mine*

Between the discovery of Peter Walter's Gold Rock Mine in 1884 and the American Girl Mine in 1892, Thomas Grimes of Pasadena located the Pasadena Mine. Its gold ore ran 16 dollars to the ton and was milled on the Colorado River. The Pasadena and the Guadalupe Mine (discovered in 1887) comprise with the Cargo Muchacho the easternmost mines of the Cargo Muchacho District.

#### *American Girl Mine*

Johnson and Lohman discovered the American Girl Mine, located 2 miles north of the Cargo Muchacho Mine, in 1892. By 1900 it had produced 30,000 tons of ore that averaged \$8 per ton in gold. Inactive from 1900 until 1913, during the next 3 years the mine went on to produce 20,000 tons of ore that averaged \$6.50 per ton in gold. A cloudburst during the second week of November, 1914, flooded the lower workings, occasioning a 4 month delay while workers dewatered the mine and reopened the shaft.

Inactive for 20 years starting in 1916 the mine was again worked from July, 1936 until 1939 and during that time delivered 150,000 tons of ore valued at \$900,000. Total estimated production of the American Girl Mine is 205,000 tons of ore valued at \$1,285,000. Although mined primarily for gold, other minerals found at the American Girl included silver, galena and copper. Former state governor H.H. Markham owned shares in this mine.

Other important mines in the vicinity of the American Girl include the Blossom (known as early as 1894) the American Boy (an extension of the American Girl), Desert King, and La Colorado. The Blossom, also known as the Salamanca Consolidated, had 3 shafts 70, 240 and 280 feet deep, and several hundred feet of workings. It was in operation in the late 1890's. The La Colorado Mine, discovered in 1914, consisted of 400 feet of

underground workings and has a recorded production of several hundred tons of ore. Some traces of scheelite (tungsten mineral) were found at this gold mine.

### *Cargo Muchacho District*

The Cargo Muchacho, Tumco, Pasadena and American Girl Mines comprise the major gold producers of the Cargo Muchacho District. Although essentially a gold mining district some copper was produced as a by-product of gold mining, mainly at the American Girl Mine.

Ore in this district contains free-milling gold or gold in disseminated pyrite. Gold alone and in association with minor silver and copper, and some sericite and kyanite are the only minerals that have been extracted from the Cargo Muchachos, the latter two minerals have been produced mainly since 1930. All of the known mineral deposits lie on the west side of the mountain range and strike westerly. The quartz veins are up to 8 feet thick in this region and contain the highest grade of gold ore found in Imperial County.”

### Recent History (1977 – 2018)

The history of recent exploration and mining activities in the area of the Oro Cruz Gold Project is derived from regulatory filings of Lincoln, the reports of Mr. Robert Towner, et al; Morton, 1977; Guthrie, et al 1987; the 1990 thesis of Raul Borrastero; the websites of Daniel Kunz Associates, LLC and [westernmininghistory.com](http://westernmininghistory.com) and the September, 1986 Prospectus of Eastmaque Gold Mines Ltd. (Eastmaque).

Between 1943 and 1981 federal lands in the area of the Oro Cruz Gold Project were withdrawn from mining and exploration activities by an act of the U.S. government and no known exploration work occurred during this time.

In 1977, Newmont Exploration Limited (Newmont) acquired the right to explore patented claims in the American Girl Canyon area (to the southeast of current Oro Cruz open pit) and began an exploration program in 1978.

From December of 1979 to mid-1985, Newmont completed about 335,000 feet of percussion drilling in 1,170 holes. Additional diamond drilling provided core for lithologic, petrographic and structural studies and metallurgical testwork.

This work resulted in the definition of 3 primary gold-mineralized areas known as the Padre y Madre, American Girl and American Boy that contained 615,929 oz Au. At the time, Newmont delineated seven open pit Au-bearing zones, having combined open pit mineable reserves of 6.4 million short tons (5.81 million tonnes) grading 0.051 oz Au/ton (1.75 g Au/t) at a 4.1:1 strip ratio in the Padre y Madre and American Girl canyon areas, and four underground zones at American Girl and American Boy having mineable reserves of 1.2299 million short tons (1.12 million tonnes) that graded 0.233 oz Au/ton (7.99 g Au/t).

In May of 1986, the Lundin family controlled Eastmaque of Vancouver, Canada formed a subsidiary company, American Girl Mining Corporation, with a view to achieving gold production and purchased the American Girl and Padre y Madre properties from Newmont for the assumption of existing lease and royalty interests on the property, US \$7.5 million cash and a further 3.5% NSR royalty payment to Newmont.

By 1987, using contract mining services provided by MK Gold, the pilot phase of Eastmaque’s operation was permitted and mining activities began, with 200,000 tons of ore taken from the Padre y Madre West Pit for heap leaching. After a successful pilot run, full scale development of the Padre y Madre West and East Pits was permitted for 3.5 million tons of ore and 12.5 million tons of waste rock.

During 1987 and 1988 the first underground deposit, the American Girl B Zone, was accessed via a decline. The proposed action was a gold mining and processing operation that would result in the removal of about 8.5 million tons of gold-bearing ore over 10 to 11 years.

In 1989, Lundin approached MK Gold to become joint venture partners in the American Girl Mining Joint Venture and in January of 1990, as a contract miner and operating partner, MK Gold acquired its first direct equity interest in a gold project.

Conventional mill facilities for the AGMJV were completed in May of 1990 and sustainable production was reached in June of 1990.

Underground development of the American Girl B-Zone Mine began in February of 1990 and this mine reached full production in July of 1991.

Although the American Girl Mine was planned to be the final phase of the AGMJV, in 1990 the mining rights covering the Oro Cruz deposit in nearby Tumco Canyon were acquired and a second joint venture was formed to mine the Oro Cruz surface and underground deposits.

By certificate of amalgamation dated December 8, 1992, Ross Beaty's Equinox Resources Ltd. (Equinox Resources) and *Eastmaque* amalgamated with Equinox Resources being the successor company.

In 1993 permits were approved to mine 2.5 million tons of ore and 8.5 million tons of waste rock from the Oro Cruz Golden Queen and Golden Cross pits and underground orebody as a third phase of the American Girl Project. By the start of Oro Cruz surface mining operations, open pit mining at the American Girl and Padre-Madre operations were phased out but all ore processing continued at the American Girl facilities.

On December 14, 1993, MK Gold Company completed an Initial Public Offering and became a publicly traded company listed on the NASDAQ with Morrison Knudsen retaining a 46.4% ownership interest.

The Oro Cruz Joint Venture was merged into the AGMJV in 1994 concurrent with Hecla Mining Company acquiring Equinox Resources.

Morrison Knudsen completed the sale of its non-core interest in MK Gold to Leucadia National Corporation in June of 1995.

At the American Girl Mine, production was from four district ore bodies: B-Zone, American Boy, Southwest Extension (American Girl vein) and C-Zone. The C-Zone underground mine was developed from the abandoned C-Zone open pit starting in 1993 by MK Gold crews. Since the start-up of underground mining in 1990, 800,000 tons of ore at 0.25 ounces gold per ton and 100,000 tons of waste has been mined producing 200,000 ounces of gold. The American Boy deposit is believed to have been exhausted by early 1995.

The development of the Oro Cruz Mine began in early 1995 with production commencing during the second half of 1995. Again, processing of ore from Oro Cruz was undertaken at the American Girl site.

The American Girl B-Zone, Southwest Extension and the C-Zone deposits were exhausted by early 1996 and operations at all AGMJV sites were completed by 1996 due to low gold prices. The production history at the Oro Cruz underground development is not clear as most of the records have been lost.

After the Oro Cruz Mine closure in September of 1996, MK Gold completed rudimentary reclamation by 1999 and the claims reverted to Mr. Michael Tornabene.

In 1999, Mr. Tornabene contracted Mine Development Associates, Inc. (MDA) of Reno, Nevada to complete an evaluation of the Property. Mr. Paul Hartley, working as an associate of MDA, supervised this work. Mr. Hartley had been Exploration Manager for Texasgulf Minerals and Metals Inc. (Texasgulf) during the 1980's and supervised their exploration and development activities on Oro Cruz during that time period. He had also reviewed the AGMJV work for Mr. Tornabene from 1993 through 1996.

In 2002, Mr. Tornabene quit claimed all the claims that were in good standing to Mr. Hartley. The intention was for Mr. Hartley to maintain the claims, in good standing and find a mining company who would be interested in developing the property. In exchange, any proceeds to Mr. Hartley from a future agreement would be shared with a charity selected by Mr. Tornabene.

From 2001 through 2008, Mr. Hartley maintained the claims but reduced the holdings to 20 core claims (the Hercules Claims). During this time, all available pertinent information was organized into a digital database and re-evaluated with the intention of finding an interested party to advance the property.

In November of 2008, the 20 Hercules Claims were quit-claimed to ADGIS, Inc.; a company wholly owned by Mr. Hartley.

In anticipation of acquiring the 20 core Hercules Claims, Lincoln staked an additional 68 contiguous lode claims in November of 2009.

On February 22, 2010, Lincoln entered into a formal Mining Lease agreement (the ADGIS Mining Lease Agreement) regarding the Oro Cruz Gold Project with ADGIS that covered the 20 core Hercules Claims which encompassed the Oro Cruz open pit with exposed gold mineralization and an underground ramp that intersects gold mineralization below the pit.

The term of the ADGIS Mining Lease Agreement was for 20 years and extendible thereafter if Lincoln was conducting exploration, development, mining or processing of minerals from the property. This agreement included a 3% NSR royalty on the first 500,000 oz of gold produced that increased to 4% thereafter. Minimum advance royalty payments began with a US\$50,000 payment upon execution of the agreement, escalating annually to a maximum of US\$200,000 upon the seventh anniversary and annually thereafter. Lincoln had the option to buy down 2% of the royalty at a rate of US\$500,000 per half percent. The NSR royalty applied to an Area of Interest of approximately 7 square miles surrounding the Hercules Claims.

In November of 2010, Lincoln located another 63 lode claims to cover potential target areas south of the main claim group. By the end of 2010, Lincoln's entire land position encompassed 151 lode claims.

In 2011, Lincoln planned to drill nine deep exploration holes on strike and to the southwest of the main Oro Cruz gold deposit and 23 holes in the immediate vicinity of the existing Oro Cruz pit to validate the deposit and upgrade its resource categories. Lincoln hired Sonoran Resources, LLC of Somerton, Arizona to design drill roads in steep terrain for the planned drilling, but no drilling was performed.

On March 31, 2011, Lincoln announced that it had entered into an option agreement granting Elgin Mining Inc. (Elgin) the exclusive right and option to acquire up to a 60% undivided interest in each of Lincoln's Oro Cruz and La Bufa properties by funding expenditures totaling \$10,000,000 over a maximum four year period (the Elgin Agreement).

In 2012, Lincoln terminated the Elgin Agreement as certain obligations had not been fulfilled by Elgin. Elgin disputed the validity of Lincoln's termination and the parties proceeded to arbitration in order to address and resolve their dispute.

In June of 2013, Lincoln and Elgin reached a full and final settlement wherein Lincoln paid \$350,000 cash to Elgin upon execution of Elgin's quitclaim deed in relation to the Oro Cruz Gold Project, at which time control of the Property reverted to Lincoln.

Pursuant to a letter agreement dated May 9, 2017, Lincoln granted Ausgold Resources Pty. Ltd. (Ausgold) an option until June 30, 2017 to enter into a joint venture agreement for the development of the Oro Cruz Gold Project. A joint venture was entered into, but Lincoln announced March 26, 2018 that it had terminated the option as a consequence of Ausgold not satisfying its obligations under the option agreement. Subsequently, the ADGIS Mining Lease agreement terminated.

On May 1, 2018, Lincoln and Lincoln Gold entered into the current ADGIS Agreement to re-acquire a 100% interest in the Hercules claims from ADGIS, Inc.

Owing to lack of sufficient funding, the past arbitration issue with Elgin cease work order, no substantive work was conducted on the Property by Lincoln, Lincoln Gold, Elgin or Ausgold from 2010 to the present.

### Exploration History

As of the date of this Technical Report, neither Owl, Lincoln, Eros nor Demerara have completed any new mineral exploration work on the project area.

The following is paraphrased from Tetra Tech's NI 43-101 Technical Report prepared for Lincoln Mining Corporation, dated April 29, 2011 and titled: "Amended and Restated Oro Cruz Gold Project Resource Estimate, Imperial County, California, USA".

Between 1943 and 1981 the Oro Cruz Gold Project area was withdrawn from mining and exploration activity by an act of the U.S. government and no known exploration work occurred during this time. In January of 1981 the Oro Cruz Gold Project area was reopened by the U.S. federal government for exploration and development and a land rush by several competing groups ensued. One of the groups was led by Mr. Michael Tornabene who staked and consolidated a land position between 1981 and 1985. During that time period his group collected 232 chip / channel samples from surface prospects, 417 rock chip samples and 202 gravel and soil samples.

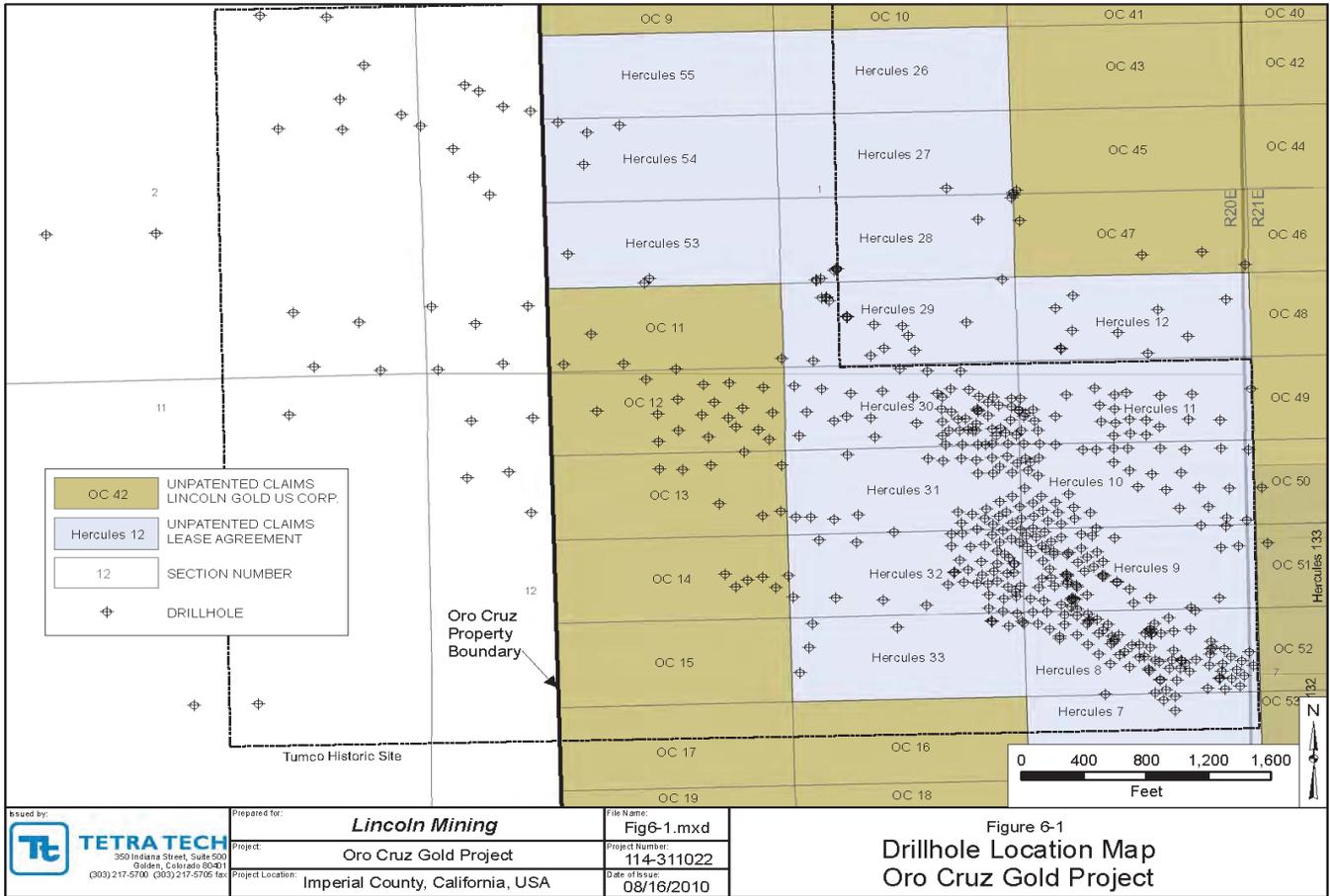
In 1986, Texasgulf acquired a lease from Mr. Tornabene and over the next 4 years spent approximately \$785,000 on mapping, sampling, permitting and drilling. Texasgulf collected 107 rock chip samples, 72 panned concentrate samples, drilled 76 RC exploration holes (23,584 ft), 36 of which were in the Cross area. A geological map of the Property was also completed at a 1" to 500' scale. A small ground magnetic survey of the Tumco Valley was also completed.

In 1989, Texasgulf was sold to NERCO Minerals Company (NERCO) and the Oro Cruz Gold Project reverted back to Mr. Tornabene.

In the early 1990's the Property was leased by the American Girl Mining Joint Venture (AGMJV). The exploration work included collecting 239 soil samples, 63 samples of the pre-1943 tailings, 511 rock chip samples and 422 drill holes (165,922 ft) of which 235 (102,360 ft) were development holes in the vicinity of the Cross and Queen areas. Thirteen of the 422 holes were core holes (6,818 ft) and were in the vicinity of the Cross area. All other holes were reverse circulation (RC).

Ten exploration targets have been identified on the Property and good potential exists for extension of known gold mineralization and discovery of new gold zones. Pan concentrates and gravel samples suggest potential for placer deposits. Magnetic anomalies are thought to be associated with elevated magnetite in the siliceous, gold-bearing zones. Figure 6-6 is a drill hole location map of known, existing drill holes on the Property (more details regarding the sources of drill hole information can be found on pages 3 and 4 in the NI 43-101 Technical by Tetra Tech dated April 29, 2011 that is available on the Canadian Securities Administrators System for Electronic Document Analysis and Retrieval ([SEDAR](#)) . The current drill hole database has 491 drill holes.

**Figure 6-6 – Location Map of Known Existing Drill Holes**



The below figure shows the locations of significant drill hole intercepts at Oro Cruz (labeled “selected high-grade holes”) in plan view with an accompanying interpreted outline (in light red) of a gold zone representing intervals of  $\geq 10$  ft downhole with grades  $> 0.100$  troy ounce gold per ton (opt). It must be noted that this view does not take into account that these higher-grade intersections could represent more than one zone as no cross sections of the intersections exist. This compilation of drill holes and accompanying plan view was created by Lincoln geologists to get a better understanding of the drill hole grade distribution of the Oro Cruz gold deposit. It should not be used to estimate a resource based on the width and grade of only these higher-grade drill hole intersections.

The table below shows the significant drill hole intercepts described above and the down hole depths; (both imperial and metric) and also shows the grade x thickness (GT) value of the significant drill hole intersections. Of particular note is core hole OC-DD-7, which is a twin of RC hole OC-250, the only twin core hole of all holes drilled to date.

Figure 6-7 - Oro Cruz Plan View of High-Grade Drill Hole Intersections

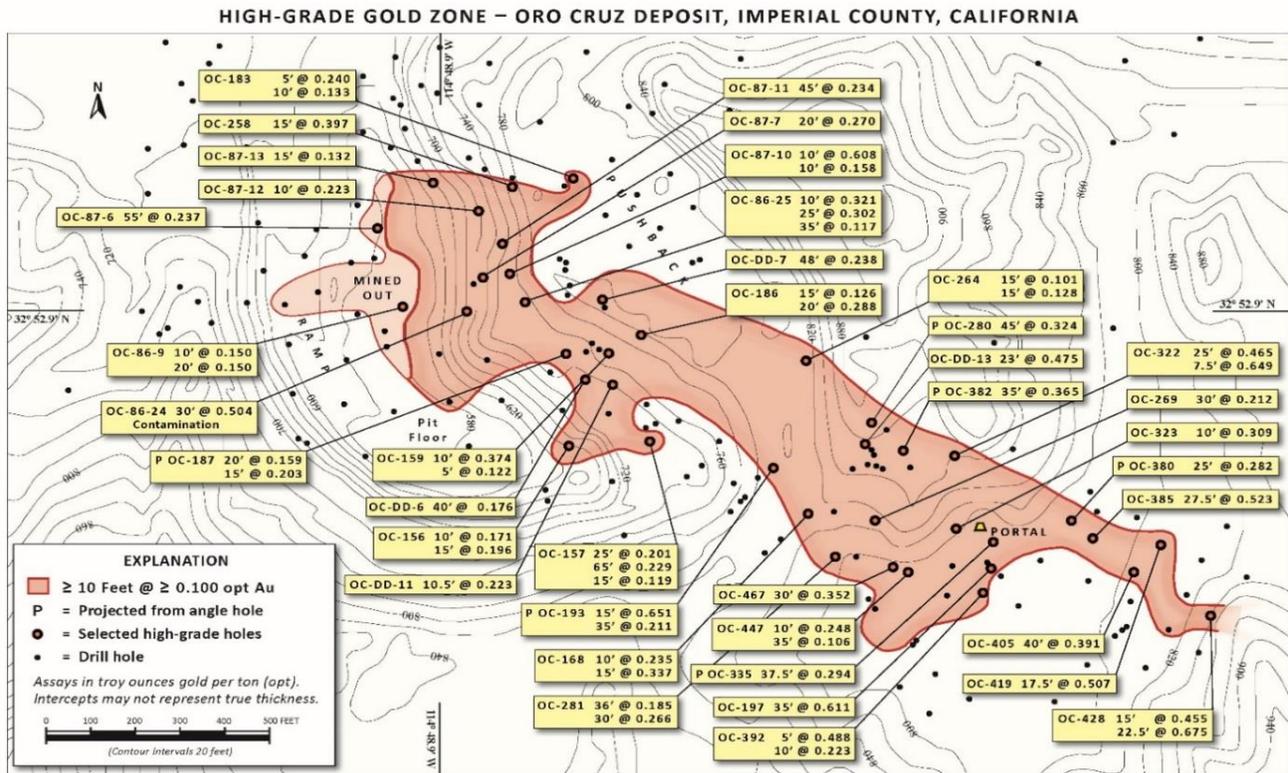


Table of Significant Historical Drill Results (GT = Grade X Thickness)

Hole Number	Hole Type	From (feet)	To (feet)	Intercept (feet)	Gold opt	Intercept* (meters)	g Au/t	GT
OC-DD-7	Core	223	271	48	0.238	14.6	8.2	119
OC-250	RC	205	265	60	0.189	18.3	6.5	119
OC-DD-6	Core	326	366	40	0.176	12.2	6.0	74
OC-DD-11	Core	314	324.5	10.5	0.223	3.2	7.6	24
OC-DD-12	Core	428	435	7	0.121	2.1	4.1	9
		440.5	456	11.5	0.491	3.5	16.8	59
OC-DD-13	Core	311	334	23	0.475	7.0	16.3	114
OC-DD-14	Core	455	460.5	5.5	0.166	1.7	5.7	10
		478	500	22	0.128	6.7	4.4	29
OC-DD-15	Core	363	374.5	11.5	0.067	3.5	2.3	8
OC-86-9	RC	90	100	10	0.15	3.0	5.1	16
		110	130	20	0.15	6.1	5.1	31
OC-86-24	RC	235	265	30	0.504	9.1	17.3	158
OC-86-25	RC	270	280	10	0.321	3.0	11.0	34
		315	340	25	0.302	7.6	10.4	79
		380	415	35	0.117	10.7	4.0	43
OC-87-6	RC	20	75	55	0.237	16.8	8.1	136
		30	60	30	0.342			

Hole Number	Hole Type	From (feet)	To (feet)	Intercept (feet)	Gold opt	Intercept* (meters)	g Au/t	GT
OC-87-7		250	270	20	0.27	6.1	9.3	56
		250	265	15	0.333			
OC-87-8	RC	190	205	15	0.28	4.6	9.6	44
		247	260	13	0.092	4.0	3.2	12
OC-87-9	RC	305	335	30	0.116	9.1	4.0	36
OC-87-10	RC	140	150	10	0.608	3.0	20.8	64
		215	225	10	0.158	3.0	5.4	17
OC-87-11	RC	130	140	10	0.118	3.0	4.0	12
		205	250	45	0.234	13.7	8.0	110
OC-87-12	RC	110	120	10	0.223	3.0	7.6	23
OC-87-13	RC	10	25	15	0.132	4.6	4.5	21
OC-88-12	RC	340	355	15	0.124	4.6	4.3	19
		365	375	10	0.118	3.0	4.0	12
OC-112	RC	280	285	5	0.179	1.5	6.1	9
		360	380	20	0.102	6.1	3.5	21
OC- 156	RC	335	345	10	0.171	3.0	5.9	18
		375	390	15	0.196	4.6	6.7	31
OC-157	RC	270	295	25	0.201	7.6	6.9	53
		395	460	65	0.229	19.8	7.9	156
		470	485	15	0.119	4.6	4.1	19
OC-159	RC	285	295	10	0.374	3.0	12.8	39
		335	340	5	0.122	1.5	4.2	6
OC-168	RC	425	435	10	0.235	3.0	8.1	25
		445	460	15	0.337	4.6	11.6	53
OC-183	RC	5	10	5	0.267	1.5	9.2	14
		35	40	5	0.24	1.5	8.2	13
		50	60	10	0.133	3.0	4.6	14
OC-186	RC	275	290	15	0.126	4.6	4.3	20
		480	500	20	0.288	6.1	9.9	60
		480	490	10	0.471			
OC-187	RC	280	300	20	0.159	6.1	5.5	33
		325	240	15	0.203	4.6	7.0	32
OC-193	RC	365	380	15	0.651	4.6	22.3	102
		410	445	35	0.211	10.7	7.2	77
OC-195	RC	410	420	10	0.108	3.0	3.7	11
		430	445	15	0.25	4.6	8.6	39
		460	475	15	0.225	4.6	7.7	35
OC-196	RC	390	410	20	0.106	6.1	3.6	22
		390	400	10	0.184			
OC-197	RC	530	565	35	0.611	10.7	20.9	223
OC-250	RC	205	265	60	0.189	18.3	6.5	119

Hole Number	Hole Type	From (feet)	To (feet)	Intercept (feet)	Gold opt	Intercept* (meters)	g Au/t	GT
		220	265	45	0.209			
OC-258	RC	115	130	15	0.397	4.6	13.6	62
OC-264	RC	305	320	15	0.101	4.6	3.5	16
		355	370	15	0.128	4.6	4.4	20
OC-265	RC	220	225	5	0.158	1.5	5.4	8
		255	270					
		255	290	35	0.111	10.7	3.8	41
		265	280	15	0.147			
OC-269		460	490	30	0.212	9.1	7.3	66
OC-280	RC	300	345	45	0.324	13.7	11.1	152
		325	345	20	0.531			
OC-281	RC	526	562	36	0.185	11.0	6.3	70
		587	617	30	0.266	9.1	9.1	83
OC-322	RC	447.5	472.5	25	0.465	7.6	15.9	121
		457.5	467.5	10	0.913			
		487.5	495	7.5	0.649	2.3	22.3	51
OC-323	RC	550	560	10	0.309	3.0	10.6	32
OC-335	RC	485	522.5	37.5	0.294	11.4	10.1	115
		485	500	15	0.314			
		510	522.5	12.5	0.467			
OC-380	RC	487.5	512.5	25	0.282	7.6	9.7	74
OC-381	RC	330	335	5	0.173	1.5	5.9	9
		347.5	365	17.5	0.164	5.3	5.6	30
		352.5	365	12.5	0.209			
OC-382	RC	362.5	397.5	35	0.365	10.7	12.5	134
		377.5	397.5	20	0.521			
OC-384	RC	542.5	560	17.5	0.163	5.3	5.6	30
OC-385	RC	517.5	545	27.5	0.523	8.4	17.9	150
OC-392	RC	532.5	537.5	5	0.488	1.5	16.7	25
		552.5	562.5	10	0.223	3.0	7.6	23
OC-393	RC	427.5	447.5	20	0.139	6.1	4.8	29
OC-405	RC	575	615	40	0.391	12.2	13.4	163
OC-419	RC	40	45	5	0.208	1.5	7.1	11
		502.5	520	17.5	0.507	5.3	17.4	93
OC-422	RC	672.5	680	7.5	0.22	2.3	7.5	17
OC-428	RC	672.5	687.5	15	0.455	4.6	15.6	71
		677.5	687.5	10	0.645			
		712.5	735	22.5	0.675	6.9	23.1	159
		712.5	720	7.5	0.981			
		725	735	10	0.504	3.0	17.3	53
OC-447	RC	535	545	10	0.248	3.0	8.5	26

Hole Number	Hole Type	From (feet)	To (feet)	Intercept (feet)	Gold opt	Intercept* (meters)	g Au/t	GT
		645	680	35	0.106	10.7	3.6	39
OC-467	RC	520	550	30	0.352	9.1	12.1	110

\* Significant historical drill results are reported as drilled intersections, not true widths.

#### Historical Resource Estimate

The Oro Cruz Gold Project has a historical inferred resource estimate totaling 341,800 ounces gold based on 4,386,000 tonnes averaging 2.20 grams gold per tonne (“g Au/t”) at a cutoff grade of 0.68 g Au/t (4,835,000 tons at 0.07 ounces gold per ton; “oz Au/ton”). This historical inferred resource estimate is disclosed in a technical report dated April 29, 2011 prepared for Lincoln Mining Corporation by Tetra Tech Inc. and is available on SEDAR. The historical mineral resource estimate, termed “inferred mineral resource”, which is a category set out in NI 43-101, was based on previous drill hole, underground channel samples and blasthole assays, and calculated using ordinary kriging to estimate gold grades in 10 x 10 x 5 foot blocks. Accordingly, Owl Capital considers this historical estimate reliable as well as relevant as it represents key targets for exploration work by Owl Capital. The Qualified Person has not done sufficient work to classify the historical estimate as a current mineral resource and Owl Capital is not treating this historical estimate as current mineral resources.

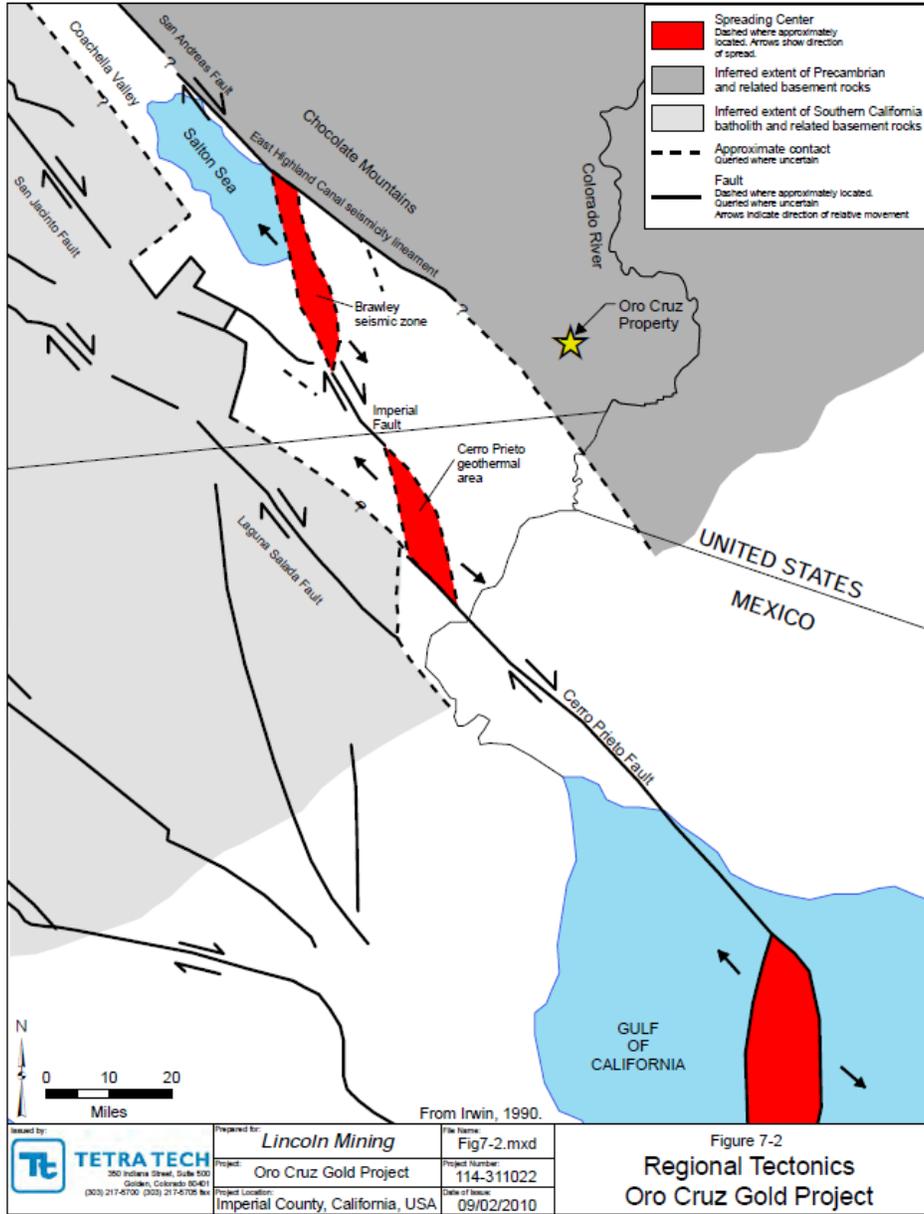
#### **Geology Setting**

##### Regional Geology and Structure

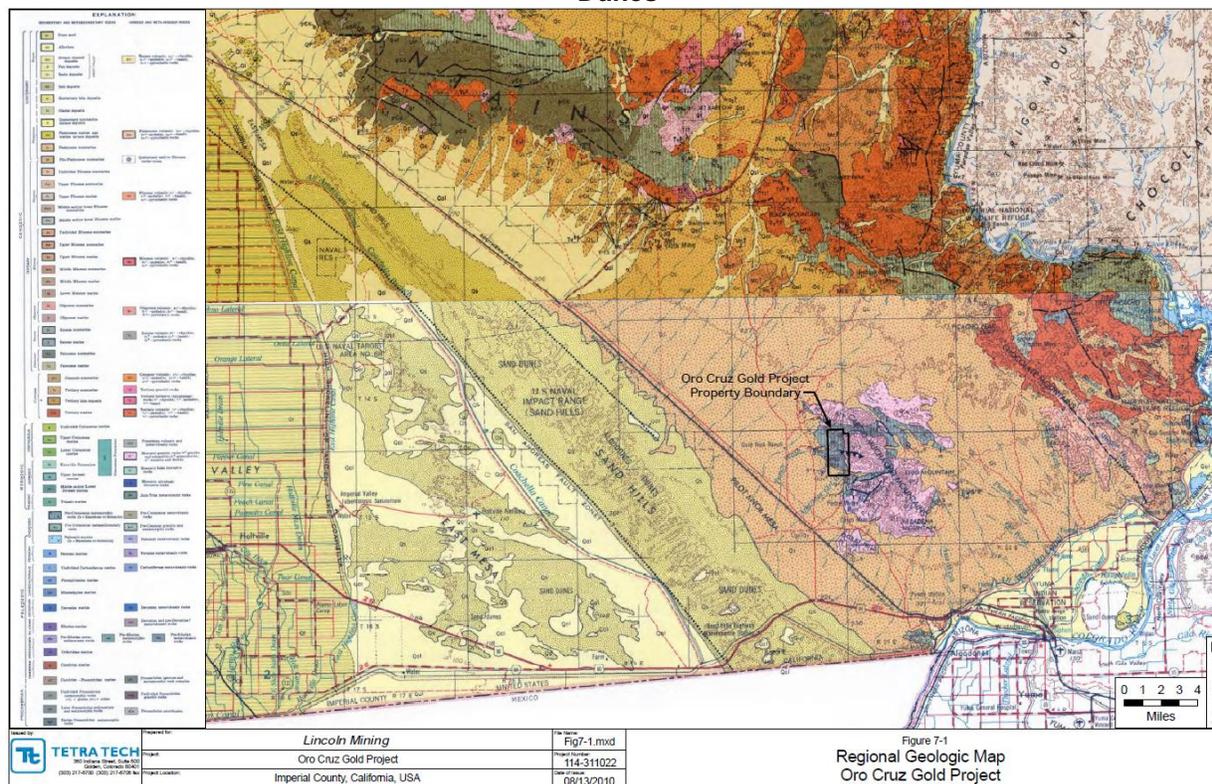
The Oro Cruz Gold Project is located in the geologically complex lower Colorado River region of south western North America, a region with a tectonic history spanning nearly 200 million years (Ma).

The regional geology of the lower Colorado River region is best described by two California Division of Mines and Geology maps, the *San Diego - El Centro* and *Salton Sea* map sheets. The primary mountain ranges in the region are the NW-striking Chocolate Mountains, and the Cargo Muchacho Mountains, which form an outlier south of the main mountain range, and host the Oro Cruz Gold Project.

Figure 7-2 – Modern Plate Tectonic Setting of the Oro Cruz Property and Surrounding Region



**Figure 7-3 – Regional Geological Map of the Chocolate & Cargo Muchacho Mountains and the Algodones Dunes**



The Chocolate Mountains dominate the region and form the axis of a west-northwest-trending antiform. The range is comprised of a complex mix of Precambrian, Mesozoic, mid Tertiary and Tertiary to Recent material. The Precambrian rocks comprise granitic and metamorphic rocks, including amphibolite-to greenschist-facies gneiss and schist. The Mesozoic terrain is a structurally complicated package of gneiss, schist, phyllite and plutons, and the Mesozoic thrust faults are folded. Tertiary Quechan volcanics and Quaternary alluvial deposits cover the older rocks.

The Cargo Muchacho Mountains form an isolated range surrounded on all sides by dissected pediment and a vast area of various alluvial deposits. The range is comprised of remnants of Jurassic gneiss and schist (Tumco Formation) which have been intruded by several large, slightly younger Jurassic diorite, granodiorite and granite bodies (Tosdal & Wooden 2015). Both the plutons and their host rocks subsequently underwent amphibolite-facies metamorphism (Owens & Hodder 1993).

The prevailing structural fabric is a NW-striking, SW-dipping ductile foliation, which parallels the Chocolate Mountain Thrust and is attributed to Late Cretaceous Laramide thrusting (Dillon 1975). Low-angle thrust and/or normal faults are present, as well as dextral strike-slip faults. The Oro Cruz Gold Project covers the northwestern portion of the range and contains well-foliated metasedimentary gneiss and schist of the Tumco Formation.

The Sand Hills or Algodones Dunes occupy a well-defined, northwest trending zone that lies west of the Oro Cruz Gold Project. In the U.S., these aeolian deposits occupy a zone 40 miles long and up to 6 miles wide, forming a conspicuous dune field. The San Andreas fault zone forms the western boundary of this dune field. The dunes extend southward across the border into Mexico.

The Tumco Formation and various Jurassic intrusive diorite and granite bodies display a pervasive weak- to strong ductile foliation. This foliation generally dips gently SW, although on the Oro Cruz Gold Project this dip changes to S/SE. Field- and microstructural observations indicate that this foliation formed by ductile shearing at temperatures of 500-700°C, and that it likely accompanied thrusting of the Gold Rock Ranch Granite northwestwards over the Tumco Formation during the Late Cretaceous Laramide orogeny. The later stages of this thrusting occurred during pegmatite intrusion at 66-63 Ma. Significant fluid flow accompanied this ductile thrusting,

and created high-temperature alteration assemblages in the sheared portions of the Tumco Formation. These assemblages include quartz-magnetite veining and epidote-quartz-garnet-amphibole alteration.

Low-angle brittle faults, generally developed parallel to the existing foliation, are observed in the Oro Cruz open pit to cut both the Tumco Formation and the younger pegmatites, with offsets at the scale of several feet. These low-angle faults include both earlier northwards-directed thrusts and later southwards-directed normal faults. Preliminary data suggests that sulfide- and gold mineralization is associated with the low-angle northward-directed thrust faults. Occasional subsequent high-angle brittle normal faults are also observed in the Oro Cruz open pit, and are expected to offset mineralized zones by several feet. The NW-striking dextral Hedges fault, likely related to the San Andreas system, can be observed a short way east of the pit. The youngest structures are numerous brittle joints and fractures with variable orientations, which were likely associated with late-stage oxidizing fluids that caused the supergene alteration of existing magnetite and sulfides. This created the bright orange-red iron minerals (hematite etc.) and blue-green copper minerals (chrysocolla, malachite) that are evident in the Oro Cruz open pit.

### Local Geology

The local geology in the vicinity of Oro Cruz is best described by J.T. Dillon (1975) in his Ph.D. dissertation entitled *Geology of the Chocolate and Cargo Muchacho Mountains, Southeasternmost California*. Dillon's mapping was at a scale of 1:24,000 (1 inch = 200 ft).

The geology of the Cargo Muchacho Mountains includes a strongly foliated metavolcaniclastic package of schist and gneiss (the Jurassic Tumco Formation), intruded by foliated diorite to granite bodies with a slightly younger Jurassic age, all metamorphosed to amphibolite-facies grades. Especially in the area of the Oro Cruz Gold Project, these Jurassic rocks are cut by numerous pegmatites with a significantly younger Late Cretaceous age. These units are affected by low-angle thrust and normal faults, which were subsequently cut by northwest-striking, high-angle dextral strike-slip faults. Minor outcrops of Tertiary volcanics are also present, and the outcropping material is surrounded by various Quaternary alluvial deposits.

### Local Rock Units

Tumco Formation (Jurassic, 190-185 Ma) - The Tumco Formation hosts all known gold mineralization on the Oro Cruz Gold Project. It consists of laminated, well-foliated quartzofeldspathic gneiss and hornblende schist with minor interbeds of quartzite, marble and amphibolite. The protolith was likely a volcaniclastic material, deposited at ~190-185 Ma (Tosdal & Wooden 2015), and subsequently metamorphosed to amphibolite facies. Near to the Oro Cruz open pit, the Tumco Formation has a strong foliation and a sporadically developed lineation, defined predominantly by the preferred orientation of biotite and hornblende, although this foliation is less well developed away from the area of the open pit (Cawood 2019). The "Vitrifax Formation", defined by Henshaw (1942), is actually a leached facies of the Tumco Formation that occurs predominantly in the E-SE part of the Cargo Muchacho Mountains, near to the American Girl and Padre y Madre open pits. It was reassigned to the Tumco Formation by Dillon (1975).

Araz Wash Diorite (Jurassic, 173-169 Ma) - The Araz Wash Diorite includes bodies of diorite (outcropping in the SW central part of the Cargo Muchacho Mountains), monzodiorite (in the south) and granodiorite (in the SE), and its emplacement has been dated at ~173-169 Ma (Tosdal & Wooden 2015). These rocks vary considerably in texture, mineralogy and mafic mineral content, and modal layering observed in the diorites is suggestive of a partially cumulate origin. Where unaltered, the dioritic rocks are dominated by blocky euhedral hornblende and lavender plagioclase, while the monzodiorite and granodiorite comprise sparse white plagioclase and pink K-feldspar, together with abundant hornblende, biotite and mm-sized sphere (Tosdal & Wooden 2015).

Gold Rock Ranch Granite (Jurassic, 163-159 Ma) - The Gold Rock Ranch Granite outcrops over much of the northern part of the Cargo Muchacho Mountains, where it intrudes the Tumco Formation. It is characterized by biotite and pinkish K-feldspar and is dated at 163-159 Ma (Tosdal & Wooden 2015).

Pegmatites (Late Cretaceous, 66-63 Ma) - Abundant pegmatites cross-cut the Tumco Formation and the Gold Rock Ranch Granite, especially in the northern part of the Cargo Muchacho Mountains and on the Oro Cruz Gold Project. Although previously thought to be related to the Gold Rock Ranch Granite and other Jurassic plutons, recent U-Pb geochronology shows that they were emplaced in the Late Cretaceous, at ~66-63 Ma (Cawood 2019).

Dacite dykes (Oligocene, ca. 34-23 Ma) - Occasional E-NE-trending dacite dykes cut all younger rock units and are attributed to Oligocene volcanism by Guthrie et al. (1987).

### Structure

The Jurassic rocks of the Cargo Muchacho Mountains (Tumco Formation and intrusive diorites and granites) are affected by a penetrative, SW-dipping, ductile foliation. The parallelism between this and the nearby Chocolate Mountain Thrust has led several workers to suggest that this foliation was imparted during Late Cretaceous Laramide thrusting.

According to Dillon (1975), the oldest Cenozoic faults are the low-angle Pasadena Mountain and American Girl faults, and the north-trending high-angle Jackson Gulch fault zone (see Figure 7-4). Undescribed low-angle faults on the Oro Cruz Gold Project are probably also in this category of older faults. The low- and high-angle faults are cut by a series of NW-trending, steeply dipping faults, including the Padre-Madre-Araz, Hedges, Colorado, and Round Top faults, which have predominantly dextral strike-slip offsets of up to half a mile. The Hedges fault in particular bisects the Oro Cruz Gold Project and appears to offset gold mineralization in older, low-angle faults. The NW-trending, dextral San Andreas fault system, located ca. 6-12 miles west of the Oro Cruz Gold Project, was active by late Miocene times (10-8 Ma), and it seems likely that the NW-trending faults in the Cargo Muchacho Mountains are part of the San Andreas system.

### Property Geology

Bedrock exposures on the Oro Cruz Gold Project are excellent. In 1986, approximately 50% of the Property was mapped at a scale of 1 inch = 100 ft and compiled at 1 inch = 500 ft by Karl Kanbergs, a Texasgulf project geologist. Texasgulf mapping was biased towards a siliceous, stratabound exhalite target model for the gold mineralization, whereby the exhalites were deposited synsedimentarily with the host rocks, and subsequently metamorphosed and faulted. However, other geologists believe that the gold mineralization is structurally controlled, and recent work on the Property supports such a structurally controlled model. Kanberg's geologic map is the most detailed map available of the Property. It is a lithological map illustrating rock units without any formational designation or structure. The map lacks faults and foliation attitudes. During mine production by the MK Gold (American Girl Joint Venture), no geologic mapping was conducted in the Queen pit, Oro Cruz pit or Oro Cruz underground workings.

### Mineralization

The following is paraphrased from Tetra Tech's NI 43-101 Technical Report prepared for Lincoln Mining Corporation, dated April 29, 2011 titled: "Amended and Restated Oro Cruz Gold Project Resource Estimate, Imperial County, California, USA".

Ore-grade gold mineralization from the Oro Cruz deposit and its various satellites is hosted and concordant within the Jurassic Tumco Formation (gneiss and schist). The massive brown-to gray-colored replacement mineralization contains 5 to 8% coarse-grained quartz and minor to moderate amounts of iron oxide consisting of well-crystallized magnetite and hematite. Noticeable amounts of hematite and magnetite have been oxidized to earthy hydrous iron oxides of limonite and goethite. Major gangue minerals consist of quartz, mica and feldspar. The siliceous gangue may contain trace amounts of pyrite and pyrrhotite. Traces of pyrrhotite also occur as inclusions in magnetite. Substantial amounts of micas have been bleached and/or are intensively affected by hematization. Minor amounts of chlorite and specular hematite are also present. Approximate 4 to 7% carbonate minerals are present. The "ore" is said to be "clean" with no significant arsenic, antimony, mercury or other toxic elements. Sulfides are largely absent. Mineralization is essentially inert.

The brown mineralized zones are conspicuously cut by abundant, irregular-shaped, light-colored pegmatite or aplite dikes that are barren of mineralization. An excellent photograph of the mineralization as exposed in the eastern Oro Cruz pit wall is presented in Figure 7-7.

Gold is primarily associated with iron oxides (magnetite, hematite, limonite, goethite). Examination of various drill logs reveals that significant gold mineralization is associated with the presence of 0.5 to +2% magnetite and/or 0.5 to +5% limonite. Minor amounts of gold are found as inclusions in silica gangue and carbonates. Gold occurs as native gold which contains very low silver (<5%) and iron. Particle size analysis shows that the gold is mostly very fine with 64% at <1 to 5 microns, 8% > 5 to 10 microns, and 28% > 10 microns in diameter with a few coarse particles up to 50 microns.

### Oro Cruz Deposit – Historical Model

The following is paraphrased from Tetra Tech's NI 43-101 Technical Report prepared for Lincoln Mining Corporation, dated April 29, 2011 and titled: "Amended and Restated Oro Cruz Gold Project Resource Estimate, Imperial County, California, USA".

The main mineralized body is the Oro Cruz deposit which is defined by drilling on 70 to 100 ft centers. Using a cut-off grade of 0.01 opt gold, the following paragraphs describe the physical distribution of mineralization:

The Oro Cruz deposit is a long, mineralized body with a somewhat rectangular expression in plan view and a tabular form in long section. In plan view, the deposit's widest dimensions is 1,200 ft and its average width is approximately 580 ft. In long section the deposit is comprised of coalescing, stacked, irregular lenses that collectively dip 25° with a general azimuth of 120° (southeast) as shown in Figure 8-3. In cross section the deposit is approximately the same width throughout with the irregular lenses defining the downward dip. This mineralization forms a tabular envelope (all grades) that is 350 to 370 ft in true thickness with a known down-dip length of approximately 2,800 ft, including a portion mined out by the existing open pit.

The main mineralized body is comprised largely of material grading from 0.01 to 0.05 opt Au with abundant internal lenses >0.05 opt Au and up to > 1.0 opt Au. Larger mineralized lenses range from 5 to 25+ ft in true thickness and may reach up to 50 ft in true thickness with down-dip lengths ranging from 145 to 330 ft. Overall the continuity of the mineralization appears good.

Due to insufficient copper assay data, no copper zoning or copper-gold correlation can be made at this time.

### Oro Cruz Deposit - Current Model

The following images are of a recent grade model of the Oro Cruz main zone as interpreted by F. Hrdy, the QP of this report. This updated model was created at the request of Lincoln to be used for future drill planning that would focus on a higher cut-off grade than the historic model.

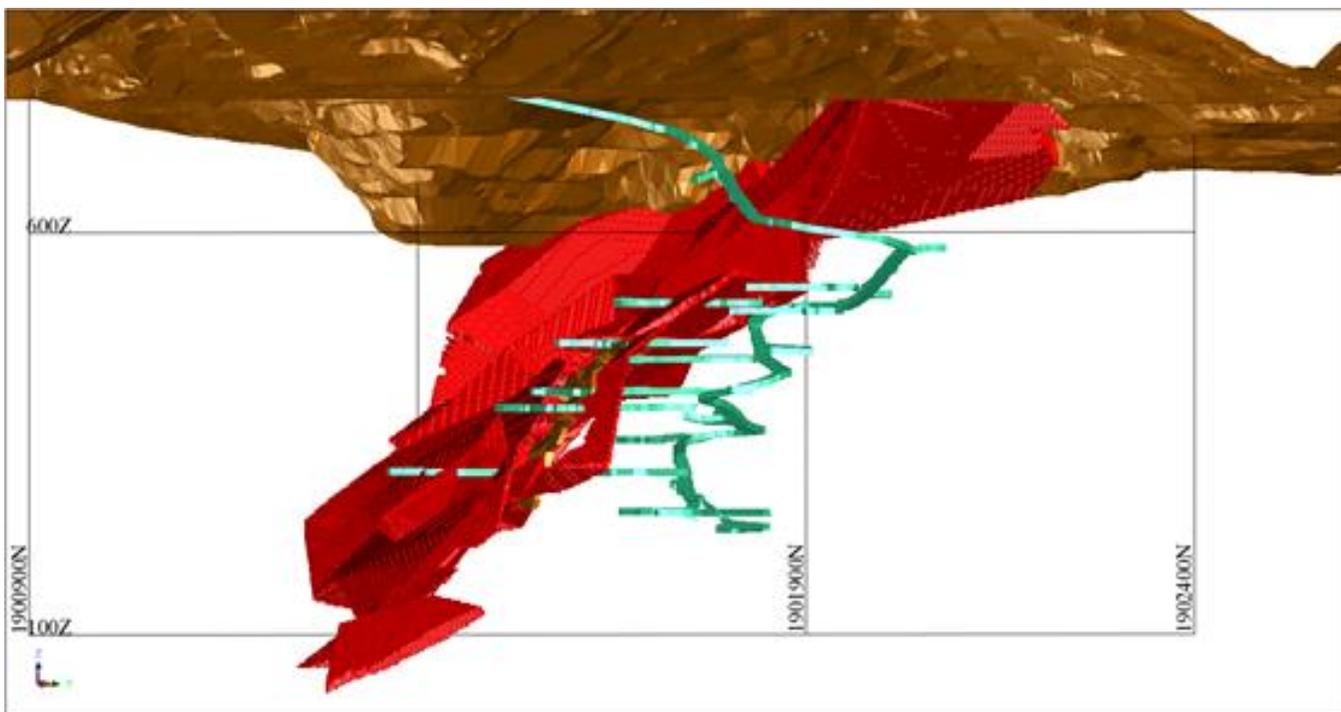
The figure below is an oblique view of the Oro Cruz mineralized zone below the existing open pit showing the existing underground development conducted between 1995 and 1996 by MK Gold. The grid is in feet to provide a scale for the area. The area in red represents the interpreted zone of mineralization modeled using the existing drill hole database. Modeling was done by using cross sections and level plans to create a "domain" that encompasses the mineralization, separating it from the areas that are not mineralized.

The oblique long figure is the same as the previous, but is tilted more in a longitudinal view so the plunge of the mineralization can be visualized and the existing mined out area or stope can be seen (brown area within the underground access (green/blue)).

The following image is similar to the oblique long figure with added existing drill holes to demonstrate the density of the existing drill information.

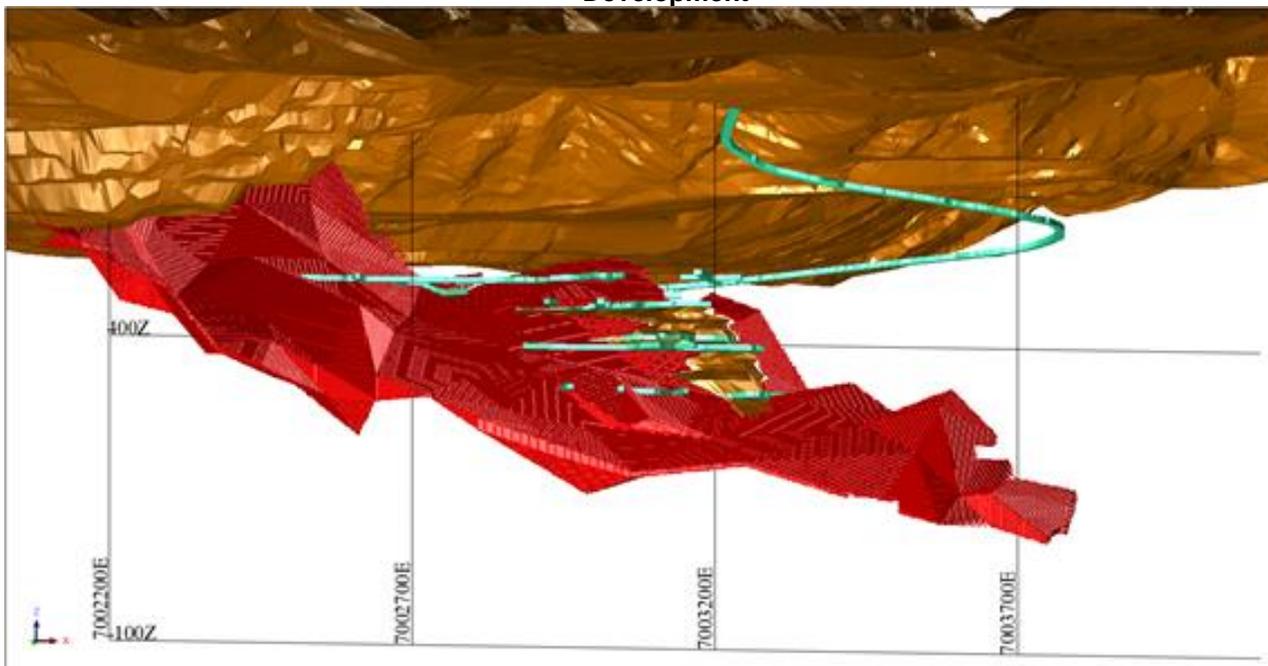
Illustrated below is a representative cross section to show the generally average width and dip of the mineralization.

**Figure 7-8 - Oblique View of Oro Cruz Mineralized Zone with Topography and Existing Development**



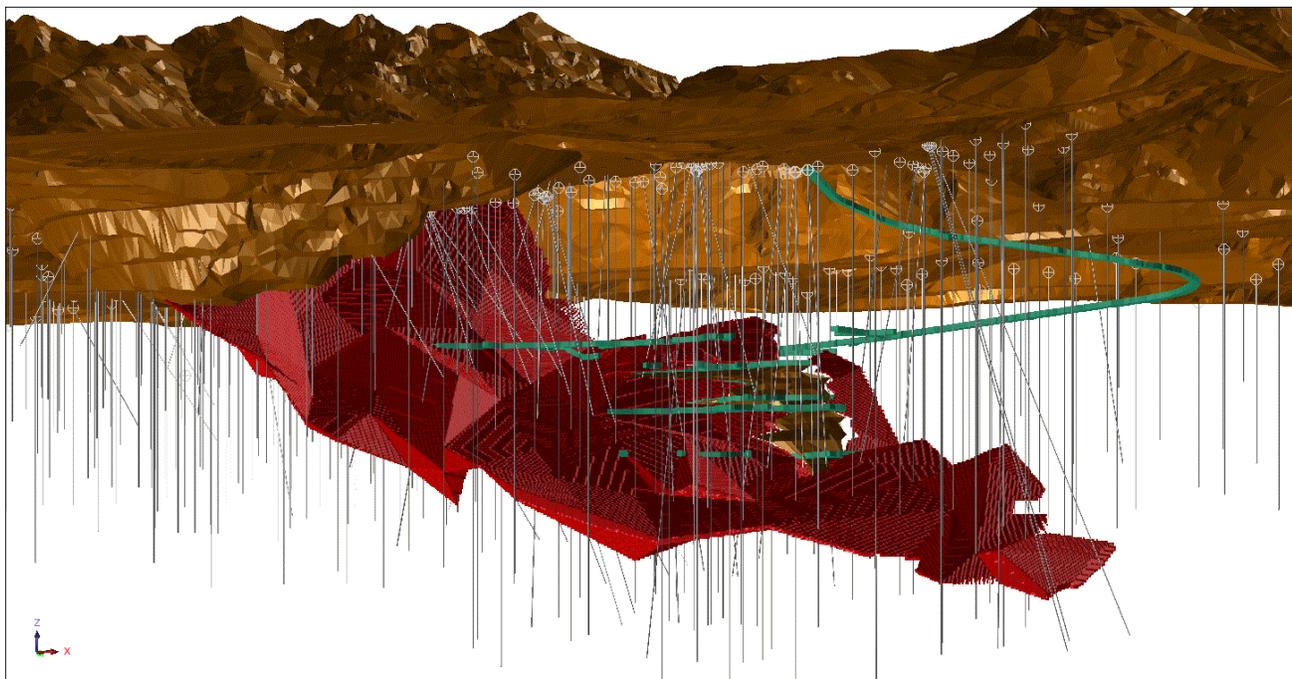
(Red = Mineralized Zone, Green/Blue = Existing Underground Development, Brown = Topography)

**Figure 7-9 - Oblique Long Section View of Oro Cruz Mineralized Zone with Topography and Existing Development**



(Red = Mineralized Zone, Green/Blue = Existing Underground Access, Brown = Topography, Brown Associated with Access Tunnels = Mined Out Stope)

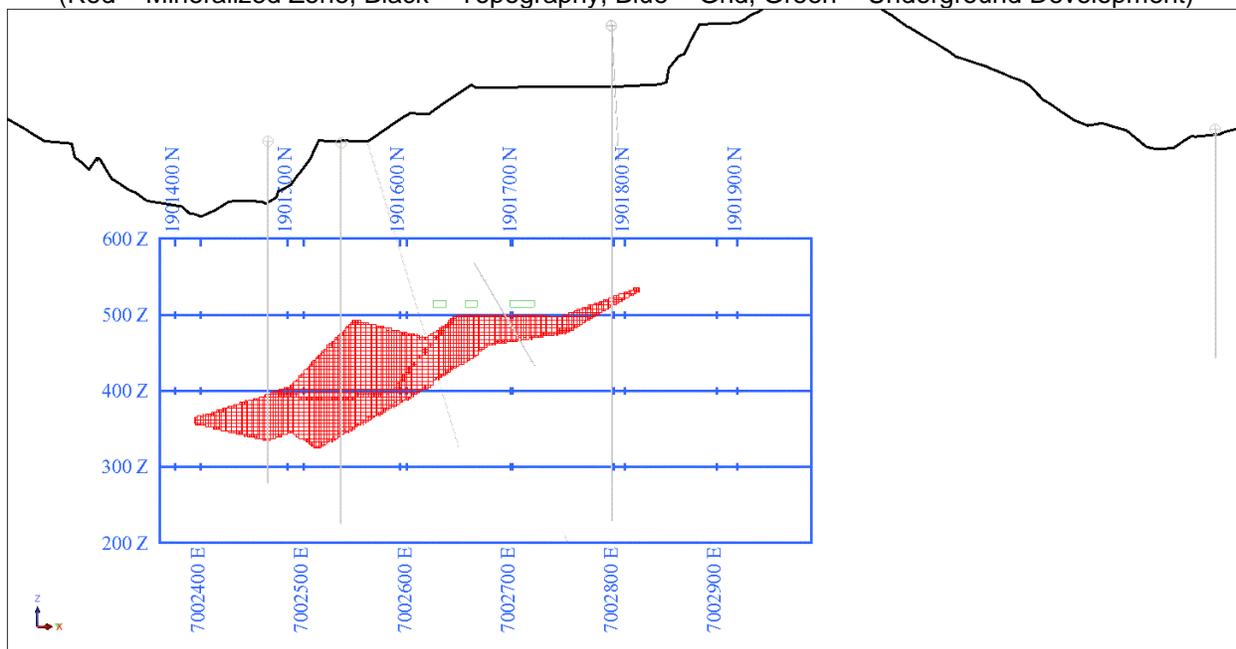
**Figure 7-10 - Oblique Long Section of Oro Cruz Mineralized Zone with Existing Drill Holes**



(Red = Mineralized Zone, Breen/Blue = Underground Access, Brown = Topography, Light Grey Lines = Existing Drill Holes)

**Figure 7-11 - Representative Cross Section of the Oro Cruz Mineralized Zone**

(Red = Mineralized Zone, Black = Topography, Blue = Grid, Green = Underground Development)



**Satellite Deposits**

A least six satellite zones of mineralization are present on the Oro Cruz Gold Project and include the Queen deposit. The structural relationship between these various satellite zones remains uncertain at this time. The

Queen deposit shares similar characteristics with the nearby Oro Cruz deposit. The Queen was mined by open pit methods in the 1980's and backfilled; low-grade gold mineralization remains in the buried pit floor.

No information concerning mineralization is available from the historic workings on the western portion of the Oro Cruz Gold Project.

### **Deposit Type**

The Oro Cruz Gold Project is located within the Mojave-Sonora mineral trend. Gold mineralization at Oro Cruz is presently believed to be detachment fault-related mineralization which was proposed as a distinct deposit type in the mid to late 1980's by various geologists in southern California, western Arizona and southern Nevada. Detachment deposits have characteristic mineral assemblages, alteration patterns, ore fluid types and structural controls that differ considerably from other deposit types found in the western United States.

In following years, detachment fault-related gold mineralization was also recognized at various other gold deposits south of Oro Cruz in northern Sonora State, Mexico. Examples near Oro Cruz include the nearby American Girl, Madre-Padre and Picacho mines and the Copperstone mine in Arizona. Examples in Mexico include La Choya, Quitovac, Noche Buena and La Herradura.

Detachment faults are low-angle normal faults (listric faults) of regional extent that have accommodated significant regional extension by upward movement of the footwall. The detachment fault and structurally higher normal faults may host massive replacements, stockworks and veins. Mineralization at Oro Cruz appears to be mostly massive, mesothermal replacement. Detachment deposits typically contain iron (hematite/magnetite), copper oxides (chrysocolla) and gold. These deposits are generally lacking the toxic element signature (arsenic, antimony, mercury) of epithermal deposits. Chloritic, potassium and oxide alteration are related to detachment fault deposits.

Historic underground mining reported that the mineralization is related to low-angle (+/- 25°) hanging wall or footwall faults, but never both. Modern open-pit mining at the nearby American Girl mine, 2 miles to the southeast of the Oro Cruz deposit, was conducted along a low-angle fault in Jurassic biotite granite. The ores of Oro Cruz and American Girl are very similar gold ores with associated magnetite and copper oxides and both are presently interpreted by Lincoln Mining as occurring in detachment faults.

### **Drilling**

To date, neither the Company, Lincoln, Eros nor Demerara have completed any drilling within the project area. A summary of historical drilling is included in the *Part II - Information concerning the Acquisition of Significant Assets - Exploration*.

### **Sample Preparation, Analysis and Security**

To date, neither the Company, Lincoln, Eros nor Demerara have completed any sampling and therefore, have not developed any documented sampling protocols and/or approach to sample collection. A summary of historical sampling is included in above. See "*Part II – Information Concerning the Acquisition of Significant Assets – Exploration*".

To date, neither Owl, Lincoln, Eros nor Demerara have collected any metallurgical samples and/or completed any metallurgical testwork. However, there is a history of both metallurgical testing and production from the Property and certain inferences can be reasonably made with respect to expected process and metallurgical performance.

The Oro Cruz Gold Project has an intermittent history of producing gold from as early as 1890 through to 1996 when the most recent operation ceased due to the prevailing low gold price. Prior owners/operators conducted significant metallurgical process studies on selected drill samples and on a bulk/surface sample from the deposit, including a mineralogical characterization of that surface whole ore and a column (heap) leach residue. These studies resulted in consistent and understandable metallurgical response data relatable to head grade, mineralogy and the beneficiation/extraction process employed.

Owl Capital will somewhat rely on historical report documents primarily developed in the early 1990's as a basis for proposed processes moving forward, i.e., Owl Capital has not yet conducted its own metallurgy studies. Reports and report summaries from this historical period were provided to Tetra Tech for review and to provide process

basis for the then current owners to use in their evaluation. The provided documents were originally produced by companies and professional employees generally known to Tetra Tech and are considered reputable, independent, third-party references.

The latest historical resource estimate was completed by Tetra Tech, Inc. for Lincoln and was reported in a NI 43-101 Technical Report titled "Amended and Restated Oro Cruz Gold Project Resource Estimate, Imperial County, California, USA" dated April 29, 2011. Tetra Tech produced an independent evaluation of the contained inferred gold resources within several deposits; however, these resources could not be classified as measured or indicated because of the lack of verifiable quality controls, assurance, and sample security procedures.

The referenced reports and documents show a site history of gold recovery in production and/or by test studies using gravity concentration, amalgamation, flotation and cyanide leaching in both bottle roll and column (heap leach) systems. Testwork showed that gold was recoverable by all of these various processes and that finer crushing and grinding tended to increase the gold recovery as a result of better liberation.

Metallurgical testing conducted by Kappes, Cassidy & Associates of Reno, Nevada, for the AGMJV focused on heap leach processing and reported results for this work in the referenced documents (1990, 1991). Column cyanide leach tests were conducted on two samples; a bulk surface sample grading 0.083 oz Au per ton reportedly taken from the western portion of the Oro Cruz zone and a mineralized drill core interval covering 85 feet (reportedly through the entire ore zone) and grading 0.039 oz Au per ton. Portions of both samples were crushed to pass 3/4 inch (coarse crush) and 3/8 inch (fine crush) and subjected to standard column leach tests. Complete data are presented in the referenced report documents and summarized here.

The surface samples produced 55.6% and 64.8% Au recovery after 64 days of leaching for the coarse and fine crushed material, respectively. The underground (core) sample produced 67.6% and 75.0% Au recovery after 60 days of leaching for the coarse and fine crushed material, respectively. Concurrent mineralogical examination of both whole ore and column leach residue material concluded that with fine grinding (more liberation) virtually all the contained gold is recoverable at some cost. Consideration of grind/agglomeration heap leach methods should increase gold recovery, however, most likely with some increase in reagent consumption, hence increased operating cost. It can generally be concluded that the Oro Cruz gold mineralization is amenable to low cost, heap leach processing. Such processing is practiced commercially at many locations in the southwestern U.S.A. and is considered low risk.

Further testing is recommended on samples that represent a mine plan as well as different (and extreme) ore rock types within the deposit. Eventually, trade off studies are warranted to explore the cost of finer comminution (crushing and grinding) for increased liberation and higher gold recoveries vs. the resultant more complicated and costly processing scenarios.

### **Mineral Resource Estimates**

To date, a current NI 43-101 compliant resource estimate does not exist. While a significant amount of exploration and operational data exist for the Oro Cruz Gold Project, this data does not currently meet the requirements for development of a resource estimate in the indicated or measured category as set forth by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves. A summary of historical resource estimates is included in *Part II - Information concerning the Acquisition of Significant Assets - Exploration*.

### **Exploration and Development**

1. It is the opinion of the QP that the Oro Cruz Gold Project warrants additional study and evaluation. The current Oro Cruz database has 491 drill holes. A strategic core drilling program designed to twin some of the most significant existing RC drill holes and to provide verification of the accuracy of the existing database is recommended as historical samples and corresponding assay sheets are missing. Additionally, this drill program should include in-fill drilling within zones of known mineralization to increase the level of confidence so that an Indicated and Measured NI 43-101 compliant mineral resource estimate to be established for the Property. This program should also include core drilling for metallurgical samples followed by metallurgical test work.

2. Tetra Tech reported that old mill tailings are present on the Property that contain gold values that could be recovered on a leach pad. A drill program designed to test the extent and concentration of gold at these tailing

sites would be a first step to estimating a NI 43-101 compliant mineral resource estimate for these tailings. In addition, existing historical heap leach pads on the Property should be sampled and drilled. This program should also include drilling for metallurgical samples followed by metallurgical test work.

3. Once the drill programs are completed an updated NI 43-101 compliant mineral resource estimate should be conducted.

4. The tables below are estimated budgets for items 1 & 2 above and is US\$ 844,556 and US \$ 322,073 respectively. The estimated budget for the completion of a NI 43-101 compliant mineral resource estimate is US\$ 120,000. The total budget for Phase I will be US \$1,286,629 (approximately CDN \$1,672,629).

Oro Cruz Gold Project		Page 1 - RC & Core Drilling & Metallurgy				USD Budget: \$ 844,565	
Imperial County, California							
Expense Element	Description	Days	\$/Day	Units	\$/Unit	Cost Estimate	
<b>CORE DRILLING - MET SAMPLES</b>							
		Days	\$/Day	Units	\$/Unit		
	Drill Rig Mobilization	2	3,000	na	na	\$ 6,000	
Three vertical core holes: 950 ft.	Drill Rig Demobilization	2	3,000	na	na	\$ 6,000	
	HQ Core Drilling \$/ft.	15	na	950	45	\$ 42,750	
	Buy water from private source	15	na	10,000	0.05	\$ 500	
	Water Truck	15	200	na	na	\$ 3,000	
	Additives estimate	na	na	950	5	\$ 4,750	
	Drill Bits	na	na	3	700	\$ 2,100	
	Bit Shoes	na	na	3	500	\$ 1,500	
	Core boxes \$/box	na	na	120	6.50	\$ 780	
	Used pallets	na	na	0	0	\$ -	
	Crew travel \$/hr	20	na	2	150	\$ 6,000	
	Crew Per Diem - 3 men \$/day	20	150	3	na	\$ 9,000	
	Tear-Down/Set-Up \$/move	na	na	12	350	\$ 4,200	
	Standby \$/hr	na	na	20	350	\$ 7,000	
	Fishing \$/hr	na	na	10	350	\$ 3,500	
	Down-Hole Tool rental + ins./mo.	na	na	1	3,200	\$ 3,200	
	Down-Hole Surveying \$/hr	na	na	6	200	\$ 1,200	
						<b>Subtotal: \$ 101,480</b>	
<b>CORE DRILLING - SAMPLE PREP/ASSAY</b>							
Quality Control & Assurance	Purchase Standards & Blanks	na	na	0	0	\$ -	
Shipping	Truck core to Reno	na	na	1	2,500	\$ 2,500	
	Temporary core storage	60	na	0	0	\$ -	
	Rent Secure Logging Facility	6	100	na	na	\$ 600	
	Core Photography	na	na	120	4	\$ 480	
	Assays - Au + Multielement	na	na	190	36	\$ 6,840	
	Core Sawing	na	na	950	4	\$ 3,325	
Second Lab Assay	Assays - Prep - Au + Multielement	na	na	15	36	\$ 540	
						<b>Subtotal: \$ 14,285</b>	
<b>CORE DRILLING - GEOLOGIST &amp; LABOR</b>							
Geologist #1	Prep time + Rig time + Logging + Data	45	500	na	na	\$ 22,500	
Expenses	Vehicle - Mileage Charge	45	na	60	0.50	\$ 1,350	
Expenses	Meals	45	50	na	na	\$ 2,250	
Expenses	Lodging	45	120	na	na	\$ 5,400	
Labor #1	Local Labor	30	150	na	na	\$ 4,500	
						<b>Subtotal: \$ 36,000</b>	
<b>RC DRILLING - CONFIRMATION &amp; INFILL</b>							
3-man crew; 12 hrs/day	Drill Rig Mobilization	2	3,000	na	na	\$ 6,000	
13 vertical RC holes; 6,950 ft	Drill Rig Demobilization	2	3,000	na	na	\$ 6,000	
	RC Drilling - Conventional Hammer	na	na	6,950	15	\$ 104,250	
	Drilling Additives (variable) \$/ft.	na	na	6,950	3	\$ 20,850	
	Drill Bit Changes	na	na	13	650	\$ 8,450	
	Down-Hole Tool rental + ins./mo.	na	na	2	3,200	\$ 6,400	
	Down-Hole Surveying	na	na	33	300	\$ 9,900	
	Diesel Fuel	35	270	na	na	\$ 9,450	
	Crew Per Diem	35	150	3	na	\$ 15,750	
	Crew Daily Travel Time	35	75	na	na	\$ 2,625	
	Tear down-move-set up	na	na	40	350	\$ 14,000	
	Standby/Fishing Time	na	na	20	350	\$ 7,000	
	Water Truck (no charge)	na	na	40	100	\$ 4,000	
1390 samples; 100 standards;	Sample Bags 10"x17" 100/box	na	na	14	130	\$ 1,820	
50 blanks + 100 duplicates	Duplicate sample bags 100/box	na	na	1	130	\$ 130	
= 1,640 samples	Used Gaylord Storage Boxes	na	na	5	10	\$ 50	
	Used pallets	na	na	0	7	\$ -	
						<b>Subtotal: \$ 216,675</b>	

Oro Cruz Gold Project		Page 2 - RC & Core Drilling & Metallurgy				USD Budget: \$ 844,565	
Imperial County, California							
Expense Element	Description	Days	\$/Day	Units	\$/Unit	Cost Estimate	
<b>RC DRILLING - SAMPLE ANALYSES</b>							
Quality Control & Assurance	Standards & Blanks (Have in stock)	na	na	0	0	\$ -	
Shipping	Truck samples to Reno	na	na	1	2,500	\$ 2,500	
	Assays - Prep - Au + Multielement	na	na	1,640	36	\$ 59,040	
	Temporary Sample Storage	60	na	na	na	\$ -	
Second Lab Assay	Assays - Prep - Au + Multielement	na	na	90	36	\$ 3,240	
<b>Subtotal:</b>						<b>\$ 64,780</b>	
<b>RC DRILLING - GEOLOGIST &amp; LABOR</b>							
Geologist #1	Prep time + Rig time + Data Workup	60	500	na	na	\$ 30,000	
Expenses	Meals	45	50	na	na	\$ 2,250	
Expenses	Lodging	45	100	na	na	\$ 4,500	
Expenses	Vehicle - Mileage Charge	45	na	60	0.50	\$ 1,350	
Geologist #2	Prep time + Rig time + Data Workup	60	500	na	na	\$ 30,000	
Expenses	Lodging	45	100	na	na	\$ 4,500	
Expenses	Meals	45	35	na	na	\$ 1,575	
Expenses	Vehicle - Mileage Charge	45	na	60	0.50	\$ 1,350	
Labor #1	Local Labor	30	150	na	na	\$ 4,500	
<b>Subtotal:</b>						<b>\$ 80,025</b>	
<b>ROAD WORK, SITE PREP, RECLAMATION</b>							
Local Contractors	Mobilization - D8 Dozer	1	1,000	na	na	\$ 1,000	
	Drill road construction	15	1,500	na	na	\$ 22,500	
	Drill pad prep/reclamation	5	1,500	na	na	\$ 7,500	
	Demobilization - D8 Dozer	1	1,000	na	na	\$ 1,000	
	Mobilization - Backhoe	1	350	na	na	\$ 350	
	Dig mud pits/reclaim pits	2	375	na	na	\$ 750	
	Demobilization - Backhoe	1	350	na	na	\$ 350	
	Keep Out Signage	na	na	10	15	\$ 150	
	Install barb-wire fencing at pit access	na	na	na	na	\$ 10,000	
<b>Subtotal:</b>						<b>\$ 43,600</b>	
<b>METALLURGICAL TESTS</b>							
Engineering Consultants	See attached Proposal	na	na	1	137,220	\$ 137,220	
Milling and Heap Leach Test Work	On 3 grade ranges					<b>Subtotal: \$ 137,220</b>	
<b>SURFACE SURVEYING</b>							
Local Contractor	Survey drill hole collars	1	2,000	na	na	\$ 2,000	
<b>Subtotal:</b>						<b>\$ 2,000</b>	
<b>PERMITTING</b>							
Contractor	Permit drilling	na	na	1	30,000	\$ 30,000	
Contractor Retainer	Monthly Retainer	na	na	6	3,000	\$ 18,000	
Contractor Expense	Expenses as needed	na	na	6	1,500	\$ 9,000	
<b>Subtotal:</b>						<b>\$ 57,000</b>	
<b>BONDING</b>							
	BLM Bond estimate	na	na	1	15,000	\$ 15,000	
<b>Subtotal:</b>						<b>\$ 15,000</b>	
<b>MANAGEMENT</b>							
Exec. V.P.	Management (\$/mo.)	na	na	12	6,000	\$ 72,000	
Exec. V.P.	Expenses (\$/mo.)	na	na	3	1,500	\$ 4,500	
<b>Subtotal:</b>						<b>\$ 76,500</b>	
<b>USD Total:</b>						<b>\$ 844,565</b>	

	USD	CAD
<b>Total</b>	<b>\$ 844,565</b>	<b>\$ 1,106,329</b>
<b>USD:CAD</b>	<b>1.30994</b>	

Oro Cruz Gold Project		Page 1 - Heap Reprocessing Sonic Drilling & Metallurgy				USD Budget: \$ 322,073		
Imperial County, California								
Goal: To demonstrate sufficient gold grade, tons, contained ozs gold, and favorable metallurgy to warrant continued drilling of gold resources in the American Girl and Padre y Madre leach pads								
Expense Element	Description	Hours	\$/Hr	Units	\$/Unit or hour	Cost Estimate		
<b>LAND</b>								
G.I.S. Land Services	Advise on Land Status	20	96	na	na	\$	1,920	
G.I.S. Land Services	Drafting & Maps	20	96	na	na	\$	1,920	
Subtotal:							\$	3,840
<b>LEGAL</b>								
Lawyer	Advise on Community Pit issue	10	400	na	na	\$	4,000	
Lawyer	Advise on Pyramid Construction issue	20	400	na	na	\$	8,000	
Subtotal:							\$	12,000
<b>PERMITTING</b>								
BLM Permitting - WestLand Resources	Site Visit, Baseline Work, Prepare NOI	na	na	na	30,000	\$	30,000	
BLM Permitting - Consultant	Expedite permitting - all aspects (retainer)	na	na	3	3000	\$	9,000	
Reclamation Bond	Reclamation Bond with BLM	na	na	na	15,000		15,000	
Subtotal:							\$	39,000
<b>4-INCH SONIC DRILLING - PHASE 1</b>								
Drill Company	Drill Rig Mobilization	1	5500	na	na	\$	5,500	
Drill Company	Drill Rig Demobilization	1	5500	na	na	\$	5,500	
Site Preparation - Local Contractor	Prepare drill roads and drill sites	15	650	na	na	\$	9,750	
Padre y Madre Pad - 18 holes (510 ft.)	Padre y Madre Pad Drilling (\$/ft.)	na	na	510	24.00	\$	12,240	
American Girl Pad - 13 holes (1160 ft.)	American Girl Pad Drilling (\$/ft.)	na	na	1160	24.00	\$	27,840	
Drill Company Crew Per Diem (3 persons) including daily travel		20	na	3	150	\$	9,000	
Total Footage: 1670 ft.	Tear down - move - setup (\$/hr)	na	na	32	350	\$	11,200	
Average Hole Depth: 53 ft.	Standby/non-operating time (\$/hr)	na	na	10	350	\$	3,500	
Drill Company	Drilling Supplies - cost per drill hole ft.	na	na	1670	3.00	\$	5,010	
Supplier	Chip Trays - 20 compartments per tray	na	na	40	2.50	\$	100	
Supplier	Sample Bags - 250/box - polyethylene bags	na	na	2	62.35	\$	125	
Surveying - Local Contractor	Drill Hole Collar Survey	1	2000	na	na	\$	2,000	
Subtotal:							\$	91,765
<b>SONIC DRILLING ASSAYS - PHASE 1</b>								
Primary Lab	Estimated number of original 5 ft. samples	na	na	334	na	\$	-	
Primary Lab	Estimated number of duplicate 5 ft. samples	na	na	20	na	\$	-	
Shipping	Ship samples from Yuma, AZ to lab in Sparks, NV	1	2000	na	na	\$	2,000	
Primary Lab	Sonic core sampling to create 3-4kg sample	na	na	334	35.00	\$	11,690	
Primary Lab	Sample prep - split, crush, pulverize PRP70-250 4kg	na	na	334	9.85	\$	3,290	
Primary Lab	Metallic Screen Analyses - Au - 500g FS632	na	na	33	52.4	\$	1,729	
Primary Lab	Primary sample assays - Au Fire +AA finish FA430	na	na	334	15.65	\$	5,227	
Primary Lab	Sample assays - 33 multi-element AQ300 (50%)	na	na	167	9.70	\$	1,620	
Quality Control	Duplicate sample assays - Au Fire + AA finish FA430	na	na	20	15.65	\$	313	
Quality Control	Duplicate sample assays - 33 multi-element AQ300	na	na	10	9.70	\$	97	
Quality Control	Standards - Au Fire + AA finish FA430	na	na	20	15.65	\$	313	
Quality Control	Standards - 33 multi-element AQ300	na	na	10	9.70	\$	97	
Quality Control	Blanks - Au Fire + AA finish FA430	na	na	20	15.65	\$	313	
Quality Control	Blanks - 33 multi-element AQ300	na	na	10	9.70	\$	97	
Primary Lab	Lab Bags	na	na	334	1.00	\$	334	
Second Lab Quality Control	Second lab check assays - Au Fire + AA finish	na	na	33	17.10	\$	564	
Second Lab Quality Control	Second lab check assays - 41 multi-element	na	na	20	23.70	\$	474	
Primary Lab	Sample storage - 15 pallets - 60 days free	60	na	7	0	\$	-	
<i>Note: 33 multi-element AQ430 is two acid digestions; includes assays</i>							\$	28,158

## **EASTGATE GOLD PROJECT**

The Eastgate Gold Project is located approximately 90 kilometers (55 miles) east of Fallon in Churchill County, Nevada. The Eastgate Gold Property comprises 101 unpatented BLM lode mining claims covering roughly 817 ha (2,020 acres). Eastgate features a well-developed hydrothermal quartz vein system hosting precious metals, and Owl Capital's goal is to define a high-grade, low sulphidation epithermal gold-silver deposit. Multiple, steeply east dipping, north striking, sub-parallel quartz-adularia veins occur throughout the property. Between 1908-20 and 1935-57, several small-scale, narrow vein, gold and silver producers operated on the property. These included the Double Eagle and Gold Ledge mines which reported production from 1935-57 of 3,247 oz gold and 38,152 oz silver.

As the Resulting Issuer plans to focus its resources on the exploration and development of the Oro Cruz Gold Project, the Resulting Issuer has not provided any additional information relating to the Eastgate Gold Project.

## **SECURITIES OF BULLFROG GOLD CORP.**

As part of the Resulting Issuer's plan to acquire an interest, directly or indirectly, in gold assets in California and Nevada, the Resulting Issuer will also be acquiring, from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog, which is incorporated in the state of Delaware with its shares listed on the Canadian Securities Exchange as well as quoted on the OTCQB board of the OTC Market Platform. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada. At this stage, the securities of Bullfrog will be a non-core asset of the Resulting Issuer.

## **PART III - INFORMATION CONCERNING THE RESULTING ISSUER**

Information contained in this Part III is forwarding looking in nature and assumes the completion of the Transaction. See “*Cautionary Statement Regarding Forward Looking Statements*”.

### **CORPORATE STRUCTURE**

The corporate structure of Owl Capital will be unaffected by the Transaction. The Company will continue to be incorporated pursuant to the Business Corporations Act (British Columbia). The Company’s head office will continue to be Suite 420, 625 Howe Street, Vancouver British Columbia V6C 2T6 and the registered office will be Suite 704, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

Upon successful completion of the Transaction, the Company will change its name to Southern Empire Resources Corp. and will be a Tier 2 mining issuer listed on the Exchange.

### **NARRATIVE DESCRIPTION OF THE BUSINESS**

Upon completion of the Transaction, the Resulting Issuer’s business will be that of a mineral resource company with exploration and development operations in Nevada and California and the Resulting Issuer will be listed as a Tier 2 company on the Exchange.

#### **Business Objectives**

The Resulting Issuer’s primary business objective, following completion of Transaction, is to perform exploration and development activities on the Oro Cruz Gold Project in accordance with the recommendations contained in the Oro Cruz Technical Report. See “*Part II – Information Concerning the Acquisition of Significant Assets*”.

The Resulting Issuer’s short-term business objective is to complete the recommended Phase I exploration program on the Oro Cruz Gold Project. The current Oro Cruz database has 491 drill holes. The Resulting Issuer intends to implement a strategic core drilling program designed to twin some of the most significant existing reverse circulation drill holes and to provide verification of the accuracy of the existing database as historical samples and corresponding assay sheets are missing. Additionally, this drill program should include in-fill drilling within zones of known mineralization to increase the level of confidence so that an Indicated and Measured NI 43-101 compliant mineral resource estimate might be established for the Oro Cruz Property. This program would also include core drilling for metallurgical samples followed by metallurgical test work.

Tetra Tech reported that old mill tailings are present on the Oro Cruz Gold Project that contain gold values that could potentially be recovered on a leach pad. A drill program designed to test the extent and concentration of gold at these tailing sites would be a first step to estimating a NI 43-101 compliant mineral resource estimate for these tailings.

Further, the Resulting Issuer also plans to carry out an exploration program that involves sonic drilling, sampling and metallurgy to demonstrate sufficient gold grade, tons, contained ounces of gold and favorable metallurgy to warrant continued development of gold resources in the existing, historical American Girl and Padre y Madre heap leach pads that are located on the Oro Cruz Property.

Once the drill programs are completed, it is proposed that an updated NI 43-101 compliant mineral resource estimate be established. The Resulting Issuer anticipates that the Phase I exploration program will cost approximately \$1,672,629.

#### **Option to Acquire the Oro Cruz Property**

As a result of closing of the Transaction, the Resulting Issuer has assumed the obligations to acquire up to a 75% interest in the Oro Cruz Property.

In order for the Resulting Issuer to exercise its option to acquire a 51% interest in the Oro Cruz Property, the Resulting Issuer will be required to make all of the payments due under:

1. The ADGIS Agreement as follows: USD \$50,000 on May 15, 2020, USD \$100,000 on April 15, 2021, USD \$100,000 on April 15, 2022, and USD \$100,000 on May 15, 2023, and
2. The Lincoln Agreement as follows: (i) cash payments of USD \$25,000 on February 15, 2020, USD \$25,000 on February 15, 2021, USD \$25,000 on February 15, 2022, and USD \$25,000 on February 15, 2023, and (ii) exploration expenditures of USD \$200,000 by December 31, 2019 (which has been incurred), USD \$200,000 by October 1, 2020, USD \$300,000 by October 1, 2021 and USD \$300,000 by October 1, 2022.

The Resulting Issuer may acquire the remaining 24% interest in the Oro Cruz Property by incurring additional exploration expenditures or making additional cash payments to Lincoln in the amount of USD \$600,000 by October 1, 2023.

Under the terms of the Lincoln Agreement, the Resulting Issuer will be required to prepare technical reports of all its exploration and development work on a quarterly basis and inform Lincoln on a timely basis the progress and results of the work and its analyses. The Resulting Issuer will be the operator of the joint venture as long as they are expending the funds as described above.

The Lincoln Agreement provides that there will be an Area of Mutual Interest that is 5 miles from the perimeter of the Oro Cruz Properties. Any newly staked ground (claims acquired after September 24, 2018) or school leases acquired from the State of California will become subject to the Lincoln Agreement or the resultant Option and Joint Venture Agreement. The acquisition of any patented claims, unpatented lode mining claims and unpatented placer mining claims from third parties are specifically excluded from the Area of Interest.

Further, the Oro Cruz Property will be subject to the following net smelter return royalty: (a) a 2% net smelter return royalty payable to ADGIS from production within the original 20 Hercules claims (the "Hercules Royalty"); and (b) a 1% net smelter return royalty from production within a 1 mile radius of the original 20 Hercules claims (the "Buffer Royalty"). The Resulting Issuer may repurchase 0.5% of the Hercules Royalty and the Buffer Royalty for \$500,000 (the "First Royalty Repurchase"). For further clarity, the First Royalty Repurchase payment would reduce the Hercules royalty to 1.5% and the Buffer Royalty to 0.5%. Further, the Resulting Issuer may repurchase an additional 0.5% of the Hercules Royalty for \$500,000 (the "Second Royalty Repurchase") to reduce the Hercules Royalty to 1.0%. The Second Royalty Repurchase payment would not further reduce the Buffer Royalty.

## DESCRIPTION OF THE SECURITIES

Upon completion of the proposed Transaction, the share structure of the Resulting Issuer will be the same as the Company. See "*Part I - Information Concerning the Company – Description of the Securities*".

## CAPITALIZATION

### Capitalization

The following table represents select particulars of the share and loan capital of the Resulting Issuer following the completion of the Transaction.

Designation of Security	Amount Authorized or to be Authorized	Amount Outstanding as of the date of this Filing Statement	Amount to be Outstanding After Giving Effect to the Transaction	Amount to be Outstanding After Giving Effect to the Transaction and Financing <sup>(1)</sup>
Common Shares	Unlimited	6,237,063	31,664,003	39,997,337
Options <sup>(2)</sup>	N/A	None	None	3,900,000
Warrants <sup>(3)</sup>	N/A	182,938	182,938	182,938

Notes:

- (1) Assuming the full subscription of the Financing of 8,333,334 Common Shares at \$0.30 per Common Share.
- (2) Each stock option will be exercisable at a price of \$0.30 per share for a period of five years from the date of the Final Exchange Bulletin.
- (3) Each share purchase warrant is exercisable at \$0.10 per share until May 18, 2020.

### Fully Diluted Share Capital

The following table summarizes the securities of the Resulting Issuer to be issued and outstanding following the completion of the Transaction:

<b>Description</b>	<b>Number of Securities</b>	<b>Percentage of Total</b>
Common Shares issued and outstanding	6,237,063	14.15%
Common Shares under the Qualifying Transaction <sup>(1)</sup>	25,426,940	57.68%
Common Shares under Private Placement Financing	8,333,334	18.90%
<b>Securities Reserved for Future Issuance</b>		
Warrants issued under the IPO <sup>(2)</sup>	182,938	0.42%
Stock Options granted on closing of the Transaction <sup>(3)</sup>	3,900,000	8.88%
<b>Total</b>	<b>44,080,275</b>	<b>100%</b>

Note:

- (1) Under the Acquisition Agreement, the Resulting Issuer has agreed to issue to a total of 25,426,940 Common Shares of the Resulting Issuer.
- (2) Each share purchase warrant is exercisable at \$0.10 per share until May 18, 2020.
- (3) Each stock option will be exercisable at a price of \$0.30 per share for a period of five years from the date of the Final Exchange Bulletin.

### AVAILABLE FUNDS AND PRINCIPAL PURPOSES

#### Funds Available

The following is a breakdown of the funds that will be available to the Resulting Issuer (the "Available Funds") upon completion of the Transaction:

<b>Source of Funds</b>	<b>Available Funds upon completion of the Transaction</b>
Estimated working capital of Owl Capital as at July 31, 2019	\$220,499
Net Proceeds of Private Placement <sup>(1)</sup>	\$2,300,000
Expenses of Qualifying Transaction and the Financing <sup>(2)</sup>	(100,500)
<b>Total</b>	<b>\$2,419,981</b>

Note:

- (1) Assumes a finder's fee of 8% cash on Financing.
- (2) Includes legal expenses, accounting expenses, Exchange expenses and commissions.

#### Dividends

The holders of the Resulting Issuer's Common Shares are entitled to dividends, if, as and when declared by the board of directors. To date, the Resulting Issuer has not paid any dividends on its outstanding Common Shares and does not anticipate the payment of any dividends on its Common Shares for the foreseeable future.

#### Principal Purposes

The Resulting Issuer intends to use the Available Funds for the following purposes:

<b>Purpose</b>	<b>Amount (\$)</b>
Exploration Program on Oro Cruz Gold Project	
Phase 1a RC and Core Drilling	\$1,097,934
Phase 1b Sonic Drilling and Metallurgy on Leach Pads	418,695
Phase 1c Resource Estimate	156,000
General and Administrative Costs	230,000
Option Payments on Oro Cruz Gold Project <sup>(1)</sup>	113,705
Annual Maintenance Payments to BLM and Counties	117,649
Unallocated Working Capital	285,998
<b>Total</b>	<b>\$2,419,981</b>

Note:

- (1) Amount consists of the Resulting Issuer's obligations under the Lincoln Agreement, being USD \$25,000, and ADGIS Agreement, being USD \$50,000.

The Resulting Issuer expects to incur approximately \$230,000 in general and administrative costs over the twelve months following the completion of the Transaction. A breakdown of the management and administrative costs for that period is as follows:

<b>Description</b>	<b>Amount (\$)</b>
Audit and Accounting Expenses	50,000
Legal Expenses	30,000
Exchange and Filing Fees	15,000
Management Fees	120,000
Miscellaneous and Administrative Expenses	15,000
<b>Total</b>	<b>230,000</b>

### PRINCIPAL SECURITYHOLDERS

The following table lists those persons who will own of record or beneficially, directly or indirectly, or exercise control or discretion over, 10% or more of the issued and outstanding Common Shares of the Resulting Issuer following completion of the Transaction:

<b>Name and Municipality of Residence</b>	<b>Type of Ownership</b>	<b>Number of Shares Held upon Completion of the Transaction and Financing</b>	<b>Percentage of Shares Held<sup>(1)</sup></b>
Ronald Netolitzky <sup>(2)</sup> , BC	Indirect	14,302,940	35.9%

Note:

- (1) Assuming completion of the Financing and no common shares are purchased by the above noted person under the Financing, and assuming exercise of all of the stock options on a fully diluted basis, Mr. Netolitzky will hold directly and indirectly 33.35% of the issued and outstanding common shares.
- (2) The amount includes 14,302,940 Common Shares held by Eros, a company controlled by Mr. Netolitzky.

## DIRECTORS, OFFICERS AND PROMOTERS

### Name, Address, Occupation and Security Holding

The following table sets out the names of the proposed directors and officers of the Resulting Issuer, the municipalities of residence, their principal occupations during the past five years and the number of shares of the Resulting Issuer beneficially owned, directly or indirectly, or over which control is exercised following completion of the Transaction.

Name, Municipality of Residence and Position	Principal Occupation for Past Five Years	Common Shares Held upon Completion of Transaction	Percentage of Shares Held
Ronald Netolitzky <sup>(1)</sup> <i>Chairman and Director</i> Victoria, BC, Canada	CEO, President and Director of Eros Resources Corp.	14,302,943 <sup>(2)</sup> (Indirect)	35.76%
Dale Wallster <i>Chief Executive Officer and Director</i> North Vancouver, BC, Canada	Prospector, Geologist and Businessman.	3,551,319 <sup>(3)</sup> (Direct & Indirect)	8.88%
Andrew Davidson <i>Chief Financial Officer and Corporate Secretary</i> Saskatoon, SK, Canada	CFO of 49 North Resources Inc. (investment company)	Nil	Nil
James Hutton <sup>(1)</sup> <i>Director</i> West Vancouver, BC, Canada	Director of the Company; President of Hutton Capital Corp. since 1986	3,000,001	7.50%
James Currie <sup>(1)</sup> <i>Director</i> Vancouver, BC, Canada	Director of Norra Metals Corp. COO of Equinox Gold Corp.	Nil	Nil
<b>Total Securities</b>		<b>20,854,260</b>	<b>52.14%</b>

Notes:

- (1) Member of the Audit Committee.
- (2) Ronald Netolitzky is the Chief Executive Officer of Eros and is considered to have control or direction over the common shares held by Eros.
- (3) The amount held directly and indirectly by Dale Wallster consists of: (i) 1,216,849 shares held directly by Mr. Wallster, (ii) 1,454,928 shares held by Mr. Wallster's spouse, and (ii) 879,542 shares held by Mulgravian Ventures Corporation, which is a company controlled by Mr. Wallster.

## **Management**

The following is a brief description of the proposed directors and officers of the Resulting Issuer following completion of the Transaction.

### ***Ronald Netolitzky, 76, Chairman and Director***

Ron Netolitzky holds a Bachelor of Science degree from the University of Alberta and a M.Sc. degree from the University of Calgary, both in geological sciences. Ron has been very successful in mining exploration with over 50 years of experience and was directly associated with three major gold discoveries in Canada that became producing mines: Eskay Creek, Snip and Brewery Creek. He was previously Chairman and President of Viceroy Exploration Ltd., which achieved exploration success with its Gualcaymayo gold project in Argentina resulting in the sale of the company in 2006 to Yamana Gold Inc. Mr. Netolitzky was also Chairman of Brett Resources Inc., which was acquired by Osisko Mining Corp. in 2010 and currently is a director of several publicly-traded exploration companies. Mr. Netolitzky has been honored with the Prospector of the Year award from the PDAC Developer of the Year award from the BC & Yukon Chamber of Mines and in 2015 he was inducted into the Canadian Mining Hall of Fame.

Mr. Netolitzky will devote approximately 30% of his time to the Resulting Issuer, or such greater amount of time as is necessary to perform the work required in connection with the management of the Resulting Issuer. Mr. Netolitzky has not entered into a non-competitive or non-disclosure agreement with the Resulting Issuer. Mr. Netolitzky is an independent contractor of the Resulting Issuer.

### ***Dale Wallster, 63, Chief Executive Officer, President and Director***

Dale Wallster is a geologist and prospector with 40 years' experience in mineral deposit exploration. He was president and founder of Roughrider Uranium Corp., a company acquired by Hathor Exploration Limited in 2006 for its strategically located uranium properties in the Athabasca Basin. Dale and his team are widely credited in the mineral exploration sector for the discovery of the Hathor's Roughrider deposit. In January 2012, Hathor became a wholly-owned subsidiary of Rio Tinto plc as part of a CAD\$650 million acquisition.

Mr. Wallster will devote approximately 70% of his time to the Resulting Issuer, or such greater amount of time as is necessary to perform the work required in connection with the management of the Resulting Issuer. Mr. Wallster has not entered into a non-competitive or non-disclosure agreement with the Resulting Issuer. Mr. Wallster is an independent contractor of the Resulting Issuer.

### ***Andrew Davidson, 40, Chief Financial Officer and Corporate Secretary***

Andrew Davidson is a CPA with a long history in the reporting and compliance aspects of Canadian listed entities, and has extensive experience with capital structuring and strategic corporate finance. Currently, Mr. Davidson is the Chief Financial Officer and Secretary for 49 North Resources Inc., (TSX-V: FNR) and is also an officer and or director of several other public and private companies, including Westcore Energy Ltd., Omineca Mining and Metals Ltd., Gespeg Copper Resources Inc., Eros Resources Corp. and MAS Gold Corp., all of which are listed on the TSX Venture Exchange.

Mr. Davidson will devote the amount of time as is necessary to perform the work required in connection with being Chief Financial Officer of the Resulting Issuer. Mr. Davidson has not entered into a non-competition or non-disclosure agreement with the Resulting Issuer. Mr. Davidson is an independent contractor of the Resulting Issuer.

### ***James Hutton, 59, Director***

James Hutton has over 37 years of resource company and capital markets experience and is the President and CEO of privately-owned Hutton Capital Corp. He was the President & CEO of Canada Dominion Resources Group and President & COO of CMP Resources Group that jointly completed in excess of \$1.4 Billion in flow through share transactions for the Canadian resource industry. He has served on multiple public boards and held several C-level executive positions. He holds a Bachelor of Science degree from the University of British Columbia and an MBA from City University.

Mr. Hutton will devote approximately 30% of his time to the Resulting Issuer, or such greater amount of time as is necessary to perform the work required in connection with the management of the Resulting Issuer. Mr. Hutton has not entered into a non-competitive or non-disclosure agreement with the Resulting Issuer. Mr. Hutton is an independent contractor of the Resulting Issuer.

### **James Currie 65, Director**

James A. (Jim) Currie is Chief Operating Officer of Equinox Gold (since November 2018), where he is responsible for two operating mines and a development project. Jim has held the role of COO for a number of mid-tier gold producers, most recently as COO of Pretivm Resources where he led the early development of the Brucejack gold mine. Previously he was COO of New Gold, where he was responsible for three mining operations and led the construction and development of New Gold's New Afton copper-gold mine, which went into production in 2012. Over the course of his 40-year career in the mining industry he has been a director on various boards and held senior management, engineering and operation roles for a number of mines and projects. Jim holds a Bachelor of Applied Science degree with honors in mining engineering from Queen's University and is a registered professional engineer. He was the 2014 co-winner of AME BC's prestigious EA Scholtz Award for Excellence in Mine Development for his work on New Afton.

Mr. Currie will devote approximately 5% of his time to the Resulting Issuer, or such amount of time as is necessary to perform the work required in connection with the management of the Resulting Issuer. Mr. Currie has not entered into a non-competitive or non-disclosure agreement with the Resulting Issuer. Mr. Currie is an independent contractor of the Resulting Issuer.

### **Corporate Cease Trade Orders or Bankruptcies**

No proposed director, officer, Insider, Control Person or promoter of the Resulting Issuer has, within the last 10 years, been a director, officer or promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold assets of that person.

### **Penalties or Sanctions**

No proposed director, officer, Insider, Control Person or Promoter of the Resulting Issuer has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would be likely to be considered important to a reasonable investor making an investment decision.

### **Personal Bankruptcies**

No proposed director, officer, Insider, Control Person or Promoter of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 individual.

### **Conflicts of Interest**

Other than as described in this Filing Statement, there are no known conflicts of interest involving the directors. See "*Summary of Filing Statement*" and "*Part I – Information Concerning the Company – General Development of Business*".

There are potential conflicts of interest to which some of the proposed directors, officers, insiders and promoters of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Some of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or

businesses which may be in competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (British Columbia).

### Other Reporting Issuers Experience

The following table sets out the proposed directors, officers and promoter(s) of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in any Canadian jurisdiction.

<b>Name</b>	<b>Name of Reporting Issuer</b>	<b>Name of Exchange or Market (if applicable)</b>	<b>Position</b>	<b>Period</b>
Ronald Netolitzky	Eagle Plains Resources Ltd.	TSX-V	Director	May 2004 to June 2017
	Eros Resources Corp.	TSX-V	Director	July 2015 - Present
	Strongbow Exploration Inc..	TSX-V	Director	May 2004 to Nov 2017
	MAS Gold Corp.	TSX-V	Director	June 2011 to Present
	Skeena Resources Limited.	TSX-V	Director	Apr 2003 to Feb 2019
	Golden Band Resources Inc.	N/A	Director	Sep 2002 to Dec 2014
	Anthem Resources Incorporated (formerly Virginia Energy resources Inc.)	TSX-V	Director, CEO and President	May 2003 to Aug 2015
	Pacific Iron Ore Corporation	TSX-V	Director	July 2008 to Dec 2017
	Aben Resources Ltd.	TSX-V OTCQB FWB	Director	Mar 2011 to Present
Andrew Davidson	MAS Gold Corp.	TSX-V	Director	October 2017 - Present
	Eros Resources Corp.	TSX-V	CFO	January 2019 - Present
	Royal Helium Ltd.	TSX-V	Director, CEO and President	July 2017 - Present
	Omineca Mining and Metals Ltd.	TSX-V	Director	September 2013 - Present
	Westcore Energy Ltd.	TSX-V	Director	September 2012 - Present
	49 North Resources Inc.	TSX-V	Director	October 2010 - Present
	Gespeg Copper Resources Inc.	TSX-V	Director	December 2011 - Present
Dale Wallster	ValOre Metals Corp.	TSX-V	Director	July 2012 to Present
	Datum Ventures Inc.	NEX	CEO Secretary Director	June 2011 to Present June 2011 to Present June 2011 to Present
	Roughrider Exploration Limited	TSX-V	Director	July 2014 to Present
James Hutton	Santacruz Silver Mining Ltd.	TSX-V	Director	Sept 2011 to Dec 2014
	Owl Capital Corp.	TSX-V	CEO and Director	Sept 2017 to Present
James Currie	Equinox Gold Corp.	TSX-V	COO	Nov 2018 - Present

Name	Name of Reporting Issuer	Name of Exchange or Market (if applicable)	Position	Period
	Norra Metals Corp	TSX-V	President Director	May 2016 – Nov 2017 June 2015 - Present
	New Gold Inc.	TSX	Executive VP & COO	Aug 2008 – Nov 2011
	Graphite One Inc.		Director	Nov 2011 – June 2017
	NexGen Energy Ltd.		Director	July 2012 – Aug 2016

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

This discussion describes the Resulting Issuer’s anticipated compensation program for each person who will act as Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the three most highly compensated executive officers (or three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, subsequent to the Resulting Issuer completing the Transaction (each a “Named Executive Officer”).

#### Significant Elements

The significant elements of compensation awarded to the Named Executive Officers are a cash salary and stock options. The Resulting Issuer does not presently have a long-term incentive plan for its Named Executive Officers. There is no policy or target regarding allocation between cash and non-cash elements of the Resulting Issuer’s compensation program. The Board of Directors is solely responsible for determining compensation to be paid to the Resulting Issuer’s Named Executive Officers. In addition, the Board of Directors reviews annually the total compensation package of each of the Company’s executives on an individual basis.

#### *Cash Salary*

In setting compensation rates for Named Executive Officers, the Resulting Issuer will compare the amounts paid to them with the amounts paid to executives in comparable positions at other comparable corporations. The Resulting Issuer’s anticipated compensation payable to the Named Executive Officers is based upon, among other things, the responsibility, skills and experience required to carry out the functions of each position held by each Named Executive Officer and varies with the amount of time spent by each Named Executive Officer in carrying out his or her functions on behalf of the Resulting Issuer.

#### *Option-Based Awards*

The Resulting Issuer has adopted a Stock Option Plan (the “Stock Option Plan”) whereby a maximum of 10% of the Resulting Issuer’s issued and outstanding Common Shares are reserved at any time for issuance on the exercise of stock options. The grant of stock options, as a key component of the executive compensation package, enables the Resulting Issuer to attract and retain qualified executives. Stock option grants are based on the total of stock options available under the Stock Option Plan. In granting stock options, the Board of Directors reviews the total of stock options available under the Stock Option Plan and recommends grants to newly retained executive officers at the time of their appointment, and considers recommending further grants to executive officers from time to time thereafter. The amount and terms of outstanding options held by an executive are taken into account when determining whether and how new option grants should be made to the executive.

### Summary Compensation Table

The following table provides a summary of compensation anticipated to be paid by the Resulting Issuer to the Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the three other most highly compensated

executive officers of the Company (the “Named Executive Officers”) during the twelve month period following completion of the Transaction:

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Ronald Netolitzky, Chairman	2019	-	-	-	-	-	-	-	-
Dale Wallster, CEO and President	2019	-	-	-	-	-	-	-	-
Andrew Davidson, CFO	2019	-	-	-	-	-	-	-	-

### Termination and Change of Control Benefits

The Resulting issuer does not anticipate on having any contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Resulting Issuer or a change in the Named Executive Officer’s responsibilities.

### Compensation of Directors

The Resulting Issuer does not anticipate that it will pay any compensation to its directors during the twelve months period following completion of the Transaction. However, the Resulting Issuer’s Stock Option Plan allows for the granting of stock options to its officers and directors. The purpose of granting such options is to assist the Resulting Issuer in compensating, attracting, retaining and motivating its directors and to closely align the personal interests of such persons to that of the shareholders.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, officer, promoter, member of management, nominee for election as director of the Resulting Issuer, nor any of their Associates or Affiliates, is or has been indebted to Company or expected to be indebted to the Resulting Issuer following completion of the Transaction.

## INVESTOR RELATIONS ARRANGEMENTS

The Resulting Issuers does not anticipate on entering into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer.

## OPTIONS TO PURCHASE SECURITIES

### Stock Option Plan

The Directors of the Company will adopt a 10% roll stock option plan on closing of the Transaction (the “Stock Option Plan”). The purpose of the Stock Option Plan is to advance the interests of the Company by encouraging the directors, officers, employees, management company employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire Common Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Stock Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of

securities reserved for issuance will be 10% of the number of the Company's Common Shares issued and outstanding at the time such options are granted. The Stock Option Plan will be administered by the Company's Board of Directors, which will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such directors, officers, employees, management or consultants of the Company and its affiliates, if any, as the Board of Directors may from time to time designate. The exercise price of option grants will be determined by the Board of Directors, but after listing on the Exchange will not be less than the closing market price of the Common Shares on the Exchange less allowable discounts at the time of grant. The Stock Option Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares, if the individual is a director, officer, employee or consultant, or 2% of the issued Common Shares, if the individual is engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

### Options Granted

In connection with the Transaction, the Resulting Issuer will be granting an aggregate of 3,900,000 stock options to directors, officers and consultants of the Resulting Issuer. The following table represents the stock options outstanding on closing of the Transaction.

<b>Group</b>	<b>Number of Common Shares Reserved Under Option</b>	<b>Exercise Price Per Common Share</b>	<b>Expiry Date</b>
<b>Officers as Group</b>			
Dale Wallster	400,000	\$0.30	<b>Five Years from the date of the Final Exchange Bulletin</b>
Andrew Davidson	400,000	\$0.30	<b>Five Years from the date of the Final Exchange Bulletin</b>
<b>Total</b>	<b>800,000</b>	<b>\$0.30</b>	
<b>Directors as Group</b>			
Ronald Netolitzky	400,000	\$0.30	<b>Five Years from the date of the Final Exchange Bulletin</b>
James Hutton	400,000	\$0.30	<b>Five Years from the date of the Final Exchange Bulletin</b>
James Currie	400,000	\$0.30	<b>Five Years from the date of the Final Exchange Bulletin</b>
<b>Total</b>	<b>1,200,000</b>	<b>\$0.30</b>	
<b>Consultants as Group</b>	<b>1,900,000</b>	<b>\$0.30</b>	<b>Five Years from the date of the Final Exchange Bulletin</b>
<b>Employees as Group</b>	<b>Nil</b>	<b>\$0.30</b>	<b>Five Years from the date of the Final Exchange Bulletin</b>

### ESCROWED SECURITIES

#### CPC Escrow Shares

As of the date of this Filing Statement, there are 4,220,001 CPC Escrow Shares held in escrow representing 67.76% of the total issued and outstanding shares of Owl Capital. After closing of the Transaction and the Financing, the CPC Escrow Shares held in escrow will represent 10.55% of the total issued and outstanding shares of the Company. The CPC Escrow Shares are escrowed pursuant to the CPC Escrow Agreement.

Under the CPC Escrow Agreement, 10% of the CPC Escrow Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the Resulting Issuer subsequently meets the Exchange's Tier 1 initial listing requirements either, the release of the CPC Escrow Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange. The Exchange's prior consent must be obtained before a transfer within escrowed Common Shares.

The following table, as of the date of this Filing Statement, sets out the number of Common Shares which will be held in escrow prior to and following completion of the Transaction:

Name and Municipality of Residence of Shareholder	Prior to Giving Effect to the Transaction and Financing		After Giving Effect to the Transaction and Financing	
	Number of Common Shares held in Escrow	Percentage of Issued and Outstanding Shares	Number of Shares to be held in Escrow	Percentage of Shares
James Hutton West Vancouver, BC	2,900,001	46.56%	3,000,001	7.50%
3828476 Canada Inc. <sup>(1)</sup> West Vancouver, BC	100,000	1.61%	-	-
Robert McMorran Vancouver, BC	200,000	3.21%	200,000	0.50%
JLHLC Holdings Inc. <sup>(2)</sup> Vancouver, BC	200,000	3.21%	200,000	0.50%
Colin Rothery Vancouver, BC	200,000	3.21%	200,000	0.50%
David Hutton ON, Canada	100,000	1.61%	100,000	0.25%
Dennis Hoesgen Vancouver, BC	100,000	1.61%	100,000	0.25%
Eric Hoesgen Vancouver, BC	100,000	1.61%	100,000	0.25%
James Jackson Vancouver, BC	100,000	1.61%	100,000	0.25%
David Leyland-Harris Vancouver, BC	20,000	0.32%	20,000	0.05%
Charles Hethy Port Moody, BC	200,000	3.21%	200,000	0.50%
<b>Total</b>	<b>4,220,001</b>	<b>67.76%</b>	<b>4,220,001</b>	<b>10.55%</b>

**Notes:**

- (1) 3828476 Canada Inc. is a company controlled by Christopher Jackson, a director of the Company prior to closing of the Transaction.
- (2) JLHLC Holdings Inc. is a company controlled by James Harris, a director of the Company prior to closing of the Transaction.

Value Escrow Shares

Upon closing of the Transaction, 25,426,941 Value Escrow Shares will be escrowed representing 63.57% of the issued and outstanding shares of the Resulting Issuer. The Value Escrow Shares are escrowed pursuant to an escrow agreement to be entered into before closing (the "Value Escrow Agreement") among Computershare Investor Services Inc., the Company and the Value Escrow Security Holders.

Under the Value Escrow Agreement, 10% of the Value Escrowed Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on the dates

6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. If the Resulting Issuer subsequently meets the Exchange's Tier 1 initial listing requirements either, the release of the Value Escrowed Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made application to the Exchange for listing as a Tier 1 issuer and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer on Tier 1 of the Exchange. The Exchange's prior consent must be obtained before a transfer within escrow of escrowed Common Shares.

The following table, as of the date of this Filing Statement, sets out the number of Common Shares which will be held as per the Value Escrow Agreement prior to and following completion of the Transaction:

	<b>After Giving Effect to the Transaction and Financing</b>	
<b>Name and Municipality of Residence of Shareholder</b>	<b>Number of Shares to be held in Escrow</b>	<b>Percentage of Shares</b>
Eros Resources Corp. <sup>(1)</sup> Vancouver, BC	14,302,940	35.76%
Mulgravian Ventures Corporation <sup>(2)</sup> Vancouver, BC	879,545	2.20%
Suzanne Wallster North Vancouver, BC	1,454,928	3.64%
Dale Wallster North Vancouver	1,216,849	3.04%
Mackenzie Wallster Vancouver, BC	661,331	1.65%
Paul Brockington Vancouver, BC	158,719	0.40%
Brian Walker North Vancouver, BC	33,067	0.08%
Katrina Remfert Vancouver, BC	383,572	0.96%
Nicholas Cohen Productions Ltd. <sup>(3)</sup> Vancouver, BC	2,248,525	5.62%
Graham Scott Vancouver, BC	396,798	0.99%
Neil Allen Vancouver, BC	264,532	0.66%
Avarice Investments Pte Ltd. <sup>(4)</sup> Vancouver, BC	396,799	0.99%
A Life Well Lived Foundation <sup>(5)</sup> Vancouver, BC	1,604,830	4.01%
Irvine Annesley Vancouver, BC	264,532	0.66%
David Ballard Vancouver, BC	39,680	0.10%
John McMillan Vancouver, BC	52,906	0.13%
MJV Capital S.A. <sup>(6)</sup> Vancouver, BC	792,597	1.98%
Garret Ainsworth Vancouver, BC	52,906	0.13%
Yara Ainsworth Vancouver, BC	52,906	0.13%
Clea Ainsworth Vancouver, BC	52,906	0.13%
Diane Herbert	55,552	0.14%

Vancouver, BC		
Greg Hall Vancouver, BC	39,680	0.10%
Larry Kornze Vancouver, BC	19,840	0.05%
<b>Total</b>	<b>25,426,941</b>	<b>63.57%</b>

Notes:

- (1) Eros Resources Corp. is a company listed on the TSX Venture Exchange. Ronald Netolitzky, the Chairman and director of the Resulting Issuer, is the Chief Executive Officer of Eros.
- (2) Mulgravian Ventures Corporation is a company controlled by Dale Wallster, the CEO of the Resulting Issuer.
- (3) Nicholas Cohen Productions Ltd. is a company controlled by Mark Cohen.
- (4) Avarice Investments Pte Ltd. is a company controlled by SM Arshad Amin.
- (5) A Life Well Lived Foundation is controlled by Mark Cohen.
- (6) MJV Capital S.A. is controlled by Olaf Herr.

### **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditor of the Resulting Issuer will continue to be MNP LLP, #2200 - 1021 West Hastings Street, Vancouver, B.C. V6E 0C3.

The registrar and transfer agent of the Common Shares will continue to be Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, B.C. V6C 3B9.

## **PART IV – GENERAL MATTERS**

### **SPONSORSHIP AND AGENT RELATIONSHIP**

The Company has applied for a waiver of the Sponsorship requirements of the Exchange.

### **EXPERTS**

The following persons or companies whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company are named in this Filing Statement as having prepared or certified a report, valuation, statement or opinion in this Filing Statement:

- (a) Frank Hrdy, P.Geo. is the author of the Technical Report on the Oro Cruz Gold Project dated September 30, 2019 and prepared in accordance with NI 43-101.
- (b) MNP LLP audited Owl Capital's annual financial statements for the fiscal years ended October 31, 2018 and 2017.

Other than as disclosed herein, none of the foregoing persons or companies 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 or company prepared the report, valuation, statement or opinion aforementioned or thereafter.

### **OTHER MATERIAL FACTS**

To management's knowledge, there are no other material facts about Owl Capital or the Transaction that are not disclosed in this Filing Statement, or are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to the Company or the Transaction.

### **BOARD APPROVAL**

The contents of this Filing Statement have been approved by the Board of Directors of Owl Capital Corp. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than the Issuer, the Issuer has relied upon information furnished by such person.

## **SCHEDULE "A" - FINANCIAL STATEMENTS OF THE COMPANY**

Audited financial statements of Owl Capital Corp. for the fiscal years ended October 31, 2018, and 2017 and unaudited financial statements for the nine months ended July 31, 2019 are attached to this Filing Statement.

# **OWL CAPITAL CORP.**

FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
For the Year ended October 31, 2018

## Independent Auditors' Report

To the Shareholders of Owl Capital Corp.:

We have audited the accompanying financial statements of Owl Capital Corp., which comprise the statements of financial position as at October 31, 2018 and 2017, and the statements of operations and comprehensive loss, changes in equity and cash flows for the year ended October 31, 2018 and the period from September 27, 2017 (date of incorporation) to October 31, 2017, and a summary of significant accounting policies and other explanatory information

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Owl Capital Corp. as at October 31, 2018 and October 31, 2017, and its financial performance and its cash flows for the year ended October 31, 2018 and the period from September 27, 2017 (date of incorporation) to October 31, 2017, in accordance with International Financial Reporting Standards.

### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 1 of these financial statements, which states that Owl Capital Corp. incurred losses from operations and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Owl Capital Corp. to continue as a going concern.

Vancouver, British Columbia  
February 28, 2019

  
Chartered Professional Accountants

**OWL CAPITAL CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	Notes	October 31, 2018 \$	October 31, 2017 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		298,937	144,979
GST recoverable		-	22
<hr/>			
Total assets		298,937	145,001
<hr/>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	12,496	5,963
<hr/>			
<b>EQUITY</b>			
Share capital	5	358,202	130,001
Contributed surplus	5	10,600	-
Subscriptions received	5	-	15,000
Deficit		(82,361)	(5,963)
<hr/>			
Total		286,441	139,038
<hr/>			
Total liabilities and equity		298,937	145,001

Nature of operations and going concern (Note 1)

**Approved by the Board of Directors**

\_\_\_\_\_  
"Robert McMorran" Director

\_\_\_\_\_  
"James Hutton" Director

The accompanying notes are an integral part of these financial statements

**OWL CAPITAL CORP.**  
**STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Notes	Year ended October 31, 2018 \$	For the period from September 27, 2017 (Date of Incorporation) to October 31, 2017 \$
Expenses			
Professional fees	6	48,525	5,941
Listing fees		26,872	-
Office expenses		1,001	22
Net and comprehensive loss for the period		(76,398)	(5,963)
Basic and diluted loss per share		(0.02)	(0.00)
Weighted average number of shares outstanding		4,961,974	2,600,001

The accompanying notes are an integral part of these financial statements

**OWL CAPITAL CORP.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Subscriptions received \$	Deficit \$	Total \$
<b>Balance, September 27, 2017</b>	-	-	-	-	-	-
Shares issued during the period	2,600,001	130,001	-	-	-	130,001
Subscriptions received	-	-	-	15,000	-	15,000
Loss for the period	-	-	-	-	(5,963)	(5,963)
<b>Balance, October 31, 2017</b>	<b>2,600,001</b>	<b>130,001</b>	-	<b>15,000</b>	<b>(5,963)</b>	<b>139,038</b>
Shares issued during the year	3,620,000	281,000	-	(15,000)	-	266,000
Cash issue costs	-	(42,199)	-	-	-	(42,199)
Finders' warrants	-	(10,600)	10,600	-	-	-
Loss for the year	-	-	-	-	(76,398)	(76,398)
<b>Balance, October 31, 2018</b>	<b>6,220,001</b>	<b>358,202</b>	<b>10,600</b>	-	<b>(82,361)</b>	<b>286,441</b>

The accompanying notes are an integral part of these financial statements

**OWL CAPITAL CORP.**  
**STATEMENT OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year ended October 31, 2018 \$	For the period from September 27, 2017 (Date of Incorporation) to October 31, 2017 \$
Cash flow provided by (used in)		
<b>Operating activities</b>		
Loss for the period	(76,398)	(5,963)
Changes in non-cash working capital items		
GST receivable	22	(22)
Accounts payable and accrued liabilities	6,533	5,963
	(69,843)	(22)
<b>Financing activities</b>		
Proceeds from issuance of shares	266,000	130,001
Issue costs	(42,199)	-
Subscriptions received	-	15,000
	223,801	145,001
Increase in cash and cash equivalents during the period	153,958	144,979
Cash and cash equivalents – beginning of the period	144,979	-
Cash and cash equivalents – end of the period	298,937	144,979

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018  
(Expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Owl Capital Corp. (“Owl” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 27, 2017. The Company is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange. The Company’s principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction (“Qualifying Transaction”) in accordance with Policy 2.4 of the Exchange. The Company’s head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

On May 18, 2018, the Company completed its Initial Public Offering (the “IPO”) issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company’s common shares were listed on the Exchange on May 18, 2018 under the symbol “OCC.P”.

As at October 31, 2018 the Company had no business operations, an accumulated deficit and its only significant asset was cash. The ability of the Company to fund potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will complete a Qualifying Transaction or be able to finance such an investment or acquisition. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of material uncertainty that may give rise to significant doubt as to the Company’s ability to continue as a going concern.

If the going concern assumption was not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported loss and the balance sheet classifications used, and such adjustments could be material.

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

The financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the board of directors for use on February 28, 2019.

The significant accounting policies used in the preparation of these financial statements are as follows:

**Basis of measurement**

The financial statements have been prepared under the historical cost convention, except for certain financial instruments which may be measured at fair value. The accruals basis of accounting has been applied in preparing the financial statements, except for cash flow information.

**Financial assets**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

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Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss.

Financial assets classified as loans and receivables and held-to-maturity are initially recognized at fair value less directly attributable transaction costs. After initial recognition these financial assets are subsequently measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for impairment losses which are recognized in profit or loss

Transaction costs associated with FVTPL financial assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

*Impairment of Financial Assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Declines in the fair values of available-for-sale equity instruments below the investments' costs that are considered significant or prolonged are deemed to be impairments in the carrying values of those instruments.

**Financial liabilities**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognized through profit or loss.

**De-recognition of financial assets and liabilities**

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

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rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss. Financial liabilities are de-recognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability de-recognized and the consideration paid and payable is recognized in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents is defined as cash less cheques issued in excess of deposits on hand. The Company considers all highly liquid investments with terms to maturity of three months or less when acquired, to be cash equivalents. Cash and cash equivalents consists of cash held in the Company's Canadian denominated account as well as cash held in trust.

### **Earnings per share**

Basic earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period. Diluted earnings or loss per share represents the income or loss for the period, divided by the weighted average number of common shares outstanding during the period plus the weighted average number of dilutive potential ordinary shares resulting from the exercise of stock options, warrants and other similar instruments where the inclusion of these would not be anti-dilutive. The number of dilutive potential ordinary shares are determined using the Treasury Stock Method which assumes that any proceeds received from the instruments are used to repurchase outstanding shares at the average market price for the period.

### **Foreign currencies**

The financial statements for the Company are prepared using its functional currency. Functional currency is the currency of the primary economic environment in which an entity operates. The functional and presentation currency of the Company is Canadian dollars.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

### **Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

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Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity.

### **Share-based payments**

The fair value of all share-based awards granted is recorded, at the measurement date fair value, as an asset or a charge to profit or loss and as a credit to contributed surplus under the graded attribution method.

The fair value of share-based awards granted to employees and others providing similar services which vest immediately is recorded at the date of grant. The fair value of share-based awards which vest in the future is recognized over the vesting period, as adjusted for the expected level of vesting of the options. The fair value of share-based awards is estimated using the Black-Scholes pricing model.

Share-based awards granted to parties other than employees and those providing similar services are measured at the fair value of the goods and services received on the date of receipt. If the fair value of the goods and services received cannot be reliably measured, their value is estimated using the Black-Scholes option pricing model.

Any consideration received on the exercise of share-based awards together with the related portion of contributed surplus attributed to the exercised share-based awards is credited to share capital. When share-based awards expire unexercised the amounts recorded in contributed surplus with respect to those share-based awards are not reclassified within equity.

### **3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The following new standards have been issued but are not yet effective:

IFRS 9 Financial Instruments

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

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The IASB has issued a new standard, IFRS 9, Financial Instruments (“IFRS 9”), which will ultimately replace IAS 39, “Financial Instruments: Recognition and Measurement” (“IAS 39”). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires that a single impairment method be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity’s credit risk are presented in other comprehensive income. The Company will be required to adopt IFRS 9 in the annual period beginning November 1, 2018. The Company does not expect the implementation to have a significant impact on the Company’s results of operations, financial position and disclosures.

IFRS 15 Revenues from Contracts with Customers and IFRS 16 Leases are applicable for the Company’s reporting periods beginning on or after November 1, 2018 and November 1, 2019, respectively. These standards are currently not expected to be applicable to the Company’s operations.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements requires management to make judgments, estimates and assumptions based on current available information that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual results could differ from those estimated. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. In the process of applying the Company’s accounting policies, management has made the following estimates, assumptions and judgments which have a significant effect on the amounts recognized in the financial statements:

- (i) *Going concern* – The assessment of the Company’s ability to execute its strategy by funding future working capital requirements involves management’s judgment. Factors considered by management are disclosed in Note 1.
- (ii) *Income taxes* - In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended October 31, 2018  
(Expressed in Canadian Dollars)

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**5. SHARE CAPITAL**

- a) Authorized: Unlimited common shares without par value.  
Unlimited preferred shares issuable in series.
- b) Issued: 6,220,001 common shares issued and outstanding.

On May 18, 2018, the Company completed its IPO issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. In connection with the IPO, the Company entered into an Agency Agreement with Haywood Securities Inc. (the "Agent"). The Company paid an aggregate of \$42,199 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company granted 200,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of \$0.10 per share, the warrants expire on May 18, 2020. The agent warrants were fair valued at \$10,600 using the Black-Scholes Option Pricing model under the following assumptions: risk free rate - 1.98%; expected dividend - nil; expected life - 2 years; expected volatility - 100%.

On December 10, 2017, the Company issued a total of 1,620,000 common shares at a price of \$0.05 per share for gross proceeds of \$81,000.

On September 27, 2017, the Company issued 2,600,001 common shares for proceeds of \$130,001.

- c) Warrants

As at October 31, 2018 the Company had 200,000 agent warrants outstanding and exercisable at \$0.10 per share. The warrants will expire on May 18, 2020 and have a weighted average remaining life of 1.55 years.

Subsequent to October 31, 2018, 8,000 agent warrants were exercised for proceeds of \$800.

- d) Escrow Shares:

Subject to an Escrow Agreement in accordance with the Exchange CPC Policy, 4,220,001 issued and outstanding common shares of the Company will be held in escrow. Subject to the said Policy, the escrowed common shares will be released from escrow as follows: 10% on the completion of Qualifying Transaction, and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

**6. RELATED PARTY TRANSACTIONS**

As at October 31, 2018, the Company had \$nil (October 31, 2017 - \$463) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the year ended October 31, 2018 was \$5,219 paid to Malaspina Consultants, a company that up to July 31, 2018, was controlled by Rob McMorran, a director of the Company.

All transactions with related parties have occurred in the normal course of operations.

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018  
(Expressed in Canadian Dollars)

**7. INCOME TAXES**

The following table reconciles the expected income taxes expense (recovery) at the Canadian statutory tax rates to the amounts recognized in the statement of operations and comprehensive loss for the year ended October 31, 2018 and period from September 27, 2017 (date of incorporation) to October 31, 2017:

	<b>2018</b>	<b>2017</b>
Statutory tax rate	26.83%	26%
	<b>\$</b>	<b>\$</b>
Loss for the period before income taxes	(76,398)	(5,963)
Expected income tax expense (recovery)	(20,498)	(1,550)
Change in tax rates	(186)	(60)
Change in deferred tax assets not recognized	20,684	1,610
Total income taxes expense (recovery)	-	-

The significant components of the Company's net deferred tax assets and liabilities as at October 31, 2018 are as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Issuance costs	9,115	-
Non-capital loss carryforwards	24,516	1,610
Unrecognized tax asset	33,631	1,610

The Company has non-capital loss carry forwards of approximately \$90,801 which may be carried forward to apply against future income for Canadian tax purposes, subject to the final determination by taxation authorities, expiring in the year 2038.

**8. FINANCIAL INSTRUMENTS**

**Management of Capital**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

**OWL CAPITAL CORP.**  
**NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended October 31, 2018

(Expressed in Canadian Dollars)

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The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

As a CPC the Company is subject to certain cash restrictions. Proceeds raised from the issuance of common shares under the prospectus may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuances of shares, or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative general expenses of the Company. The restrictions apply until completion of a Qualifying Transaction by the Company in accordance with Policy 2.4 of the Exchange.

### **Classification of Financial Instruments**

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company designated its cash and cash equivalents as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities, and are classified as other financial liabilities, which are measured at amortized cost.

The risks associated with financial assets and liabilities are detailed/discussed below:

#### **Credit Risk**

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at October 31, 2018, all the Company's liabilities are due on demand. At October 31, 2018, the Company had working capital of \$286,441 (October 31, 2017 - \$139,038).

# **OWL CAPITAL CORP.**

CONDENSED INTERIM FINANCIAL STATEMENTS  
(Unaudited - expressed in Canadian Dollars)  
For the Three and Nine Months Ended July 31, 2019 and 2018

**OWL CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - expressed in Canadian Dollars)

	Notes	July 31, 2019 \$	October 31, 2018 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents		235,911	298,937
<b>Total assets</b>		<b>235,911</b>	<b>298,937</b>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	15,412	12,496
<b>EQUITY</b>			
Share capital	5	360,812	358,202
Contributed surplus	5	9,696	10,600
Deficit		(150,009)	(82,361)
<b>Total</b>		<b>220,499</b>	<b>286,441</b>
<b>Total liabilities and equity</b>		<b>235,911</b>	<b>298,937</b>

Nature of operations and going concern (Note 1)

**Approved by the Board of Directors**

\_\_\_\_\_  
"Robert McMorran" Director

\_\_\_\_\_  
"James Hutton" Director

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

**OWL CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS**  
For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

	Notes	Three months ended		Nine months ended	
		2019	July 31, 2018	2019	July 31 2018
		\$	\$	\$	\$
Expenses					
Professional fees	6	20,188	19,670	38,339	37,171
Filing and listing fees		2,289	10,300	29,063	22,019
Office expenses		19	711	246	933
Net and comprehensive loss for the period		(22,496)	(30,681)	(67,648)	(60,123)
Basic and diluted loss per share		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding		6,236,995	5,850,436	6,229,727	4,532,089

**OWL CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
For the Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

	Number of shares	Amount \$	Contributed Surplus \$	Subscriptions received \$	Deficit \$	Total \$
<b>Balance, October 31, 2017</b>	<b>2,600,001</b>	<b>130,001</b>	-	<b>15,000</b>	<b>(5,963)</b>	<b>139,038</b>
Shares issued during the period	3,620,000	281,000	-	(15,000)	-	266,000
Cash issue costs	-	(42,199)	-	-	-	(42,199)
Finders' warrants	-	(10,600)	10,600	-	-	-
Loss for the period	-	-	-	-	(60,123)	(60,123)
<b>Balance, July 31, 2018</b>	<b>6,220,001</b>	<b>358,202</b>	<b>10,600</b>	-	<b>(66,086)</b>	<b>302,716</b>
Loss for the period	-	-	-	-	(16,275)	(16,275)
<b>Balance, October 31, 2018</b>	<b>6,220,001</b>	<b>358,202</b>	<b>10,600</b>	-	<b>(82,361)</b>	<b>286,441</b>
Shares issued during the period	17,062	2,610	(904)	-	-	1,706
Loss for the period	-	-	-	-	(67,648)	(67,648)
<b>Balance, July 31, 2019</b>	<b>6,237,063</b>	<b>360,812</b>	<b>9,696</b>	-	<b>(150,009)</b>	<b>220,499</b>

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

**OWL CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
For the Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

	July 31, 2019 \$	July 31, 2018 \$
Cash flow provided by (used in)		
<b>Operating activities</b>		
Loss for the period	(67,648)	(60,123)
Changes in non-cash working capital items		
GST receivable	-	(3,379)
Accounts payable and accrued liabilities	2,916	(4,966)
Cash used in operating activities	(64,732)	(68,468)
<b>Financing activities</b>		
Proceeds from issuance of shares	1,706	266,000
Issue costs	-	(42,199)
Cash provided by financing activities	1,706	223,801
Change in cash and cash equivalents during the period	(63,026)	155,333
Cash and cash equivalents – beginning of the period	298,937	144,979
Cash and cash equivalents – end of the period	235,911	300,312

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Owl Capital Corp. (“Owl” or the “Company”) was incorporated under the Business Corporations Act of British Columbia on September 27, 2017. The Company is classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange. The Company’s principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction (“Qualifying Transaction”) in accordance with Policy 2.4 of the Exchange. The Company’s head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

On May 18, 2018, the Company completed its Initial Public Offering (the “IPO”) issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company’s common shares were listed on the Exchange on May 18, 2018 under the symbol “OCC.P”.

As at July 31, 2019 the Company had no business operations, an accumulated deficit and its only significant asset was cash. The ability of the Company to fund potential future operations and commitments is dependent upon its ability to obtain additional financing. There is no assurance that the Company will complete a Qualifying Transaction or be able to finance such an investment or acquisition. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of material uncertainty that may give rise to significant doubt as to the Company’s ability to continue as a going concern.

If the going concern assumption was not appropriate for these condensed interim financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported loss and the balance sheet classifications used, and such adjustments could be material.

**2. BASIS OF PRESENTATION**

**Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual financial statements for the period ended October 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

The Company uses the same accounting policies and methods of computation as in the audited financial statements for the period ended October 31, 2018 except as outlined in Note 3.

These condensed interim financial statements were approved by the Board of Directors for use on December 10, 2019.

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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**3. ADOPTION OF NEW ACCOUNTING STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE**

**New accounting standards adopted effective November 1, 2018**

**IFRS 9, Financial Instruments**

This standard replaces IAS 39 Financial Instruments: Recognition and Measurement and became effective for the Company on November 1, 2018. IFRS 9 includes requirements for classification and measurement of financial assets and financial liabilities; impairment methodology for financial instruments; and general hedge accounting. IFRS 9 has specific requirements for whether debt instruments are accounted for at amortized cost, fair value through other comprehensive income or fair value through profit or loss. IFRS 9 requires equity instruments to be measured at fair value through profit or loss unless an irrevocable election is made to measure them at fair value through other comprehensive income, which results in changes in fair value not being recycled to the income statement. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

**Recognition and Classification**

The Company recognized a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument.

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at November 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Amortized cost	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on November 1, 2018.

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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## **Measurement**

### **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

### **Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

### **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

### **Impairment of financial assets at amortized cost**

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

## **Derecognition**

### **Financial assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

### **Financial liabilities**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets.

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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**New accounting standards issued but not yet effective**

**IFRS 16 Leases**

This standard replaces IAS 17 Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for the annual period beginning on November 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adopting this new standard.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

For full details on the critical accounting estimates and judgements affecting the Company, please refer to the Company's annual financial statements and notes for the year ended October 31, 2018.

**5. SHARE CAPITAL**

**a) Authorized:** Unlimited common shares without par value.  
Unlimited preferred shares issuable in series.

**b) Issued:** 6,237,063 common shares issued and outstanding.

During the nine months ended July 31, 2019 the Company issued 17,062 common shares for gross proceeds of \$1,706 pursuant to the exercise of warrants. The Company transferred \$904 of contributed surplus to share capital pursuant to the warrant exercise.

On May 18, 2018, the Company completed its IPO issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. In connection with the IPO, the Company entered into an Agency Agreement with Haywood Securities Inc. (the "Agent"). The Company paid an aggregate of \$42,199 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company granted 200,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of \$0.10 per share, the agent warrants expire on May 18, 2020.

On December 10, 2017, the Company issued a total of 1,620,000 common shares at a price of \$0.05 per share for gross proceeds of \$81,000.

**c) Warrants**

	Number of Warrants	Weighted average exercise price \$
<b>Balance, October 31, 2017</b>	-	-
Issued	200,000	0.10
<b>Balance, October 31, 2018</b>	<b>200,000</b>	<b>0.10</b>
Exercised	(17,062)	0.10
<b>Balance, July 31, 2019</b>	<b>182,938</b>	<b>0.10</b>

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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As at July 31, 2019 the Company had 182,938 agent warrants outstanding and exercisable at \$0.10 per share. The warrants will expire on May 18, 2020 and have a weighted average remaining life of 0.80 year.

**d) Escrow Shares:**

Subject to an Escrow Agreement in accordance with the Exchange CPC Policy, 4,220,001 issued and outstanding common shares of the Company will be held in escrow. Subject to the said Policy, the escrowed common shares will be released from escrow as follows: 10% on the completion of Qualifying Transaction, and 15% on each of the dates 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

**6. RELATED PARTY TRANSACTIONS**

As at July 31, 2019, the Company had \$nil (October 31, 2018 - \$nil) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the three and nine months ended July 31, 2019 was \$nil. During the three and nine months ended July 31, 2018 \$1,516 and \$5,219 respectively, was paid to Malaspina Consultants, a company that up to July 31, 2018, was controlled by Rob McMorran, a director of the Company.

All transactions with related parties have occurred in the normal course of operations.

**7. PROPOSED QUALIFYING TRANSACTION**

On April 24, 2019 the Company announced it had entered into a term sheet (the "Agreement") with Eros Resources Corp. ("Eros") and Demerara Gold Corp. ("Demerara") whereby Owl will acquire all of their rights, titles and interest in the Oro Cruz Property, located in Imperial County, California and the Eastgate Property located in Churchill County, Nevada from Eros and Demerara, respectively as well as a 5.58% undiluted equity interest in Bullfrog Gold Corp., an exploration stage company ("Bullfrog") from Eros (the "Transaction"). The Transaction constitutes a Qualifying Transaction pursuant to the Exchange Policy 2.4 – Capital Pool Companies, upon completion of the Transaction the Company will change its name to Southern Empire Resources Corp.

Pursuant to the Transaction, the Company will acquire:

- (a) From Demerara, Demerara's entire right, title and interest, being an undivided 40% interest, in the Eastgate Property, Churchill County, Nevada;
- (b) From Eros, Eros' entire right, title and interest, being an undivided 45% interest, in the Eastgate Property;
- (c) From each of Demerara and Bell Mountain Exploration Corp. ("**Bell**", a wholly-owned subsidiary of Eros), the assignment of a Letter Agreement dated February 28, 2019 with Lincoln Mining Corp. and Lincoln Gold US Corp. pursuant to which each of Demerara and Bell may acquire a 37.5% interest (aggregate 75% interest) in the Oro Cruz Property, Imperial County, California; and
- (d) From Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada.

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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In consideration, the Company will issue a total of 25,426,940 common shares as follows:

- (a) 2,579,000 shares to Demerara with respect to the acquisition of a 40% interest in the Eastgate Property;
- (b) 2,901,275 shares to Eros with respect to the acquisition of a 45% interest in the Eastgate Property;
- (c) 8,545,000 shares to Demerara and 8,545,000 shares to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Property;
- (d) 2,856,665 shares to Eros with respect to the acquisition of 8,750,000 shares and 6,750,000 share purchase warrants in the capital of Bullfrog; incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform

None of the Non-Arms Length Parties to Owl has any direct or indirect interest in the Significant Assets nor are they insiders of the Demerara or Eros. The Transaction does not constitute a "Non-Arm's Length Qualifying Transaction" as defined in Exchange Policy 2.4 and consequently Owl is not required to obtain shareholder approval for the transaction.

The Transaction is subject to the entry into a Definitive Agreement, customary closing conditions and acceptance of the TSX Venture Exchange.

In conjunction with closing the transaction, Owl expects to complete a proposed non-brokered private placement financing of up to 8,153,059 common shares (each a "Share") at a price of \$0.30 per Share for gross proceeds of up to \$2,500,000 (the "Offering").

## **8. FINANCIAL INSTRUMENTS**

### **Management of Capital**

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of equity attributable to shareholders.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company's capital resources are largely determined by its ability to compete for investors and associated financings.

As a CPC the Company is subject to certain cash restrictions. Proceeds raised from the issuance of common shares under the prospectus may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuances of shares, or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative general expenses of the Company. The restrictions apply until completion of a Qualifying Transaction by the Company in accordance with Policy 2.4 of the Exchange.

**OWL CAPITAL CORP.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three and Nine Months Ended July 31, 2019 and 2018  
(Unaudited - expressed in Canadian Dollars)

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### **Classification of Financial Instruments**

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The Company classifies its cash and cash equivalents at amortized cost. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The risks associated with financial assets and liabilities are detailed/discussed below:

#### **Credit Risk**

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at July 31, 2019, all the Company's liabilities are due on demand. At July 31, 2019, the Company had working capital of \$220,499 (October 31, 2018 - \$286,441).

## **SCHEDULE "B" - MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY**

Management Discussion and Analysis for Owl Capital Corp. for the fiscal years ended October 31, 2018, and 2017 and unaudited financial statements for the nine months ended July 31, 2019 are attached to this Filing Statement.

# **OWL CAPITAL CORP.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following information, prepared as of February 28, 2019 should be read in conjunction with the financial statements of Owl Capital Corp. ("the Company" or "Owl") for the year ended October 31, 2018. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

The Company's financial statements for the ended October 31, 2018, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of February 28, 2019.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### **COMPANY DESCRIPTION**

Owl Capital Corp. was incorporated under the Business Corporations Act of British Columbia on September 27, 2017. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange. The Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction ("Qualifying Transaction") in accordance with Policy 2.4 of the Exchange. The Company's head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

On May 18, 2018, the Company completed its Initial Public Offering ("IPO") issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company's common shares were listed on the Exchange on May 18, 2018 under the symbol "OCC.P".

## Owl Capital Corp.

MD&A

October 31, 2018

### SELECTED ANNUAL INFORMATION

The following is a summary of certain selected audited financial information of the Company for the years ended October 31, 2018 and the period from September 27, 2017 (date of incorporation) to October 31, 2017:

	2018 \$	2017 \$
Total Revenues	-	-
Loss	(76,398)	(5,963)
Loss Per Share (basic and diluted) <sup>(1)</sup>	(0.02)	(0.00)
Total Assets	298,937	145,001
Long-term Liabilities	-	-
Dividends Declared	-	-

<sup>(1)</sup> The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

### RESULTS OF OPERATIONS

#### Year ended October 31, 2018

The Company recorded a loss of \$76,398 (\$0.01 per share) for the Year ended October 31, 2018. The loss consisted of professional fees of \$48,525 and listing fees of \$26,872 in connection with the Company completing its IPO and becoming a reporting issuer.

#### Three months ended October 31, 2018

The Company recorded a loss of \$16,275 (\$0.00 per share) for the three months ended October 31, 2018. The loss for the three months ended October 31, 2018 consisted primarily of professional fees of \$11,354.

### SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results since September 27, 2017 (date of incorporation) is as follows:

	Three Months Ended (\$)			
	October 31, 2018	July 31, 2018	April 30, 2018	January 31, 2018
Loss and comprehensive loss	(16,275)	(30,681)	(12,875)	(16,567)
Basic and diluted loss per share*	(0.00)	(0.01)	(0.00)	(0.00)
Working capital	286,441	302,716	175,596	188,471

	Three Months Ended (\$)
	October 31, 2017
Loss and comprehensive loss	(5,963)
Basic and diluted loss per share*	(0.00)
Working capital	139,038

### LIQUIDITY AND CAPITAL RESOURCES

The Company's operations consumed \$69,843 of cash for the year ended October 31, 2018. The Company's aggregate operating, investing, and financing activities during the year ended October 31, 2018 resulted in an increase in its cash balance from \$144,979 at October 31, 2017 to \$298,937 at October 31, 2018. The Company's working capital at October 31, 2018 was \$286,441 compared to working capital of \$139,038 at October 31, 2017.

## **Owl Capital Corp.**

MD&A

October 31, 2018

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The Company has no long-term debt.

### **FINANCING ACTIVITIES AND CAPITAL EXPENDITURES**

On May 18, 2018, the Company completed its IPO issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. In connection with the IPO, the Company entered into an Agency Agreement with Haywood Securities Inc. (the "Agent"). The Company paid an aggregate of \$42,199 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company granted 200,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of \$0.10 per share, the agent warrants expire on May 18, 2020.

On December 10, 2017, the Company issued a total of 1,620,000 common shares at a price of \$0.05 per share for gross proceeds of \$81,000.

On September 27, 2017, the Company issued 2,600,001 common shares for proceeds of \$130,001.

Subsequent to October 31, 2018, 8,000 agent warrants were exercised for gross proceeds of \$800.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

As at October 31, 2018, the Company had \$nil (October 31, 2017 - \$463) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the year ended October 31, 2018 was \$5,219 paid to Malaspina Consultants, a company that up to July 31, 2018, was controlled by Rob McMorran, a director of the Company.

All transactions with related parties have occurred in the normal course of operations.

### **CHANGES IN ACCOUNTING POLICIES**

The following new standards have been issued but are not yet effective:

#### **IFRS 9 Financial Instruments**

The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires that a single impairment method be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. The Company will be required to adopt IFRS 9 in the annual period beginning November 1, 2018. The Company does not expect the implementation to have a significant impact on the Company's results of operations, financial position and disclosures.

## **Owl Capital Corp.**

MD&A

October 31, 2018

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IFRS 15 Revenues from Contracts with Customers and IFRS 16 Leases are applicable for the Company's reporting periods beginning on or after November 1, 2018 and November 1, 2019, respectively. These standards are currently not expected to be applicable to the Company's operations.

### **FINANCIAL INSTRUMENTS**

#### **Classification of Financial Instruments**

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs, other than Level 1 prices, in active markets for similar assets or liabilities, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The risks associated with financial assets and liabilities are detailed/discussed below:

#### **Credit Risk**

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

#### **Interest Rate Risk**

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

#### **Liquidity Risk**

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at October 31, 2018, all of the Company's liabilities are due on demand. At October 31, 2018 the Company had working capital of \$286,441 (October 31, 2017 - \$139,038).

## Owl Capital Corp.

MD&A

October 31, 2018

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### OUTSTANDING SHARE DATA

Authorized: Unlimited common shares without par value.  
Unlimited preferred shares issuable in series.

All share information is reported as of February 28, 2019 in the following table:

Type of Security	Number	Exercise Price (\$)	Expiry Date
Issued and outstanding common shares	6,228,001	N/A	N/A
Broker Warrants	192,000	0.10	May 18, 2020
Total	6,420,001		

### RISKS AND UNCERTAINTIES

The Company is currently in the process of identifying and evaluating assets or businesses in order to complete a Qualifying Transaction and has no source of revenue. The Company is not permitted to carry on any other business other than the identification and evaluation of assets or business to complete a Qualifying Transaction.

There can be no assurance the Company will successfully identify an assets or businesses to complete a Qualifying Transaction or have the necessary financial resources to complete a Qualifying Transaction. There can be no assurance that the Company will be able to successfully obtain the necessary financing in the future on terms acceptable to the Company or at all.

### DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended October 31, 2018 and this accompanying MD&A (together the Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

# OWL CAPITAL CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information, prepared as of December 10, 2019 should be read in conjunction with the unaudited condensed interim financial statements of Owl Capital Corp. ("the Company" or "Owl") for the three and nine months ended July 31, 2019, together with the audited financial statements of the Company for the year ended October 31, 2018. The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### FORWARD-LOOKING STATEMENTS

The Company's condensed interim financial statements for the three and nine months ended July 31, 2019, and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators.

It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of December 10, 2019.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions.

Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" in this MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

### COMPANY DESCRIPTION

Owl Capital Corp. was incorporated under the Business Corporations Act of British Columbia on September 27, 2017. The Company is classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The Company's principal business is to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction ("Qualifying Transaction") in accordance with Policy 2.4 of the Exchange. The Company's head office is located at 880 – 580 Hornby Street, Vancouver, BC V6C 3B6.

On May 18, 2018, the Company completed its Initial Public Offering ("IPO") issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. The Company's common shares were listed on the Exchange on May 18, 2018 under the symbol "OCC.P".

## Owl Capital Corp.

MD&A

July 31, 2019

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### PROPOSED TRANSACTION

On April 24, 2019 the Company announced it had entered into a term sheet (the "Agreement") with Eros Resources Corp. ("Eros") and Demerara Gold Corp. ("Demerara") whereby Owl will acquire all of their rights, titles and interest in the Oro Cruz Property, located in Imperial County, California and the Eastgate Property located in Churchill County, Nevada from Eros and Demerara, respectively as well as a 5.58% undiluted equity interest in Bullfrog Gold Corp., an exploration stage company ("Bullfrog") from Eros (the "Transaction"). The Transaction constitutes a Qualifying Transaction pursuant to the Exchange Policy 2.4 – Capital Pool Companies, upon completion of the Transaction the Company will change its name to Southern Empire Resources Corp.

Pursuant to the Transaction, the Company will acquire:

- (a) From Demerara, Demerara's entire right, title and interest, being an undivided 40% interest, in the Eastgate Property, Churchill County, Nevada;
- (b) From Eros, Eros' entire right, title and interest, being an undivided 45% interest, in the Eastgate Property;
- (c) From each of Demerara and Bell Mountain Exploration Corp. ("**Bell**", a wholly-owned subsidiary of Eros), the assignment of a Letter Agreement dated February 28, 2019 with Lincoln Mining Corp. and Lincoln Gold US Corp. pursuant to which each of Demerara and Bell may acquire a 37.5% interest (aggregate 75% interest) in the Oro Cruz Property, Imperial County, California; and
- (d) From Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada.

In consideration, Owl will issue a total of 25,426,940 common shares as follows:

- (a) 2,579,000 shares to Demerara with respect to the acquisition of a 40% interest in the Eastgate Property;
- (b) 2,901,275 shares to Eros with respect to the acquisition of a 45% interest in the Eastgate Property;
- (c) 8,545,000 shares to Demerara and 8,545,000 shares to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Property;
- (d) 2,856,665 shares to Eros with respect to the acquisition of 8,750,000 shares and 6,750,000 share purchase warrants in the capital of Bullfrog; incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform

Upon closing of the Transaction and the Financing (as described below), the total issued and outstanding shares of Owl will be approximately 39,800,000, of which Demerara will own 11,124,000 common shares, being 27.9%, and Eros will own 14,302,940 shares, being 35.9%. Demerara is controlled by Dale Wallster. Demerara has the right to distribute to its shareholders all the shares received from Owl.

None of the Non-Arms Length Parties to Owl has any direct or indirect interest in the Significant Assets nor are they insiders of the Demerara or Eros. The Transaction does not constitute a "Non-Arm's Length Qualifying Transaction" as defined in Exchange Policy 2.4 and consequently Owl is not required to obtain shareholder approval for the transaction.

The Transaction is subject to the entry into a Definitive Agreement, customary closing conditions and acceptance of the TSX Venture Exchange.

## Owl Capital Corp.

MD&A

July 31, 2019

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In conjunction with closing the transaction, Owl expects to complete a proposed non-brokered private placement financing of up to 8,153,059 common shares (each a "Share") at a price of \$0.30 per Share for gross proceeds of up to \$2,500,000 (the "Offering").

### RESULTS OF OPERATIONS

#### Nine months ended July 31, 2019

The Company recorded a loss of \$67,648 (\$0.01 per share) for the nine months ended July 31, 2019 compared to loss of \$60,123 for the nine months ended July 31, 2018. The increase in loss is primarily due to a decrease in professional fees and listing fees during the period ended July 31, 2019.

#### Three months ended July 31, 2019

The Company recorded a loss of \$22,496 (\$0.01 per share) for the three months ended July 31, 2019 compared to loss of \$30,681 for the three months ended July 31, 2018. The decrease is primarily due to filing and listing fees of \$2,289 compared to \$10,300 during the period ended July 31, 2019 and July 31, 2018 respectively. The filing and listing fees during the period ended July 31, 2019 include Exchange sustaining fees and initial filing fees pursuant to the proposed Qualifying Transaction.

### SUMMARY OF QUARTERLY RESULTS

A summary of the Company's quarterly results since September 27, 2017 (date of incorporation) is as follows:

	Three Months Ended (\$)			
	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018
Loss and comprehensive loss	(22,496)	(41,187)	(3,965)	(16,275)
Basic and diluted loss per share*	(0.00)	(0.01)	(0.00)	(0.00)
Working capital	220,499	242,370	283,276	286,441

	Three Months Ended (\$)			
	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017
Loss and comprehensive loss	(30,681)	(12,875)	(16,567)	(5,963)
Basic and diluted loss per share*	(0.01)	(0.00)	(0.00)	(0.00)
Working capital	302,716	175,596	188,471	139,038

### LIQUIDITY AND CAPITAL RESOURCES

Company's aggregate operating, investing, and financing activities during the nine months ended July 31, 2019 resulted in a decrease in its cash balance from \$298,937 at October 31, 2018 to \$235,911 at July 31, 2019. The Company's working capital at July 31, 2019 was \$220,499 compared to working capital of \$286,441 at October 31, 2018.

The Company has no long-term debt.

### FINANCING ACTIVITIES AND CAPITAL EXPENDITURES

During the nine months ended July 31, 2019, 17,062 broker warrants were exercised for proceeds of \$1,706.

On May 18, 2018, the Company completed its IPO issuing 2,000,000 common shares of the Company at a price of \$0.10 per share for gross proceeds of \$200,000. In connection with the IPO, the Company entered into an Agency Agreement with Haywood Securities Inc. (the "Agent"). The Company paid an aggregate of \$42,199 in cash commission, corporate finance fee, legal and other expenses incurred by the Agent. In addition, the Company granted 200,000 non-transferable warrants to the Agent entitling the Agent to purchase common shares at a price of \$0.10 per share, the agent warrants expire on May 18, 2020.

## **Owl Capital Corp.**

MD&A

July 31, 2019

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On December 10, 2017, the Company issued a total of 1,620,000 common shares at a price of \$0.05 per share for gross proceeds of \$81,000.

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

### **RELATED PARTY TRANSACTIONS**

As at July 31, 2019, the Company had \$nil (October 31, 2018 - \$nil) in accounts payable and accrued liabilities owing to related parties. Compensation paid or accrued to key management or companies controlled by key management personnel during the three and nine months ended July 31, 2019 was \$nil. During the three and nine months ended July 31, 2018 \$1,516 and \$5,219 respectively, was paid to Malaspina Consultants, a company that up to July 31, 2018, was controlled by Rob McMorran, a director of the Company.

All transactions with related parties have occurred in the normal course of operations.

### **CHANGES IN ACCOUNTING POLICIES**

New accounting standards adopted effective November 1, 2018

#### **IFRS 9 Financial Instruments**

The IASB has issued a new standard, IFRS 9, Financial Instruments ("IFRS 9"), which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments and the issuance of IFRS 9 is part of the first phase of this project. IFRS 9 uses a single approach to determine whether a financial asset or liability is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. For financial assets, the approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 requires that a single impairment method be used, replacing the multiple impairment methods in IAS 39. For financial liabilities measured at fair value, fair value changes due to changes in an entity's credit risk are presented in other comprehensive income. The adoption of this standard did not have a material measurement or disclosure impact on the Company's financial statements.

New accounting standards issued but not yet effective

#### **IFRS 16 Leases**

This standard replaces IAS 17 Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The mandatory effective date for the Company is for the annual period beginning on November 1, 2019. The Company has initially assessed that there will be no material reporting changes as a result of adopting this new standard.

### **FINANCIAL INSTRUMENTS**

#### **Classification of Financial Instruments**

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. The Company designated its cash as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The risks associated with financial assets and liabilities are detailed/discussed below:

# Owl Capital Corp.

MD&A

July 31, 2019

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## Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Company's cash is held with the Bank of Montreal. Accordingly, the Company believes it is not exposed to significant credit risk.

## Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is limited at present as the Company's assets and liabilities are earning or incurring interest at market rates or where they are non-interest bearing or have fixed interest rates they have short terms to maturity.

## Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due. The Company manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities. As at July 31, 2019, all of the Company's liabilities are due on demand. At July 31, 2019 the Company had working capital of \$220,499 (October 31, 2018 - \$286,441).

## OUTSTANDING SHARE DATA

Authorized:      Unlimited common shares without par value.  
                         Unlimited preferred shares issuable in series.

All share information is reported as of December 10, 2019 in the following table:

Type of Security	Number	Exercise Price (\$)	Expiry Date
Issued and outstanding common shares	6,237,063	N/A	N/A
Broker Warrants	182,938	0.10	May 18, 2020
Total	6,420,001		

## RISKS AND UNCERTAINTIES

The Company is currently in the process of identifying and evaluating assets or businesses in order to complete a Qualifying Transaction and has no source of revenue. The Company is not permitted to carry on any other business other than the identification and evaluation of assets or business to complete a Qualifying Transaction.

There can be no assurance the Company will successfully identify an assets or businesses to complete a Qualifying Transaction or have the necessary financial resources to complete a Qualifying Transaction. There can be no assurance that the Company will be able to successfully obtain the necessary financing in the future on terms acceptable to the Company or at all.

## DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and nine months ended July 31, 2019 and this accompanying MD&A (together the Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at [www.sedar.com](http://www.sedar.com).

# **Owl Capital Corp.**

PRO-FORMA FINANCIAL STATEMENTS

July 31, 2019

(Unaudited – Expressed in Canadian Dollars)

**Owl Capital Corp.**  
**PRO-FORMA STATEMENT OF FINANCIAL POSITION**  
As at July 31, 2019  
(Unaudited – Expressed in Canadian Dollars)

	July 31, 2019 \$	Notes	Pro-forma Adjustments \$	Pro-forma \$
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	235,911	2(b)	2,300,000	2,535,911
Non-current assets				
Exploration and evaluation assets	-	2(a)	6,771,083	6,771,083
Investment	-	2(a)	857,000	3,593,566
		2(a)	2,736,566	-
<b>TOTAL ASSETS</b>	<b>235,911</b>		<b>12,664,648</b>	<b>12,900,559</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued liabilities	15,412		-	15,412
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	360,812	2(a)	7,628,082	10,288,894
		2(b)	2,300,000	-
Contributed surplus	9,696	2(c)	761,484	771,180
Retained Earnings (Deficit)	(150,009)	2(a)	2,736,566	1,825,073
		2(c)	(761,484)	
	220,499		12,864,648	12,885,147
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>235,911</b>		<b>12,664,648</b>	<b>12,900,559</b>

*The accompanying notes are an integral part of the pro-forma consolidated financial statements.*

**Owl Capital Corp.**  
**NOTES TO THE PRO-FORMA FINANCIAL STATEMENTS**

As at July 31, 2019

(Unaudited – Expressed in Canadian Dollars)

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**1. BASIS OF PRESENTATION**

The unaudited pro-forma financial statements of Owl Capital Corp. ("Owl" or the "Company") have been prepared by its management based on historical financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") to give effect to the proposed Acquisition Agreement (the "Agreement") between Owl, Eros Resources Corp. ("Eros") and Demerara Gold Corp. ("Demerara"), whereby Owl would acquire multiple assets as described in note 2 (the "Transaction"). The completion of the Transaction would constitute a Qualifying Transaction for the Company. Upon completion of the Transaction the Company will change its name to Southern Empire Resources Corp.

It is management's opinion that the pro-forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 2.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the unaudited condensed interim financial statements of Owl for the nine months ended July 31, 2019.

The unaudited pro-forma consolidated financial statements give effect to the Agreement as if it had occurred on July 31, 2019 ("Acquisition Date"). The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the combined entities' financial position or operating results that would have occurred if the acquisitions had been in effect at the dates indicated.

**2. PRO-FORMA TRANSACTIONS AND ADJUSTMENTS**

The pro-forma consolidated financial statements reflect the following assumptions and adjustments:

- (a) Pursuant to the Agreement on September xx, 2019 between Eros, Demerara and the Company, Owl will acquire the following assets:
- from Demerara, Demerara's entire right, title and interest, being an undivided 40% interest, in the Eastgate Property, Churchill County, Nevada;
  - from Eros, Eros' entire right, title and interest, being an undivided 45% interest, in the Eastgate Property;
  - from each of Demerara and Bell Mountain Exploration Corp. ("Bell", a wholly-owned subsidiary of Eros), the assignment of a Letter Agreement dated February 28, 2019 with Lincoln Mining Corp. and Lincoln Gold US Corp. pursuant to which each of Demerara and Bell may acquire a 37.5% interest (aggregate 75% interest) in the Oro Cruz Gold Project, Imperial County, California; and
  - from Eros, 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog, which is incorporated in the state of Delaware with its shares quoted on the OTCQB board of the OTC Market Platform and listed on the Canadian Securities Exchange. Bullfrog owns, leases and options various unpatented and patented claims that comprise of the gold focused Bullfrog Project near Beatty in Nye County, Nevada.

In consideration of the foregoing, Owl will issue 25,426,940 shares at a deemed price of \$0.30 per share as follows:

- 2,579,000 shares, fair valued at \$773,700, to Demerara (or its designates) with respect to the acquisition of a 40% interest in the Eastgate Property;
- 2,901,275 shares, fair valued at \$870,383, to Eros with respect to the acquisition of a 45% interest in the Eastgate Property;

**Owl Capital Corp.**  
**NOTES TO THE PRO-FORMA FINANCIAL STATEMENTS**

As at July 31, 2019

(Unaudited – Expressed in Canadian Dollars)

- 8,545,000 shares to Demerara (or its designates) and 8,545,000 shares, total fair valued at \$5,127,000, to be issued to Eros with respect to the acquisition of an exclusive option to acquire an aggregate 75% interest in the Oro Cruz Gold Project;
- 2,856,665 shares, fair valued at \$857,000, to Eros with respect to the acquisition of 8,750,000 shares and 7,750,000 share purchase warrants in the capital of Bullfrog. The warrants have an exercise price of \$0.15 USD per warrant and expire on May 23, 2020. At July 31, 2019 the fair value of the shares of bullfrog was \$1,487,500 and the warrants were fair valued at 750,754 using the Black-Scholes Option Pricing model under the following assumptions: risk free rate - 1.61%; expected dividend – nil; expected life – 1 year; expected volatility – 100%.

The Company recorded a gain on fair value of marketable securities of \$2,736,566.

- (b) In conjunction with the closing of the Transaction the Company will complete a non-brokered private placement offering of up to 8,333,333 common shares at a price of \$0.30 per common share for gross proceeds of up to \$2,500,000. The Company expects to incur an 8% cash finders fee.
- (c) Upon closing of the Transaction the Company will issue 3,900,000 stock options, with an exercise price of \$0.30 per option, expiring five years after the closing date. The options were fair valued at \$761,484 using the Black-Scholes option pricing model using the following assumption: risk free rate – 1.61%; expected dividend – nil; expected life – 5 years; expected volatility – 66%.

**3. PRO-FORMA SHARE CAPITAL**

Share capital as at July 31, 2019 in the unaudited pro-forma financial statements are comprised of the following:

	Number of Shares #	Share Capital \$	Contributed Surplus \$
<b>Opening Share capital at July 31, 2019</b>	<b>6,237,063</b>	<b>360,812</b>	<b>9,696</b>
Private placement 8,333,333 @ \$0.30	8,333,333	2,500,000	-
Cash issue costs	-	(200,000)	-
Shares issued pursuant to the Transaction	25,426,940	7,628,082	-
Share-based compensation	-	-	761,484
<b>Pro-forma share capital as at July 31, 2019</b>	<b>39,997,336</b>	<b>10,288,894</b>	<b>771,180</b>

**4. EFFECTIVE TAX RATE**

Upon completion of the Agreement the effective tax rate of the resulting issuer is expected to be 9%.

**CERTIFICATE OF ISSUER**

Dated: December 10, 2019

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of **OWL CAPITAL CORP.** assuming Completion of the Qualifying Transaction.

*"James Hutton"*

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**JAMES HUTTON**

Chief Executive Officer and Director

*"Robert McMorran"*

\_\_\_\_\_  
**ROBERT McMORRAN**

Chief Financial Officer and Director

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Christopher Jackson"*

\_\_\_\_\_  
**CHRISTOPHER JACKSON**

Director

*"James Harris"*

\_\_\_\_\_  
**JAMES HARRIS**

Director