

**ECC VENTURES 2 CORP.**

Condensed Interim Financial Statements  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

As at and for the nine months ended September 30, 2020

**ECC VENTURES 2 CORP.**  
(the “Company “or “ECC 2”)

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**As at and for the nine months ended September 30, 2020**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Management of the Company is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

**ECC VENTURES 2 CORP.**

Condensed Interim Statements of Financial Position  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	September 30, 2020	December 31, 2019
<b>Assets</b>		
Current Assets:		
Cash	\$ 77,439	\$ 17,187
Receivables	4,099	1,893
Promissory note (Note 4)	-	269,290
<b>Total Assets</b>	<b>\$ 81,538</b>	<b>\$ 288,370</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 20,237	\$ 115,436
	<b>20,237</b>	<b>115,436</b>
Shareholders' equity		
Share capital (Note 6)	430,871	410,871
Reserves (Note 6)	57,114	57,114
Deficit	(426,684)	(295,051)
	<b>61,301</b>	<b>172,934</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 81,538</b>	<b>\$ 288,370</b>

Nature and continuance of operations (Note 1)  
Proposed Qualifying Transaction (Note 9)

Approved on Behalf of the Board on November 26, 2020:

"Scott Ackerman"  
Scott Ackerman – CEO/CFO/Director

"Doug McFaul"  
Doug McFaul - Director

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

**ECC VENTURES 2 CORP.**

## Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>For the three months ended September 30, 2020</b>	For the three months ended September 30, 2019	<b>For the nine months ended September 30, 2020</b>	For the nine months ended September 30, 2019
<b>Expenses</b>				
Administration and bank charges	-	5	<b>1,126</b>	45
Professional fees	<b>4,500</b>	28,377	<b>17,315</b>	96,574
Rent	<b>3,000</b>	3,150	<b>9,000</b>	9,450
Transfer agent and filing fees	<b>856</b>	2,625	<b>9,903</b>	16,605
	<b>8,356</b>	34,157	<b>37,344</b>	122,674
<b>Other items</b>				
Interest income	<b>(5,274)</b>	(6,301)	<b>(17,740)</b>	(12,988)
Loss on sale of promissory note (Note 4)	<b>212,029</b>	-	<b>212,029</b>	-
Recovery of professional fees (Note 4)	<b>(100,000)</b>	-	<b>(100,000)</b>	-
	<b>106,755</b>	(6,301)	<b>94,289</b>	(12,988)
<b>Loss and comprehensive loss for the period</b>	<b>\$ (115,111)</b>	<b>\$ (27,856)</b>	<b>\$ (131,633)</b>	<b>\$ (109,686)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>				
	<b>3,850,000</b>	3,650,000	<b>3,771,612</b>	3,650,000
<b>Basic and diluted loss per share</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>

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**ECC VENTURES 2 CORP.**

## Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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	Share Capital				Total Shareholder's Equity \$
	Number	Amount \$	Reserves \$	Deficit \$	
Balance, December 31, 2018	5,650,000	410,871	57,114	(150,142)	317,843
Net loss	-	-	-	(109,686)	(109,686)
Balance, September 30, 2019	5,650,000	410,871	57,114	(259,828)	208,157
<b>Balance, December 31, 2019</b>	<b>5,650,000</b>	<b>410,871</b>	<b>57,114</b>	<b>(295,051)</b>	<b>172,934</b>
Warrants exercised	200,000	20,000	-	-	20,000
Net loss	-	-	-	(131,633)	(131,633)
<b>Balance, September 30, 2020</b>	<b>5,850,000</b>	<b>430,871</b>	<b>57,114</b>	<b>(426,684)</b>	<b>61,301</b>

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

**ECC VENTURES 2 CORP.**

## Condensed Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
<b>Cash flows from operating activities:</b>		
Loss for the period	\$ (131,633)	\$ (109,686)
Items not involving cash:		
Interest accrued on promissory note	(17,740)	(12,988)
Loss on sale of promissory note (Note 4)	212,029	-
Recovery of professional fees (Note 4)	(100,000)	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	4,801	58,141
Receivables	(2,205)	-
	<b>(34,748)</b>	<b>(64,533)</b>
<b>Cash flows from investing activity:</b>		
Promissory note	-	(250,000)
Proceeds from sale of promissory note (Note 4)	75,000	-
	<b>75,000</b>	<b>(250,000)</b>
<b>Cash flows from financing activity:</b>		
Proceeds from exercise of agent's options	20,000	-
	<b>20,000</b>	<b>-</b>
Increase (decrease) in cash for the period	<b>60,252</b>	<b>(314,533)</b>
Cash, beginning of the period	<b>17,187</b>	<b>342,473</b>
Cash, end of the period	<b>\$ 77,439</b>	<b>\$ 27,940</b>
<b>Supplementary information with respect to cash flows:</b>		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

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

## **ECC VENTURES 2 CORP.**

Notes to the Condensed Interim Financial Statements

As at and for the nine months ended September 30, 2020, and 2019

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

ECC Ventures 2 Corp. (the “Company” or “ECC2”) was incorporated on January 15, 2018 under the laws of British Columbia and is classified a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “Exchange” of “TSX-V”) Policy 2.4. The head office is located at 1600 – 609 Granville Street, Vancouver, British Columbia V7Y 1C3, and the records and registered office is located at 2200 HSBC Building 885 West Georgia Street, British Columbia, V6C 3E8.

Since incorporation on January 15, 2018, the Company has had no active business operations. As a CPC, the Company’s business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (“QT”), as defined in Exchange Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the TSX-V. The Company incurred a comprehensive loss of \$131,633 (2019 – \$109,686) for the nine months ended September 30, 2020. As at September 30, 2020, the Company has an accumulated deficit of \$426,684 (December 31, 2019 - \$295,051) and working capital of \$61,301 (December 31, 2019 - \$172,934). As of September 30, 2020, the Company’s management believes it has insufficient cash to fund corporate overhead costs for the next year and is currently exposed to liquidity risk. The ability of the Company to discharge these liabilities is contingent on the Company obtaining further equity financing or alternate sources of financing. The Company’s continued operations are dependent upon its ability to identify, evaluate and successfully negotiate an agreement to acquire an interest in a sustainable/viable business operation. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation, and/or will be able to obtain the financing necessary to support a new business acquisition. All of the preceding indicates the existence of a material uncertainty that may cast substantial doubt about the Company’s ability to continue as a going concern. These interim condensed financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying interim condensed financial statements.

On September 13, 2019, the Company entered into a definitive share purchase agreement, as amended on February 24, 2020, pursuant to which it planned to acquire (the “Proposed Long Island Acquisition”) Long Island Brand Beverages LLC, a New York limited liability company (“LIBB”), and Long Island Beverages Corp., a private British Columbia corporation (“LIBC” and collectively with LIBB, “Long Island”). On September 15, 2020, the parties agreed to terminate the Proposed Long Island Acquisition in accordance with its terms. See also Note 4, Promissory Note.

On November 9, 2020, the Company entered into a letter of intent with Infield Minerals Corp. (“Infield”), with respect to the acquisition by the Company of all the issued and outstanding share capital of Infield. See Note 9, Proposed Qualifying Transaction.

## **ECC VENTURES 2 CORP.**

Notes to the Condensed Interim Financial Statements

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### **1. NATURE AND CONTINUANCE OF OPERATIONS (continued)**

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

### **2. STATEMENT OF COMPLIANCE**

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual financial statements of the Company as at and for the year ended December 31, 2019. The Board of Directors authorized these condensed interim financial statements for issue on November 26, 2020.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company's most recent audited annual financial statements as at and for the year ended December 31, 2019.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Basis of Measurement**

These condensed interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

#### **(b) Critical Accounting Estimates, Judgments and Assumptions**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) Critical Accounting Estimates, Judgments and Assumptions (continued)**

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

***Judgments*****Going Concern**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 1.

***Estimates*****Deferred tax assets and liabilities**

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

**Stock Options**

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.

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### **4. PROMISSORY NOTE**

Pursuant to a non-revolving secured loan facility dated January 31, 2019 as amended on June 15, 2019, August 30, 2019, March 3, 2020, and April 1, 2020 (the “Note”), the Company advanced a total of \$250,000 to LIBB. In connection with the Note, LIBB granted a security interest in favour of the Company. The Note had a maturity date of April 18, 2020, and bore interest at the rate of 10% per annum, calculated on April 18, 2020 and on the first day of each calendar month thereafter while any portion of the note remained outstanding.

On September 15, 2020, in connection with the termination of the Proposed Long Island Acquisition, the Company sold the Note and any interest accrued thereon to an arm’s length party in consideration for a final and total cash settlement of \$75,000 from the arm’s length party to the Company, and the assignment of \$100,000 in accounts payable. The Company recorded a loss on sale of the promissory note of \$212,029 and recorded a recovery in professional fees of \$100,000 in the current quarter.

Interest income for the period ended September 30, 2020 was \$17,740 (2019 - \$6,687). As at September 30, 2020, \$Nil of interest receivable was included in promissory notes (2019 - \$6,687).

### **5. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified its directors and senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

As of September 30, 2020, \$Nil (September 30, 2019 - \$Nil) was due to related parties. During the period ended September 30, 2020, \$Nil was recorded as compensation costs for key management personnel and companies related to them (2019 - \$Nil).

### **6. SHARE CAPITAL**

#### **(a) Authorized**

Unlimited number of common and preferred shares without par value.

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### **6. SHARE CAPITAL (continued)**

#### **(b) Issued and outstanding**

As at September 30, 2020 the Company had 5,850,000 common shares issued and outstanding.

On April 17, 2020, the Company issued 200,000 common shares at \$0.10 per share pursuant to the exercise of Agent's Options.

On January 17, 2018, the Company issued 2,000,000 common shares of the Company at a price of \$0.05 per share for total proceeds of \$100,000. These common shares are held in escrow and will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of notice of final acceptance of a QT by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months.

All of the escrow shares are considered contingently returnable until the Company completes a QT and accordingly, they are not considered to be outstanding shares for the purposes of the loss per share calculations.

On January 18, 2018, the Company issued 1,650,000 common shares of the Company at a price of \$0.10 per share for total proceeds of \$165,000.

On April 18, 2018, the Company completed an IPO of 2,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$200,000.

#### **(c) Stock options**

On January 22, 2018, the Company adopted a stock option plan (the "Stock Option Plan") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum numbers of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price of the Company's common shares.

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**6. SHARE CAPITAL (continued)****(c) Stock options (continued)**

The Stock Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or 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. All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a QT must be deposited in escrow until the final exchange bulletin relating to a QT is issued.

A summary of the Company's stock option activity is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, January 15, 2018	-	\$ -
Granted	565,000	0.10
<b>Balance, December 31, 2019 and September 30, 2020</b>	<b>565,000</b>	<b>\$0.10</b>

As at September 30, 2020, outstanding options were as follows:

Grant Date	Number of options Outstanding and Exercisable	Exercise Price	Expiry date	Remaining contractual life (years)
April 18, 2018	565,000	\$0.10	April 18, 2023	2.55
<b>Total</b>	<b>565,000</b>	<b>\$0.10</b>		<b>2.55</b>

**(d) Agent options**

A summary of the Company's agent option activity is as follows:

	Number of Agent's Options	Weighted average Exercise Price
<b>Balance, as at January 15, 2018</b>	-	\$ -
Granted	200,000	0.10
<b>Balance, December 31, 2019</b>	<b>200,000</b>	<b>\$0.10</b>
Exercised, April 17, 2020	(200,000)	0.10
<b>Balance, September 30, 2020</b>	-	-

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### **6. BASIC AND DILUTED LOSS PER SHARE**

The calculation of basic and diluted loss per share for the period ended September 30, 2020, was based on the comprehensive loss attributable to common shareholders of \$131,633 and the weighted average number of common shares outstanding of 3,771,612.

Escrow shares are considered contingently returnable until the Company completes a QT. Accordingly, subsequent to the Company's listing on the TSX-V on April 18, 2018, the 2,000,000 shares held in escrow will not be considered to be outstanding shares for the purposes of the loss per share calculations.

### **7. MANAGEMENT OF CAPITAL**

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The proceeds raised from the issuance of common shares 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 issuance of common shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the Exchange Policy 2.4.

### **8. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

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**9. FINANCIAL INSTRUMENTS (continued)****Market risk (continued)****(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at September 30, 2020, the Company is not exposed to currency risk.

**(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

**(iii) Price rate risk**

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

**Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

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### **9. FINANCIAL INSTRUMENTS (continued)**

#### **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At September 30, 2020, the Company has no source of revenue. The Company has a cash balance of \$77,439 to settle current liabilities of \$20,237. All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. As at September 30, 2020, the Company has no sources of revenue to fund its operating expenditures or fund any identified business acquisition and as such will likely require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital, or debt financing. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern as disclosed in Note 1. Consequently, the Company is currently exposed to a moderate level of liquidity risk.

#### **Fair Value Measurements**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

As at September 30, 2020 the Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities. Cash is classified as fair value. Receivables, accounts payable and accrued liabilities are classified as amortized cost. The fair values of these financial instruments approximate their carrying values because of their short-term nature and/or the existence of market related interest rates on the instruments.

### **10. PROPOSED QUALIFYING TRANSACTION**

On November 9, 2020, the Company entered into a non-binding letter of intent outlining the general terms and conditions with respect to a proposed acquisition (the "Acquisition") by the Company of all the issued and outstanding share capital of Infield Minerals Corp. ("Infield").

The Acquisition of Infield will constitute a reverse takeover and ECC2's QT under Policy 2.4 of the Exchange. Assuming completion of the Acquisition, it is anticipated that ECC2 will graduate to Tier 2 of the Exchange as a mining issuer.

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### **10. PROPOSED QUALIFYING TRANSACTION (continued)**

Infield is a private company incorporated pursuant to the laws of British Columbia on March 25, 2019. Infield has 15,675,100 common shares (the “Infield Shares”) issued and outstanding, and has no options, warrants or other classes of securities outstanding. Infield’s principal asset is the Mercury One Property (the “Property”) in the state of Nevada, USA. Infield also has an option on an additional silver-gold project in Nevada (the “Bandit Property”).

#### **Mercury One Property Description**

The Property is located approximately 75 km north of the city of Ely in White Pine County, Nevada. It consists of 250 contiguous unpatented lode mining claims for a total of 2,090 hectares.

On June 30, 2020, Infield entered into a property option agreement with Mercury Exploration Nevada Inc. (“MExN”) to acquire 100% interest in the Property (the “Option Agreement”). The option terms consist of a combination of cash and share payments which escalate annually until completion at the 3-year anniversary, for an aggregate payment of US\$207,500 and 345,000 common shares in the capital of Infield. As part of the Option Agreement, expenditures on the Property of not less than C\$200,000 are to be made by September 30, 2021.

#### **Bandit Property**

On June 30, 2020, Infield entered into a property option agreement with MExN to acquire 100% interest in 73 claims which comprise the Bandit Property, subject to a 2% NSR royalty on 13 claims which falls under an option assignment agreement (the “Assignment Agreement”) with Silver Range Resources Ltd. The option terms consist of a combination of cash and share payments which escalate annually until completion at the 3-year anniversary, for an aggregate payment of US\$217,500 (including US\$20,000 under the Assignment Agreement), and 345,000 common shares in the capital of Infield. As part of the option agreement, expenditures on the Bandit Property of not less than C\$100,000 are to be made by September 30, 2021. Additional consideration includes a one-time payment of US\$2 per gold-equivalency ounce defined as a Measured or Indicated Resource or a Proven or Probable Reserve as contained in a NI 43-101 compliant technical report applicable to the 13 claims under the Assignment Agreement.

#### **Terms of the Acquisition**

Under the terms of the Acquisition, ECC2 will complete a share consolidation on a 2.25 for 1 basis (the “Consolidation”), and shareholders of Infield will be issued post-Consolidation common shares of ECC2 (the “Consideration Shares”) in exchange for Infield Shares on a 1 Infield Share for 2.25 Consideration Shares basis (the “Share Exchange Ratio”). This will result in the issuance of 35,268,975 Consideration Shares based on the current capital structure of Infield. Certain of the Consideration Shares will be subject to escrow and resale restrictions pursuant to the policies of the Exchange.

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### **10. PROPOSED QUALIFYING TRANSACTION (continued)**

Following completion of the Acquisition, it is anticipated that there will be 37,868,975 post-consolidated common shares issued and outstanding in the Resulting Issuer (defined below), (excluding securities issued pursuant to the QT Financing defined and described below).

The Acquisition will be completed through a definitive agreement (the “Definitive Agreement”) that is to be negotiated by the parties, which will contain customary representations and warranties for similar transactions. It is currently anticipated that the Acquisition will be completed by way of a three-cornered amalgamation, pursuant to which a subsidiary of ECC2 will merge with Infield to form the resulting issuer (the “Resulting Issuer”).

#### **Financing**

As a condition to completing the Acquisition, the parties intend to complete a private placement financing (the “QT Financing”) of subscription receipts through a subsidiary of the Company (the “Subscription Receipts”), the terms of which will be determined in the context of the market, to raise a minimum of \$3,000,000.

The proceeds of the QT Financing will be held in escrow, pending the Company receiving all applicable regulatory approvals, and completing all matters and conditions relating to the Acquisition, including the Consolidation. Upon satisfaction of the escrow conditions, each Subscription Receipt will automatically convert, for no additional consideration, into post-Consolidation securities of the Company. In the event that the Acquisition is not completed, each Subscription Receipt will be cancelled, and the subscription funds will be returned to the subscribers. The Company may pay a commission in connection with the QT Financing, in accordance with the policies of the Exchange.

Completion of the Acquisition is subject to several conditions, including Exchange acceptance, the completion of due diligence investigations to the satisfaction of each of ECC2 and Infield, the execution of the Definitive Agreement, and completion of the QT Financing. There can be no assurance that the Acquisition and Financing will be completed as proposed or at all.